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104TH CONGRESS
1ST SESSION

S. 840

To provide States greater flexibility in providing jobs for, and assistance to, needy families, to improve child support enforcement, to reduce teenage pregnancy, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 22 (legislative day, MAY 15), 1995

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

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A BILL

To provide States greater flexibility in providing jobs for, and assistance to, needy families, to improve child support enforcement, to reduce teenage pregnancy, and for other purposes.

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

SECTION 1. SHORT TITLE; REFERENCE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Work and Gainful Employment Act''.

(b) REFERENCE.—Except as otherwise specifically provided, wherever in this Act an amendment is expressed

in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

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

Sec. 1. Short title; reference; table of contents.

TITLE I—TRANSITIONAL AID PROGRAM

Sec. 101. Transitional aid program.

TITLE II—WORK AND GAINFUL EMPLOYMENT (WAGE) PROGRAM

Sec. 201. WAGE program.
Sec. 202. Regulations.
Sec. 203. Applicability to States.

TITLE III—WORKING PARENTS CHILD CARE BLOCK GRANT

Sec. 301. Purpose.
Sec. 302. Amendments to Child Care and Development Block Grant Act of 1990.
Sec. 303. Program repeals.
Sec. 304. References.

TITLE IV—CHILD SUPPORT RESPONSIBILITY

Sec. 400. Short title.

Subtitle A—Improvements to the Child Support Collection System

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

Sec. 401. State obligation to provide paternity establishment and child support enforcement services.
Sec. 402. Distribution of payments.
Sec. 403. Rights to notification and hearings.
Sec. 404. Privacy safeguards.
Sec. 405. Cooperation requirements and good cause exceptions.

PART II—PROGRAM ADMINISTRATION AND FUNDING

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

Sec. 418. Data collection and reports by the Secretary.

PART III—LOCATE AND CASE TRACKING

Sec. 421. Central State and case registry.
Sec. 422. Centralized collection and disbursement of support payments.
Sec. 423. State directory of new hires.
Sec. 424. Amendments concerning income withholding.
Sec. 425. Locator information from interstate networks.
Sec. 426. Expansion of the Federal parent locator service.
Sec. 427. Use of social security numbers.

PART IV—STREAMLINING AND UNIFORMITY OF PROCEDURES

Sec. 431. Adoption of uniform State laws.
Sec. 432. Improvements to full faith and credit for child support orders.
Sec. 433. State laws providing expedited procedures.
Sec. 434. Administrative enforcement in interstate cases.
Sec. 435. Use of forms in interstate enforcement.

PART V—PATERNITY ESTABLISHMENT

Sec. 441. State laws concerning paternity establishment.
Sec. 442. Outreach for voluntary paternity establishment.

PART VI—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

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

PART VII—ENFORCEMENT OF SUPPORT ORDERS

Sec. 461. Federal income tax refund offset.
Sec. 462. Internal Revenue Service collection of arrearages.
Sec. 463. Authority to collect support from Federal employees.
Sec. 464. Enforcement of child support obligations of members of the Armed Forces.
Sec. 465. Motor vehicle liens.
Sec. 466. Voiding of fraudulent transfers.
Sec. 467. State law authorizing suspension of licenses.
Sec. 468. Reporting arrearages to credit bureaus.
Sec. 469. Extended statute of limitation for collection of arrearages.
Sec. 470. Charges for arrearages.
Sec. 471. Denial of passports for nonpayment of child support.
Sec. 472. International child support enforcement.

PART VIII—MEDICAL SUPPORT

Sec. 481. Technical correction to ERISA definition of medical child support order.

PART IX—ACCESS AND VISITATION PROGRAMS

Sec. 491. Grants to States for access and visitation programs.

Subtitle B—Child Support Enforcement and Assurance Demonstrations

Sec. 494. Child support enforcement and assurance demonstrations.

Subtitle C—Demonstration Projects To Provide Services to Certain Noncustodial Parents

Sec. 495. Establishment of demonstration projects for providing services to certain noncustodial parents.

Subtitle D—Severability

Sec. 496. Severability.

TITLE V—TRANSITIONAL MEDICAID

Sec. 501. State option to extend transitional medicaid benefits.

TITLE VI—TEENAGE PREGNANCY PREVENTION

Sec. 601. Supervised living arrangements for minors.
Sec. 602. Reinforcing families.
Sec. 603. Required completion of high school or other training for teenage parents.
Sec. 604. Targeting youth at risk of teenage pregnancy.
Sec. 605. National clearinghouse on teenage pregnancy.
Sec. 606. Denial of Federal housing benefits to minors who bear children out-of-wedlock.
Sec. 607. National campaign against teenage pregnancy.

TITLE VII—CHILDREN'S ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME

Sec. 701. Short title.
Sec. 702. Purpose.
Sec. 703. Supplemental security income benefits for disabled children.
Sec. 704. Better targeting and use of benefits.
Sec. 705. Encouraging movement toward independence.

TITLE VIII—FINANCING AND FOOD ASSISTANCE REFORM

Subtitle A—Treatment of Aliens

Sec. 801. Uniform alien eligibility criteria for public assistance programs.
Sec. 802. Extension of deeming of income and resources under transitional aid, SSI, and food stamp programs.
Sec. 803. Requirements for sponsor's affidavit of support.
Sec. 804. Extending requirement for affidavits of support to family-related and diversity immigrants.

Subtitle B—Revenue Provision

Sec. 811. Earned income tax credit denied to individuals not authorized to be employed in the United States.

Subtitle C—Food Assistance Provisions

Sec. 821. Mandatory claims collection methods.
Sec. 822. Reduction of basic benefit level.
Sec. 823. Prorating benefits after interruptions in participation.
Sec. 824. Work requirement for able-bodied recipients.
Sec. 825. Extending current claims retention rates.
Sec. 826. Two-year freeze of standard deduction.

Sec. 827. Nutrition assistance for Puerto Rico.
Sec. 828. Repeal of special rule for persons who do not purchase and prepare food separately.
Sec. 829. Earnings of certain high school students counted as income.
Sec. 830. Energy assistance counted as income.
Sec. 831. Vendor payments for transitional housing counted as income.
Sec. 832. Denial of food stamp benefits for 10 years to certain individuals found to have fraudulently misrepresented residence to obtain benefits.
Sec. 833. Disqualification relating to child support arrears.
Sec. 834. Limiting adjustment of minimum benefit.
Sec. 835. Penalty for failure to comply with work requirements of other programs.
Sec. 836. Resumption of discretionary funding for nutrition education and training program.
Sec. 837. Improvement of child and adult care food program operated under the National School Lunch Act.

Subtitle D—Supplemental Security Income

Sec. 841. Verification of eligibility for certain SSI disability benefits.
Sec. 842. Nonpayment of SSI disability benefits to substance abusers.

TITLE IX—LEGISLATIVE PROPOSALS; EFFECTIVE DATE

Sec. 901. Secretarial submission.
Sec. 902. Effective date.

TITLE I—TRANSITIONAL AID PROGRAM

SEC. 101. TRANSITIONAL AID PROGRAM.

(a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part A and inserting the following:

"PART A—TRANSITIONAL AID PROGRAM

"SEC. 401. PURPOSE AND APPROPRIATION.

''(a) PURPOSE.—It is the purpose of this part to provide a program of transitional aid to families with needy children to enhance the well-being of such needy children, and to enable parents of children in such families to obtain and retain work and to become self-sufficient.

''(b) APPROPRIATIONS.—There is hereby authorized to be appropriated and are appropriated for each fiscal year such sums as may be necessary to carry out the purposes of this part. The sums made available under this subsection shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for providing a program of transitional aid.

"SEC. 402. STATE PLANS FOR, AND GENERAL REQUIREMENTS OF, TRANSITIONAL AID PROGRAM.

''(a) STATE PLANS.—A State plan for a transitional aid program shall meet the requirements of the following paragraphs:

''(1) ELECTION OF OPTIONS IN PROGRAM DESIGN.—The State plan shall describe the State's policies regarding eligibility, services, assistance amounts, and program requirements, including a description of:

''(A) The support and benefits (including benefit levels) provided to individuals eligible to participate and whether such support is in the form of wages in subsidized public or nonprofit employment or direct subsidies to employers.

''(B) The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

''(C) The State's policy for determining the extent to which child support received on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

''(D) The treatment of earnings of a child living in the home.

''(E) The State's resource limit, including a description of the policy determined by the State regarding any exclusion allowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

''(F) Any restrictions the State elects to impose relating to eligibility for assistance of two-parent families.

''(G) The criteria for participating in the program including requirements that a family must comply with as a condition of receiving aid, such as school attendance, participation in appropriate preemployment activities, and receipt of appropriate childhood immunizations. The plan shall specify whether the State elects to provide incentives for compliance with the re-

quirements, sanctions for noncompliance, or a combination of incentives and sanctions that the State determines appropriate.

''(H) The sanctions imposed on individuals who fail to comply with the State's program requirements without good cause, including the amount and length of time of such sanctions, provided that if the sanction results in complete elimination of aid to the family, the State plan shall describe the procedures used to ensure the well-being of children.

''(I) Whether payment is made or denied for a child conceived during a period in which such child's parent was receiving aid under the program.

''(J) Whether the State elects to establish a time limit after which an individual must comply with continuous or additional work requirements under part F as a condition for receiving aid under the State plan approved under this part.

''(2) PARENTAL RESPONSIBILITY AGREEMENTS AND WAGE PLANS.—

"(A) IN GENERAL.—The State plan shall provide that the State require the parent or caretaker relative to enter into—

"(i) a Parental Responsibility Agreement in accordance with subparagraph (B), or

"(ii) a Parental Responsibility Agreement in accordance with subparagraph (B) and a Wage Plan in accordance with section 491(b) if such parent or caretaker relative is required to participate in the WAGE program.

"(B) DESCRIPTION OF PARENTAL RESPONSIBILITY AGREEMENT.—A Parental Responsibility Agreement is a statement signed by the applicant for aid that—

"(i) specifies that the transitional aid program is a privilege,

"(ii) the transitional aid program is a transitional program to move recipients into work and self-sufficiency, and

"(iii) the individual must abide by any requirements of the State or risk forfeiting eligibility for transitional aid.

''(3) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State. If such plan is not administered uniformly throughout the State, the plan shall describe the variations.

''(4) GENERAL ELIGIBILITY REQUIREMENT.—

''(A) IN GENERAL.—The State plan shall ensure that transitional aid is provided to all families with needy children and that such aid is furnished with reasonable promptness to individuals found eligible under the State plan. In providing such assistance, States will take into account the income and needs of a parent of a needy child if the parent is living in the same home as the child.

''(B) NEEDY CHILD.—For purposes of subparagraph (A), a needy child shall be determined by the State, but shall be a child who—

''(i) is under the age of 18, or

''(ii) at the option of the State, under the age of 19 and a full-time student in a secondary school (or in the equivalent level of vocational or technical training).

''(C) PREGNANT WOMAN.—At the option of the State, the State may provide transitional aid to an individual who does not have a needy

child if such individual is pregnant, and such transitional aid is provided—

''(i) in order to meet the needs of the individual occasioned by or resulting from her pregnancy, and

''(ii) not more than 3 months before and after the date the woman's child is expected to be born.

''(D) PERSONS OTHER THAN PARENTS.—For purposes of this paragraph, a State may provide that the following individuals shall constitute a family with a needy child if such individuals are living in the same home as the child:

''(i) Any relative or legal guardian of the child.

''(ii) Any person who participates in the Food Stamp program with the child.

''(iii) Any other person who provides—

''(I) care for an incapacitated family member (which, for purposes of this subparagraph only, may include a child receiving supplemental security income benefits under title XVI; or

''(II) child care to enable a caretaker relative to work outside the home or to participate in the WAGE program.

''(5) CHILD CARE SERVICES.—The State plan shall provide that no individual shall be sanctioned for failure to comply with the State's WAGE program requirements if such individual needs child care assistance in order to participate, and the State fails to provide such assistance.

''(6) VERIFICATION SYSTEM.—The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137, unless the State has established an alternative system under section 411 to prevent fraud and abuse.

''(7) ALIEN ELIGIBILITY.—The State plan shall provide that in order for an individual to be eligible for transitional aid under this part, the individual shall be—

''(A) a citizen or national of the United States, or

''(B) a qualified alien (as defined in section 1101(a)(10)), provided that such alien is not

disqualified from receiving aid under this part by reason of section 210(f) or 245A(h) of the Immigration and Nationality Act (8 U.S.C. 1160(f) or 1255a(h)) or any other provision of law.

''(8) DETECTION OF FRAUD.—

''(A) IN GENERAL.—The State plan shall provide (in accordance with regulations issued by the Secretary) for appropriate measures to detect fraudulent applications for transitional aid to families with needy children before establishing eligibility for such aid.

''(B) DESCRIPTION OF FRAUD CONTROL PROGRAM.—If the State has elected to establish and operate a fraud control program under section 411, the State shall submit to the Secretary (with such revisions as may from time to time be necessary) a description of such program and will operate such program in full compliance with such section 411.

''(9) PARTICIPATION IN CHILD SUPPORT ENFORCEMENT.—The State plan shall provide—

''(A) that the State has in effect a plan approved under part D and operates a child sup-

port enforcement program in substantial compliance with such plan, and

''(B) that, as a condition of eligibility for aid, each applicant or recipient will be required (subject to subparagraph (D))—

''(i) to assign the State any rights to support from any other person such applicant may have in such applicant's own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid; and

''(ii) to cooperate with the State—

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

''(II) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed;

''(C) that the State agency will immediately refer each applicant requiring paternity establishment, award establishment, or child support enforcement services to the State agency administering the program under part D;

''(D) that an individual shall be required to cooperate with the State, as provided under subparagraph (B), unless the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf aid is claimed to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(26);

''(E) that—

''(i) (except as provided in clause (ii)) an applicant requiring services provided under part D shall not be eligible for any aid under this part until such applicant—

''(I) has furnished to the agency administering the State plan under part D the information specified in section 454(26)(E); or

''(II) has been determined by such agency to have good cause not to cooperate; and

''(ii) that the provisions of clause (i) shall not apply—

"(I) if the agency specified in clause (i) has not within 10 days after such individual was referred to such agency, provided the notification required by section 454(26)(D)(iii), until such notification is received; and

"(II) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing; and

"(F) that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of subparagraph (B), the State may authorize protective payments as provided for in section 405.

"(10) AUTOMATED DATA PROCESSING SYSTEM.—The State plan may, at the option of the State, provide for the establishment and operation, in accordance with an (initial and annually updated) advance automated data processing planning document approved under subsection (c) of an automated statewide management information system designed effectively and efficiently, to assist management in

the administration of the State plan for transitional aid to families with needy children approved under this part, so as—

''(A) to control and account for—

''(i) all the factors in the total eligibility determination process under such plan for aid (including but not limited to (I) identifiable correlation factors (such as social security numbers, names, dates of birth, home addresses, and mailing addresses (including postal ZIP codes) of all applicants and recipients of such aid and the relative with whom any child who is such an applicant or recipient is living) to assure sufficient compatibility among the systems of different jurisdictions to permit periodic screening to determine whether an individual is or has been receiving benefits from more than one jurisdiction, (II) checking records of applicants and recipients of such aid on a periodic basis with other agencies, both intra- and inter-State, for determination and verification of eligibility and payment pursuant to require-

ments imposed by other provisions of this title),

''(ii) the costs, quality, and delivery of funds and services furnished to applicants for and recipients of such aid;

''(B) to notify the appropriate officials of child support, food stamp, social service, and medical assistance programs approved under title XIX whenever the recipient becomes ineligible or the amount of aid or services is changed; and

''(C) to provide for security against unauthorized access to, or use of, the data in such system.

''(11) PARTICIPATION IN WAGE.—The State plan shall provide—

''(A) that the State operate a WAGE program in accordance with part F, and

''(B) a description of individuals required to participate in the WAGE program in the State; such individuals may not include the following:

''(i) Parents of children under 12 weeks of age or, at the State's option, up to 1 year.

''(ii) Individuals who are ill or incapacitated, as defined by the State.

''(iii) Individuals who are needed in the home on a full-time basis to care for a disabled child or other household member.

''(iv) Individuals who are over 60 years of age.

''(v) Individuals under age 16 other than teenage parents.

''(12) REPORT OF CHILD ABUSE.—The State plan shall provide that the State agency will—

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

''(B) provide such information with respect to a situation described in subparagraph (A) as the State agency may have.

''(b) APPROVAL OF STATE PLANS.—

''(1) IN GENERAL.—Not later than 60 days after the date a State submits to the Secretary a

plan that provides for the establishment and operation of a program or an amendment to such plan that meets the requirements of subsection (a), the Secretary shall approve the plan.

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

''(c) APPROVAL OF AUTOMATIC DATA PROCESSING PLANNING DOCUMENT; REVIEW OF MANAGEMENT INFORMATION SYSTEMS; FAILURE TO COMPLY; REDUCTION OF PAYMENTS.—

''(1) APPROVAL OF AUTOMATED DATA PROCESSING PLANNING DOCUMENT.—The Secretary shall not approve the initial and annually updated advance automated data processing planning document, referred to in paragraph (2), unless the Secretary finds that such document, when implemented, will generally carry out the objectives of the statewide management system referred to in such paragraph, and such document—

''(A) provides for the conduct of, and reflects the results of, requirements analysis studies, which include consideration of the program

mission, functions, organization, services, constraints, and current support, of, in, or relating to, such system,

''(B) contains a description of the proposed statewide management system, including a description of information flows, input data, and output reports and uses,

''(C) sets forth the security and interface requirements to be employed in such statewide management system,

''(D) describes the projected resource requirements for staff and other needs, and the resources available or expected to be available to meet such requirements,

''(E) includes cost-benefit analyses of each alternative management system, data processing services and equipment, and a cost allocation plan containing the basis for rates, both direct and indirect, to be in effect under such statewide management system,

''(F) contains an implementation plan with charts of development events, testing descriptions, proposed acceptance criteria, and backup and fallback procedures to handle possible failure of contingencies, and

''(G) contains a summary of proposed improvements of such statewide management system in terms of qualitative and quantitative benefits.

''(2) SECRETARIAL REVIEW.—

''(A) IN GENERAL.—The Secretary shall, on a continuing basis, review, assess, and inspect the planning, design, and operation of, statewide management information systems referred to in section 403(a)(2), with a view to determining whether, and to what extent, such systems meet and continue to meet requirements imposed under such section and the conditions specified under paragraph (10) of subsection (a).

''(B) SUSPENSION OF APPROVAL.—If the Secretary finds with respect to any statewide management information system referred to in section 403(a)(2) that there is a failure substantially to comply with criteria, requirements, and other undertakings, prescribed by the advance automated data processing planning document previously approved by the Secretary with respect to such system, then the Secretary shall suspend his approval of such document

until there is no longer any such failure of such system to comply with such criteria, requirements, and other undertakings so prescribed.

"(C) REDUCTION OF PAYMENTS UNDER SECTION 403.—If the Secretary determines that such a system has not been implemented by the State by the date specified for implementation in the State's advance automated data processing planning document, then the Secretary shall reduce payments to such State, in accordance with section 403(b), in an amount equal to 40 percent of the expenditures referred to in section 403(a)(2) with respect to which payments were made to the State under section 403(a)(2). The Secretary may extend the deadline for implementation if the State demonstrates to the satisfaction of the Secretary that the State cannot implement such system by the date specified in such planning document due to circumstances beyond the State's control.

"(d) TEMPORARY DISQUALIFICATION OF CERTAIN NEWLY LEGALIZED ALIENS.—For temporary disqualification of certain newly legalized aliens from receiving transitional aid to families with needy children, see sub-

section (h) of section 245A of the Immigration and Nationality Act (8 U.S.C. 1255a), subsection (f) of section 210 of such Act (8 U.S.C. 1160), and subsection (d)(7) of section 210A of such Act (8 U.S.C. 1161).

''(e) IMPACT ON MEDICAID BENEFITS OF NONCOMPLIANCE WITH CERTAIN TAP AND WAGE REQUIREMENTS.—If a family becomes ineligible to receive transitional aid under the State transitional aid program because an individual in such family fails to comply with the requirements of this part—

''(1) a needy child of such family shall remain eligible for medical assistance under the State's plan approved under title XIX, and

''(2) the family shall be appropriately notified of such extension (in the State agency's notice to the family of the termination of its eligibility for such aid) as required by section 1925(a)(2).

''SEC. 403. PAYMENTS TO STATES.

''(a) COMPUTATION OF AMOUNTS.—From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for a transitional aid program, for each quarter, beginning with the quarter commencing October 1, 1995, an amount equal to—

"(1) the Federal medical assistance percentage (as defined in section 1905(b)) of the expenditures by the State for benefits and assistance under such plan, and

"(2) 50 percent of so much of the sums expended during such quarter as are attributable to the planning, design, development, or installation of such statewide mechanized claims processing and information retrieval systems as—

"(A) meet the conditions of section 402(a)(10), and

"(B) the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of State plans approved under title XIX, and State programs with respect to which there is Federal financial participation under title XX.

"(b) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying such amounts shall be as follows:

"(1) ESTIMATES.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the

provisions of subsection (a) of this section, such estimate to be based on—

''(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived,

''(B) records showing the number of needy children in the State, and

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

''(2) ADJUSTMENTS FOR PRIOR QUARTERS.—The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services—

''(A) reduced or increased, as the case may be, by any sum by which the Secretary finds that the Secretary's estimate for any prior

quarter was greater or less than the amount which should have been paid to the State for such quarter,

''(B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to transitional aid to families with needy children furnished under the State plan, and

''(C) reduced by such amount as is necessary to provide the 'appropriate reimbursement of the Federal Government' that the State is required to make under section 457 out of that portion of child support collections retained by the State pursuant to such section,

except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

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

"(c) UNIFORM REPORTING REQUIREMENTS.—In order to assist in obtaining the information needed to carry out subsection (b)(1) and otherwise to perform the Secretary's duties under this part, the Secretary shall establish uniform reporting requirements under which each State will be required to furnish data regarding—

"(1) the monthly number of families assisted under this part;

"(2) the types of such families;

"(3) the monthly number of children assisted under this part;

"(4) the amounts expended to serve such families and children;

"(5) the length of time for which such families and children are assisted;

"(6) the number of families and children receiving child care assistance;

''(7) the number of families receiving transitional medicaid assistance; and

''(8) in what form the amounts of assistance are being spent (the amount spent on wage subsidies compared to the amount spent on cash benefits).

''(d) BONUS AMOUNT.—

''(1) IN GENERAL.—For fiscal year 1997 and each fiscal year thereafter, a State operating a transitional aid program under part A in the preceding fiscal year meeting the requirements of paragraph (2) shall receive a bonus amount equal to 10 percent of the base payment amount determined for such State under section 481(b).

''(2) REQUIREMENTS.—A transitional aid program meets the requirements of this paragraph if the program—

''(A) provides for disregards of earned income for families receiving transitional aid to ensure that a family in which a family member worked part-time in a minimum wage job did not have a lower monthly income after calculation of reasonable work-related expenses than a family of the same size in which a family member did not work;

''(B) provides that calculation of the level of transitional aid under the program for a family is based only on the needs of needy children and the caretaker relatives of such children; and

''(C) provides for equal treatment of one-parent and two-parent families.

"SEC. 404. DEVIATION FROM PLAN.

''(a) STOPPAGE OF PAYMENTS.—In the case of any State plan for transitional aid to families with needy children which has been approved by the Secretary, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 402(a) to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to

categories under or parts of the State plan not affected by such failure).

''(b) MISUSE OF FUNDS.—In any case in which the Secretary finds that a State has misappropriated or misused funds appropriated pursuant to section 403, the Secretary shall reduce the payment to which the State would otherwise be entitled under this part for the fiscal year following the fiscal year in which such finding is made by an amount equal to two times the amount of funds found to be misused or misappropriated.

''SEC. 405. USE OF PAYMENTS FOR BENEFIT OF CHILDREN.

''Whenever the State agency has reason to believe that any payments of transitional aid to families with needy children made with respect to a child are not being or may not be used in the best interests of the child, the State agency may provide for such counseling and guidance services with respect to the use of such payments and the management of other funds by the relative receiving such payments as it deems advisable in order to assure use of such payments in the best interests of such child, and may provide for advising such relative that continued failure to so use such payments will result in substitution therefor of such protective payments as the State may authorize, or in seeking appointment of a guardian or legal representative as provided in section 1111, or in the impo-

sition of criminal or civil penalties authorized under State law if it is determined by a court of competent jurisdiction that such relative is not using or has not used for the benefit of the child any such payments made for that purpose; and the provision of such services or advice by the State agency (or the taking of the action specified in such advice) shall not serve as a basis for withholding funds from such State under section 404 and shall not prevent such payments with respect to such child from being considered transitional aid to families with needy children.

"SEC. 406. SPECIAL RULE.

''Each needy child, and each relative with whom such a child is living (including the spouse of such relative), who becomes ineligible for transitional aid to families with needy children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title, and who has received such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of transitional aid to families with needy children for purposes of title XIX for an additional 4 calendar months beginning with the month in which such ineligibility begins.

"SEC. 407. PERFORMANCE MEASUREMENT SYSTEM.

''(a) IN GENERAL.—Not later than July 1, 1996, the Secretary, in consultation with the States, shall submit recommendations to Congress to streamline the system for monitoring the accuracy of payments made for transitional aid to families with needy children and for transforming the transitional aid program into a system that measures a State's performance in moving recipients of such aid into permanent employment.

''(b) DETAILS OF RECOMMENDATIONS.—The recommendations required by subsection (a) shall—

''(1) be based on a system which replaces the AFDC quality control system (described in section 408 of the Social Security Act as in effect on the day before the date of the enactment of the Work and Gainful Employment Act),

''(2) include an effort to ensure the continuity of recipient data collected under the AFDC quality control system and the new streamlined system, and

''(3) integrate the performance measurements under the WAGE program and any other applicable performance measurements that are designed to measure the effectiveness of States in promoting work.

"SEC. 408. EXCLUSION FROM TRANSITIONAL AID PROGRAM UNIT OF INDIVIDUALS FOR WHOM CERTAIN PAYMENTS ARE MADE.

''(a) EXCLUSION OF CHILDREN RECEIVING FOSTER CARE, ETC.—Notwithstanding any other provision of this title (other than subsection (b))—

''(1) a child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E of this title or under State or local law, or a child or parent receiving benefits under title XVI of this Act, shall not, for the period for which such payments are made, be regarded as a member of a family for purposes of determining the amount of benefits of the family under this part; and

''(2) the income and resources of such child or parent shall be excluded from the income and resources of a family under this part.

''(b) LIMITATION.—Subsection (a) of this section shall not apply in the case of a child with respect to whom adoption assistance payments are made under part E of this title or under State or local law, if application of such subsection would reduce the benefits under this part of the family of which the child would otherwise be regarded as a member.

