

107TH CONGRESS
1ST SESSION

S. 685

To amend title IV of the Social Security Act to strengthen working families,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 3, 2001

Mr. BAYH (for himself, Ms. SNOWE, Mr. GRAHAM, Mr. LIEBERMAN, Mrs. LINCOLN, Ms. LANDRIEU, Mr. KOHL, Mr. JOHNSON, Mr. BREAUX, Mr. ROCKEFELLER, Mrs. CLINTON, and Mr. CARPER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title IV of the Social Security Act to strengthen
working families, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Strengthening Working Families Act of 2001”.

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

Sec. 1. Short title; table of contents.

TITLE I—PROMOTING RESPONSIBLE FATHERHOOD

- Sec. 101. Block grants to States to encourage media campaigns.
- Sec. 102. Responsible fatherhood block grant.
- Sec. 103. National clearinghouse for responsible fatherhood programs.

TITLE II—CHILD SUPPORT DISTRIBUTION TO FAMILIES FIRST

Subtitle A—Distribution of Child Support

- Sec. 201. Distribution of child support collected by States on behalf of children receiving certain welfare benefits.

Subtitle B—Demonstrations of Expanded Information and Enforcement

- Sec. 211. Guidelines for involvement of public non-IV-D child support enforcement agencies in child support enforcement.
- Sec. 212. Demonstrations involving establishment and enforcement of child support obligations by public non-IV-D child support enforcement agencies.
- Sec. 213. GAO report to Congress on private child support enforcement agencies.
- Sec. 214. Effective date.

Subtitle C—Expanded Enforcement

- Sec. 221. Decrease in amount of child support arrearage triggering passport denial.
- Sec. 222. Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors.
- Sec. 223. Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce child support obligations.

Subtitle D—Miscellaneous

- Sec. 231. Technical correction to changed dates for abstinence evaluation.
- Sec. 232. Report on undistributed child support payments.
- Sec. 233. Use of new hire information to assist in administration of unemployment compensation programs.
- Sec. 234. Immigration provisions.
- Sec. 235. Correction of errors in conforming amendments in the Welfare-to-Work and Child Support Amendments of 1999.
- Sec. 236. Increase in payment rate to States for expenditures for short-term training of staff of certain child welfare agencies.

Subtitle E—Effective Date

- Sec. 241. Effective date.

TITLE III—EARNED INCOME TAX CREDIT EXPANSION FOR LARGER FAMILIES

- Sec. 301. Increased earned income tax credit for families with qualifying children.
- Sec. 302. Simplification of definition of earned income.
- Sec. 303. Simplification of definition of child dependent.
- Sec. 304. Other modifications to earned income tax credit.

TITLE IV—RESTORATION OF SOCIAL SERVICES BLOCK GRANT

Sec. 401. Restoration of authority to transfer up to 10 percent of TANF funds to the Social Services Block Grant.

Sec. 402. Restoration of funds for the Social Services Block Grant.

Sec. 403. Requirement to submit annual report on State activities.

TITLE V—ENCOURAGING EMPLOYER SPONSORED CHILD CARE

Sec. 501. Allowance of credit for employer expenses for child care assistance.

TITLE VI—CHILD WELFARE

Sec. 601. Strong families, safe children.

Sec. 602. Expansion of John H. Chafee Foster Care Independence Program.

Sec. 603. Elimination of opt-out provision for State requirement to conduct criminal background check on prospective foster or adoptive parents.

1 **TITLE I—PROMOTING**
 2 **RESPONSIBLE FATHERHOOD**
 3 **SEC. 101. BLOCK GRANTS TO STATES TO ENCOURAGE**
 4 **MEDIA CAMPAIGNS.**

5 (a) IN GENERAL.—Part D of title IV of the Social
 6 Security Act (42 U.S.C. 651 et seq.) is amended by adding
 7 at the end the following:

8 **“SEC. 469C. BLOCK GRANTS TO STATES FOR MEDIA CAM-**
 9 **PAIGNS PROMOTING RESPONSIBLE FATHER-**
 10 **HOOD.**

11 “(a) DEFINITIONS.—In this section:

12 “(1) BROADCAST ADVERTISEMENT.—The term
 13 ‘broadcast advertisement’ means a communication
 14 intended to be aired by a television or radio broad-
 15 cast station, including a communication intended to
 16 be transmitted through a cable channel.

1 “(2) CHILD AT RISK.—The term ‘child at risk’
2 means each young child whose family income does
3 not exceed the poverty line.

4 “(3) POVERTY LINE.—The term ‘poverty line’
5 has the meaning given such term in section 673(2)
6 of the Omnibus Budget Reconciliation Act of 1981
7 (including any revision required by such section)
8 that is applicable to a family of the size involved.

9 “(4) PRINTED OR OTHER ADVERTISEMENT.—
10 The term ‘printed or other advertisement’ includes
11 any communication intended to be distributed
12 through a newspaper, magazine, outdoor advertising
13 facility, mailing, or any other type of general public
14 advertising, but does not include any broadcast ad-
15 vertisement.

16 “(5) STATE.—The term ‘State’ means each of
17 the 50 States, the District of Columbia, the Com-
18 monwealth of Puerto Rico, the United States Virgin
19 Islands, Guam, American Samoa, and the Common-
20 wealth of the Northern Mariana Islands.

21 “(6) YOUNG CHILD.—The term ‘young child’
22 means an individual under age 5.

23 “(b) STATE CERTIFICATIONS.—Not