"SEC. 409. TECHNICAL ASSISTANCE FOR DEVELOPING MANAGEMENT INFORMATION SYSTEMS.

''The Secretary shall provide such technical assistance to States as the Secretary determines necessary to assist States to plan, design, develop, or install and provide for the security of, the management information systems referred to in section 403(a)(2).

"SEC. 410. ATTRIBUTION OF INCOME AND RESOURCES OF SPONSOR AND SPOUSE TO ALIEN.

''(a) APPLICABILITY; TIME PERIOD.—For purposes of determining eligibility for and the amount of benefits under a State plan approved under this part for an individual who is a qualified alien described in section 402(a)(7), the income and resources of any person who (as a sponsor of such individual's entry into the United States) executed an affidavit of support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse, shall be deemed to be the unearned income and resources of such individual (in accordance with subsections (b) and (c) of this section) for a period determined under section 802 of the Work and Gainful Employment Act, except that this section is not applicable if such individual is a needy child and such sponsor (or such sponsor's spouse) is the parent of such child.

''(b) COMPUTATION.—

"(1) AMOUNT DEEMED UNEARNED INCOME.—The amount of income of a sponsor (and his spouse) which shall be deemed to be the unearned income of a qualified alien for any month shall be determined as follows:

"(A) The total amount of earned and unearned income of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined for such month.

"(B) The amount determined under subparagraph (A) shall be reduced by an amount equal to the sum of—

"(i) the lesser of—

"(I) 20 percent of the total of any amounts received by the sponsor and his spouse in such month as wages or salary or as net earnings from self employment, plus the full amount of any costs incurred by them in producing self-employment income in such month, or

"(II) $175;

"(ii) the cash needs standard established by the State under its plan for a family of the same size and composition as

the sponsor and those other individuals living in the same household as the sponsor who are claimed by him as dependents for purposes of determining his Federal personal income tax liability but whose needs are not taken into account by the State for the purpose of determining eligibility for transitional aid under this part;

''(iii) any amounts paid by the sponsor (or his spouse) to individuals not living in such household who are claimed by him as dependents for purposes of determining his Federal personal income tax liability; and

''(iv) any payments of alimony or child support with respect to individuals not living in such household.

''(2) AMOUNT DEEMED RESOURCES.—The amount of resources of a sponsor (and his spouse) which shall be deemed to be the resources of a qualified alien for any month shall be determined as follows:

''(A) The total amount of the resources (determined as if the sponsor were applying for aid under the State plan approved under this

part) of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined.

''(B) The amount determined under subparagraph (A) shall be reduced by $1,500.

''(c) PROVISION OF INFORMATION BY ALIEN CONCERNING THE ALIEN'S SPONSOR; RECEIPT OF INFORMATION FROM DEPARTMENTS OF STATE AND JUSTICE.—

''(1) INFORMATION REQUIRED.—Any individual who is an alien and whose sponsor was a public or private agency shall be ineligible for aid under a State plan approved under this part during the period determined under section 802 of the Work and Gainful Employment Act, unless the State agency administering such plan determines that such sponsor either no longer exists or has become unable to meet such individual's needs; and such determination shall be made by the State agency based upon such criteria as it may specify in the State plan, and upon such documentary evidence as it may therein require. Any such individual, and any other individual who is a qualified alien (as a condition of his or her eligibility for aid under a State plan approved under this part during the period determined under section 802 of the Work and Gainful Employment

Act, shall be required to provide to the State agency administering such plan such information and documentation with respect to his sponsor as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from such sponsor necessary for any such determination. Such alien shall also be required to provide to the State agency such information and documentation as it may request and which such alien or his sponsor provided in support of such alien's immigration application.

''(2) COOPERATION WITH SECRETARY OF STATE AND ATTORNEY GENERAL.—The Secretary shall enter into agreements with the Secretary of State and the Attorney General whereby any information available to them and required in order to make any determination under this section will be provided by them to the Secretary (who may, in turn, make such information available, upon request, to a concerned State agency), and whereby the Secretary of State and Attorney General will inform any sponsor of an alien, at the time such sponsor executes an affidavit of support or similar agreement, of the requirements imposed by this section.

"(d) JOINT AND SEVERAL LIABILITY OF ALIEN AND SPONSOR FOR OVERPAYMENT OF AID DURING SPECIFIED PERIOD FOLLOWING ENTRY.—Any sponsor of a qualified alien, and such alien, shall be jointly and severally liable for an amount equal to any overpayment of aid under the State plan made to such alien during the period determined under section 802 of the Work and Gainful Employment Act, on account of such sponsor's failure to provide correct information under the provisions of this section, except where such sponsor was without fault, or where good cause of such failure existed. Any such overpayment which is not repaid to the State or recovered in accordance with the procedures generally applicable under the State plan to the recoupment of overpayments shall be withheld from any subsequent payment to which such alien or such sponsor is entitled under any provision of this Act.

"(e) DIVISION OF INCOME AND RESOURCES OF INDIVIDUAL SPONSORING TWO OR MORE ALIENS LIVING IN SAME HOME.—

"(1) IN GENERAL.—In any case where a person is the sponsor of two or more alien individuals who are living in the same home, the income and resources of such sponsor (and his spouse), to the extent they would be deemed the income and resources

of any one of such individuals under the preceding provisions of this section, shall be divided into two or more equal shares (the number of shares being the same as the number of such alien individuals) and the income and resources of each such individual shall be deemed to include one such share.

''(2) DEEMED INCOME AND RESOURCES.—Income and resources of a sponsor (and his spouse) which are deemed under this section to be the income and resources of any alien individual in a family shall not be considered in determining the need of other family members except to the extent such income or resources are actually available to such other members.

''(f) ALIENS NOT COVERED.—The provisions of this section shall not apply with respect to any alien who is—

''(1) admitted to the United States as a result of the application, prior to April 1, 1980, of the provisions of section 203(a)(7) of the Immigration and Nationality Act (8 U.S.C. 1153(a)(7));

''(2) admitted to the United States as a result of the application, after March 31, 1980, of the provisions of section 207(c) of such Act;

''(3) paroled into the United States as a refugee under section 212(d)(5) of such Act;

''(4) granted political asylum by the Attorney General under section 208 of such Act; or

''(5) a Cuban or Haitian entrant, as defined in section 501(e) of the Refugee Education Assistance Act of 1980 (Public Law 96–422).

"SEC. 411. FRAUD CONTROL.

''(a) ELECTION FOR FRAUD CONTROL PROGRAM.—Any State, in the administration of its State plan approved under section 402, may elect to establish and operate a fraud control program in accordance with this section.

''(b) PENALTY FOR FALSE OR MISLEADING STATEMENT OR MISREPRESENTATION OF FACT.—Under any such program, if an individual who is a member of a family applying for or receiving aid under the State plan approved under section 402 is found by a Federal or State court or pursuant to an administrative hearing meeting requirements determined in regulations of the Secretary, on the basis of a plea of guilty or nolo contendere or otherwise, to have intentionally—

''(1) made a false or misleading statement or misrepresented, concealed, or withheld facts, or

''(2) committed any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity, for the purpose of establishing or maintain-

ing the family's eligibility for aid under such State plan or of increasing (or preventing a reduction in) the amount of such aid, then the needs of such individual shall not be taken into account by the State in determining eligibility for transitional aid under this part with respect to his or her family—

''(A) for a period of 6 months upon the first occasion of any such offense,

''(B) for a period of 12 months upon the second occasion of any such offense, and

''(C) permanently upon the third or a subsequent occasion of any such offense.

''(c) PROCEEDINGS AGAINST VIOLATORS BY STATE AGENCY.—The State agency involved shall proceed against any individual alleged to have committed an offense described in subsection (b) either by way of administrative hearing or by referring the matter to the appropriate authorities for civil or criminal action in a court of law. The State agency shall coordinate its actions under this section with any corresponding actions being taken under the food stamp program in any case where the factual issues involved arise from the same or related circumstances.

''(d) DURATION OF PERIOD OF SANCTIONS; REVIEW.—Any period for which sanctions are imposed under

subsection (b) shall remain in effect, without possibility of administrative stay, unless and until the finding upon which the sanctions were imposed is subsequently reversed by a court of appropriate jurisdiction; but in no event shall the duration of the period for which such sanctions are imposed be subject to review.

''(e) ADDITIONAL SANCTIONS PROVIDED BY LAW.—The sanctions provided under subsection (b) shall be in addition to, and not in substitution for, any other sanctions which may be provided for by law with respect to the offenses involved.

''(f) WRITTEN NOTICE OF PENALTIES FOR FRAUD.—Each State which has elected to establish and operate a fraud control program under this section must provide all applicants for transitional aid to families with needy children under its approved State plan, at the time of their application for such aid, with a written notice of the penalties for fraud which are provided for under this section.

''SEC. 412. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

''The programs under this part, part D, and part F of this title shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the

Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.''.

(b) TRANSITION FROM AFDC TO TRANSITIONAL AID PROGRAM.—In the case of any individual who is an applicant for or recipient of aid to families with dependent children under part A of title IV of the Social Security Act, as in effect on the day before the effective date of this title, the State may, at the State's option, provide that—

(1) such individual be treated as an applicant for or recipient of (as the case may be) transitional aid to families with needy children under part A of title IV of the Social Security Act as in effect on such effective date, or

(2) such individual submit an application for transitional aid in accordance with the provisions of the State plan approved under such part A as so in effect.

TITLE II—WORK AND GAINFUL EMPLOYMENT (WAGE) PROGRAM

SEC. 201. WAGE PROGRAM.

Part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.) is amended to read as follows:

"PART F—WAGE PROGRAM

"SEC. 480. PURPOSE.

''It is the purpose of this part to provide States with flexibility to design programs to ensure that needy families with children obtain employment and avoid long-term welfare dependence.

"Subpart 1—Block Grant

"SEC. 481. BLOCK GRANT.

''(a) BLOCK GRANT AMOUNT.—Subject to section 482, each State that operates a WAGE program in accordance with subpart 2 shall be entitled to receive for each fiscal year a block grant amount equal to—

''(1) the base payment amount determined under subsection (b) and the additional amount described in subsection (b)(3); plus

''(2) the performance award amount (if any) determined under subsection (c).

''(b) BASE PAYMENT AMOUNT.—

''(1) IN GENERAL.—Subject to the limitation of paragraph (3), the base payment amount determined under this subsection with respect to each State is—

''(A) for fiscal year 1996, an amount equal to the base amount determined under paragraph (2); and

''(B) for fiscal year 1997 and each subsequent fiscal year, an amount equal to 103 per-

cent of the base payment amount determined under this subsection for the prior fiscal year.

''(2) BASE AMOUNT.—The base amount determined under this paragraph with respect to each State is an amount equal to the greater of—

''(A) 103 percent of the Federal payments made to the State in fiscal year 1995—

''(i) for child care services described in clause (i) or (ii) of section 402(g)(1)(a) (relating to AFDC–JOBS child care and transitional child care);

''(ii) under section 403(a)(3) (relating to administrative costs of operating the AFDC program), other than any payments made under such section for automated data processing systems; and

''(iii) under section 403(a)(5) (relating to emergency assistance); or

''(B) 103 percent of the average of the Federal payments described in clauses (i), (ii), and (iii) of subparagraph (A) made to the State in fiscal years 1993, 1994, and 1995.

''(3) ADDITIONAL PAYMENTS.—

''(A) IN GENERAL.—In addition to the amounts specified in paragraph (2), each State

shall be entitled to receive an amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the average monthly number of families with needy children receiving transitional aid in the State in the preceding fiscal year bears to the average monthly number of such families in all the States for such preceding year.

''(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

''(i) for fiscal year 1996, $1,200,000,000;

''(ii) for fiscal year 1997, $1,700,000,000;

''(iii) for fiscal year 1998, $2,100,000,000;

''(iv) for fiscal year 1999, $2,700,000,000; and

''(v) for fiscal year 2000, $3,200,000,000.

''(c) PERFORMANCE AWARD.—

''(1) IN GENERAL.—Subject to the limitation of paragraph (4), the performance award determined under this subsection for a fiscal year for a State is an amount equal to the sum of—

''(A) the full-time employment savings of the State, plus

''(B) the part-time employment savings of the State.

''(2) FULL-TIME EMPLOYMENT SAVINGS.—For purposes of this subsection—

''(A) IN GENERAL.—The full-time employment savings of a State for any fiscal year is an amount equal to the product of—

''(i) the total number of full-time performance award employees, and

''(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid paid to individuals in accordance with the State plan under part A for the preceding fiscal year.

''(B) FULL-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'full-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average monthly number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under part A.

"(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

"(i) the percentage which—

"(I) the average monthly number of individuals who became ineligible during the preceding fiscal year to receive transitional aid under the program operated in accordance with the State plan under part A by reason of earnings from employment, bears to

"(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under part A for such preceding fiscal year, exceeds

"(ii) the percentage determined under clause (i) for fiscal year 1996.

"(D) SPECIAL RULE FOR SHORT-TERM EMPLOYEES.—An individual shall not be taken into account under subclause (I) of subparagraph (C)(i) unless the employment described in such subclause has continued for 6 consecutive months. If an individual is not taken into

account for a fiscal year by reason of this subparagraph, such individual shall be taken into account in the following fiscal year if such 6-month period ends in such following fiscal year.

''(3) PART-TIME EMPLOYMENT SAVINGS.—For purposes of this subsection—

''(A) IN GENERAL.—The part-time employment savings of a State for any fiscal year is an amount equal to the product of—

''(i) the total number of part-time performance award employees, and

''(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid (weighted for family size) which would otherwise be paid to individuals described in subparagraph (C)(i)(I) in accordance with the State plan under part A for the preceding fiscal year but for the fact the individual worked at least 20 hours per week.

''(B) PART-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'part-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average monthly

number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under part A.

''(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

''(i) the percentage which—

''(I) the average monthly number of individuals who were eligible to receive transitional aid under the program operated in accordance with the State plan under part A during the preceding fiscal year, and worked at least 20 hours a week in a position which was not subsidized by the State, bears to

''(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under part A for such preceding fiscal year, exceeds

''(ii) the percentage determined under clause (i) for fiscal year 1996.

"(D) SPECIAL RULE FOR AREAS OF HIGH UNEMPLOYMENT.—In the case of any State (or any area of a State) which has an average monthly unemployment rate which is more than 6.5 percent (as determined by the Secretary of Labor) for the fiscal year for which the percentage described in subparagraph (C)(i) is being determined, such State may, in applying subparagraph (C)(i)(I), include individuals residing in such State (or area) who worked at least 20 hours a week in positions fully subsidized by the State.

"(4) LIMITATION.—

"(A) IN GENERAL.—The performance award under paragraph (1) for a State for any fiscal year shall not exceed the amount that bears the same ratio to the amount specified in clause (ii) for such fiscal year as the amount of full-time and part-time performance award employees of the State for a fiscal year bears to the amount of such employees for all States for such fiscal year.

"(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(i) for fiscal year 1998, $200,000,000;

"(ii) for fiscal year 1999, $400,000,000; and

"(iii) for fiscal year 2000 and each fiscal year thereafter, $600,000,000.

"(5) AWARD BEGINNING WITH FISCAL YEAR 1998.—No amount shall be paid to a State as a performance award determined under this subsection before October 1, 1997.

"(d) PAYMENTS TO INDIAN TRIBES.—The Secretary shall reserve for payment to Indian tribes and Alaska Native organizations with an application approved under section 492(a)(1)(A) an amount equal to not more than 2 percent of the amount appropriated under subsection (a). Such amounts shall be distributed to each tribe and Alaska Native organization in an amount that bears the same ratio to the total amount reserved under this subsection as the number of the participants required to be served in the preceding fiscal year in the tribe's or Alaska Native organization's service area bears to the number of participants to be served by all tribes and Alaska Native organizations in such preceding year. In making such distributions, the Secretary shall take into account such other factors as the Secretary deems appropriate, including unique

geographic, economic, demographic, and administrative conditions of individual Indian tribes and Alaska Native organizations.

"SEC. 482. PARTICIPATION RATES.

''(a) PARTICIPATION RATE REQUIREMENT.—

''(1) IN GENERAL.—Notwithstanding section 481, the Secretary shall pay to a State an amount equal to 95 percent of the base payment amount determined for the State for a fiscal year if the State's participation rate determined under subsection (c) for the preceding fiscal year does not exceed or equal the following percentage:

"Fiscal year:	Percentage:
1996	35
1997	40
1998	45
1999	50
2000	55.

''(2) REQUIRED WORK ACTIVITY.—A State shall not be treated as having a participation rate meeting the requirements of this subsection if the number of individuals described in subsection (c)(1) engaged in work activities is not at least 50 percent of the total number of individuals described in subsection (c)(1).

''(b) ELECTION BY THE STATE.—In lieu of the reduction described in subsection (a), a State that does not meet the participation rate requirements described in subsection (a), may elect to receive the full amount of the

payments described in section 481(a)(1) to which the State is otherwise entitled for the fiscal year if the State makes available non-Federal contributions for the fiscal year in an amount equal to not less than 5 percent of the State's non-Federal contributions for the preceding fiscal year.

''(c) DETERMINATION OF PARTICIPATION RATE.—The State's participation rate for a fiscal year shall be the number, expressed as a percentage, equal to—

''(1) the sum of—

''(A) the average monthly number of individuals in the State who have participated in work activities or work preparation activities under the WAGE program under subpart 2 for an average of at least 20 hours a week,

''(B) the average monthly number of individuals who within the previous 6-month period have become ineligible for transitional aid under part A or the WAGE program because the individuals are employed, and

''(C) the average monthly number of individuals under sanctions for failing to comply with a WAGE Plan, divided by

''(2) the average monthly number of families with an adult recipient, not including those who are exempt under section 402(a)(11).

''(d) DEFINITION OF WORK ACTIVITIES.—For purposes of this section, the term 'work activities' means—

''(1) unsubsidized employment;

''(2) subsidized private sector employment;

''(3) subsidized public sector employment or work experience (including work associated with the refurbishing of publicly assisted housing) only if sufficient private sector employment is not available;

''(4) on-the-job training; and

''(5) microenterprise employment.

''(e) TWO-YEAR LIMIT.—For purposes of subsection (c)(1)(A), an individual who has participated in the WAGE program for 2 years may not be counted in determining the State's participation rate unless such individual is engaged in a work activity.

"Subpart 2—Establishment and Operation of WAGE Program

"SEC. 490. REQUIREMENT TO ESTABLISH A WAGE PROGRAM.

''A State shall establish a work and gainful employment program (hereafter in this part referred to as the 'WAGE program') in accordance with section 491.

"SEC. 491. ESTABLISHMENT AND OPERATION OF FLEXIBLE STATE PROGRAMS.

''(a) PROGRAM REQUIREMENTS.—Any State with a State plan approved under subsection (c) shall establish and operate a program that meets the following requirements:

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

''(2) METHODS OF OBTAINING OBJECTIVE.—The objective of the program under paragraph (1) shall be achieved by connecting recipients of transitional aid with the private sector labor market as soon as possible and offering them the support and skills necessary to remain in the labor market. Each component of the program should seek to attain the objective by emphasizing employment and conveying an understanding that minimum wage jobs are a stepping stone to more highly paid employment. The program is intended to provide recipients with job search and placement, education, training, wage supplementation, temporary subsidized jobs, or such other services as the State deems necessary to help a recipient obtain private sector employment.

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

"(4) ASSISTANCE.—The State may provide assistance to participants in the program in the following forms:

"(A) State job placement services, which may include employment opportunity centers that act as one-stop placement entities through which the State makes available to each program participant services under programs carried out under one or more of the following provisions of law:

"(i) Part A of title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.) (relating to the adult training program).

"(ii) Part B of title II of such Act (29 U.S.C. 1630 et seq.) (relating to the summer youth employment and training programs).

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

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

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

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

"(vii) The Adult Education Act (20 U.S.C. 1201 et seq.).

"(viii) Part B of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2741 et seq.) (relating to Even Start family literacy programs).

"(ix) Subtitle A of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421) (relating to adult education for the homeless).

"(x) Subtitle B of title VII of such Act (42 U.S.C. 11431 et seq.) (relating to

education for homeless children and youth).

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

''(xii) The School-to-Work Opportunities Act of 1994.

''(xiii) The National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.).

''(xiv) The National Skill Standards Act of 1994.

''(B) Private placement company services, which may include contracts the State enters into with private companies (whether operated for profit or not for profit) or community action agencies for placement of participants in the program in positions of full-time or part-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for cash assistance.

''(C) Microenterprise programs, including programs under which the State makes grants and loans to public and private organizations, agencies, and other entities (whether operated

for profit or not for profit) to enable such entities to facilitate economic development by—

''(i) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to business planning, financing, marketing, and other microenterprise development activities) to owners of microenterprises and persons developing microenterprises; and

''(ii) providing general support (such as peer support and self-esteem programs) to owners of microenterprises and persons developing microenterprises.

''(D) Work supplementation programs, under which the State may use part or all of the sums that would otherwise be payable to participants in the program as transitional aid under part A for the purpose of providing and subsidizing jobs for such participants as an alternative to the transitional aid that would otherwise be so payable to them.

''(E) Innovative JOBS programs, including programs similar to—

''(i) the program known as the 'GAIN Program' that has been operated by River-

side County, California, under Federal law in effect immediately before the date this section first applies to the State of California;

''(ii) the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law in effect immediately before the date this section first applies to the State of Oregon; and

''(iii) the program known as 'JOBS' that has been operated by Kenosha County, Wisconsin, under Federal law in effect immediately before the date this section first applies to the State of Wisconsin.

''(F) Temporary subsidized job creation, which may include workfare programs.

''(G) Education or training services.

''(H) Any other service which provides individuals with the support and skills necessary to obtain and keep employment in the private sector.

For purposes of subparagraph (C), the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, one or more of whom owns the enterprise.

"(5) WAGE PLAN.—The State agency shall develop a WAGE Plan in accordance with subsection (b) with each program participant.

"(6) HOURS OF PARTICIPATION REQUIREMENT.—The State shall provide that each participant in the program under this section shall participate in activities in accordance with this section for at least 20 hours per week (or, at the State's option, a greater number of hours per week), including job search in cases where the individual is not employed in an unsubsidized job in the private sector.

"(7) TIME LIMIT.—A State may establish a time limit of any duration for participation by an individual in the WAGE program. A State shall not terminate any participant subject to such time limit if the participant has complied with the requirements set forth in the WAGE Plan established in accordance with paragraph (5).

"(8) CHILD CARE SERVICES.—The State shall offer each individual participating in the program child care services (as determined by the State) if such individual requires child care services in order to participate.

"(9) NONDISPLACEMENT.—The program shall comply with the requirements of subsection (g).

"(10) NONCUSTODIAL PARENTS.—

"(A) IN GENERAL.—The State may provide services under the program, on a voluntary or mandatory basis, to noncustodial parents of needy children who are recipients of transitional aid.

"(B) PARTICIPATION RATE.—Noncustodial parents who participate in the WAGE program shall be treated as participants for purposes of determining the participation rate under section 482.

"(b) WAGE PLAN.—

"(1) IN GENERAL.—On the basis of an initial assessment of the skills, prior work experience, and employability of each individual who the State requires to participate in the WAGE program, the State agency shall, together with the individual, develop a WAGE Plan, which—

"(A) sets forth an employment goal for the individual and contains an individualized comprehensive plan developed by the State agency with the participant for moving the individual into the workforce;

"(B) provides that the participant shall spend at least 20 hours per week (or, at the op-

tion of the State, a greater number of hours per week) in activities provided for in the WAGE Plan, including job search in cases where the individual is not employed in an unsubsidized job in the private sector;

''(C) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

''(D) provides that the participant shall accept any bona fide offer of unsubsidized full-time employment, unless the participant has good cause for not doing so;

''(E) describes the child care and other social services and assistance which the State will provide in order to allow the individual to take full advantage of the activities under the program operated in accordance with this section;

''(F) at the option of the State, provides that aid under the transitional aid program is

to be paid to the participant based on the number of hours that the participant spends in activities provided for in the agreement; and

''(G) at the option of the State, requires the participant to undergo appropriate substance abuse treatment.

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

''(A) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of aid under the State plan approved under part A; or

''(B) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such aid, in the case of any other individual.

''(c) STATE PLANS.—

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

''(2) AUTHORITY TO EXTEND DEADLINE.—The 60-day deadline established in paragraph (1) with

respect to a State may be extended in accordance with an agreement between the Secretary and the State.

''(d) ANNUAL REPORTS.—

''(1) COMPLIANCE WITH PERFORMANCE MEASURES.—Each State that operates a program under this section shall submit to the Secretary annual reports that compare the achievements of the program with the performance-based measures established under subsection (e).

''(2) COMPLIANCE WITH PARTICIPATION RATES.—Each State that operates a program under this section for a fiscal year shall submit to the Secretary a report on the participation rate determined under section 482 of the State for the fiscal year.

''(e) PERFORMANCE-BASED MEASURES.—The Secretary shall, by regulation, establish measures of the effectiveness of the State's program established under this section in moving recipients of transitional aid under the State plan approved under part A into full-time unsubsidized employment, based on the performance of such programs.

''(f) EFFECT OF FAILURE TO MEET PARTICIPATION RATES.—

"(1) IN GENERAL.—If a State fails to achieve the participation rate required by section 482(a) for the fiscal year, the Secretary may make recommendations for changes in the program. The State may elect to follow such recommendations, and shall demonstrate to the Secretary how the State will achieve the required participation rates.

"(2) SECOND CONSECUTIVE FAILURE.—Notwithstanding paragraph (1), if the State has failed to achieve the participation rates required by section 482(a) for 2 consecutive fiscal years, the Secretary may require the State to make changes in the State program established under this section.

"(g) NO DISPLACEMENT.—No work assignment under the program shall result in—

"(1) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of non-overtime work, wages, or employment benefits), or result in the impairment of existing contracts for services or collective bargaining agreements;

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

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

''(B) the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with a participant subsidized under the program; or

''(3) any infringement of the promotional opportunities of any currently employed individual.

No participant may be assigned under work supplementation programs or under workfare programs to fill any established unfilled position vacancy.

''SEC. 492. SPECIAL PROVISIONS RELATING TO INDIAN TRIBES AND ALASKA NATIVE ORGANIZATIONS.

''(a) SPECIAL PROVISIONS RELATING TO TRIBES AND NATIVE ORGANIZATIONS.—

''(1) IN GENERAL.—

''(A) WAGE PROGRAMS.—An Indian tribe or Alaska Native organization may apply to the Secretary to conduct a WAGE program under this part. An application to conduct a WAGE program in a fiscal year shall be submitted not later than July 1 of the preceding fiscal year. Upon approval of the application, payment in the amount determined in accordance with sec-

tion 482(d) shall be made directly to the tribe or organization involved.

''(B) WAIVER OF CERTAIN REQUIREMENTS.—The Secretary may waive any requirements of this part with respect to a WAGE program conducted under this part by an Indian tribe or Alaska Native organization as the Secretary determines to be appropriate.

''(C) TERMINATION.—The WAGE program conducted by any Indian tribe or Alaska Native organization may be terminated voluntarily by such tribe or organization or may be terminated by the Secretary upon a finding that such program is not being conducted in substantial conformity with the terms of the application approved under subparagraph (A). If a WAGE program of an Indian tribe or Alaska Native organization is terminated, such tribe or organization shall not be eligible to submit a new application under subparagraph (A) with respect to any year before the 6th year following such termination.

''(D) CONSORTIUM OF TRIBES.—An Indian tribe may enter into an agreement with other Indian tribes for the provision of WAGE pro-

gram services by a tribal consortium providing for centralized administration of WAGE program services for the region served by the Indian tribes so agreeing. In the case of such an agreement, a single application under this part may be submitted by the tribal consortium and the consortium shall be entitled to receive an amount equal to the aggregate amount that all of the tribes in the consortium would have been entitled to receive if each tribe applied separately. In any case in which an application is submitted by a tribal consortium, the approval of each Indian tribe included in the consortium shall be a prerequisite to the distribution of funds to the tribal consortium.

''(2) DETERMINATION OF EXEMPT INDIVIDUAL.—An application under this section shall provide that upon approval the Indian tribe or Alaska Native organization, as the case may be, will be responsible for determining whether an individual (within the service area of the tribe or organization) is exempt under section 402(a)(11).

''(b) OTHER REQUIREMENTS.—

''(1) CHILD CARE.—Each Indian tribe and Alaska Native organization submitting an applica-

tion under this section may also submit to the Secretary (as a part of the application) a description of the program that the tribe or organization will implement to meet the child care needs of WAGE program participants and may request funds to provide such child care. The Secretary may waive any other requirement of this part with respect to child care services as the Secretary determines inappropriate for such child care program, other than the requirement described in section 491(a)(8).

''(2) PAYMENT FOR CHILD CARE.—The Secretary shall adjust the payment for a fiscal year under section 481(d) to reflect the cost of child care for the number of required participants in need of such care in the preceding fiscal year (and other recipients in need of such care) in the tribe's or Alaska Native organization's service area, subject to the limitation on total funding for tribes and Alaska Native organizations.

''(3) DATA COLLECTION.—The Secretary shall establish data collection and reporting requirements with respect to child care services implemented under this subsection.

''(c) DEFINITIONS.—For purposes of this section—

"(1) TRIBAL CONSORTIUM.—The term 'tribal consortium' means any group, association, partnership, corporation, or other legal entity which is controlled, sanctioned, or chartered by the governing body of more than 1 Indian tribe.

"(2) INDIAN TRIBE.—The term 'Indian tribe' means any tribe, band, nation, or other organized group or community of Indians that—

"(A) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; and

"(B) for which a reservation exists.

For purposes of subparagraph (B), a reservation includes Indian reservations, public domain Indian allotments, and former Indian reservations in Oklahoma.

"(3) ALASKA NATIVE ORGANIZATION.—

"(A) IN GENERAL.—The term 'Alaska Native organization' means any organized group of Alaska Natives eligible to operate a Federal program under Public Law 93–638 or such group's designee.

"(B) BOUNDARIES.—The boundaries of an Alaska Native organization shall be those of the

geographical region, established pursuant to section 7(a) of the Alaska Native Claims Settlement Act, within which the Alaska Native organization is located (without regard to the ownership of the land within the boundaries).

''(C) LIMITS ON APPLICATIONS.—The Secretary may approve only one application from an Alaska Native organization for each of the 12 geographical regions established pursuant to section 7(a) of the Alaska Native Claims Settlement Act.

Nothing in this paragraph shall be construed to grant or defer any status or powers other than those expressly granted in this paragraph or to validate or invalidate any claim by Alaska Natives of sovereign authority over lands or people.''.

SEC. 202. REGULATIONS.

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

SEC. 203. APPLICABILITY TO STATES.

(a) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendments made by

this title, the amendments shall apply to the State on and after such earlier date as the State may select.

(b) STATE OPTION TO DELAY APPLICABILITY UNTIL WAIVERS EXPIRE.—The amendments made by this title shall not apply to a State with respect to which there is in effect a waiver issued under section 1115 of the Social Security Act for the State program established under part F of title IV of such Act until the waiver expires, if the State formally notifies the Secretary of Health and Human Services that the State desires to so delay such effective date.

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

TITLE III—WORKING PARENTS CHILD CARE BLOCK GRANT

SEC. 301. PURPOSE.

It is the purpose of this title to—

(1) eliminate fragmentation of child care programs; and

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

SEC. 302. AMENDMENTS TO CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.

(a) APPROPRIATIONS.—Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

"SEC. 658B. APPROPRIATION.

''For the purpose of providing child care services for eligible children through the awarding of grants to States under this subchapter by the Secretary, there are authorized to be appropriated and there are appropriated, from funds in the Treasury not otherwise appropriated, $1,280,000,000 for fiscal year 1996, $1,313,000,000 for fiscal year 1997, $1,350,000,000 for fiscal year 1998, $1,386,000,000 for fiscal year 1999, and $1,423,000,000 for fiscal year 2000.''.

(b) AWARDING OF GRANTS.—Section 658C of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858a) is amended by striking ''is authorized to'' and inserting ''shall''.

(c) SUPPLEMENTATION.—Section 658E(c)(2)(J) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(2)(J)) is amended—

(1) by striking ''Provide'' and inserting ''(i) Provide''; and

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

''(ii) Clause (i) shall not apply in the case of additional funds available to the State under section 658B for fiscal years 1996 through 2000 as the result of the repeal of sections 402(i) and 403(n) of the Social Security Act (42 U.S.C. 602(i) and 603(n)), subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871 et seq.), and the Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) by the Work and Gainful Employment Act.''.

(d) SET-ASIDES FOR QUALITY AND WORKING FAMILIES AND CHILD CARE GUARANTEE.—Section 658E(c)(3) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)) is amended—

(1) in subparagraph (C), by striking ''25 percent'' and inserting ''20 percent''; and

(2) by adding at the end the following new subparagraph:

"(D) ASSISTANCE FOR LOW-INCOME WORKING FAMILIES.—The State shall reserve not less than 50 percent of the amount provided to the State and available for providing services under this subchapter, to carry out child care activities to support low-income working families residing in the State.".

(e) MATCHING REQUIREMENT.—Section 658E(c) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)) is amended by adding at the end the following new paragraph:

"(6) MATCHING REQUIREMENT.—

"(A) IN GENERAL.—The State plan shall provide that, with respect to the costs to be incurred by the State in carrying out the activities for which a grant under this subchapter is awarded, the State will make available (directly or through in-kind donations from public or private entities) non-Federal contributions in an amount equal to not less than $1 for every $4 of Federal funds provided under the grant which are attributable to the excess described in subparagraph (B).

"(B) EXCESS.—The excess described in this subparagraph is the amount by which the

funds made available to a State in each fiscal year beginning with fiscal year 1996, exceeds the aggregate amounts received by the State in fiscal year 1995 for child care services under this subchapter and section 403(n) of the Social Security Act (as in effect in such fiscal year).''.

(f) IMPROVING QUALITY.—

(1) INCREASE IN REQUIRED FUNDING.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended by striking ''not less than 20 percent'' and inserting ''50 percent''.

(2) QUALITY ENHANCEMENT BONUS.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

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

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

''(b) QUALITY ENHANCEMENT BONUS.—

''(1) IN GENERAL.—The Secretary shall establish a child care quality enhancement bonus to make funds available to States that demonstrate progress in the implementation of—

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

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

''(2) FUNDING.—From the amounts made available for each fiscal year under subsection (a), the Secretary shall reserve not more than $30,000,000 in each such fiscal year to carry out this subsection.''.

(g) BEFORE- AND AFTER-SCHOOL SERVICES.—Section 658H(a) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858f(a)) is amended by striking ''not less than 75 percent'' and inserting ''50 percent''.

(h) PAYMENTS.—Section 658J(a) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h(a)) is amended by striking ''Subject to the availability of appropriation, a'' and inserting ''A''.

(i) AMOUNTS RESERVED; ALLOTMENTS.—

(1) TERRITORIES AND POSSESSIONS.—Paragraph (1) of section 658O(a) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m(a)(1)) is amended to read as follows:

"(1) TERRITORIES AND POSSESSIONS.—The Secretary shall reserve in each fiscal year an amount not to exceed ½ of 1 percent of the amount appropriated in fiscal year 1995 under this subchapter (as in effect in such fiscal year) for payments to American Samoa, the Virgin Islands of the United States, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands to be allotted in accordance with the respective needs of such jurisdictions. In addition, the Secretary shall reserve, for payment to such jurisdictions, an amount not to exceed ½ of 1 percent of the amounts appropriated under this subchapter in each fiscal year which are in excess of the amounts appropriated in fiscal year 1995 under this subchapter and under section 403(n) of the Social Security Act (as in effect in such fiscal year).".

(2) INDIAN TRIBES.—Paragraph (2) of section 658O(a) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m(a)(2)) is amended to read as follows:

"(2) INDIAN TRIBES.—The Secretary shall reserve in each fiscal year an amount not to exceed 3 percent of the amount appropriated in fiscal year 1995 under this subchapter (as in effect of such fis-

cal year) for payments to Indian tribes and tribal organizations which have applications approved under subsection (c). In addition, the Secretary shall reserve, for such payments to Indian tribes and tribal organizations, an amount not to exceed 3 percent of amounts appropriated under this subchapter in each fiscal year in excess of the amounts appropriated in fiscal year 1995 under this subchapter and under section 403(n) of the Social Security Act (as in effect in such fiscal year).''.

(3) ALLOTMENT.—Section 658O(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m(b)) is amended by adding at the end the following new paragraph:

''(5) ALLOTMENT.—

''(A) BASE ALLOTMENT.—Beginning with fiscal year 1996, the amount allotted to a State under this section shall include the amount that the State received in fiscal year 1995 under this subchapter, and under the provisions of sections 402(i) and 403(n) of the Social Security Act (42 U.S.C. 602(i), 603(n)), subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871 et seq.), and the Child Develop-

ment Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) (as in effect in such fiscal year).

''(B) ADDITIONAL AMOUNTS.—Beginning with fiscal year 1996, any amounts appropriated under section 658B for a fiscal year and remaining after the requirement of subparagraph (A) and subsection (a) is complied with shall be allotted to States pursuant to the formula described in paragraph (1).''.

SEC. 303. PROGRAM REPEALS.

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

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

SEC. 304. REFERENCES.

(a) IN GENERAL.—The heading for subchapter C of chapter 8 of subtitle A of title IV of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97–37), as amended by section 5082 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508), is amended

by striking ''Child Care Development Block Grant'' and inserting ''Working Parents Child Care Block Grant''.

(b) REFERENCE.—Except when inappropriate, whenever any reference is made in any provision of law, regulation, rule, record, or document to the Child Care Development Block Grant, such reference shall be considered a reference to the Working Parents Child Care Block Grant.

TITLE IV—CHILD SUPPORT RESPONSIBILITY

SEC. 400. SHORT TITLE.

This title may be cited as the ''Child Support Responsibility Act of 1995''.

Subtitle A—Improvements to the Child Support Collection System

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

SEC. 401. STATE OBLIGATION TO PROVIDE PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE LAW REQUIREMENTS.—Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

''(12) Procedures under which—

''(A) every child support order established or modified in the State on or after October 1,

1998, is recorded in the central case registry established in accordance with section 454A(e); and

''(B) child support payments are collected through the centralized collections unit established in accordance with section 454B—

''(i) on and after October 1, 1998, under each order subject to wage withholding under section 466(b); and

''(ii) on and after October 1, 1999, under each other order required to be recorded in such central case registry under this paragraph or section 454A(e), if requested by either party subject to such order.''.

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

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

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

''(A) each child with respect to whom an assignment is effective under section 402(a)(9), 471(a)(17), or 1912 (except in cases in which the State agency determines, in accordance with

paragraph (25), that it is against the best interests of the child to do so); and

''(B) each child not described in subparagraph (A)—

''(i) with respect to whom an individual applies for such services; or

''(ii) on and after October 1, 1998, with respect to whom a support order is recorded in the central State case registry established under section 454A, if application is made for services under this part;''; and

(2) in paragraph (6)—

(A) by striking ''(6) provide that'' and all that follows through subparagraph (A) and inserting the following:

''(6) provide that—

''(A) services under the State plan shall be made available to nonresidents on the same terms as to residents;'';

(B) in subparagraph (B)—

(i) by inserting ''on individuals not receiving assistance under part A'' after ''such services shall be imposed''; and

(ii) by inserting ''but no fees or costs shall be imposed on any absent or custodial parent or other individual for inclusion in the central State registry maintained pursuant to section 454A(e)'';

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

(D) in each of subparagraphs (B), (C), and (D), by striking the final comma and inserting a semicolon.

(c) CONFORMING AMENDMENTS.—

(1) PATERNITY ESTABLISHMENT PERCENTAGE.—Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking ''454(6)'' each place it appears and inserting ''454(4)(A)(ii)''.

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

(3) PROCEDURES TO IMPROVE ENFORCEMENT.—Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking ''in the case of overdue support which a State has agreed to collect

under section 454(6)'' and inserting ''in any other case''.

(4) DEFINITION OF OVERDUE SUPPORT.—Section 466(e) (42 U.S.C. 666(e)) is amended by striking ''or (6)''.

SEC. 402. DISTRIBUTION OF PAYMENTS.

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

(1) in subparagraph (A)—

(A) by inserting ''except as otherwise specifically provided in section 464 or 466(a)(3),'' after ''is effective,''; and

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

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

(b) DISTRIBUTION TO A FAMILY CURRENTLY RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 457 (42 U.S.C. 657) is amended—

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

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

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

''(a) IN THE CASE OF A FAMILY RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—Amounts collected under this part during any month as support of a child who is receiving assistance under part A (or a parent or caretaker relative of such a child) shall (except in the case of a State exercising the option under subsection (b)) be distributed as follows:

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

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

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

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

(B) in paragraph (4), by striking ''or (B)'' and all that follows through the period and inserting ''; then (B) from any remainder,

amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and then (C) any remainder shall be paid to the family.''; and

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

''(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAMILY RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—In the case of a State electing the option under this subsection, amounts collected as described in subsection (a) shall be distributed as follows:

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

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

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

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

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

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

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

''(5) fifth, any remainder shall be paid to the family.''.

(c) DISTRIBUTION TO A FAMILY NOT RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—

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

''(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—Amounts collected by a State agency under this part during any month as support of a child who is not receiving assistance under part A (or of a parent or caretaker relative of such a child) shall (subject to the remaining provisions of this section) be distributed as follows:

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

''(2) second, from any remainder, amounts equal to arrearages of such support obligations for months during which such child did not receive assistance under part A shall be paid to the family;

''(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned to the State making the collection pursuant to part A shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of

the Federal Government to the extent of its participation in the financing); and

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

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

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

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

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

(1) under part D of title IV of the Social Security Act, establishing a uniform nationwide standard

for allocation of child support collections from an obligor owing support to more than 1 family; and

(2) under part A of such title, establishing standards applicable to States electing the alternative formula under section 457(b) of such Act for distribution of collections on behalf of families receiving transitional aid, designed to minimize irregular monthly payments to such families.

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

(1) in paragraph (11)—

(A) by striking ''(11)'' and inserting ''(11)(A)''; and

(B) by inserting after the semicolon ''and''; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(g) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1999 or earlier at State's option.

SEC. 403. RIGHTS TO NOTIFICATION AND HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 402(f), is amended by inserting after paragraph (11) the following new paragraph:

''(12) establish procedures to provide that—

''(A) individuals who are applying for or receiving services under this part, or are parties to cases in which services are being provided under this part—

''(i) receive notice of all proceedings in which support obligations might be established or modified; and

''(ii) receive a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;

''(B) individuals applying for or receiving services under this part have access to a fair hearing or other formal complaint procedure that meets standards established by the Secretary and ensures prompt consideration and resolution of complaints (but the resort to such procedure shall not stay the enforcement of any support order); and

"(C) the State may not provide to any noncustodial parent of a child representation relating to the establishment or modification of an order for the payment of child support with respect to that child, unless the State makes provision for such representation outside the State agency;".

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

SEC. 404. PRIVACY SAFEGUARDS.

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

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

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

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

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

"(A) safeguards against unauthorized use or disclosure of information relating to proceed-

ings or actions to establish paternity, or to establish or enforce support;

''(B) prohibitions on the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

''(C) prohibitions on the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.''.

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

SEC. 405. COOPERATION REQUIREMENTS AND GOOD CAUSE EXCEPTIONS.

(a) CHILD SUPPORT ENFORCEMENT REQUIREMENTS.—Section 454, as amended by section 405, is amended—

(1) by striking ''and'' at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting ''; and''; and

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

''(26) provide that the State agency administering the plan under this part—

''(A) will make the determination specified under paragraph (4), as to whether an individual is cooperating with efforts to establish paternity and secure support (or has good cause not to cooperate with such efforts) for purposes of the requirements of part A of this title and section 1912;

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

''(C) will take the best interests of the child into consideration in making the determination whether such individual has good cause not to cooperate with such efforts;

''(D)(i) will make the initial determination as to whether an individual is cooperating (or has good cause not to cooperate) within 10 days after such individual is referred to such State agency by the State agency administering the program under part A or section 1912;

''(ii) will make redeterminations as to cooperation or good cause at appropriate intervals; and

''(iii) will promptly notify the individual, and the State agencies administering such programs, of each such determination and redetermination;

''(E) with respect to any child born on or after the date 10 months after the enactment of this provision, will not determine (or redetermine) the mother (or other custodial relative) of such child to be cooperating with efforts to establish paternity unless such individual furnishes—

''(i) the name of the putative father (or fathers); and

''(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such information as the putative father's present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, and names and addresses of par-

ents, friends, or relatives able to provide location information, or other information that could enable service of process on such person), and

''(F)(i) (where a custodial parent who was initially determined not to be cooperating (or to have good cause not to cooperate) is later determined to be cooperating or to have good cause not to cooperate) will immediately notify the State agencies administering the programs under part A or section 1912 that this eligibility condition has been met; and

''(ii) (where a custodial parent was initially determined to be cooperating (or to have good cause not to cooperate) will not later determine such individual not to be cooperating (or not to have good cause not to cooperate)) until such individual has been afforded an opportunity for a hearing.''.

(b) MEDICAID AMENDMENTS.—Section 1912(a) is amended—

(1) in paragraph (1)(B), by inserting ''(except as provided in paragraph (2))'' after ''to cooperate with the State'';

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

(3) by redesignating paragraph (2) as paragraph (5), and inserting after paragraph (1) the following new paragraphs:

‘‘(2) provide that the State agency will immediately refer each applicant or recipient requiring paternity establishment services to the State agency administering the program under part D of title IV;

‘‘(3) provide that an individual will not be required to cooperate with the State, as provided under paragraph (1), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the individuals involved—

‘‘(A) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(26), with respect to the requirements to cooperate with efforts to establish paternity and to obtain support (including medical support) from a parent; and

''(B) to the satisfaction of the State agency administering the program under this title, with respect to other requirements to cooperate under paragraph (1);

''(4) provide that (except as provided in paragraph (5)) an applicant requiring paternity establishment services other than an individual who is presumptively eligible pursuant to section 1920) shall not be eligible for medical assistance under this title until such applicant—

''(A) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(26)(E); or

''(B) has been determined by such agency to have good cause not to cooperate; and

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

''(A) if such agency has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(26)(D)(iii), until such notification is received; and

''(B) if such individual appeals a determination that the individual lacks good cause

for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to applications filed in or after the first calendar quarter beginning 10 months or more after the date of the enactment of this amendment (or such earlier quarter as the State may select) for transitional aid under part A of title IV of the Social Security Act or for medical assistance under title XIX of such Act.

PART II—PROGRAM ADMINISTRATION AND FUNDING

SEC. 411. FEDERAL MATCHING PAYMENTS.

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

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

''(A) for fiscal year 1997, 69 percent,

''(B) for fiscal year 1998, 72 percent, and

''(C) for fiscal year 1999 and succeeding fiscal years, 75 percent.''.

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

(1) in subsection (a)(1), in the matter preceding subparagraph (A), by striking ''From'' and inserting ''Subject to subsection (c), from''; and

(2) by inserting after subsection (b) the following new subsection:

''(c) Notwithstanding the provisions of subsection (a), total expenditures for the State program under this part for fiscal year 1997 and each succeeding fiscal year (excluding 1-time capital expenditures for automation), reduced by the percentage specified for such fiscal year under subsection (a)(2) shall not be less than such total expenditures for fiscal year 1996, reduced by 66 percent.''.

SEC. 412. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCHING RATE.—Section 458 (42 U.S.C. 658) is amended to read as follows:

''INCENTIVE ADJUSTMENTS TO MATCHING RATE

''SEC. 458. (a) INCENTIVE ADJUSTMENT.—

''(1) IN GENERAL.—In order to encourage and reward State child support enforcement programs which perform in an effective manner, the Federal matching rate for payments to a State under section 455(a)(1)(A), for each fiscal year beginning on or after October 1, 1998, shall be increased by a factor reflecting the sum of the applicable incentive adjust-

ments (if any) determined in accordance with regulations under this section with respect to Statewide paternity establishment and to overall performance in child support enforcement.

''(2) STANDARDS.—

''(A) IN GENERAL.—The Secretary shall specify in regulations—

''(i) the levels of accomplishment, and rates of improvement as alternatives to such levels, which States must attain to qualify for incentive adjustments under this section; and

''(ii) the amounts of incentive adjustment that shall be awarded to States achieving specified accomplishment or improvement levels, which amounts shall be graduated, ranging up to—

''(I) 5 percentage points, in connection with Statewide paternity establishment; and

''(II) 10 percentage points, in connection with overall performance in child support enforcement.

''(B) LIMITATION.—In setting performance standards pursuant to subparagraph (A)(i) and

adjustment amounts pursuant to subparagraph (A)(ii), the Secretary shall ensure that the aggregate number of percentage point increases as incentive adjustments to all States do not exceed such aggregate increases as assumed by the Secretary in estimates of the cost of this section as of June 1995, unless the aggregate performance of all States exceeds the projected aggregate performance of all States in such cost estimates.

''(3) DETERMINATION OF INCENTIVE ADJUSTMENT.—The Secretary shall determine the amount (if any) of incentive adjustment due each State on the basis of the data submitted by the State pursuant to section 454(15)(B) concerning the levels of accomplishment (and rates of improvement) with respect to performance indicators specified by the Secretary pursuant to this section.

''(4) FISCAL YEAR SUBJECT TO INCENTIVE ADJUSTMENT.—The total percentage point increase determined pursuant to this section with respect to a State program in a fiscal year shall apply as an adjustment to the applicable percent under section 455(a)(2) for payments to such State for the succeeding fiscal year.

"(5) RECYCLING OF INCENTIVE ADJUSTMENT.—A State shall expend in the State program under this part all funds paid to the State by the Federal Government as a result of an incentive adjustment under this section.

"(b) MEANING OF TERMS.—

"(1) STATEWIDE PATERNITY ESTABLISHMENT PERCENTAGE.—

"(A) IN GENERAL.—For purposes of this section, the term 'Statewide paternity establishment percentage' means, with respect to a fiscal year, the ratio (expressed as a percentage) of—

"(i) the total number of out-of-wedlock children in the State under 1 year of age for whom paternity is established or acknowledged during the fiscal year, to

"(ii) the total number of children requiring paternity establishment born in the State during such fiscal year.

"(B) ALTERNATIVE MEASUREMENT.—The Secretary shall develop an alternate method of measurement for the Statewide paternity establishment percentage for any State that does not record the out-of-wedlock status of children on birth certificates.

"(2) OVERALL PERFORMANCE IN CHILD SUPPORT ENFORCEMENT.—The term 'overall performance in child support enforcement' means a measure or measures of the effectiveness of the State agency in a fiscal year which takes into account factors including—

"(A) the percentage of cases requiring a child support order in which such an order was established;

"(B) the percentage of cases in which child support is being paid;

"(C) the ratio of child support collected to child support due; and

"(D) the cost-effectiveness of the State program, as determined in accordance with standards established by the Secretary in regulations.".

(b) ADJUSTMENT OF PAYMENTS UNDER PART D OF TITLE IV.—Section 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section 411(a), is amended—

(1) by striking the period at the end of subparagraph (C) and inserting a comma; and

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

''increased by the incentive adjustment factor (if any) determined by the Secretary pursuant to section 458.''.

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

(1) by striking ''incentive payments'' the first place it appears and inserting ''incentive adjustments''; and

(2) by striking ''any such incentive payments made to the State for such period'' and inserting ''any increases in Federal payments to the State resulting from such incentive adjustments''.

(d) CALCULATION OF IV–D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) OVERALL PERFORMANCE.—Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended in the matter preceding subparagraph (A) by inserting ''its overall performance in child support enforcement is satisfactory (as defined in section 458(b) and regulations of the Secretary), and'' after ''1994,''.

(2) DEFINITION.—Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended, in the matter preceding clause (i)—

(A) by striking ''paternity establishment percentage'' and inserting ''IV–D paternity establishment percentage''; and

(B) by striking ''(or all States, as the case may be)''.

(3) MODIFICATION OF REQUIREMENTS.—Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A), as redesignated, by striking ''the percentage of children born out-of-wedlock in the State'' and inserting ''the percentage of children in the State who are born out of wedlock or for whom support has not been established''; and

(C) in subparagraph (B), as redesignated—

(i) by inserting ''and overall performance in child support enforcement'' after ''paternity establishment percentages''; and

(ii) by inserting ''and securing support'' before the period.

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

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

(A) by redesignating subsection (e) as subsection (f); and

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

''(e)(1) Notwithstanding any other provision of law, if the Secretary finds, with respect to a State program under this part in a fiscal year beginning on or after October 1, 1997—

''(A)(i) on the basis of data submitted by a State pursuant to section 454(15)(B), that the State program in such fiscal year failed to achieve the IV–D paternity establishment percentage (as defined in section 452(g)(2)(A)) or the appropriate level of overall performance in child support enforcement (as defined in section 458(b)(2)), or to meet other performance measures that may be established by the Secretary, or

''(ii) on the basis of an audit or audits of such State data conducted pursuant to section 452(a)(4)(C), that the State data submitted pursuant to section 454(15)(B) is incomplete or unreliable; and

''(B) that, with respect to the succeeding fiscal year—

''(i) the State failed to take sufficient corrective action to achieve the appropriate performance levels as described in subparagraph (A)(i) of this paragraph, or

''(ii) the data submitted by the State pursuant to section 454(15)(B) is incomplete or unreliable,

the amounts otherwise payable to the State under this part for quarters following the end of such succeeding fiscal year, prior to quarters following the end of the first quarter throughout which the State program is in compliance with such performance requirement, shall be reduced by the percentage specified in paragraph (2).

''(2) The reductions required under paragraph (1) shall be—

''(A) not less than 3 nor more than 5 percent, or

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

''(C) not less than 7 nor more than 10 percent, if the finding is the third or a subsequent consecutive such finding.

''(3) For purposes of this subsection, section 402(a)(9), and section 452(a)(4), a State which is deter-

mined as a result of an audit to have submitted incomplete or unreliable data pursuant to section 454(15)(B), shall be determined to have submitted adequate data if the Secretary determines that the extent of the incompleteness or unreliability of the data is of a technical nature which does not adversely affect the determination of the level of the State's performance.''.

(2) CONFORMING AMENDMENTS.—Subsections (d)(3)(A), (g)(1), and (g)(3)(A) of section 452 (42 U.S.C. 652) are each amended by striking ''403(h)'' and inserting ''455(e)''.

(f) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) EXCEPTION.—Section 458 of the Social Security Act, as in effect prior to the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years prior to fiscal year 1999.

(2) PENALTY REDUCTIONS.—

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

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

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

SEC. 413. FEDERAL AND STATE REVIEWS AND AUDITS.

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

(1) in paragraph (14)—

(A) by striking ''(14)'' and inserting ''(14)(A)''; and

(B) by inserting after the semicolon ''and'';

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

''(15) provide for—

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

''(i) which shall include such information as may be necessary to measure State compliance with Federal requirements for

expedited procedures and timely case processing, using such standards and procedures as are required by the Secretary; and

''(ii) under which the State agency will determine the extent to which such program is in conformity with applicable requirements with respect to the operation of State programs under this part (including the status of complaints filed under the procedure required under paragraph (12)(B)); and

''(B) a process of extracting from the State automated data processing system and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV–D paternity establishment percentages and overall performance in child support enforcement) to the extent necessary for purposes of sections 452(g) and 458.''.

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

''(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of section 452(g) and 458, and determine the amount (if any) of penalty reductions pursuant to section 455(e) to be applied to the State;

''(B) review annual reports by State agencies pursuant to section 454(15)(A) on State program conformity with Federal requirements; evaluate any elements of a State program in which significant deficiencies are indicated by such report on the status of complaints under the State procedure under section 454(12)(B); and, as appropriate, provide to the State agency comments, recommendations for additional or alternative corrective actions, and technical assistance; and

''(C) conduct audits, in accordance with the government auditing standards of the United States Comptroller General—

''(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet requirements of this part, or of regulations implementing such requirements, concerning performance standards and reliability of

program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used for the calculations of performance indicators specified in subsection (g) and section 458;

''(ii) of the adequacy of financial management of the State program, including assessments of—

''(I) whether Federal and other funds made available to carry out the State program under this part are being appropriately expended, and are properly and fully accounted for; and

''(II) whether collections and disbursements of support payments and program income are carried out correctly and are properly and fully accounted for; and

''(iii) for such other purposes as the Secretary may find necessary;''.

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

SEC. 414. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ‘‘, and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes and timely case processing) to be applied in following such procedures’’ before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 404(a) and 405, is amended—

(1) by striking ‘‘and’’ at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting ‘‘; and’’; and

(3) by adding after paragraph (26) the following:

‘‘(27) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.’’.

SEC. 415. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

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

(A) by striking ‘‘, at the option of the State,’’;

(B) by inserting ‘‘and operation by the State agency’’ after ‘‘for the establishment’’;

(C) by inserting ‘‘meeting the requirements of section 454A’’ after ‘‘information retrieval system’’;

(D) by striking ‘‘in the State and localities thereof, so as (A)’’ and inserting ‘‘so as’’;

(E) by striking ‘‘(i)’’; and

(F) by striking ‘‘(including, but not limited to,’’ and all that follows and to the semicolon.

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

‘‘AUTOMATED DATA PROCESSING

‘‘SEC. 454A. (a) IN GENERAL.—In order to meet the requirements of this section, for purposes of the requirement of section 454(16), a State agency shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section, and performs such tasks with the frequency and in the manner specified

in this part or in regulations or guidelines of the Secretary.

''(b) PROGRAM MANAGEMENT.—The automated system required under this section shall perform such functions as the Secretary may specify relating to management of the program under this part, including—

''(1) controlling and accounting for use of Federal, State, and local funds to carry out such program; and

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

''(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive and penalty adjustments required by sections 452(g) and 458, the State agency shall—

''(1) use the automated system—

''(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

''(B) to calculate the IV–D paternity establishment percentage and overall performance in child support enforcement for the State for each fiscal year; and

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

"(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required under this section, which shall include the following (in addition to such other safeguards as the Secretary specifies in regulations):

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

"(A) permit access to and use of data only to the extent necessary to carry out program responsibilities;

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data; and

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

''(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies specified under paragraph (1).

''(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

''(4) TRAINING AND INFORMATION.—The State agency shall have in effect procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use sensitive or confidential program data are fully informed of applicable requirements and penalties, and are adequately trained in security procedures.

''(5) PENALTIES.—The State agency shall have in effect administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.''.

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

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

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by sections 404(a)(2) and 414(b)(1), is amended to read as follows:

''(24) provide that the State will have in effect an automated data processing and information retrieval system—

''(A) by October 1, 1996, meeting all requirements of this part which were enacted on or before the date of the enactment of the Family Support Act of 1988; and

''(B) by October 1, 1999, meeting all requirements of this part enacted on or before the date of the enactment of the Interstate Child Support Responsibility Act of 1995 (but this provision shall not be construed to alter earlier deadlines specified for elements of such system), except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 452(j);''.

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(1) in paragraph (1)(B)—

(A) by striking ''90 percent'' and inserting ''the percent specified in paragraph (3)'';

(B) by striking ''so much of''; and

(C) by striking ''which the Secretary'' and all that follows through ''thereof''; and

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

''(3)(A) The Secretary shall pay to each State, for each quarter in fiscal year 1996, 90 percent of so much of State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16), or meeting such requirements without regard to subparagraph (D) thereof.

''(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1997 through 2001, the percentage specified in clause (ii) of so much of State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) and 454A.

''(ii) The percentage specified in this clause, for purposes of clause (i), is the higher of—

''(I) 80 percent, or

''(II) the percentage otherwise applicable to Federal payments to the State under paragraph (1)(A) (as adjusted pursuant to section 458).''.

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

SEC. 416. DIRECTOR OF CHILD SUPPORT ENFORCEMENT PROGRAM; STAFFING STUDY.

(a) REPORTING TO SECRETARY.—Section 452(a) (42 U.S.C. 652(a)) is amended in the matter preceding paragraph (1) by striking ''directly''.

(b) STAFFING STUDIES.—

(1) SCOPE.—The Secretary of Health and Human Services (in this subsection referred to as the ''Secretary'') shall, directly or by contract, conduct studies of the staffing of each State child support enforcement program under part D of title IV of the Social Security Act. Such studies shall—

(A) include a review of the staffing needs created by requirements for automated data processing, maintenance of a central case registry and centralized collections of child support, and of changes in these needs resulting from changes in such requirements; and

(B) examine and report on effective staffing practices used by the States and on recommended staffing procedures.

(2) FREQUENCY OF STUDIES.—The Secretary shall complete the first staffing study required under paragraph (1) not later than October 1, 1998, and may conduct additional studies subsequently at appropriate intervals.

(3) REPORT TO THE CONGRESS.—The Secretary shall submit a report to the Congress stating the findings and conclusions of each study conducted under this subsection.

SEC. 417. FUNDING FOR SECRETARIAL ASSISTANCE TO STATE PROGRAMS.

Section 452 (42 U.S.C. 652), as amended by section 415(a)(3), is amended by adding at the end the following new subsection:

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

''(A) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed

to improve programs (including technical assistance concerning State automated systems);

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

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

''(2) The amount specified in this paragraph for a fiscal year is the amount equal to a percentage of the reduction in Federal payments to States under part A on account of child support (including arrearages) collected in the preceding fiscal year on behalf of children receiving aid under such part A in such preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year), equal to 2 percent, for the activities specified in subparagraphs (A), (B), and (C) of paragraph (1).''.

SEC. 418. DATA COLLECTION AND REPORTS BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

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

(A) by striking ''this part;'' and inserting ''this part, including—''; and

(B) by adding at the end the following indented clauses:

''(i) the total amount of child support payments collected as a result of services furnished during such fiscal year to individuals receiving services under this part;

''(ii) the cost to the States and to the Federal Government of furnishing such services to those individuals; and

''(iii) the number of cases involving families—

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

''(II) with respect to whom a child support payment was received in the same month;''.

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

(A) in the matter preceding clause (i), by striking ''with the data required under each clause being separately stated for cases'' and all that follows through ''part:'' and inserting ''sep-

arately stated for cases where the child is receiving aid to families with dependent children (or foster care maintenance payments under part E), or formerly received such aid or payments and the State is continuing to collect support assigned to it under section 402(a)(9), 471(a)(17), or 1912, and all other cases under this part—'';

(B) in each of clauses (i) and (ii), by striking '', and the total amount of such obligations'';

(C) in clause (iii), by striking ''described in'' and all that follows through the semicolon and inserting ''in which support was collected during the fiscal year;'';

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

''(iv) the total amount of support collected during such fiscal year and distributed as current support;

''(v) the total amount of support collected during such fiscal year and distributed as arrearages;

''(vi) the total amount of support due and unpaid for all fiscal years; and''.

(3) USE OF FEDERAL COURTS.—Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking ''on the use of Federal courts and''.

(4) ADDITIONAL INFORMATION NOT NECESSARY.—Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (I).

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

(1) by striking subsections (a) and (b) and inserting the following:

''(a) The Secretary shall collect and maintain, on a fiscal year basis, up-to-date statistics, by State, with respect to services to establish paternity and services to establish child support obligations, the data specified in subsection (b), separately stated, in the case of each such service, with respect to—

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

''(2) families not receiving such aid.

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

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

''(2) the number of such cases in which the service has been provided.''; and

(2) in subsection (c), by striking ''(a)(2)'' and inserting ''(b)(2)''.

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

PART III—LOCATE AND CASE TRACKING

SEC. 421. CENTRAL STATE AND CASE REGISTRY.

Section 454A, as added by section 415(a)(2), is amended by adding at the end the following new subsections:

''(e) CENTRAL CASE REGISTRY.—

''(1) IN GENERAL.—The automated system required under this section shall perform the functions, in accordance with the provisions of this subsection, of a single central registry containing records with respect to each case in which services are being provided by the State agency (including, on and after October 1, 1998, each order specified in section 466(a)(12)), using such standardized data elements (such as names, social security numbers or

other uniform identification numbers, dates of birth, and case identification numbers), and containing such other information (such as information on case status) as the Secretary may require.

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

''(A) the amount of monthly (or other periodic) support owed under the support order, and other amounts due or overdue (including arrearages, interest or late payment penalties, and fees);

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

''(C) the distribution of such amounts collected; and

''(D) the birth date of the child for whom the child support order is entered.

''(3) UPDATING AND MONITORING.—The State agency shall promptly establish and maintain, and regularly monitor, case records in the registry required by this subsection, on the basis of—

''(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

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

''(C) information on support collections and distributions; and

''(D) any other relevant information.

''(f) DATA MATCHES AND OTHER DISCLOSURES OF INFORMATION.—The automated system required under this section shall have the capacity, and be used by the State agency, to extract data at such times, and in such standardized format or formats, as may be required by the Secretary, and to share and match data with, and receive data from, other data bases and data matching services, in order to obtain (or provide) information necessary to enable the State agency (or Secretary or other State or Federal agencies) to carry out responsibilities under this part. Data matching activities of the State agency shall include at least the following:

''(1) DATA BANK OF CHILD SUPPORT ORDERS.—Furnishing to the Data Bank of Child Support Orders established under section 453(h) (and updating as necessary, with information, including notice of expiration of orders) minimal information specified by the Secretary on each child support case in the central case registry.

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

''(3) TITLE IV–A AND MEDICAID AGENCIES.—Exchanging data with State agencies (of the State and of other States) administering the programs under part A and title XIX, as necessary for the performance of State agency responsibilities under this part and under such programs.

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

SEC. 422. CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, and 414(b), is amended—

(1) by striking ''and'' at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting ''; and''; and

(3) by adding after paragraph (27) the following new paragraph:

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

''(A) will operate a centralized, automated unit for the collection and disbursement of child support under orders being enforced under this part, in accordance with section 454B; and

''(B) will have sufficient State staff (consisting of State employees), and, at State option, contractors reporting directly to the State agency to monitor and enforce support collections through such centralized unit, including carrying out the automated data processing responsibilities specified in section 454A(g) and to impose, as appropriate in particular cases, the administrative enforcement remedies specified in section 466(c)(1).''.

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

''CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS

''SEC. 454B. (a) IN GENERAL.—In order to meet the requirement of section 454(28), the State agency must operate a single, centralized, automated unit for the collec-

tion and disbursement of support payments, coordinated with the automated data system required under section 454A, in accordance with the provisions of this section, which shall be—

''(1) operated directly by the State agency (or by 2 or more State agencies under a regional cooperative agreement), or by a single contractor responsible directly to the State agency; and

''(2) used for the collection and disbursement (including interstate collection and disbursement) of payments under support orders in all cases being enforced by the State pursuant to section 454(4).

''(b) REQUIRED PROCEDURES.—The centralized collections unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

''(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the State agencies of other States;

''(2) for accurate identification of payments;

''(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

''(4) to furnish to either parent, upon request, timely information on the current status of support payments.''.

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 415(a)(2) and as amended by section 421, is amended by adding at the end the following new subsection:

''(g) CENTRALIZED COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—The automated system required under this section shall be used, to the maximum extent feasible, to assist and facilitate collections and disbursement of support payments through the centralized collections unit operated pursuant to section 454B, through the performance of functions including at a minimum—

''(1) generation of orders and notices to employers (and other debtors) for the withholding of wages (and other income)—

''(A) within 2 working days after receipt (from the directory of New Hires established under section 453(i) or any other source) of notice of and the income source subject to such withholding; and

''(B) using uniform formats directed by the Secretary;

''(2) ongoing monitoring to promptly identify failures to make timely payment; and

''(3) automatic use of enforcement mechanisms (including mechanisms authorized pursuant to section 466(c)) where payments are not timely made.''.

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

SEC. 423. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, 414(b), and 422(a)(2) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting ''; and''; and

(3) by adding after paragraph (28) the following:

''(28) provide that, on and after October 1, 1998, the State will operate a State Directory of New Hires in accordance with section 453A.''.

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 453 the following:

''SEC. 453A. STATE DIRECTORY OF NEW HIRES.

''(a) ESTABLISHMENT.—

"(1) IN GENERAL.—Not later than October 1, 1998, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers and labor organizations on each newly hired employee.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) GOVERNMENTAL EMPLOYERS.—The term 'employer' includes any governmental entity.

"(C) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning

given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

''(b) EMPLOYER INFORMATION.—

''(1) REPORTING REQUIREMENT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), each employer (or labor organization) shall furnish to the Directory of New Hires of the State in which a newly hired employee works a report that contains the name, address, and social security number of the employee, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(B) MULTISTATE EMPLOYERS.—An employer who has employees who are employed in 2 or more States may comply with subparagraph (A) by transmitting the report described in subparagraph (A) magnetically or electronically to the State in which the greatest number of employees of the employer are employed.

"(2) TIMING OF REPORT.—The report required by paragraph (1) with respect to an employee shall be made not later than the later of—

"(A) 15 days after the date the employer hires the employee;

"(B) the date the employee first receives wages or other compensation from the employer; or

"(C) in the case of a payroll processing service or an employer that processes more than one payroll and reports by electronic or magnetic means, the first business day of the week following the date on which the employee first receives wages or other compensation from the employer.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W–4 form or the equivalent, and may be transmitted by first class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—

"(1) IN GENERAL.—An employer that fails to comply with subsection (b) with respect to an employee shall be subject to a civil money penalty of—

"(A) $25; or

"(B) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(2) APPLICABILITY OF SECTION 1128.—Section 1128 (other than subsections (a) and (b) of such section) shall apply to a civil money penalty under paragraph (1) of this subsection in the same manner as such section applies to a civil money penalty or proceeding under section 1128A(a).

"(e) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than October 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires

shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(f) TRANSMISSION OF INFORMATION.—

''(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

''(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

''(A) NEW HIRE INFORMATION.—Within 4 business days after the State Directory of New Hires receives information from employers pur-

suant to this section, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

''(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

''(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

''(g) OTHER USES OF NEW HIRE INFORMATION.—

''(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (e)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

''(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

''(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.''.

SEC. 424. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

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

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

''(B) Procedures under which all child support orders issued (or modified) before October 1, 1996, and which are not otherwise subject to withholding

under subsection (b), shall become subject to withholding from wages as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.''.

(2) REPEAL OF CERTAIN PROVISIONS CONCERNING ARREARAGES.—Section 466(a)(8) (42 U.S.C. 666(a)(8)) is repealed.

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

(A) in the matter preceding paragraph (1), by striking ''subsection (a)(1)'' and inserting ''subsection (a)(1)(A)'';

(B) in paragraph (5), by striking ''a public agency'' and all that follows through the period and inserting ''the State through the centralized collections unit established pursuant to section 454B, in accordance with the requirements of such section 454B.'';

(C) in paragraph (6)(A)(i)—

(i) by inserting '', in accordance with timetables established by the Secretary,'' after ''must be required''; and

(ii) by striking ''to the appropriate agency'' and all that follows through the period and inserting ''to the State central-

ized collections unit within 5 working days after the date such amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.'';

(D) in paragraph (6)(A)(ii), by inserting ''be in a standard format prescribed by the Secretary, and'' after ''shall''; and

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

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

''(i) discharges from employment, refuses to employ, or takes disciplinary action against any absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

''(ii) fails to withhold support from wages, or to pay such amounts to the State centralized collections unit in accordance with this subsection.''.

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

(c) DEFINITION OF TERMS.—The Secretary of Health and Human Services shall promulgate regulations providing definitions, for purposes of part D of title IV of the Social Security Act, for the term ''income'' and for such other terms relating to income withholding under section 466(b) of such Act as the Secretary may find it necessary or advisable to define.

SEC. 425. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)), as amended by section 424(a)(2), is amended by inserting after paragraph (7) the following new paragraph:

''(8) Procedures ensuring that the State will neither provide funding for, nor use for any purpose (including any purpose unrelated to the purposes of this part), any automated interstate network or system used to locate individuals—

''(A) for purposes relating to the use of motor vehicles; or

''(B) providing information for law enforcement purposes (where child support enforcement agencies are otherwise allowed access by State and Federal law),

unless all Federal and State agencies administering programs under this part (including the entities es-

tablished under section 453) have access to information in such system or network to the same extent as any other user of such system or network.''.

SEC. 426. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows ''subsection (c))'' and inserting '', for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations—

''(1) information on, or facilitating the discovery of, the location of any individual—

''(A) who is under an obligation to pay child support;

''(B) against whom such an obligation is sought; or

''(C) to whom such an obligation is owed, including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

''(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

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

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''social security'' and all that follows through ''absent parent'' and inserting ''information described in subsection (a)''; and

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

(3) in subsection (e)(1), by inserting before the period '', or by consumer reporting agencies''.

(b) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting before the period ''in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the

costs of obtaining, compiling, or maintaining the information)''.

(c) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following:

''(g) The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).''.

(d) TECHNICAL AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting ''Federal'' before ''Parent'' each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding ''FEDERAL'' before ''PARENT''.

(e) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (c) of this section, is amended by adding at the end the following:

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1999, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support ob-

ligations are sought to be established), and the State or States which have the case.

''(i) NATIONAL DIRECTORY OF NEW HIRES.—

''(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1999, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(f)(2).

''(2) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the Federal Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

''(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

''(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

''(A) The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

''(B) The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

''(i) The name, social security number, and birth date of each such individual.

''(ii) The employer identification number of each such employer.

''(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

''(A) compare information in the National Directory of New Hires against information in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

''(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

''(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

''(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

''(B) disclose information in such registries to such State agencies.

''(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The

National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

''(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

''(k) FEES.—

''(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

''(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include

payment for the costs of obtaining, compiling, or maintaining such information).

''(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

''(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

''(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

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

''(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.''.

(f) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting ''(including any governmental entity)'' after ''employers'',

(2) by striking ''except that'' and inserting ''except that—'',

(3) by inserting ''(A)'' before ''the Secretary of Labor'',

(4) by striking ''paragraph (2)'' and inserting ''paragraph (2), and'',

(5) by indenting the text so as to align it with new subparagraph (B) (as added by paragraph (6) of this subsection); and

(6) by adding at the end the following new subparagraph:

''(B) no report shall be filed with respect to an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing a report with respect to the employee could endanger the safety of the em-

ployee or compromise an ongoing investigation or intelligence mission;''.

(g) CONFORMING AMENDMENTS.—

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

''(B) the Federal Parent Locator Service established under section 453;''.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''Secretary of Health, Education, and Welfare'' each place such term appears and inserting ''Secretary of Health and Human Services'';

(B) in subparagraph (B), by striking ''such information'' and all that follows and inserting ''information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;'';

(C) by striking ''and'' at the end of subparagraph (A);

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

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

''(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and''.

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

(A) by striking ''and'' at the end of paragraph (8);

(B) by striking ''and'' at the end of paragraph (9);

(C) by striking the period at the end of paragraph (10) and inserting ''; and''; and

(D) by adding after paragraph (10) the following:

''(11) The making of quarterly electronic reports, at such dates, in such format, and containing such information, as required by the Secretary of Health and Human Services under section 453(i)(3),

and compliance with such provisions as such Secretary may find necessary to ensure the correctness and verification of such reports.''.

SEC. 427. USE OF SOCIAL SECURITY NUMBERS.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 401(a), is amended by adding at the end the following new paragraph:

''(13) Procedures requiring the recording of social security numbers—

''(A) of both parties on marriage licenses and divorce decrees;

''(B) of both parents, on birth records and child support and paternity orders and acknowledgements;

''(C) on all applications for motor vehicle licenses and professional licenses; and

''(D) of decedents on death certificates.''.

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)) is amended—

(1) in clause (i), by striking ''may require'' and inserting ''shall require'';

(2) in clause (ii)—

(A) by inserting after the first sentence the following: ''In the administration of any law involving the issuance of a marriage certificate or

license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof) or any State agency having administrative responsibility for the law involved, the social security number of the party.''; and

(B) by striking ''Such numbers shall not be recorded on the birth certificate.'' and inserting ''This clause shall not be considered to authorize disclosure of such numbers except as provided in the preceding sentence.'';

(3) in clause (vi), by striking ''may'' and inserting ''shall''; and

(4) by adding at the end the following:

''(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of admin-

istering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

''(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgement in the records relating to the matter.''.

PART IV—STREAMLINING AND UNIFORMITY OF PROCEDURES

SEC. 431. ADOPTION OF UNIFORM STATE LAWS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a) and 427(a), is amended by adding at the end the following new paragraph:

''(14)(A) Procedures under which the State adopts in its entirety (with the modifications and additions specified in this paragraph) not later than January 1, 1997, and uses on and after such date, the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August 1992.

''(B) The State law adopted pursuant to subparagraph (A) shall be applied to any case—

''(i) involving an order established or modified in one State and for which a subsequent modification is sought in another State; or

''(ii) in which interstate activity is required to enforce an order.

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

'' '(1) the following requirements are met:

'' '(i) the child, the individual obligee, and the obligor—

'' '(I) do not reside in the issuing State; and

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

'' '(ii) in any case where another State is exercising or seeks to exercise jurisdiction to modify the order, the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or'.

''(D) The State law adopted pursuant to subparagraph (A) shall recognize as valid, for purposes of any proceeding subject to such State law, service of process upon persons in the State (and proof of such service) by any means acceptable in another State which is the initiating or responding State in such proceeding.''.

SEC. 432. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

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

(1) in subsection (a)(2), by striking ''subsection (e)'' and inserting ''subsections (e), (f), and (i)'';

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

'' 'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.'';

(3) in subsection (c), by inserting ''by a court of a State'' before ''is made'';

(4) in subsection (c)(1), by inserting ''and subsections (e), (f), and (g)'' after ''located'';

(5) in subsection (d)—

(A) by inserting ''individual'' before ''contestant''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(6) in subsection (e), by striking ''make a modification of a child support order with respect to a child that is made'' and inserting ''modify a child support order issued'';

(7) in subsection (e)(1), by inserting ''pursuant to subsection (i)'' before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting ''individual'' before ''contestant'' each place such term appears; and

(B) by striking ''to that court's making the modification and assuming'' and inserting ''with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume'';

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

(10) by inserting after subsection (e) the following new subsection:

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

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

''(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

''(3) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

''(4) If 2 or more courts have issued child support orders for the same obligor and child, and none

of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

''(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.'';

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

(A) by striking ''PRIOR'' and inserting ''MODIFIED''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

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

(A) in paragraph (2), by inserting ''including the duration of current payments and other obligations of support'' before the comma; and

(B) in paragraph (3), by inserting ''arrears under'' after ''enforce''; and

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

''(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State

with jurisdiction over the nonmovant for the purpose of modification.''.

SEC. 433. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 424(b), is amended—

(1) in subsection (a)(2), in the first sentence, to read as follows: ''Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations.''; and

(2) by adding after subsection (b) the following new subsection:

''(c) The procedures specified in this subsection are the following:

''(1) Procedures which give the State agency the authority (and recognize and enforce the authority of State agencies of other States), without the necessity of obtaining an order from any other judicial or administrative tribunal (but subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal),

to take the following actions relating to establishment or enforcement of orders:

''(A) To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

''(B) To enter a default order, upon a showing of service of process and any additional showing required by State law—

''(i) establishing paternity, in the case of any putative father who refuses to submit to genetic testing; and

''(ii) establishing or modifying a support obligation, in the case of a parent (or other obligor or obligee) who fails to respond to notice to appear at a proceeding for such purpose.

''(C) To subpoena any financial or other information needed to establish, modify, or enforce an order, and to sanction failure to respond to any such subpoena.

''(D) To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program

under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

''(E) To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

''(i) Records of other State and local government agencies, including—

''(I) vital statistics (including records of marriage, birth, and divorce);

''(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

''(III) records concerning real and titled personal property;

''(IV) records of occupational and professional licenses, and records concerning the ownership and control of

corporations, partnerships, and other business entities;

''(V) employment security records;

''(VI) records of agencies administering public assistance programs;

''(VII) records of the motor vehicle department; and

''(VIII) corrections records.

''(ii) Certain records held by private entities, including—

''(I) customer records of public utilities and cable television companies; and

''(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

''(F) To order income withholding in accordance with subsection (a)(1) and (b) of section 466.

''(G) In cases where support is subject to an assignment under section 402(a)(9), 471(a)(17), or 1912, or to a requirement to pay through the centralized collections unit under section 454B) upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

''(H) For the purpose of securing overdue support—

''(i) to intercept and seize any periodic or lump-sum payment to the obligor by or through a State or local government agency, including—

''(I) unemployment compensation, workers' compensation, and other benefits;

''(II) judgments and settlements in cases under the jurisdiction of the State or local government; and

''(III) lottery winnings;

''(ii) to attach and seize assets of the obligor held by financial institutions;

''(iii) to attach public and private retirement funds in appropriate cases, as determined by the Secretary; and

''(iv) to impose liens in accordance with paragraph (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

''(I) For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages (subject to such conditions or restrictions as the State may provide).

''(J) To suspend drivers' licenses of individuals owing past-due support, in accordance with subsection (a)(16).

''(2) The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

''(A) Procedures under which—

''(i) the parties to any paternity or child support proceedings are required

(subject to privacy safeguards) to file with the tribunal before entry of an order, and to update as appropriate, information on location and identity (including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer); and

''(ii) in any subsequent child support enforcement action between the same parties, the tribunal shall be authorized, upon sufficient showing that diligent effort has been made to ascertain such party's current location, to deem due process requirements for notice and service of process to be met, with respect to such party, by delivery to the most recent residential or employer address so filed pursuant to clause (i).

''(B) Procedures under which—

''(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the par-

ties, and orders issued in such cases have statewide effect; and

''(ii) in the case of a State in which orders in such cases are issued by local jurisdictions, a case may be transferred between jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.''.

(b) EXCEPTIONS FROM STATE LAW REQUIREMENTS.—Section 466(d) (42 U.S.C. 666(d)) is amended—

(1) by striking ''(d) If'' and inserting ''(d)(1) Subject to paragraph (2), if''; and

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

''(2) The Secretary shall not grant an exemption from the requirements of—

''(A) subsection (a)(5) (concerning procedures for paternity establishment);

''(B) subsection (a)(10) (concerning modification of orders);

''(C) subsection (a)(12) (concerning recording of orders in the central State case registry);

''(D) subsection (a)(13) (concerning recording of social security numbers);

''(E) subsection (a)(14) (concerning interstate enforcement); or

''(F) subsection (c) (concerning expedited procedures), other than paragraph (1)(A) thereof (concerning establishment or modification of support amount).''.

(c) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 415(a)(2) and as amended by sections 421 and 422(c), is amended by adding at the end the following new subsection:

''(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required under this section shall be used, to the maximum extent feasible, to implement any expedited administrative procedures required under section 466(c).''.

SEC. 434. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427, and 431, is amended by adding at the end the following:

''(15) Procedures under which—

''(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

''(ii) the term 'business day' means a day on which State offices are open for regular business;

''(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

''(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

''(ii) shall constitute a certification by the requesting State—

''(I) of the amount of support under the order the payment of which is in arrears; and

''(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

''(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

''(D) the State shall maintain records of—

''(i) the number of such requests for assistance received by the State;

''(ii) the number of cases for which the State collected support in response to such a request; and

''(iii) the amount of such collected support.''.

SEC. 435. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking ''and'' at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting ''; and''; and

(3) by adding at the end the following:

''(11) not later than June 30, 1996, promulgate forms to be used by States in interstate cases for—

''(A) collection of child support through income withholding;

''(B) imposition of liens; and

''(C) administrative subpoenas.''.

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking ''and'' at the end of subparagraph (C);

(2) by inserting ''and'' at the end of subparagraph (D); and

(3) by adding at the end the following:

''(E) no later than October 1, 1996, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;''.

PART V—PATERNITY ESTABLISHMENT

SEC. 441. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended—

(1) in subparagraph (B)—

(A) by striking ''(B)'' and inserting ''(B)(i)'';

(B) in clause (i), as redesignated, by inserting before the period '', where such request is supported by a sworn statement—

''(I) by such party alleging paternity setting forth facts establishing a reasonable possibility of the requisite sexual contact of the parties; or

''(II) by such party denying paternity setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact of the parties;''; and

(C) by inserting after clause (i) (as redesignated) the following new clause:

''(ii) Procedures which require the State agency, in any case in which such agency orders genetic testing—

''(I) to pay the costs of such tests, subject to recoupment (where the State so elects) from the putative father if paternity is established; and

''(II) to obtain additional testing in any case where an original test result is disputed, upon request and advance payment by the disputing party.'';

(2) by striking subparagraphs (C), (D), (E), and (F) and inserting the following:

''(C)(i) Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a pu-

tative father can sign an acknowledgment of paternity, the putative father and the mother must be given notice, orally, in writing, and in a language that each can understand, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

''(ii) Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

''(iii) Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

''(iv) The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies. The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, the same materials used by, provide the personnel providing such services

with the same training provided by, and evaluate the provision of such services in the same manner as, voluntary paternity establishment programs of hospitals and birth record agencies.

''(D)(i) Procedures under which a signed acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within 60 days.

''(ii)(I) Procedures under which, after the 60-day period referred to in clause (i), a signed acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

''(II) Procedures under which, after the 60-day period referred to in clause (i), a minor who signs an acknowledgment of paternity other than in the presence of a parent or court-appointed guardian ad litem may rescind the acknowledgment in a judicial or administrative proceeding, until the earlier of—

''(aa) attaining the age of majority; or

''(bb) the date of the first judicial or administrative proceeding brought (after the signing) to establish a child support obligation, visitation rights, or custody rights with respect to the child whose paternity is the subject of the acknowledgment, and at which the minor is represented by a parent, guardian ad litem, or attorney.

''(E) Procedures under which no judicial or administrative proceedings are required or permitted to ratify an unchallenged acknowledgment of paternity.

''(F) Procedures requiring—

''(i) that the State admit into evidence, for purposes of establishing paternity, results of any genetic test that is—

''(I) of a type generally acknowledged, by accreditation bodies designated by the Secretary, as reliable evidence of paternity; and

''(II) performed by a laboratory approved by such an accreditation body;

''(ii) that any objection to genetic testing results must be made in writing not later than a specified number of days before any hearing at which such results may be introduced into

evidence (or, at State option, not later than a specified number of days after receipt of such results); and

''(iii) that, if no objection is made, the test results are admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy.''; and

(3) by adding after subparagraph (H) the following new subparagraphs:

''(I) Procedures providing that the parties to an action to establish paternity are not entitled to a jury trial.

''(J) Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

''(K) Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services and testing on behalf of the child.

''(L) At the option of the State, procedures under which the tribunal establishing paternity and support has discretion to waive rights to all or part of amounts owed to the State (but not to the mother) for costs related to pregnancy, childbirth, and genetic testing and for public assistance paid to the family where the father cooperates or acknowledges paternity before or after genetic testing.

''(M) Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

''(N) Procedures under which voluntary acknowledgements and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the central case registry.''.

(b) STATE PLANS.—Section 454(a)(7) (42 U.S.C. 654(a)(7)) is amended to read as follows:

''(7) provide for entering into cooperative arrangements with—

''(A) appropriate courts and law enforcement officials to—

''(i) assist the agency administering the plan, and

''(ii) to assist such courts and officials and such agency with respect to matters of common concern; and

''(B) the State registry of birth records to record voluntary acknowledgments and adjudications of paternity and to make such records available for data matches and other purposes required by the agency administering the plan;''.

(c) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting '', and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent'' before the semicolon.

(d) TECHNICAL AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking ''a simple civil process for voluntarily acknowledging paternity and''.

SEC. 442. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

(a) STATE PLAN REQUIREMENT.—Section 454(23) (42 U.S.C. 654(23)) is amended—

(1) by striking ''(23)'' and inserting ''(23)(A)'';

(2) by inserting ''and'' after the semicolon; and

(3) by adding at the end the following new subparagraph:

''(B) publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support through a variety of means, which—

''(i) include distribution of written materials at health care facilities (including hospitals and clinics), and other locations such as schools;

''(ii) may include pre-natal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity (and may require all expectant recipients of assistance under part A to participate in such pre-natal programs, as an element of cooperation with efforts to establish paternity and child support);

''(iii) include, with respect to each child discharged from a hospital after birth for whom paternity or child support has not been established, reasonable followup efforts, providing—

''(I) in the case of a child for whom paternity has not been established, infor-

mation on the benefits of and procedures for establishing paternity; and

''(II) in the case of a child for whom paternity has been established but child support has not been established, information on the benefits of and procedures for establishing a child support order, and an application for child support services;''.

(b) ENHANCED FEDERAL MATCHING.—Section 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

(1) by inserting ''(i)'' before ''laboratory costs'', and

(2) by inserting before the semicolon '', and (ii) costs of outreach programs designed to encourage voluntary acknowledgment of paternity''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsection (a) shall become effective October 1, 1997.

(2) EXCEPTION.—The amendments made by subsection (b) shall be effective with respect to calendar quarters beginning on and after October 1, 1996.

PART VI—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

SEC. 451. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the ''National Child Support Guidelines Commission'' (in this section referred to as the ''Commission'').

(b) GENERAL DUTIES.—

(1) IN GENERAL.—The Commission shall determine—

(A) whether it is appropriate to develop a national child support guideline for consideration by the Congress or for adoption by individual States; or

(B) based on a study of various guideline models, the benefits and deficiencies of such models, and any needed improvements.

(2) DEVELOPMENT OF MODELS.—If the Commission determines under paragraph (1)(A) that a national child support guideline is needed or under paragraph (1)(B) that improvements to guideline models are needed, the Commission shall develop such national guideline or improvements.

(c) MATTERS FOR CONSIDERATION BY THE COMMISSION.—In making the recommendations concerning guide-

lines required under subsection (b), the Commission shall consider—

(1) the adequacy of State child support guidelines established pursuant to section 467 of the Social Security Act;

(2) matters generally applicable to all support orders, including—

(A) the feasibility of adopting uniform terms in all child support orders;

(B) how to define income and under what circumstances income should be imputed; and

(C) tax treatment of child support payments;

(3) the appropriate treatment of cases in which either or both parents have financial obligations to more than 1 family, including the effect (if any) to be given to—

(A) the income of either parent's spouse; and

(B) the financial responsibilities of either parent for other children or stepchildren;

(4) the appropriate treatment of expenses for child care (including care of the children of either parent, and work-related or job-training-related child care);

(5) the appropriate treatment of expenses for health care (including uninsured health care) and other extraordinary expenses for children with special needs;

(6) the appropriate duration of support by 1 or both parents, including

(A) support (including shared support) for post-secondary or vocational education; and

(B) support for disabled adult children;

(7) procedures to automatically adjust child support orders periodically to address changed economic circumstances, including changes in the consumer price index or either parent's income and expenses in particular cases;

(8) procedures to help non-custodial parents address grievances regarding visitation and custody orders to prevent such parents from withholding child support payments until such grievances are resolved; and

(9) whether, or to what extent, support levels should be adjusted in cases in which custody is shared or in which the noncustodial parent has extended visitation rights.

(d) MEMBERSHIP.—

(1) NUMBER; APPOINTMENT.—

(A) IN GENERAL.—The Commission shall be composed of 12 individuals appointed jointly by the Secretary of Health and Human Services and the Congress, not later than January 15, 1997, of which—

(i) 2 shall be appointed by the Chairman of the Committee on Finance of the Senate, and 1 shall be appointed by the ranking minority member of the Committee;

(ii) 2 shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives, and 1 shall be appointed by the ranking minority member of the Committee; and

(iii) 6 shall be appointed by the Secretary of Health and Human Services.

(B) QUALIFICATIONS OF MEMBERS.—Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least 1 member shall represent advocacy groups for custodial parents, at least 1 member shall represent advocacy groups for noncustodial parents, and at least 1 member shall be the direc-

tor of a State program under part D of title IV of the Social Security Act.

(2) TERMS OF OFFICE.—Each member shall be appointed for a term of 2 years. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) COMMISSION POWERS, COMPENSATION, ACCESS TO INFORMATION, AND SUPERVISION.—The first sentence of subparagraph (C), the first and third sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses (ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission.

(f) REPORT.—Not later than 2 years after the appointment of members, the Commission shall submit to the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a recommended national child support guideline and a final assessment of issues relating to such a proposed national child support guideline.

(g) TERMINATION.—The Commission shall terminate 6 months after the submission of the report described in subsection (e).

SEC. 452. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

''(10)(A)(i) Procedures under which—

''(I) every 3 years, at the request of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with such guidelines, without a requirement for any other change in circumstances; and

''(II) upon request at any time of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) based on a substantial change in the circumstances of either such parent.

''(ii) Such procedures shall require both parents subject to a child support order to be notified of their rights and responsibilities provided for under clause (i) at the time the order is issued and in the annual information exchange form provided under subparagraph (B).

''(B) Procedures under which each child support order issued or modified in the State after the effective date of this subparagraph shall require the parents subject to the order to provide each other with a complete statement of their respective financial condition annually on a form which shall be provided by the State. The Secretary shall establish regulations for the enforcement of such exchange of information.''.

PART VII—ENFORCEMENT OF SUPPORT ORDERS

SEC. 461. FEDERAL INCOME TAX REFUND OFFSET.

(a) CHANGED ORDER OF REFUND DISTRIBUTION UNDER INTERNAL REVENUE CODE.—Section 6402(c) of the Internal Revenue Code of 1986 (relating to offset of past-due support against overpayments) is amended by striking the third sentence.

(b) ELIMINATION OF DISPARITIES IN TREATMENT OF ASSIGNED AND NONASSIGNED ARREARAGES.—

(1) IN GENERAL.—Section 464(a) (42 U.S.C. 664(a)) is amended—

(A) in paragraph (1)—

(i) in the first sentence, by striking ''which has been assigned to such State pursuant to section 402(a)(9) or section 471(a)(17)''; and

(ii) in the second sentence, by striking ''in accordance with section 457 (b)(4) or (d)(3)'' and inserting ''as provided in paragraph (2)'';

(B) in paragraph (2), to read as follows:

''(2) The State agency shall distribute amounts paid by the Secretary of the Treasury pursuant to paragraph (1)—

''(A) in accordance with subsection (a)(4) or (d)(3) of section 457, in the case of past-due support assigned to a State pursuant to section 402(a)(9) or section 471(a)(17); and

''(B) to or on behalf of the child to whom the support was owed, in the case of past-due support not so assigned.'';

(C) in paragraph (3)—

(i) by striking ''or (2)'' each place it appears; and

(ii) in subparagraph (B), by striking ''under paragraph (2)'' and inserting ''on account of past-due support described in paragraph (2)(B)''.

(2) NOTICES OF PAST-DUE SUPPORT.—Section 464(b) (42 U.S.C. 664(b)) is amended—

(A) by striking ''(b)(1)'' and inserting ''(b)''; and

(B) by striking paragraph (2).

(3) DEFINITION OF PAST-DUE SUPPORT.—Section 464(c) (42 U.S.C. 664(c)) is amended—

(A) by striking ''(c)(1) Except as provided in paragraph (2), as'' and inserting ''(c) As''; and

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

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1999.

SEC. 462. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) in paragraph (1), by inserting ''except as provided in paragraph (5)'' after ''collected'';

(2) by striking ''and'' at the end of paragraph (3);

(3) by striking the period at the end of paragraph (4) and inserting '', and'';

(4) by adding at the end the following new paragraph:

''(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.''; and

(5) by striking ''Secretary of Health, Education, and Welfare'' each place it appears and inserting ''Secretary of Health and Human Services''.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 463. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended—

(1) in the heading, by inserting ''INCOME WITHHOLDING,'' before ''GARNISHMENT'';

(2) in subsection (a)—

(A) by striking ''section 207'' and inserting ''section 207 and section 5301 of title 38, United States Code''; and

(B) by striking ''to legal process'' and all that follows through the period and inserting ''to withholding in accordance with State law pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary thereunder, and to any other legal process brought, by a State agency administering a program under this part or by an individual obligee, to enforce the legal obligation of such individual to provide child support or alimony.'';

(3) by striking subsection (b) and inserting the following new subsection:

''(b) Except as otherwise provided herein, each entity specified in subsection (a) shall be subject, with respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or to any other order or process to enforce support obligations against an individual (if such order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), to the same requirements as would apply if such entity were a private person.'';

(4) by striking subsections (c) and (d) and inserting the following new subsections:

''(c)(1) The head of each agency subject to the requirements of this section shall—

''(A) designate an agent or agents to receive orders and accept service of process; and

''(B) publish—

''(i) in the appendix of such regulations;

''(ii) in each subsequent republication of such regulations; and

''(iii) annually in the Federal Register,

the designation of such agent or agents, identified by title of position, mailing address, and telephone number.

''(2) Whenever an agent designated pursuant to paragraph (1) receives notice pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatories, with respect to an individual's child support or alimony payment obligations, such agent shall—

''(A) as soon as possible (but not later than 15 days) thereafter, send written notice of such notice or service (together with a copy thereof) to such individual at his duty station or last-known home address;

''(B) not later than 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to subsection

(a)(1) or (b) of section 466, comply with all applicable provisions of such section 466; and

''(C) not later than 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatories, respond thereto.

''(d) In the event that a governmental entity receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

''(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

''(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by the provisions of such section 466(b) and regulations thereunder; and

''(3) such moneys as remain after compliance with subparagraphs (A) and (B) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.'';

(5) in subsection (f)—

(A) by striking ''(f)'' and inserting ''(f)(1)''; and

(B) by adding at the end the following new paragraph:

''(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by him in connection with the carrying out of such duties.''; and

(6) by adding at the end the following new subsections:

''(g) Authority to promulgate regulations for the implementation of the provisions of this section shall, insofar as the provisions of this section are applicable to moneys due from (or payable by)—

''(1) the executive branch of the Federal Government (including in such branch, for the purposes of this subsection, the territories and possessions of the United States, the United States Postal Service, the Postal Rate Commission, any wholly owned Federal corporation created by an Act of Congress, and the government of the District of Columbia), be vested in the President (or the President's designee);

''(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees); and

''(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the Chief Justice's designee).

''(h) Subject to subsection (i), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

''(1) consist of—

''(A) compensation paid or payable for personal services of such individual, whether such compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

''(B) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

''(i) under the insurance system established by title II;

''(ii) under any other system or fund established by the United States which

provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

''(iii) as compensation for death under any Federal program;

''(iv) under any Federal program established to provide 'black lung' benefits; or

''(v) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by such Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if such former member has waived a portion of his retired pay in order to receive such compensation); and

''(C) worker's compensation benefits paid under Federal or State law; but

''(2) do not include any payment—

''(A) by way of reimbursement or otherwise, to defray expenses incurred by such indi-

vidual in carrying out duties associated with his employment; or

''(B) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

''(i) In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

''(1) are owed by such individual to the United States;

''(2) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

''(3) are properly withheld for Federal, State, or local income tax purposes, if the withholding of such amounts is authorized or required by law and if amounts withheld are not greater than would be the case if such individual claimed all the dependents that the individual was entitled to (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may

be permitted only when such individual presents evidence of a tax obligation which supports the additional withholding);

''(4) are deducted as health insurance premiums;

''(5) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

''(6) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

''(j) For purposes of this section—''.

(b) TRANSFER OF SUBSECTIONS.—Subsections (a) through (d) of section 462 (42 U.S.C. 662), are transferred and redesignated as paragraphs (1) through (4), respectively, of section 459(j) (as added by subsection (a)(6)), and the left margin of each of such paragraphs (1) through (4) is indented 2 ems to the right of the left margin of subsection (j) (as added by subsection (a)(6)).

(c) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amend-

ed, in subsections (h)(2) and (i), by striking ''sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)'' each place it appears and inserting ''section 459 of the Social Security Act (42 U.S.C. 659)''.

(d) MILITARY RETIRED AND RETAINER PAY.—Section 1408 of title 10, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking ''and'';

(ii) in subparagraph (C), by striking the period and inserting ''; and''; and

(iii) by adding at the end the following new subparagraph:

''(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a State program under part D of title IV of the Social Security Act).'';

(B) in paragraph (2), by inserting ''or a court order for the payment of child support not included in or accompanied by such a decree or settlement,'' before ''which—'';

(2) in subsection (d)—

(A) in the heading, by inserting ''(OR FOR BENEFIT OF)'' after ''CONCERNED''; and

(B) in paragraph (1), in the first sentence, by inserting ''(or for the benefit of such spouse or former spouse to a State central collections unit or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)'' before ''in an amount sufficient''; and

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

''(j) RELATIONSHIP TO OTHER LAWS.—In any case involving a child support order against a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of the Social Security Act.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 464. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address

should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Not later than 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term ''court'' has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term ''child support'' has the meaning given such term in section 462 of the Social Security Act (42 U.S.C. 662).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—Section 1408 of title 10, United States Code, as amended by section 463(d)(3), is amended—

(1) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively;

(2) by inserting after subsection (h) the following new subsection:

''(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order or an order of an administrative process established under State law for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.''; and

(3) in subsection (d)—

(A) in paragraph (1), by inserting after the first sentence the following: ''In the case of a spouse or former spouse who, pursuant to section 402(a)(9) of the Social Security Act (42 U.S.C. 602(26)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the pre-

ceding sentence to that State in amounts consistent with that assignment of rights.''; and

(B) by adding at the end the following new paragraph:

''(6) In the case of a court order or an order of an administrative process established under State law for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order or an order of an administrative process established under State law shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.''.

SEC. 465. MOTOR VEHICLE LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended—

(1) by striking ''(4)'' and inserting ''(4)(A)''; and

(2) by adding at the end the following new subparagraphs:

''(B) Procedures for placing liens for arrearages of child support on motor vehicle titles of individuals owing such arrearages equal to or exceeding 1 month of support (or other minimum amount set by the State), under which—

''(i) any person owed such arrearages may place such a lien;

''(ii) the State agency administering the program under this part shall systematically place such liens;

''(iii) expedited methods are provided for—

''(I) ascertaining the amount of arrears;

''(II) affording the person owing the arrears or other titleholder to contest the amount of arrears or to obtain a release upon fulfilling the support obligation;

''(iv) such a lien has precedence over all other encumbrances on a vehicle title other than a purchase money security interest; and

''(v) the individual or State agency owed the arrears may execute on, seize, and sell the property in accordance with State law.

''(C) Procedures under which—

''(i) liens arise by operation of law against real and personal property for amounts of overdue support owed by an absent parent who resides or owns property in the State; and

''(ii) the State accords full faith and credit to such liens which arise in another State, without registration of the underlying order which is the basis for such lien.''.

SEC. 466. VOIDING OF FRAUDULENT TRANSFERS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427(a), 431, and 434, is amended by adding at the end the following new paragraph:

''(16) Procedures under which—

''(A) the State has in effect—

''(i) the Uniform Fraudulent Conveyance Act of 1981,

''(ii) the Uniform Fraudulent Transfer Act of 1984, or

''(iii) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

''(B) in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

''(i) seek to void such transfer; or

''(ii) obtain a settlement in the best interests of the child support creditor.''.

SEC. 467. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427(a), 431, 434, and 466, is amended by adding at the end the following new paragraph:

''(17) Procedures under which the State has (and uses in appropriate cases) authority (subject to appropriate due process safeguards) to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue child support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.''.

SEC. 468. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

''(7)(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

''(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported—

''(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

''(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency.''.

SEC. 469. EXTENDED STATUTE OF LIMITATION FOR COLLECTION OF ARREARAGES.

(a) IN GENERAL.—Section 466(a)(9) (42 U.S.C. 666(a)(9)) is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

(2) by striking ''(9)'' and inserting ''(9)(A)''; and

(3) by adding at the end the following new subparagraph:

''(B) Procedures under which the statute of limitations on any arrearages of child support extends at least until the child owed such support is 30 years of age.''.

(b) APPLICATION OF REQUIREMENT.—The amendment made by this section shall not be interpreted to require any State law to revive any payment obligation which had lapsed prior to the effective date of such State law.

SEC. 470. CHARGES FOR ARREARAGES.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427(a), 431, 434, 466, and 467, is amended by adding at the end the following new paragraph:

''(18) Procedures providing for the calculation and collection of interest or penalties for arrearages of child support, and for distribution of such interest or penalties collected for the benefit of the child (except where the right to support has been assigned to the State).''.

(b) REGULATIONS.—The Secretary of Health and Human Services shall establish by regulation a rule to resolve choice of law conflicts arising in the implementation of the amendment made by subsection (a).

(c) CONFORMING AMENDMENT.—Section 454(21) (42 U.S.C. 654(21)) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to arrearages accruing on or after October 1, 1998.

SEC. 471. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by sections 415(a)(3) and 417, is amended by adding at the end the following new subsection:

''(l)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(29) that an individual owes arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 471(b) of the Interstate Child Support Responsibility Act of 1995.

''(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.''.

(2) STATE CHILD SUPPORT ENFORCEMENT AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, 414(b), 422(a), and 423(a) is amended—

(A) by striking ''and'' at the end of paragraph (28);

(B) by striking the period at the end of paragraph (29) and inserting ''; and''; and

(C) by adding after paragraph (29) the following new paragraph:

''(30) provide that the State agency will have in effect a procedure (which may be combined with the procedure for tax refund offset under section 464) for certifying to the Secretary, for purposes of the procedure under section 452(l) (concerning denial of passports) determinations that individuals owe arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, under which procedure—

''(A) each individual concerned is afforded notice of such determination and the con-

sequences thereof, and an opportunity to contest the determination; and

''(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.''.

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State, upon certification by the Secretary of Health and Human Services, in accordance with section 452(l) of the Social Security Act, that an individual owes arrearages of child support in excess of $5,000 or in an amount exceeding 24 months' worth of child support, shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

SEC. 472. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

(a) SENSE OF THE CONGRESS THAT THE UNITED STATES SHOULD RATIFY THE UNITED NATIONS CONVENTION OF 1956.—It is the sense of the Congress that the United States should ratify the United Nations Convention of 1956.

(b) TREATMENT OF INTERNATIONAL CHILD SUPPORT CASES AS INTERSTATE CASES.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, 414(b), 422(a), 423(a), and 471(a)(2), is amended—

(1) by striking ''and'' at the end of paragraph (29);

(2) by striking the period at the end of paragraph (30) and inserting ''; and''; and

(3) by inserting after paragraph (30) the following new paragraph:

''(31) provide that the State must treat international child support cases in the same manner as the State treats interstate child support cases under the plan.''.

PART VIII—MEDICAL SUPPORT

SEC. 481. 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

made before the first plan year beginning on or after January 1, 1996, if—

(i) during the period after the date before the date of the enactment of this Act and before such first plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(ii) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such first plan year.

(B) NO FAILURE FOR COMPLIANCE WITH THIS PARAGRAPH.—A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

PART IX—ACCESS AND VISITATION PROGRAMS

SEC. 491. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV is amended by adding at the end the following new section:

''GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

''SEC. 469A. (a) PURPOSES; AUTHORIZATION OF APPROPRIATIONS.—For purposes of enabling States to es-

tablish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision, and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements, there are authorized to be appropriated $5,000,000 for each of fiscal years 1996 and 1997, and $10,000,000 for each succeeding fiscal year.

''(b) PAYMENTS TO STATES.—

''(1) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment under subsection (c) for such fiscal year, to be used for payment of 90 percent of State expenditures for the purposes specified in subsection (a).

''(2) SUPPLEMENTARY USE.—Payments under this section shall be used by a State to supplement (and not to substitute for) expenditures by the State, for activities specified in subsection (a), at a level at least equal to the level of such expenditures for fiscal year 1994.

''(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—For purposes of subsection (b), each State shall be entitled (subject to paragraph (2)) to an amount for each fiscal year bearing the same ratio to the amount authorized to be appropriated pursuant to subsection (a) for such fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—Allotments to States under paragraph (1) shall be adjusted as necessary to ensure that no State is allotted less than $50,000 for fiscal year 1996 or 1997, or $100,000 for any succeeding fiscal year.

"(d) FEDERAL ADMINISTRATION.—The program under this section shall be administered by the Administration for Children and Families.

"(e) STATE PROGRAM ADMINISTRATION.—

"(1) IN GENERAL.—Each State may administer the program under this section directly or through grants to or contracts with courts, local public agencies, or non-profit private entities.

"(2) STATEWIDE PLAN PERMISSIBLE.—State programs under this section may, but need not, be statewide.

''(3) EVALUATION.—States administering programs under this section shall monitor, evaluate, and report on such programs in accordance with requirements established by the Secretary.''.

Subtitle B—Child Support Enforcement and Assurance Demonstrations

SEC. 494. CHILD SUPPORT ENFORCEMENT AND ASSURANCE DEMONSTRATIONS.

(a) DEMONSTRATIONS AUTHORIZED.—

(1) INITIAL PROJECTS.—The Secretary of Health and Human Services (hereafter in this section referred to as the ''Secretary'') shall make grants to three States for demonstrations under this section to determine the effectiveness of programs to provide assured levels of child support to custodial parents of children for whom paternity and support obligations have been established.

(b) DURATION OF PROJECTS.—

(1) TOTAL PROJECT PERIOD.—The Secretary shall make grants to States for demonstrations under this section beginning in fiscal year 1997, for periods of 7 to 10 years.

(2) PHASEDOWN PERIOD.—Each State implementing a demonstration project under this section shall—

(A) phase out activities under such demonstration during the final two years of the project; and

(B) obtain the Secretary's approval, before the beginning of such phasedown period, of a plan for accomplishing such phasedown.

(c) CONSIDERATIONS IN SELECTION OF PROJECTS.—

(1) SCOPE.—Projects under this section may, but need not, be statewide in scope.

(2) STATE ADMINISTRATION.—

(A) RESPONSIBLE STATE AGENCY.—A State demonstration project under this section shall be administered either by the State agency administering the program under title IV–D of the Social Security Act or the State department of revenue and taxation.

(B) AUTOMATION.—The State agency described in subparagraph (A) shall operate (or have automated access to) the automated data system required under section 454(16) of the Social Security Act, and shall have adequate automated capacity to carry out the project

under this section (including the timely distribution of child support assurance benefits).

(3) CONTROLS.—At least one demonstration project under this section shall include randomly assigned control groups.

(d) ELIGIBILITY.—

(1) IN GENERAL.—Child support assurance payments under projects under this section shall be available only to children for whom paternity and support obligations have been established (or with respect to whom a determination has been made that efforts to establish paternity or support would not be in the best interests of the child).

(2) FAMILIES WITH SHARED CUSTODY.—In cases where both parents share custody of a child, a parent and child shall not be eligible for benefits under a demonstration under this section unless—

(A) a support order is in effect entitling such parent to support payments in excess of the minimum benefit; or

(B) the agency or tribunal which issued the order certifies that the child support award would be below such minimum benefit if either parent was awarded sole custody and the guidelines under section 467 were applied.

(3) STATE OPTION TO BASE ELIGIBILITY ON NEED.—At State option, eligibility for benefits under a demonstration under this section may be limited to families with incomes and resources below a standard of need established by the State.

(f) BENEFIT AMOUNTS.—

(1) RANGE OF BENEFIT LEVELS.—States shall have flexibility to set annual benefit levels under demonstrations under this section, provided that (subject to the remaining provisions of this subsection) such levels—

(A) are not lower than $1,500 for a family with one child or $3,000 for a family with four or more children; and

(B) are not higher than $3,000 for a family with one child or $4,500 for a family with four or more children;

(2) INDEXING.—Annual benefit levels for each fiscal year after fiscal year 1996 shall be indexed to reflect the change in the Consumer Price Index.

(3) UNMATCHED EXCESS BENEFITS.—The Secretary may permit States to pay benefits higher than a maximum specified in paragraphs (1) and (2), but Federal matching of such payments shall not be available for benefits in excess of the amounts speci-

fied in paragraph (1) (as adjusted in accordance with paragraph (2)) by more than $25 per month.

(g) TREATMENT OF BENEFITS.—

(1) FOR PURPOSES OF TRANSITIONAL AID.—The amount of aid otherwise payable to a family under title IV–A of the Social Security Act shall be reduced by an amount equal to the amount of child support assurance paid to such family (or, at the Secretary's discretion, by a percentage of such amount paid specified by the Secretary).

(2) TREATMENT OF BENEFITS FOR PURPOSES OF OTHER BENEFIT PROGRAMS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), child support assurance paid to a family shall be considered ordinary income for purposes of determining eligibility for and benefits under any Federal or State program.

(B) DEEMED TRANSITIONAL AID ELIGIBILITY.—At State option, a child (or family) that is ineligible for aid under title IV–A of the Social Security Act because of payments under a demonstration under this section may be deemed to be receiving such aid for purposes of determining eligibility for other Federal and State programs.

(3) FOR TAX PURPOSES.—Child support assurance which is paid to a family under this section and is not reimbursed from a child support collection from a noncustodial parent shall be considered ordinary income for purposes of Federal and State tax liability.

(h) WORK PROGRAM OPTION.—At the option of the State grantee, a demonstration under this section may include a work program for unemployed noncustodial parents of eligible children.

(i) AVAILABILITY OF APPROPRIATIONS FOR PAYMENTS TO STATES.—

(1) STATE ENTITLEMENT TO IV–D FUNDING.—A State administering an approved demonstration under this section in a calendar quarter shall be entitled to payments for such quarter, pursuant to section 455 of the Social Security Act for the Federal share of reasonable and necessary expenditures (including expenditures for benefit payments and for associated administrative costs) under such project, in an amount (subject to paragraphs (2) and (3)) equal to—

(A) with respect to that portion of such expenditures equal to the reduction of expenditures under title IV–A of the Social Security

Act pursuant to subsection (g)(1), a percentage equal to the percentage that would have been paid if such expenditures had been made under such title IV–A; and

(B) 90 percent of the remainder of such expenditures.

(2) STATES WITH LOW TRANSITIONAL AID BENEFITS.—In the case of a State in which benefit levels under title IV–A of the Social Security Act are below the national median for such payments, the Secretary may elect to provide 90 percent Federal matching of a portion of expenditures under a project under this section that would otherwise be matched at the rate specified in paragraph (1)(A).

(3) FUNDING LIMITS; PRO RATA REDUCTIONS OF STATE MATCHING.—

(A) FUNDS AVAILABLE.—There shall be available to the Secretary, from amounts appropriated to carry our part D of title IV of the Social Security Act, for purposes of carrying out demonstrations under this section, amounts not to exceed—

(i) $27,000,000 for fiscal year 1997;

(ii) $55,000,000 for fiscal year 1998;

(iii) $70,000,000 for each of fiscal years 1999 through 2002; and

(iv) $55,000,000 for fiscal year 2003.

(B) PRO RATA REDUCTIONS.—The Secretary shall make pro rata reductions in the amounts otherwise payable to States under this section as necessary to comply with the funding limitation specified in subparagraph (A).

(j) DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.—Notwithstanding section 457 of the Social Security Act, support payments collected from the noncustodial parent of a child receiving (or who has received) child support assurance payments under this section shall be distributed as follows:

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

(2) second, from any remainder, amounts owed to the State on account of child support assurance payments to the family shall be paid to the State (with appropriate reimbursement to the Federal Government of its share to such payments);

(3) third, from any remainder, arrearages of support owed to the family shall be paid to the family; and

(4) fourth, from any remainder, amounts owed to the State on account of current or past payments of aid under title IV–A of the Social Security Act shall be paid to the State (with appropriate reimbursement to the Federal Government of its share of such payments).

(k) EVALUATIONS AND REPORTS.—

(1) STATE EVALUATIONS.—Each State administering a demonstration project under this section shall—

(A) provide for ongoing and retrospective evaluation of the project, meeting such conditions and standards as the Secretary may require; and

(B) submit to the Secretary such reports (at such times, in such format, and containing such information) as the Secretary may require, including at least an interim report not later than 90 days after the end of the fourth year of the project, and a final report not later than one year after the completion of the project, which shall include information on and analysis of the effect of the project with respect to—

(i) the economic circumstances of both noncustodial and custodial parents;

(ii) the rate of compliance by noncustodial parents with support orders;

(iii) work-force participation by both custodial and noncustodial parents;

(iv) the need for or amount of transitional aid to families with needy children under title IV–A of the Social Security Act;

(v) paternity establishment rates; and

(vi) any other matters the Secretary may specify.

(2) REPORTS TO CONGRESS.—The Secretary shall, on the basis of reports received from States administering projects under this section, make the following reports, containing an assessment of the effectiveness of the projects and any recommendations the Secretary considers appropriate:

(A) an interim report, not later than 6 months following receipt of the interim State reports required by paragraph (1)(B); and

(B) a final report, not later than 6 months following receipt of the final State reports required under such paragraph.

(3) FUNDING FOR COSTS TO SECRETARY.—There are authorized to be appropriated

$10,000,000 for fiscal year 1997, to remain available until expended, for payment of the cost of evaluations by the Secretary of the demonstrations carried out under this section.

Subtitle C—Demonstration Projects To Provide Services to Certain Noncustodial Parents

SEC. 495. ESTABLISHMENT OF DEMONSTRATION PROJECTS FOR PROVIDING SERVICES TO CERTAIN NONCUSTODIAL PARENTS.

(a) IN GENERAL.—The Secretary of Health and Human Services (hereafter in this section referred to as the ''Secretary'') shall make grants to not more than 5 States to conduct demonstration projects in accordance with subsection (b) for the purpose of providing services to noncustodial parents who are unable to meet child support obligations due to unemployment or underemployment.

(b) REQUIREMENTS OF PROJECT.—A project conducted in accordance with this subsection shall provide noncustodial parents who are unable to meet child support obligations due to unemployment or underemployment with the following services:

(1) Assessment of job readiness.

(2) Referrals to job training and education programs.

(3) Court monitored job search.

(4) Court ordered participation in State work programs or other specialized employment programs.

(5) Technical assistance and information and interpretation of legal proceedings.

(6) Information dissemination and referrals to other available services.

(7) Other services determined by the State.

(c) APPLICATIONS.—Each State desiring to conduct a demonstration project under this section shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(d) REPORTS.—A State that conducts a demonstration project under this section shall prepare and submit to the Secretary annual and final reports in such form and containing such information as the Secretary may require.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $1,000,000 for each of fiscal years 1997 through 1999 for the purpose of conducting demonstration projects in accordance with this section.

Subtitle D—Severability

SEC. 496. SEVERABILITY.

If any provision of subtitle A or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of subtitle A which can be given effect without regard to the invalid provision or application, and to this end the provisions of subtitle A shall be severable.

TITLE V—TRANSITIONAL MEDICAID

SEC. 501. STATE OPTION TO EXTEND TRANSITIONAL MEDICAID BENEFITS.

(a) OPTIONAL EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TRANSITIONAL AID PROGRAM RECIPIENTS FOR 1 ADDITIONAL YEAR.—

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

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r–6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking ''EXTENSION'' and inserting ''EXTENSIONS'';

(II) in the heading of paragraph (1), by striking ''REQUIREMENT'' and inserting ''IN GENERAL'';

(III) in paragraph (2)(B)(ii)—

(aa) in the heading, by striking ''PERIOD'' and inserting ''PERIODS''; and

(bb) by striking ''in the period'' and inserting ''in each of the 6-month periods'';

(IV) in paragraph (3)(A), by striking ''the 6-month period'' and inserting ''any 6-month period'';

(V) in paragraph (4)(A), by striking ''the extension period'' and inserting ''any extension period''; and

(VI) in paragraph (5)(D)(i), by striking ''is a 3-month period'' and all

that follows and inserting the following: ''is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the 1st or 4th month of such extension period.''; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(i) by striking ''(A)''; and

(ii) by striking subparagraphs (B) and (C).

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply to calendar quarters beginning on or after October 1, 1996, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

(2) WHEN STATE LEGISLATION IS REQUIRED.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines

requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by subsection (a), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

TITLE VI—TEENAGE PREGNANCY PREVENTION

SEC. 601. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

Section 402(a) (42 U.S.C. 602(a)), as amended by section 101, is amended by adding at the end the following new paragraph:

''(13) RESIDENCY REQUIREMENT FOR TEENAGE PARENTS.—The State plan shall provide that—

''(A) IN GENERAL.—Except as provided in subparagraph (B)(i), in the case of any individ-

ual who is under the age of 18 and has never married, and who has a dependent child in his or her care (or is pregnant and is eligible for transitional aid to families with needy children under the State plan)—

''(i) such individual may receive transitional aid to families with needy children under the plan for the individual and such child (or for the individual if the individual is a pregnant woman) only if such individual and child (or such pregnant woman) reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; and

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

''(B) EXCEPTION.—

''(i) ASSISTANCE IN LOCATING ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual described in clause (ii)—

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

"(II) if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, it shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the indi-

vidual (and child) while living independently.

''(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual is described in this clause if—

''(I) such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

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

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

''(IV) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that it is in the best interest of the depend-

ent child to waive the requirement of subparagraph (A) with respect to such individual.''.

SEC. 602. REINFORCING FAMILIES.

(a) IN GENERAL.—Title XX (42 U.S.C. 1397–1397e) is amended by adding at the end the following new section:

"SEC. 2008. SECOND CHANCE HOUSES.

''(a) ENTITLEMENT.—

''(1) IN GENERAL.—In addition to any payment under sections 2002 and 2007, beginning with fiscal year 1996, each State shall be entitled to funds under this section for each fiscal year for the establishment, operation, and support of second chance houses for custodial parents under the age of 19 and their children.

''(2) PAYMENT TO STATES.—

''(A) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment (determined in accordance with subsection (b)) for such fiscal year, to be used by such State for the purposes set forth in paragraph (1).

''(B) TRANSFERS OF FUNDS.—The Secretary shall make payments in accordance with

section 6503 of title 31, United States Code, to each State from its allotment for use under this title.

''(C) USE.—Payments to a State from its allotment for any fiscal year must be expended by the State in such fiscal year or in the succeeding fiscal year.

''(D) TECHNICAL ASSISTANCE.—A State may use a portion of the amounts described in subparagraph (A) for the purpose of purchasing technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, or administering the program funded under this section.

''(3) SECOND CHANCE HOUSES.—For purposes of this section, the term 'second chance houses' means an entity that provides custodial parents under the age of 19 and their children with a supportive and supervised living arrangement in which such parents would be required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children. A second chance house may

also serve as a network center for other supportive services that might be available in the community.

''(b) ALLOTMENT.—

''(1) CERTAIN JURISDICTIONS.—The allotment for any fiscal year to each of the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to the amount specified under paragraph (3) as the allotment that the jurisdiction receives under section 2003(a) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

''(2) OTHER STATES.—The allotment for any fiscal year for each State other than the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

''(A) the amount specified under paragraph (3); reduced by

''(B) the total amount allotted to those jurisdictions for that fiscal year under paragraph (1),

as the allotment that the State receives under section 2003(b) for the fiscal year bears to the total

amount specified for such fiscal year under section 2003(c).

''(3) AMOUNT SPECIFIED.—The amount specified for purposes of paragraphs (1) and (2) shall be $40,000,000 for fiscal year 1996 and each subsequent fiscal year.

''(c) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the community in any area in which a second chance house receiving funds pursuant to this section is to be established. In determining criteria for targeting funds received under this section, each State shall evaluate the community's commitment to the establishment and planning of the house.

''(d) LIMITATIONS ON THE USE OF FUNDS.—

''(1) CONSTRUCTION.—Except as provided in paragraph (2), funds made available under this section may not be used by the State, or any other person with which the State makes arrangements to carry out the purposes of this section, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility.

''(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon the State's request for such a waiver if the Secretary

finds that the request describes extraordinary circumstances to justify the waiver and that permitting the waiver will contribute to the State's ability to carry out the purposes of this section.

''(e) TREATMENT OF INDIAN TRIBES.—

''(1) IN GENERAL.—An Indian tribe may apply to the Secretary to establish, operate, and support adult-supervised group homes for custodial parents under the age of 19 and their children in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

''(2) ALLOTMENT.—If the Secretary approves an Indian tribe's application, the Secretary shall allot to such tribe for a fiscal year an amount which the Secretary determines is the Indian tribe's fair and equitable share of the amount specified under paragraph (3) for all Indian tribes with applications approved under this subsection (based on allotment factors to be determined by the Secretary). The Secretary shall determine a minimum allotment amount

for all Indian tribes with applications approved under this subsection. Each Indian tribe with an application approved under this subsection shall be entitled to such minimum allotment.

''(3) AMOUNT SPECIFIED.—The amount specified under this paragraph for all Indian tribes with applications approved under this subsection is $5,000,000 for fiscal year 1996 and each subsequent fiscal year.

''(4) INDIAN TRIBE DEFINED.—For purposes of this section, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.''.

(b) RECEIPT OF PAYMENTS BY SECOND CHANCE HOUSES.—Section 402(a)(13)(A)(ii), as added by section 601, is amended by striking ''or other adult relative'' and inserting ''other adult relative, or second chance house receiving funds under section 2008''.

(c) RECOMMENDATIONS ON USAGE OF GOVERNMENT SURPLUS PROPERTY.—Not later than 6 months after the date of the enactment of this Act, after consultation with the Secretary of Defense, the Secretary of Housing and

Urban Development, and the Administrator of the General Services Administration, the Secretary of Health and Human Services shall submit recommendations to the Congress on the extent to which surplus properties of the United States Government may be used for the establishment of second chance houses receiving funds under section 2008 of the Social Security Act.

SEC. 603. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.

(a) IN GENERAL.—Section 402(a) (42 U.S.C. 602(a)), as amended by sections 101, 601, and 602, is amended by adding at the end the following new paragraph:

''(14) EDUCATIONAL REQUIREMENTS.—The State plan shall provide the following educational requirements:

''(A) CUSTODIAL PARENT UNDER 19 YEARS.—In the case of a custodial parent who has not attained 19 years of age, has not successfully completed a high-school education (or its equivalent), and is required to participate in the program (including an individual who would otherwise be exempt from participation in the program solely by reason of clause (i), (ii), or

(iii) of paragraph (11)(B)), the State agency shall—

''(i) require such parent to participate in—

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

''(II) an alternative educational or training program (that has been approved by the Secretary) on a full-time basis (as defined by the provider); and

''(ii) provide child care in accordance with paragraph (5) with respect to the family.

''(B) CUSTODIAL PARENT 19 YEARS OLD.—

''(i) IN GENERAL.—To the extent that the program is available in the political subdivision involved and State resources otherwise permit, the State agency shall require a custodial parent who would be described in subparagraph (A), if that par-

ent is 19 years of age, to participate in an educational activity described in clause (ii).

''(ii) TYPE OF EDUCATIONAL ACTIVITY.—The State agency may require a parent described in clause (i)—

''(I) to participate in educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time basis (as defined by the educational provider); or

''(II) to participate in training or work activities in lieu of the educational activities under subclause (I) if such parent fails to make good progress in successfully completing such educational activities or if it is determined (prior to any assignment of the individual to such educational activities) pursuant to an educational assessment that participation in such educational activities is inappropriate for such parent.

''(C) EDUCATIONAL ACTIVITY CONSIDERED PARTICIPATION IN PROGRAM.—

"(i) IN GENERAL.—If the parent or other caretaker relative or any dependent child in the family is attending in good standing an institution of higher education (as defined in section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088), or a school or course of vocational or technical training (not less than half time) consistent with the individual's employment goals, and is making satisfactory progress in such institution, school, or course, at the time he or she would otherwise commence participation in the program under this section, such attendance may, at the State's option, constitute satisfactory participation in the program (by that caretaker or child) so long as it continues and is consistent with such goals.

"(ii) ADDITIONAL REQUIREMENTS.—In addition to the requirements described in clause (i)—

"(I) any other activities in which an individual described in this subparagraph participates may not be permitted to interfere with the school

or training described in such clause; and

''(II) the costs of such school or training shall not constitute a federally reimbursable expense for purposes of section 403, however the costs of day care, transportation, and other services which are necessary (as determined by the State agency) for such attendance in accordance with paragraph (5) are eligible for Federal reimbursement.''.

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

(1) STATE PLAN.—Section 402(a)(14)(A), as added by subsection (a), is amended by adding at the end the following new subparagraph:

''(D) INCENTIVES AND PENALTY PROGRAM.—At the option of the State, some or all custodial parents and pregnant women who have not attained 19 years of age (or at the State's option, 21 years of age) and who are receiving aid under this part shall be required to

participate in a program of monetary incentives and penalties for participation and completion of a high school education (or equivalent) and in parenting activities, consistent with subsection (f);''.

(2) ELEMENTS OF PROGRAM.—Section 402 (42 U.S.C. 602), as amended by section 101, is amended by adding at the end the following new subsection:

''(f) INCENTIVES AND PENALTIES PROGRAM.—

''(1) IN GENERAL.—If a State opts to conduct a program of incentives and penalties described in subsection (a)(14)(D), the State shall amend its State plan—

''(A) to specify the one or more political subdivisions (or other clearly defined geographic area or areas) in which the State will conduct the program; and

''(B) to describe its program in detail.

''(2) PROGRAM DESCRIBED.—A program under this subsection—

''(A) may, at the option of the State, require full-time participation by custodial parents and pregnant women to whom the program applies in secondary school or equivalent educational activities, or participation in a course

or program leading to a parenting skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

''(B) shall require that the needs of such custodial parents and pregnant women shall be reviewed and the program will ensure that, either in the initial development or revision of such individual's employability plan, there will be included a description of the services that will be provided to the individual and the way in which the program and service providers will coordinate with the educational or skills training activities in which the individual is participating;

''(C) shall provide monetary incentives for more than minimally acceptable performance of required educational activities; and

''(D) shall provide penalties (which may be those allowed by subsection (a)(1)(H) or other monetary penalties that the State finds will better achieve the objectives of the program) for less than minimally acceptable performance of required activities.

"(3) MONETARY INCENTIVE PAYABLE TO PARENT.—When a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive shall be paid directly to such parent, regardless of whether the State agency makes payment of aid under the State plan directly to such parent.

"(4) TREATMENT OF MONETARY INCENTIVE.—

"(A) IN GENERAL.—For purposes of this part, monetary incentives paid under this subsection shall be considered transitional aid to families with needy children.

"(B) TREATMENT UNDER OTHER FEDERAL PROGRAMS.—For purposes of any other Federal or federally-assisted program based on need, no monetary incentive paid under this subsection shall be considered income in determining a family's eligibility for or amount of benefits under such program, and if aid is reduced by reason of a penalty under this subsection, such other program shall treat the family involved as if no such penalty has been applied.

"(5) INFORMATION PROVIDED TO SECRETARY.—The State agency shall from time to time provide such information with respect to the State operation of the program as the Secretary may request.".

SEC. 604. TARGETING YOUTH AT RISK OF TEENAGE PREGNANCY.

(a) IN GENERAL.—Section 402 of the Social Security Act (42 U.S.C. 602), as amended by sections 101 and 603, is amended by adding at the end the following new subsection:

"(g) REDUCTION IN TEENAGE PREGNANCY.—

"(1) IN GENERAL.—Each State agency may, to the extent it determines resources are available, provide for the operation of projects to reduce teenage pregnancy. Such projects shall be operated by eligible entities that have submitted applications described in paragraph (3) that have been approved in accordance with paragraph (4).

"(2) ELIGIBLE ENTITY.—For purposes of this subsection, the term 'eligible entity' includes State agencies, local agencies, publicly supported organizations, private nonprofit organizations, and consortia of such entities.

"(3) APPLICATION DESCRIBED.—An application described in this paragraph shall—

"(A) describe the project;

"(B) include an endorsement of the project by the chief elected official of the jurisdiction in which the project is to be located;

"(C) demonstrate strong local commitment and local involvement in the planning and implementation of the project; and

"(D) be submitted in such manner and containing such information as the Secretary may require.

"(4) APPROVAL OF APPLICATION.—

"(A) IN GENERAL.—Subject to subparagraph (B), the chief executive officer of a State may approve an application under this paragraph based on selection criteria to be determined by such chief executive officer.

"(B) PREFERENCES IN APPROVING PROJECTS.—Preference in approving a project shall be accorded to projects that target—

"(i) both young men and women;

"(ii) areas with high teenage pregnancy rates; or

"(iii) areas with a high incidence of individuals receiving transitional aid to families with needy children.

"(5) INDIAN TRIBES.—

"(A) IN GENERAL.—An Indian tribe may apply to the Secretary to provide for the operation of projects to reduce teenage pregnancy in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

"(B) INDIAN TRIBE DEFINED.—For purposes of this subsection, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.

"(6) TERM OF PROJECTS.—A project conducted under this subsection shall be conducted for not less than 3 years.

''(7) STUDY.—

''(A) IN GENERAL.—The Secretary shall conduct a study in accordance with subparagraph (B) to determine the relative effectiveness of the different approaches for preventing teenage pregnancy utilized in the projects conducted under this subsection.

''(B) STUDY REQUIREMENTS.—The study required under subparagraph (A) shall—

''(i) be based on data gathered from projects conducted in 5 States chosen by the Secretary from among the States in which projects under this subsection are operated;

''(ii) use specific outcome measures (determined by the Secretary) to test the effectiveness of the projects;

''(iii) use experimental and control groups (to the extent possible) that are composed of a random sample of participants in the projects; and

''(iv) be conducted in accordance with an experimental design determined by the Secretary to result in a comparable design among all projects.

"(C) INTERIM AND ANNUAL REPORTS.—Each eligible entity conducting a project under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, interim data from the projects conducted under this subsection. The Secretary shall report to the Congress annually on the progress of such projects and shall, not later than January 1, 2003, submit to the Congress a report on the study required under subparagraph (A).

"(D) AUTHORIZATION.—There are authorized to be appropriated $500,000 for each of fiscal years 1996 through 2001 for the purpose of conducting the study required under subparagraph (A).".

(b) PAYMENT.—Section 403 of the Social Security Act (42 U.S.C. 603), as amended by section 101, is amended by adding at the end the following new subsection:

"(e) PAYMENTS FOR REDUCING TEENAGE PREGNANCY.—

"(1) IN GENERAL.—In addition to any payment under subsection (a), each State shall be entitled to payment from the Secretary for each of fiscal years

1996 through 2001 in an amount equal to the lesser of—

"(A) 75 percent of the expenditures made by the State in providing for the operation of the projects under section 402(g), and in administering the projects under such section; or

"(B) the limitation determined under paragraph (2) with respect to the State for the fiscal year.

"(2) LIMITATION.—

"(A) IN GENERAL.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to $20,000,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981), including any revision required by such section) in the State in the second preceding fiscal year bears to such population residing in the United States in the second preceding fiscal year.

"(B) LIMITATION INCREASED.—If the limitation determined under subparagraph (A) with respect to a State for a fiscal year exceeds

the amount paid to the State under this subsection for the fiscal year, the limitation determined under this paragraph with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

''(3) PAYMENTS TO INDIAN TRIBES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this title, for purposes of this subsection, an Indian tribe with an application approved under section 402(g)(5) shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2001 in an amount equal to the lesser of—

''(i) 75 percent of the expenditures made by the Indian tribe in providing for the operation of the projects under section 402(g)(5), and in administering the projects under such section; or

''(ii) the limitation determined under subparagraph (B) with respect to the Indian tribe for the fiscal year.

''(B) LIMITATION.—

''(i) IN GENERAL.—The limitation determined under this subparagraph with respect to an Indian tribe for any fiscal year

is the amount that bears the same ratio to $3,750,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981), including any revision required by such section) in the Indian tribe in the second preceding fiscal year bears to such population of all Indian tribes with applications approved under section 402(g)(5) in the second preceding fiscal year.

''(ii) INCREASE IN LIMITATION.—If the limitation determined under clause (i) with respect to an Indian tribe for a fiscal year exceeds the amount paid to the Indian tribe under this paragraph for the fiscal year, the limitation determined under this subparagraph with respect to the Indian tribe for the immediately succeeding fiscal year shall be increased by the amount of such excess.

''(4) APPROPRIATIONS.—Amounts appropriated for a fiscal year to carry out this part shall be made available for payments under this subsection for such fiscal year.''.

SEC. 605. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—Not later than October 1, 1996, the Secretary of Health and Human Services, shall within an existing office of the Department of Health and Human Services, establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the ''National Clearinghouse on Teenage Pregnancy Prevention Programs''.

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a training, technical assistance, and material development source for adolescent pregnancy prevention programs. Such center shall—

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

(2) develop and sponsor a variety of training institutes and curricula for adolescent pregnancy prevention program staff;

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

(4) develop technical assistance materials and activities to assist other entities in establishing and improving adolescent pregnancy prevention programs;

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

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

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

SEC. 606. DENIAL OF FEDERAL HOUSING BENEFITS TO MINORS WHO BEAR CHILDREN OUT-OF-WEDLOCK.

(a) PROHIBITION OF ASSISTANCE.—Notwithstanding any other provision of law, a household whose head of household is an individual who has borne a child out-of-wedlock before attaining 18 years of age may not be pro-

vided Federal housing assistance for a dwelling unit until attaining such age, unless—

(1) after the birth of the child—

(A) the individual marries an individual who has been determined by the relevant State to be the biological father of the child; or

(B) the biological parent of the child has legal custody of the child and marries an individual who legally adopts the child;

(2) the individual is a biological and custodial parent of another child who was not born out-of-wedlock; or

(3) eligibility for such Federal housing assistance is based in whole or in part on any disability or handicap of a member of the household.

(b) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) COVERED PROGRAM.—The term ''covered program'' means—

(A) the program of rental assistance on behalf of low-income families provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(B) the public housing program under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(C) the program of rent supplement payments on behalf of qualified tenants pursuant to contracts entered into under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

(D) the program of interest reduction payments pursuant to contracts entered into by the Secretary of Housing and Urban Development under section 236 of the National Housing Act (12 U.S.C. 1715z–1);

(E) the program for mortgage insurance provided pursuant to sections 221(d) (3) or (4) of the National Housing Act (12 U.S.C. 1715l(d)) for multifamily housing for low- and moderate-income families;

(F) the rural housing loan program under section 502 of the Housing Act of 1949 (42 U.S.C. 1472);

(G) the rural housing loan guarantee program under section 502(h) of the Housing Act of 1949 (42 U.S.C. 1472(h));

(H) the loan and grant programs under section 504 of the Housing Act of 1949 (42 U.S.C. 1474) for repairs and improvements to rural dwellings;

(I) the program of loans for rental and co-operative rural housing under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

(J) the program of rental assistance payments pursuant to contracts entered into under section 521(a)(2)(A) of the Housing Act of 1949 (42 U.S.C. 1490a(a)(2)(A));

(K) the loan and assistance programs under sections 514 and 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486) for housing for farm labor;

(L) the program of grants and loans for mutual and self-help housing and technical assistance under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

(M) the program of grants for preservation and rehabilitation of housing under section 533 of the Housing Act of 1949 (42 U.S.C. 1490m); and

(N) the program of site loans under section 524 of the Housing Act of 1949 (42 U.S.C. 1490d).

(2) COVERED PROJECT.—The term ''covered project'' means any housing for which Federal housing assistance is provided that is attached to the project or specific dwelling units in the project.

(3) FEDERAL HOUSING ASSISTANCE.—The term ''Federal housing assistance'' means—

(A) assistance provided under a covered program in the form of any contract, grant, loan, subsidy, cooperative agreement, loan or mortgage guarantee or insurance, or other financial assistance; or

(B) occupancy in a dwelling unit that is—

(i) provided assistance under a covered program; or

(ii) located in a covered project and subject to occupancy limitations under a covered program that are based on income.

(4) STATE.—The term ''State'' means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam,

the Virgin Islands, American Samoa, and any other territory or possession of the United States.

(c) LIMITATIONS ON APPLICABILITY.—Subsection (a) shall not apply to Federal housing assistance provided for a household pursuant to an application or request for such assistance made by such household before the effective date of this Act if the household was receiving such assistance on the effective date of this Act.

SEC. 607. NATIONAL CAMPAIGN AGAINST TEENAGE PREGNANCY.

(a) FINDINGS.—The Congress finds that the Government has a role to play in preventing teenage pregnancy but that the Government alone cannot deal with the massive changes in societal attitudes and behavior that have occurred in recent decades.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that the President should lead a national campaign against teenage pregnancy that—

(1) challenges all aspects of society, including businesses, national and community voluntary organizations, religious institutions, and schools, to join in a national effort to reduce teenage pregnancies;

(2) emphasizes broad themes of economic opportunity and the personal responsibility of each family in every community; and

(3) establishes national and individual goals, based on the measurable aspects of such broad themes, to define the mission and guide the work of the national campaign including—

(A) graduation from high school; and

(B) deferral of childbearing until an individual is emotionally prepared to support a child and accept economic responsibility for the child's support.

TITLE VII—CHILDREN'S ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME

SEC. 701. SHORT TITLE.

This title may be cited as the ''Children's SSI Eligibility Reform Act''.

SEC. 702. PURPOSE.

It is the purpose of this title to ensure that supplemental security income benefits—

(1) provide basic necessities to maintain a child with a disability at home or in another appropriate and cost effective setting;

(2) cover the additional costs of caring for and raising such a child; and

(3) enhance the child's opportunity to develop into an independent adult.

SEC. 703. SUPPLEMENTAL SECURITY INCOME BENEFITS FOR DISABLED CHILDREN.

(a) MODIFICATION OF BENEFIT ELIGIBILITY.—

(1) IN GENERAL.—Section 1614(a)(3)(A) (42 U.S.C. 1382c(a)(3)(A)) is amended—

(A) by inserting ''(i)'' after ''(3)(A)'';

(B) by inserting ''(other than an individual under the age of 18)'' before ''shall be considered'';

(C) by striking ''he'' and inserting ''the individual'';

(D) by striking ''(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)''; and

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

''(ii)(I) An individual under the age of 18 shall be considered to be disabled for purposes of this title for a month if the individual has any medically determinable physical or mental impairment of comparable severity to an impairment described in clause (i).

''(II) For purposes of subclause (I), an impairment is of comparable severity if such impairment is severe and persistent and substantially limits the individual's ability to develop or function.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to applicants for benefits for months beginning 6 months after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(b) ADDITIONAL MODIFICATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify paragraph (2) of section 112.02B.2.c. of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behaviors and to require instead evidence of a persistent pattern of behavior destructive to self or others requiring protective intervention.

(2) MODIFICATIONS TO INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—

(A) INCREASE IN SEVERITY.—The Commissioner of Social Security shall modify the level of severity required to establish comparable severity under section 416.924e of title 20, Code of Federal Regulations, to either—

(i) a marked level of impairment in 2 or more domains; or

(ii) a marked level of impairment in at least 1 domain and a moderate level of impairment in at least 1 additional domain.

(B) DOMAINS OF DEVELOPMENT OR FUNCTIONING.—The Commissioner of Social Security shall modify the individualized functional assessment for children set forth in section 416.924d of title 20, Code of Federal Regulations, to include the following domains of development or functioning, to ensure the domains do not overlap from a clinical perspective, and to compare the child's abilities in each of these domains with those of children of similar age who do not have a disability:

(i) Cognition (the ability to understand and reason and to learn required skills).

(ii) Communication (the ability to receive and convey information; the ability to produce speech audibly and intelligibly).

(iii) Motor abilities (the ability to move and coordinate the body and extremities in gross and fine motions).

(iv) Ability to care for oneself (the ability to perform normal childhood activities in the home, school, or community with adult assistance or supervision appropriate to one's age and to control behaviors that could harm oneself or others).

(v) Ability to engage in interpersonal relations (the ability to develop and maintain positive and productive interpersonal relationships so as to function within the family, peer groups, and community).

(vi) Responsiveness to stimuli (the ability of children from birth to the attainment of age 1 to react appropriately to visual, auditory, or tactile stimulation).

(vii) Ability to concentrate, persist, maintain pace, and have physical stamina to complete essential tasks in the home, school, or community (in children from age 3 to the attainment of age 18).

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The modifications required by this subsection shall apply to applicants for benefits for months beginning 6 months after the date of the enactment of this

Act, without regard to whether regulations have been issued to implement such amendments.

(B) CONTINUING REVIEW.—The Commissioner of Social Security shall review and report to the Congress not later than 5 months after the date of the enactment of this Act whether the required modifications described in this subsection should be further modified.

(c) ADDITIONAL REVIEW AND REVISION OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—

(1) IN GENERAL.—The Commissioner of Social Security shall review and revise the individual functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations, to ensure that such assessment is applied to children who—

(A) have multiple impairments, none of which meet or equal the Listings of Impairments set forth in appendix 1 of subpart P of part 404 of such title 20, but which in combination result in the child being disabled under section 1614(a)(3)(A)(ii) of the Social Security Act, as added by subsection (a);

(B) are too young, or for other reasons, cannot be fully evaluated;

(C) have physical or mental impairments or illnesses which are not explicitly included in such Listings; and

(D) have conditions which do not meet or equal the severity of any such Listing, but meet the functional test of severity under such section 1614(a)(3)(A)(ii).

(2) TESTING.—The Commissioner of Social Security shall ensure that pursuant to the revised individual functional assessment for children under paragraph (1)—

(A) valid and reliable tests are used, if available, which provide qualitative and quantifiable measures of childhood functioning, or

(B) criteria of childhood functioning are developed which are equivalent to the findings of a standardized test.

(3) APPLICABILITY.—The Commissioner of Social Security shall issue final regulations relating to the individual functional assessment for children under paragraph (1) not later than 6 months after the date of the enactment of this Act and such regulations shall apply to applicants for benefits for months beginning 6 months after such date.

(d) APPLICATION TO CURRENT BENEFICIARIES.—Notwithstanding any other provision of law, if the Commissioner of Social Security determines that the eligibility of an individual who is a recipient of supplemental security income benefits under title XVI of the Social Security Act for the month in which the date of the enactment of this Act occurs is affected by the amendments made by, and provisions of, this section, the Commissioner shall, not later than 1 year after such date, provide for a continuing disability review with respect to such individual in accordance with the provisions of such title.

SEC. 704. BETTER TARGETING AND USE OF BENEFITS.

(a) PROHIBITION ON COACHING OF CHILDREN TO OBTAIN BENEFITS.—

(1) IN GENERAL.—Section 1632 (42 U.S.C. 1383a) is amended by adding at the end the following new subsection:

''(c) In any case in which the court determines that a violation described in paragraph (1), (2), or (3) of subsection (a) includes—

''(1) any knowing and willful coaching of a child by a parent or guardian to feign an impairment for the purposes of gaining eligibility under this title, the court, in addition to any penalty imposed under subsection (a), may require full restitu-

tion of the benefit such child has received under this title, plus up to $100 for each month the child received such benefit; and

''(2) any attorney or legal representative, interpreter, or social service worker knowingly and willfully causing a parent or guardian to so coach a child, subsection (a) shall be applied by substituting '$5000, plus $500 for each child involved' for '$1,000'.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to actions occurring after the date of the enactment of this Act.

(b) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking ''and'' at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting ''; and'', and by adding after subclause (IV) the following new subclause:

''(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of

benefits under this title and the proper role of a representative payee.''.

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

''(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

''(I) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment;

''(II) establish a system of accountability monitoring under which such representative payee shall report at least annually with respect to the use of such payment; and

''(III) implement statistically valid procedures for reviewing each such report in order to identify instances in which such representative payee is not properly using such payment.''.

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C))

is amended by striking ''Clause (i)'' and inserting ''Subclauses (II) and (III) of clause (i)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(c) GRADUATED BENEFITS FOR ADDITIONAL CHILDREN.—

(1) IN GENERAL.—Section 1611(b) (42 U.S.C. 1382(b)) is amended by adding at the end the following new paragraph:

''(3) In the case of a family (other than a foster or group home) with more than 1 child eligible for a benefit under this title, the benefit under this title for each additional child (other than an adopted child with special needs (within the meaning of paragraphs (1) and (2) of section 473(c)) shall be determined under the following table:

''If the child is the:	**The benefit is:**
2nd child	85 percent of the otherwise determined benefit
3rd child	65 percent of such benefit
4th child	45 percent of such benefit
5th child	35 percent of such benefit
6th child	25 percent of such benefit
7th child or more	$50 for each child.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to determinations made after the date of the enactment of this Act.

(d) CONTINUING DISABILITY REVIEWS.—

(1) CONTINUING DISABILITY REVIEWS FOR CERTAIN CHILDREN.—Section 1614(a)(3)(G) (42 U.S.C. 1382c(a)(3)(G)) is amended—

(A) by inserting ''(i)'' after ''(G)''; and

(B) by adding at the end the following:

''(ii)(I) Not less frequently than once every 7 years, the Commissioner of Social Security shall redetermine in accordance with paragraph (4) the eligibility for benefits under this title of each child who is eligible for benefits by reason of disability with respect to which medical improvement is not expected.

''(II) If a child has a disability with respect to which medical improvement is possible, subclause (I) shall be applied by substituting '3 years' for '7 years'.

''(III) If a child has a disability with respect to which medical improvement is expected subclause (I) shall be applied by substituting 'year' for '7 years'.

''(IV) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(2) DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES WHO HAVE RECEIVED SSI BENEFITS FOR 12 MONTHS.—Section 1614(a)(3)(G) (42 U.S.C. 1382c(a)(3)(G)), as amended by paragraph (1) of this subsection, is amended by adding at the end the following:

''(iii)(I) The Commissioner of Social Security shall redetermine the eligibility for benefits under this title by reason of disability of a child whose low birth weight is a contributing factor material to the Commissioner's determination that the child is disabled.

''(II) The redetermination required by subclause (I) shall be conducted once the child has received such benefits for 12 months.

''(III) A redetermination under subclause (I) shall be considered a substitute for a review required under any other provision of this subparagraph.

''(IV) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(3) DISABILITY REVIEW REQUIRED FOR SSI RECIPIENTS WHO ARE 18 YEARS OF AGE.—

(A) IN GENERAL.—Section 1614(a)(3)(G) (42 U.S.C. 1382c(a)(3)(G)), as amended by paragraphs (1) and (2) of this subsection, is amended by adding at the end the following:

''(iv)(I) The Commissioner of Social Security shall redetermine the eligibility of a qualified individual for supplemental security income benefits under this title by reason of disability, by applying the criteria used in determining eligibility for such benefits of applicants who have attained 18 years of age.

''(II) The redetermination required by subclause (I) with respect to a qualified individual shall be conducted during the 1-year period that begins on the date the qualified individual attains 18 years of age.

''(III) As used in this clause, the term 'qualified individual' means an individual who attains 18 years of age and for whom, for the month preceding the month in which the individual attained such age, a determination was in effect that the individual is eligible for benefits under this title by reason of disability.

''(IV) A redetermination under subclause (I) of this clause shall be considered a substitute for a review required under any other provision of this subparagraph.''.

(B) REPORT TO THE CONGRESS.—Not later than October 1, 1998, the Commissioner of Social Security shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the activities conducted under section 1614(a)(3)(G)(iv) of the Social Security Act.

(C) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(4) REVOLVING FUND.—The Secretary of the Treasury shall pay into a revolving fund for each fiscal year an amount equal to 50 percent of the savings resulting from the amendments made by subsection (c) with respect to such fiscal year. Such fund shall be available to the Commissioner of Social Security, without regard to appropriation Acts and without fiscal year limitation, to supplement funds otherwise made available for disability reviews required by the amendments made by this subsection.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits for months

beginning after the date of the enactment of this Act.

SEC. 705. ENCOURAGING MOVEMENT TOWARD INDEPENDENCE.

(a) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following new clause:

''(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

''(I) education and job skills training;

''(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

''(III) appropriate therapy and rehabilitation.''.

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b) is amended—

(A) by striking ''and'' at the end of paragraph (9),

(B) by striking the period at the end of paragraph (10) the first place it appears and inserting a semicolon,

(C) by redesignating paragraph (10) the second place it appears as paragraph (11) and striking the period at the end of such paragraph and inserting ''; and'', and

(D) by inserting after paragraph (11), as so redesignated, the following new paragraph:

''(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

(b) INFORMATION AND REFERRAL SYSTEM.—Section 1631 (42 U.S.C. 1383) is amended by redesignating subsection (n) (relating to notice requirements) as subsection (o) and by adding at the end the following new subsection:

''INFORMATION AND REFERRAL SYSTEM FOR CHILDREN

''(p) The Commissioner of Social Security shall establish or identify a system of information and referral for treatment and services available to children receiving benefits under this title under State and Federal programs.''.

TITLE VIII—FINANCING AND FOOD ASSISTANCE REFORM

Subtitle A—Treatment of Aliens

SEC. 801. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC ASSISTANCE PROGRAMS.

(a) DEFINITION OF ''QUALIFIED ALIEN''.—

(1) IN GENERAL.—Section 1101(a) (42 U.S.C. 1301(a)) is amended by adding at the end the following new paragraph:

''(10) The term 'qualified alien' means an alien—

''(A) who is lawfully admitted for permanent residence within the meaning of section 101(a)(20) of the Immigration and Nationality Act;

''(B) who is admitted as a refugee pursuant to section 207 of such Act;

''(C) who is granted asylum pursuant to section 208 of such Act;

''(D) whose deportation is withheld pursuant to section 243(h) of such Act;

''(E) whose deportation is suspended pursuant to section 244 of such Act;

''(F) who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980;

''(G) who is lawfully admitted for temporary residence pursuant to section 210 or 245A of such Act;

''(H) who is within a class of aliens lawfully present within the United States pursuant to any other provision of such Act, if—

''(i) the Attorney General determines that the continued presence of such class of aliens serves a humanitarian or other compelling public interest, and

''(ii) the Secretary of Health and Human Services determines that such interest would be further served by treating each alien within such class as a 'qualified alien' for purposes of this Act; or

''(I)(i) who is the spouse, or unmarried child under 21 years of age, of a citizen of the United States, or

''(ii)(I) who is the parent of a citizen of the United States who is at least 21 years of age, and

''(II) with respect to whom an application for adjustment to lawful permanent residence is pending, such status not having changed.''.

(2) CONFORMING AMENDMENT.—Section 244A(f)(1) of the Immigration and Nationality Act (8 U.S.C. 1254a(f)(1)) is amended by inserting ''and shall not be considered to be a qualified alien within the meaning of section 1101(a)(10) of the Social Security Act'' before the semicolon.

(b) FEDERAL ASSISTANCE PROGRAMS.—

(1) SUPPLEMENTAL SECURITY INCOME.—Section 1614(a)(1)(B)(i) (42 U.S.C. 1382c(a)(1)(B)(i)) is amended to read as follows:

''(B)(i) is a resident of the United States, and is either (I) a citizen or national of the United States, or (II) a qualified alien (as defined in section 1101(a)(10)), or''.

(2) MEDICAID.—

(A) ELIGIBILITY LIMITATION.—Section 1903(v)(1) (42 U.S.C. 1396b(v)(1)) is amended to read as follows:

''(v)(1) Notwithstanding the preceding provisions of this section and except as provided in paragraph (2)—

''(A) no payment may be made to a State under this section for medical assistance furnished to an

individual who is disqualified from receiving such assistance by reason of section 210(f) or 245A(h) of the Immigration and Nationality Act (8 U.S.C. 1160(f) or 1155a(h)) or any other provision of law, and

''(B) no such payment may be made for medical assistance furnished to an individual unless such individual is—

''(i) a citizen or national of the United States, or

''(ii) a qualified alien (as defined in section 1101(a)(10)).''.

(B) CONFORMING AMENDMENTS.—

(i) Section 1903(v)(2) (42 U.S.C. 1396b(v)(2)) is amended by striking ''alien'' each place it appears and inserting ''individual''.

(ii) Section 1902(a) (42 U.S.C. 1396a(a)) is amended in the last sentence by striking ''alien'' and all that follows to the end period and inserting ''individual who is not (A) a citizen or national of the United States, or (B) a qualified alien (as defined in section 1101(a)(10)) only in accordance with section 1903(v).''.

(iii) Section 1902(b)(3) (42 U.S.C. 1396a(b)(3)) is amended by inserting ''or national'' after ''citizen''.

(c) STATE AND LOCAL PROGRAMS.—A State or political subdivision thereof may provide that an alien is not eligible for any program of cash assistance based on need that is furnished by such State or political subdivision thereof for any month unless such alien is a qualified alien as defined in section 1101(a)(10) of the Social Security Act.

SEC. 802. EXTENSION OF DEEMING OF INCOME AND RESOURCES UNDER TRANSITIONAL AID, SSI, AND FOOD STAMP PROGRAMS.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), in applying sections 410 and 1621 of the Social Security Act and section 5(i) of the Food Stamp Act of 1977, the period in which each respective section otherwise applies with respect to a qualified alien (as defined in section 1101(a)(10) of the Social Security Act shall be extended through the date (if any) on which the alien becomes a citizen of the United States pursuant to chapter 2 of title III of the Immigration and Nationality Act.

(b) EXCEPTIONS.—Subsection (a) shall not apply to a qualified alien if—

(1) the alien has been lawfully admitted to the United States for permanent residence, has attained 75 years of age, and has resided in the United States for at least 5 years;

(2) the alien—

(A) is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge,

(B) is on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) is the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B);

(3) the alien is the subject of domestic violence by the alien's spouse and a divorce between the alien and the alien's spouse has been initiated through the filing of an appropriate action in an appropriate court;

(4) there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters; or

(5) the alien is unable because of physical or developmental disability or mental impairment (including Alzheimer's disease) to comply with the naturalization requirements of section 312(a) of the Immigration and Nationality Act.

(c) HOLD HARMLESS FOR MEDICAID ELIGIBILITY.—Subsection (a) shall not apply with respect to a determination of eligibility for benefits under part A of title IV of the Social Security Act or under the supplemental security income program of title XVI of such Act to the extent such determinations provide for eligibility for medical assistance under title XIX of such Act.

(d) STATE AND LOCAL PROGRAMS.—A State or political subdivision thereof may provide that an alien is not eligible for any program of cash assistance based on need that is furnished by such State or political subdivision thereof for any month if such alien has been determined to be ineligible for such month for benefits under—

(1) the program under part A of title IV of the Social Security Act;

(2) the program of supplemental security income authorized by title XVI of the Social Security Act; or

(3) the Food Stamp Act of 1977;

as a result of this section.

(e) EFFECTIVE DATE.—This section shall apply to benefits payable under the transitional aid program under part A of title IV of the Social Security Act, the program of supplemental security income authorized under title XVI of the Social Security Act, or the Food Stamp Act of 1977, for months beginning after September 30, 1995, on the basis of—

(1) an application filed after such date, or

(2) an application filed on or before such date by or on behalf of an individual subject to the provisions of section 1621(a) or section 410(a) of the Social Security Act or section 5(i)(1) of the Food Stamp Act of 1977 (as the case may be) on such date.

SEC. 803. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Section 213 of the Immigration and Nationality Act (8 U.S.C. 1183) is amended—

(1) in the heading, by striking ''ON GIVING BOND'' and inserting ''UPON PROVISION OF BOND OR GUARANTEE OF FINANCIAL RESPONSIBILITY'';

(2) by designating the existing matter as subsection (a); and

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

''(b)(1) An alien excludable under section 212(a)(4) may, if otherwise admissible, be admitted in the discretion of the Attorney General upon a finding by the Attorney General that—

''(A) the alien has received a guarantee of financial responsibility in such form as may be prescribed pursuant to paragraph (4) and meets the conditions described in paragraph (2); and

''(B) taking into consideration all relevant circumstances, it is reasonable to expect that the sponsor, as defined in paragraph (2)(A), has the financial capacity to meet the obligations of the guarantee.

''(2) A guarantee of financial responsibility for an alien must—

''(A) be signed in the presence of an immigration officer or consular officer (or in the presence of a notary public) by an individual (referred to in this subsection as the 'sponsor') who is—

''(i) 21 years of age or older;

''(ii) of good moral character; and

''(iii) a citizen of the United States or an alien lawfully admitted for permanent residence domiciled in any of the several States of the

United States, the District of Columbia, or any territory or possession of the United States;

''(B) provide that the sponsor enters into a legally binding commitment to furnish to or on behalf of the alien financial support sufficient to meet the alien's basic subsistence needs during the period that begins on the date that the alien acquires the status of an alien lawfully admitted for permanent residence and ends on the earlier of—

''(i) the date the alien becomes a citizen of the United States under chapter 2 of title III;

''(ii) the first date the alien is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge;

''(iii) the first date as of which there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters; or

''(iv) any period in which the alien is—

''(I) on active duty (other than active duty for training) in the Armed Forces of the United States; or

''(II) the spouse or unmarried dependent child of an individual described in clause (ii) or subclause (I) of this clause; and

''(C) contain the sponsor's authorization to the Internal Revenue Service to disclose any tax return information necessary to verify the sponsor's income to the extent necessary to determine the eligibility for benefits under—

''(i) the program under part A of title IV of the Social Security Act;

''(ii) the program of supplemental security income authorized by title XVI of the Social Security Act; or

''(iii) the Food Stamp Act of 1977,

for an alien sponsored by the sponsor.

''(3) Any guarantee of financial support executed on behalf of an alien pursuant to this subsection—

''(A) must be enforceable against the sponsor; and

''(B) may be enforced against the sponsor in a civil suit brought by the alien or by the Federal Gov-

ernment, any State, district, territory, or possession of the United States, or any political subdivision of such State, district, territory, or possession of the United States, which provides benefits to the alien in any court of competent jurisdiction.

''(4) The Secretary of State, the Attorney General, the Secretary of Health and Human Services, the Secretary of Agriculture, and the Commissioner of Social Security, shall jointly establish the form of the guarantee of financial support described in this section.''.

(b) DATE FOR ESTABLISHMENT OF FORM; EFFECTIVE DATE.—

(1) DATE FOR ESTABLISHMENT.—The Secretary of State, the Attorney General, the Secretary of Health and Human Services, the Secretary of Agriculture, and the Commissioner of Social Security shall establish a form for the guarantee of financial support pursuant to section 213(b)(4) (as added by this subsection) not later than 180 days after the date of the enactment of this Act.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the form

for the guarantee of financial support is developed under section 213(b)(4) of the Immigration and Nationality Act (as added by this subsection).

(c) CLERICAL AMENDMENT.—The table of contents of the Immigration and Nationality Act is amended by amending the item relating to section 213 to read as follows:

''Sec. 213. Admission of certain aliens upon provision of bond or guarantee of financial responsibility.''.

SEC. 804. EXTENDING REQUIREMENT FOR AFFIDAVITS OF SUPPORT TO FAMILY-RELATED AND DIVERSITY IMMIGRANTS.

(a) IN GENERAL.—Section 212(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(4)) is amended to read as follows:

''(4) PUBLIC CHARGE AND AFFIDAVITS OF SUPPORT.—

''(A) PUBLIC CHARGE.—Any alien who, in the opinion of the consular officer at the time of application for a visa, or in the opinion of the Attorney General at the time of application for admission or adjustment of status, is likely at any time to become a public charge is excludable.

''(B) AFFIDAVITS OF SUPPORT.—Any immigrant who seeks admission or adjustment of

status as any of the following is excludable unless there has been executed with respect to the immigrant an affidavit of support pursuant to section 213(b):

''(i) As an immediate relative (under section 201(b)(2)).

''(ii) As a family-sponsored immigrant under section 203(a) (or as the spouse or child under section 203(d) of such immigrant).

''(iii) As the spouse or child (under section 203(d)) of an employment-based immigrant under section 203(b).

''(iv) As a diversity immigrant under section 203(c) (or as the spouse or child under section 203(d) of such an immigrant).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to aliens with respect to whom an immigrant visa is issued (or adjustment of status is granted) after the date specified by the Attorney General under section 803(b)(2).

Subtitle B—Revenue Provision

SEC. 811. EARNED INCOME TAX CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.

(a) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income tax credit) is amended by adding at the end the following new subparagraph:

''(F) IDENTIFICATION NUMBER REQUIREMENT.—The term 'eligible individual' does not include any individual who does not include on the return of tax for the taxable year—

''(i) such individual's taxpayer identification number, and

''(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual's spouse.''

(b) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

''(k) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number issued to an individual by the Social Security Administra-

tion (other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).''

(c) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended by striking ''and'' at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting '', and'', and by inserting after subparagraph (E) the following new subparagraph:

''(F) an omission of a correct taxpayer identification number required under section 32 (relating to the earned income tax credit) to be included on a return.''

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

Subtitle C—Food Assistance Provisions

SEC. 821. MANDATORY CLAIMS COLLECTION METHODS.

(a) Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by inserting ''or refunds of Federal taxes as authorized pursuant to section 3720A

of title 31, United States Code'' before the semicolon at the end.

(b) Section 13(d) of the Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amended—

(1) by striking ''may'' and inserting ''shall''; and

(2) by inserting ''or refunds of Federal taxes as authorized pursuant to section 3720A of title 31, United States Code'' before the period at the end.

(c) Section 6103(*l*) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(*l*)) is amended—

(1) by striking ''officers and employees'' in paragraph (10)(A) and inserting ''officers, employees or agents, including State agencies''; and

(2) by striking ''officers and employees'' in paragraph (10)(B) and inserting ''officers, employees or agents, including State agencies''.

SEC. 822. REDUCTION OF BASIC BENEFIT LEVEL.

The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking ''and (11)'' and inserting ''(11)'';

(2) in paragraph (11), by inserting ''through October 1, 1994'' after ''each October 1 thereafter''; and

(3) by inserting before the period at the end the following: ‘‘, and (12) on October 1, 1995, and on each October 1 thereafter, adjust the cost of such diet to reflect 100 percent of the cost, in the preceding June (without regard to any previous adjustment made under this paragraph or paragraphs (4) through (11)) and round the result to the nearest lower dollar increment for each household size’’.

SEC. 823. PRORATING BENEFITS AFTER INTERRUPTIONS IN PARTICIPATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking ‘‘of more than one month’’.

SEC. 824. WORK REQUIREMENT FOR ABLE-BODIED RECIPIENTS.

(a) WORK REQUIREMENT.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by adding at the end the following:

‘‘(5)(A) Except as provided in subparagraphs (B), (C), and (D), an individual who has received an allotment for 6 consecutive months during which such individual has not been employed a minimum of an average of 20 hours per week shall be disqualified if such individual is not employed at least an average of 20 hours per week, participating in a workfare program under section 20 (or a com-

parable State or local workfare program), or participating in and complying with the requirements of an approved employment and training program under paragraph (4).

''(B) The provisions of subparagraph (A) shall not apply in the case of an individual who—

''(i) is under 18 or over 50 years of age;

''(ii) is certified by a physician as physically or mentally unfit for employment;

''(iii) is a parent or other member of a household that includes a minor child;

''(iv) is participating a minimum of an average of 20 hours per week and is in compliance with the requirements of—

''(I) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

''(II) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

''(III) another program for the purpose of employment and training operated by a State or local government, as determined appropriate by the Secretary; or

''(v) would otherwise be exempt under paragraph (2).

''(C) The Secretary may waive the requirements of subparagraph (A) in the case of some or all individuals

within all or part of a State if the Secretary finds that such area—

''(i) has an unemployment rate of over 7 percent; or

''(ii) does not have a sufficient number of jobs to provide employment for individuals subject to this paragraph.

The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the basis on which the Secretary made this decision.

''(D) An individual who has been disqualified from the food stamp program by reason of subparagraph (A) may reestablish eligibility for assistance—

''(i) by meeting the requirements of subparagraph (A);

''(ii) by becoming exempt under subparagraph (B); or

''(iii) if the Secretary grants a waiver under subparagraph (C).

''(E) A household (as defined in section 3(i)) that includes an individual who is not exempt under paragraph (2) and who refuses to work, refuses to look for work, turns down a job, or refuses to participate in the State program if the State places the individual in such program

shall be ineligible to receive food stamp benefits. The State agency shall reduce, by such amount the State considers appropriate, the amount otherwise payable to a household that includes an individual who fails without good cause to comply with other requirements of the WAGE Plan signed by the individual.

''(F) The State agency shall make an initial assessment of the skills, prior work experience, and employability of each participant not exempted under subparagraph (B) within 6 months of initial certification. The State agency shall use such assessment, in consultation with the program participant, to develop a WAGE Plan for the participant. Such plan—

''(i) shall provide that participation in food stamp employment and training activities shall be a condition of eligibility for food stamp benefits, except during any period during which the individual is employed in full-time unsubsidized employment in the private sector;

''(ii) shall establish an employment goal and a plan for moving the individual into private sector employment immediately;

''(iii) shall establish the obligations of the individual, which shall include actions that will help the

individual obtain and keep private sector employment; and

''(iv) may require that the individual enter the State program approved under part F of title IV of the Social Security Act if the caseworker determines that the individual will need education, training, job placement assistance, wage enhancement, or other services to obtain private sector employment.''.

(b) ENHANCED EMPLOYMENT AND TRAINING PROGRAM.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025 (h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''$75,000,000'' and inserting ''$150,000,000''; and

(B) by striking ''1991 through 1995'' and inserting ''1996 through 2000'';

(2) by striking subparagraphs (B), (C), (E) and (F) and redesignating subparagraph (D) as subparagraph (B); and

(3) in subparagraph (B) (as so redesignated), by striking ''for each'' and all that follows through ''of $60,000,000'' and inserting ''the Secretary shall allocate funding''.

(c) REQUIRED PARTICIPATION IN WORK AND TRAINING PROGRAMS.—Section 6(d)(4) of the Food Stamp Act

of 1977 (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

''(O) The State agency shall provide an opportunity to participate in the employment and training program under this paragraph to any individual who would otherwise become subject to disqualification under paragraph (5)(A).''.

(d) COORDINATING WORK REQUIREMENTS IN TRANSITIONAL AID AND FOOD STAMP PROGRAMS.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)), as amended by subsection (c), is amended by adding at the end the following:

''(P)(i) Notwithstanding any other provision of this paragraph, a State agency that meets the participation requirements of clause (ii) may operate the employment and training program of the State for individuals who are members of households receiving allotments under this Act as part of its WAGE Program under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.), except that sections 487(b) and 489(a)(4) shall not apply to any month during which the individual participates in such program while not receiving income under part A of subtitle IV of the Social Security Act (42 U.S.C. 601 et seq.). If a State agency exercises the option provided under this clause, the operation of the program shall be subject to

the requirements of such part F, except that any reference to 'transitional aid to families with needy children' in such part shall be deemed a reference to food stamp allotments for purposes of any person not receiving income under such part A.

''(ii) A State agency may exercise the option provided under clause (i) if the State agency provides an individual who is subject to the requirements of paragraph (5) who is not employed at least an average of 20 hours per week or participating in a workfare program under section 20 (or a comparable State or local program) with the opportunity to participate in an approved employment and training program. A State agency shall be considered to have complied with the requirements of this subparagraph in any area for which a waiver under paragraph (5)(4)(C) is in effect.''.

SEC. 825. EXTENDING CURRENT CLAIMS RETENTION RATES.

Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking ''September 30, 1995'' each place it appears and inserting ''September 30, 2002''.

SEC. 826. TWO-YEAR FREEZE OF STANDARD DEDUCTION.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended in the second sentence by in-

serting ''except October 1, 1995 and October 1, 1996'' after ''thereafter''.

SEC. 827. NUTRITION ASSISTANCE FOR PUERTO RICO.

Section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended—

(1) by striking ''1994, and'' and inserting ''1994,''; and

(2) by inserting ''and $1,143,000,000 for fiscal year 1996,'' before ''to finance''.

SEC. 828. REPEAL OF SPECIAL RULE FOR PERSONS WHO DO NOT PURCHASE AND PREPARE FOOD SEPARATELY.

(a) REPEALER.—Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking the third sentence.

(b) CONFORMING AMENDMENT.—Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking '', 16(e)(1), and the third sentence of section 3(i)'' and inserting ''and 16(e)(1)''.

SEC. 829. EARNINGS OF CERTAIN HIGH SCHOOL STUDENTS COUNTED AS INCOME.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking ''21'' and inserting ''18''.

SEC. 830. ENERGY ASSISTANCE COUNTED AS INCOME.

(a) LIMITING EXCLUSION.—Section 5(d)(11) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(11)) is amended—

(1) by striking ''(A) under any Federal law, or (B)''; and

(2) by inserting before the comma at the end the following: '', except that no benefits provided under the State program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall be excluded under this clause''.

(b) CONFORMING AMENDMENTS.—

(1) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking sentences nine through twelve.

(2) Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) is amended by striking subparagraph (C) and redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively.

SEC. 831. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)), as amended by section 830(b)(2), is amended—

(1) by striking subparagraph (F); and

(2) by redesignating subparagraphs (G) and (H) as subparagraphs (F) and (G), respectively.

SEC. 832. DENIAL OF FOOD STAMP BENEFITS FOR 10 YEARS TO CERTAIN INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE TO OBTAIN BENEFITS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by adding at the end the following:

''(i) An individual shall be ineligible to participate in the food stamp program as a member of any household during the 10-year period beginning on the date the individual is found by a State to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits simultaneously from 2 or more States under the food stamp program or under programs that are funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), under title XIX of such Act (42 U.S.C. 1396 et seq.), or under the supplemental security income program under title XVI of such Act (42 U.S.C. 1381 et seq.).''.

SEC. 833. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 833, is amended by adding at the end the following:

''(j) A State plan under section 11 may provide that no individual is eligible to participate in the food stamp program as a member of any household during any period such individual has a payment overdue that is both—

''(1) under a court order for the support of a child of such individual; and

''(2) not included in a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) with which the individual is in current compliance.''.

SEC. 834. LIMITING ADJUSTMENT OF MINIMUM BENEFIT.

Section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking ''nearest $5'' and inserting ''nearest $10''.

SEC. 835. PENALTY FOR FAILURE TO COMPLY WITH WORK REQUIREMENTS OF OTHER PROGRAMS.

Section 8(d) of the Food Stamp Act of 1977 (7 U.S.C. 2017(d)) is amended—

(1) by inserting ''or any work requirement under such program'' after ''assistance program''; and

(2) by inserting at the end ''The State agency may impose the same penalty on a household for such failure to comply with a work requirement in the program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that is imposed under such part.''

SEC. 836. RESUMPTION OF DISCRETIONARY FUNDING FOR NUTRITION EDUCATION AND TRAINING PROGRAM.

Section 19(i)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended—

(1) by striking ''Out of'' and all that follows through ''and $10,000,000'' and inserting ''To carry out the provisions of this section, there is hereby authorized to be appropriated not to exceed $10,000,000''; and

(2) by striking the last sentence.

SEC. 837. IMPROVEMENT OF CHILD AND ADULT CARE FOOD PROGRAM OPERATED UNDER THE NATIONAL SCHOOL LUNCH ACT.

(a) IN GENERAL.—Section 17(f)(3)(A) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(A)) is amended to read as follows:

''(A)(i) Institutions that participate in the program under this section as family or group day care home sponsoring organizations shall be provided, for payment to such homes, the reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs, involved in providing meals under this section.

''(ii)(I) A low- or moderate-income family or group day care home shall be provided the reimbursement factors without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subparagraph for meals or supplements served to the children of a person acting as a family or group day care home provider unless such children meet the eligibility standards for free or reduced price meals under section 9 of this Act. The reimbursement factors applied to such a home shall be the factors in effect on the date of the enactment of the Work and Gainful Employment Act. The reimbursement factors under this subparagraph shall be adjusted on July 1 of

each year to reflect changes in the Consumer Price Index for food away from home for the most recent 12-month period for which such data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest one-fourth cent.

''(II) For purposes of this clause, the term 'low- or moderate-income family or group day care home' means—

''(aa) a family or group day care home that is located in a census tract area in which at least 50 percent of the children residing in such area are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9 of this Act, as determined by the family or group day care home sponsoring organization using census tract data provided to such organization by the State agency in accordance with subparagraph (B)(i);

''(bb) a family or group day care home that is located in an area served by a school in which at least 50 percent of the total number of children enrolled are certified to receive free or reduced price meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), as determined by the family or group day care home sponsoring organization using data provided to such organization by the

State agency in accordance with subparagraph (B)(ii); or

''(cc) a family or group day care home that is operated by a provider whose household meets the eligibility standards for free or reduced price meals under section 9 of this Act.

''(iii)(I) Except as provided for in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(II), the reimbursement factors shall be—

''(aa) $1.00 for lunches and suppers;

''(bb) $.40 for breakfasts; and

''(cc) $.20 for supplements.

Such factors shall be adjusted on July 1, 1997, and each July 1 thereafter to reflect changes in the Consumer Price Index for food away from home for the most recent 12-month period for which such data are available. The reimbursement factors under this clause shall be rounded to the nearest one-fourth cent. A family or group day care home shall be provided a reimbursement factor under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this clause for meals or supplements served to the children of a person acting as a family

or group day care home provider unless such children meet the eligibility standards for free or reduced price meals under section 9 of this Act.

''(II) A family or group day care home that does not meet the criteria set forth in clause (ii)(II), may elect to be provided a reimbursement factor determined in accordance with the following requirements:

''(aa) With respect to meals or supplements served under this subsection to children who are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9 of this Act, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with subclause (ii)(I).

''(bb) With respect to meals or supplements served under this subsection to children who are members of households whose incomes do not meet such eligibility standards, the family or group day care home shall be provided a reimbursement factor in accordance with subclause (I).

''(III) A family or group day care home electing to use the procedures under subclause (II) may consider a child with a parent participating in the WAGE program established under part F of title IV of the Social Security

Act or a State child care program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 of this Act, to be a child who is a member of a household whose income meets the eligibility standards under section 9 of this Act. A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(I) solely for such children if it does not wish to have income statements collected from parents.

''(IV) The Secretary shall prescribe simplified meal counting and reporting procedures for use by family and group day care homes that elect to use the procedures under subclause (II) and by family and group day care home sponsoring organizations that serve such homes. Such procedures may include the following:

''(aa) Setting an annual percentage for each such home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(I) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(I), based on the incomes of children enrolled in the home in a specified month or other period.

''(bb) Setting blended reimbursement factors for a home annually based on the incomes of children enrolled in the home in a specified month or period.

''(cc) Placing a home into one of several reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the eligibility standards under section 9 of this Act.

''(dd) Such other simplified procedures as the Secretary may prescribe.''.

(b) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of such Act (42 U.S.C. 1766(f)(3)) is amended—

(1) by redesignating subparagraphs (B) and (C) as subparagraphs (D) and (E), respectively; and

(2) by inserting after subparagraph (A) (as amended by subsection (a)) the following new subparagraph:

''(B)(i) The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census for which such data are available showing which census tracts in the State meet the requirements of subparagraph (A)(ii)(II)(aa). The State agency shall provide

such data to family or group day care home sponsoring organizations located in the State.

''(ii) Each State agency administering a child and adult care food program under this section shall annually provide to family or group day care home sponsoring organizations located in the State a list of all schools in the State in which at least 50 percent of the children are enrolled and certified to receive free or reduced price meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.). The Secretary shall direct State agencies administering the school lunch program under this Act and the school breakfast program under the Child Nutrition Act of 1966 to collect this information annually and to provide it on a timely basis to the State agency administering the program under this section.''.

(c) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of such Act (42 U.S.C. 1766(f)(3)) is amended by inserting after subparagraph (B) (as added by subsection (b)(2)) the following new subparagraph:

''(C)(i) From amounts appropriated to carry out this section, the Secretary shall reserve $2,000,000 in fiscal year 1996 and $5,000,000 in fiscal year 1997 to provide grants to States for the purpose of providing grants to family and day care home sponsoring organizations and

other appropriate organizations to secure and provide training, materials, automated data processing assistance, and other assistance for the staff of such sponsoring organizations and for family and group day care homes in order to assist in the implementation of the requirements contained in subparagraph (A).

''(ii) From amounts appropriated to carry out this section, the Secretary shall reserve $5,000,000 in fiscal year 1998 and in each fiscal year thereafter to provide grants to States for the purpose of making grants to family or group day care home sponsoring organizations and other appropriate organizations to assist low- or moderate-income family or group day care homes (as such term is defined in subparagraph (A)(ii)(II)) to become licensed or registered for the program under this section or overcome other barriers to the program.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall take effect on July 1, 1996.

(2) GRANTS TO STATES.—The amendment made by subsection (c) shall take effect on the date of the enactment of this Act.

Subtitle D—Supplemental Security Income

SEC. 841. VERIFICATION OF ELIGIBILITY FOR CERTAIN SSI DISABILITY BENEFITS.

Section 1631 (42 U.S.C. 1383) is amended by adding at the end the following new subsection:

''(o)(1) Notwithstanding any other provision of law, if the Commissioner of Social Security determines that an individual, who is 18 years of age or older, is eligible to receive benefits pursuant to section 1614(a)(3), the Commissioner shall, at the time of the determination, either exempt the individual from an eligibility review or establish a schedule for reviewing the individual's continuing eligibility in accordance with paragraph (2).

''(2)(A) The Commissioner shall establish a periodic review with respect to the continuing eligibility of an individual to receive benefits, unless the individual is exempt from review under subparagraph (C) or is subject to a scheduled review under subparagraph (B). A periodic review under this subparagraph shall be initiated by the Commissioner not later than 30 months after the date a determination is made that the individual is eligible for benefits and every 30 months thereafter, unless a waiver is granted under section 221(i)(2). However, the Commissioner shall not postpone the initiation of a periodic review

for more than 12 months in any case in which such waiver has been granted unless exigent circumstances require such postponement.

''(B)(i) In the case of an individual, other than an individual who is exempt from review under subparagraph (C) or with respect to whom subparagraph (A) applies, the Commissioner shall schedule a review regarding the individual's continuing eligibility to receive benefits at any time the Commissioner determines, based on the evidence available, that there is a significant possibility that the individual may cease to be entitled to such benefits.

''(ii) The Commissioner may establish classifications of individuals for whom a review of continuing eligibility is scheduled based on the impairments that are the basis for such individuals' eligibility for benefits. A review of an individual covered by a classification shall be scheduled in accordance with the applicable classification, unless the Commissioner determines that applying such schedule is inconsistent with the purpose of this Act or the integrity of the supplemental security income program.

''(C)(i) The Commissioner may exempt an individual from review under this subsection, if the individual's eligibility for benefits is based on a condition that, as a practical matter, has no substantial likelihood of improving to

a point where the individual will be able to perform substantial gainful activity.

''(ii) The Commissioner may establish classifications of individuals who are exempt from review under this subsection based on the impairments that are the basis for such individuals' eligibility for benefits. Notwithstanding any such classification, the Commissioner may, at the time of determining an individual's eligibility, schedule a review of such individual's continuing eligibility if the Commissioner determines that a review is necessary to preserve the integrity of the supplemental security income program.

''(3) The Commissioner may revise a determination made under paragraph (1) and schedule a review under paragraph (2)(B), if the Commissioner obtains credible evidence that an individual may no longer be eligible for benefits or the Commissioner determines that a review is necessary to maintain the integrity of the supplemental security income program. Information obtained under section 1137 may be used as the basis to schedule a review.

''(4)(i) The requirements of sections 1614(a)(4) and 1633 shall apply to reviews conducted under this subsection.

''(ii) Such reviews may be conducted by the applicable State agency or the Commissioner, whichever is appropriate.''.

SEC. 842. NONPAYMENT OF SSI DISABILITY BENEFITS TO SUBSTANCE ABUSERS.

(a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended by adding at the end the following new subparagraph:

"(I) Notwithstanding subparagraph (A), an individual shall not be considered disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.".

(b) ADDITIONAL ELIGIBILITY REQUIREMENTS.—Section 1611(e)(3)(A) (42 U.S.C. 1382(e)(3)(A)) is amended—

(1) in clause (i), by striking subclause (I) and inserting the following new subclause:

"(I) In the case of any individual who is eligible for benefits under this title by reason of disability for the month in which the Work and Gainful Employment Act becomes effective, whose alcoholism or drug addiction was a contributing factor material to the Commissioner's determination that such individual is disabled, whose

benefits are terminated as a result of section 1614(a)(3)(I), and who subsequently becomes re-eligible for benefits under this title based on a disability, such individual shall comply with the provisions of this subparagraph. In any case in which an individual is required to comply with the provisions of this subparagraph, the Commissioner shall include in the individual's notification of such eligibility a notice informing the individual of such requirement.''; and

(2) in clause (vi)—

(A) in subclause (I), by striking ''who is eligible for benefits'' through ''is disabled,'' and inserting ''described in clause (i),'';

(B) in subclause (V), by striking ''or (v)''; and

(C) by redesignating clause (vi) as clause (v).

(c) CONFORMING AMENDMENTS.—

(1) Section 1611(e)(3)(B)(iii)(II)(aa) (42 U.S.C. 1382(e)(3)(B)(iii)(II)(aa)) is amended by striking ''with respect to whom'' through ''they are

disabled'' and inserting ''described in subparagraph (A)(i)''.

(2) Section 201(b)(3) of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 425 note) is amended by striking subparagraph (C).

(d) MEDICAID BENEFITS.—Section 1634(e) (42 U.S.C. 1383c(e)) is amended—

(1) by striking ''or (v)'';

(2) by inserting ''(1)'' after ''(e)''; and

(3) by inserting at the end thereof:

''(2) Each person who is eligible for benefits under this title by reason of disability for the month in which the Work and Gainful Employment Act becomes effective and whose benefits are terminated as a result of section 1614(a)(3)(I) shall be deemed to be receiving such benefits for purposes of title XIX.''.

(e) PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—

(1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C. 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

''(II) In the case of an individual described in section 1611(e)(3)(A)(i)(I), the payment of

benefits under this title by reason of disability to a representative payee shall be deemed to serve the interest of the individual under this title. In any case in which payment is so deemed under this subclause to serve the interest of an individual, the Commissioner shall include, in the individual's notification of such eligibility, a notice that the Commissioner is required by the Social Security Act to pay the individual's benefits to a representative payee.''.

(2) Section 1631(a)(2)(B)(vii) (42 U.S.C. 1383(a)(2)(B)(vii)) is amended by striking '', if alcoholism'' through ''individual is disabled'' and inserting in lieu thereof ''who is described in section 1611(e)(3)(A)(i)(I)''.

(3) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking ''alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is disabled'' and inserting ''who is described in section 1611(e)(3)(A)(i)(I)''.

TITLE IX—LEGISLATIVE PROPOSALS; EFFECTIVE DATE

SEC. 901. SECRETARIAL SUBMISSION.

The Secretary of Health and Human Services shall, within 90 days after the date of the enactment of this Act, submit to the appropriate committees of the Congress, a legislative proposal providing such technical and conforming amendments in the law as are required by the provisions of this Act.

SEC. 902. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise specifically provided in this Act, this Act and the amendments made by this shall be effective with respect to calendar quarters beginning on or after October 1, 1995.

(b) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the additional requirements imposed by this Act or the amendments made by this Act, the State shall not be regarded as failing to comply with such requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of this subsection, in the case of a State that has a 2-year legislative session,

1 each year of the session shall be treated as a separate reg-
2 ular session of the State legislature.

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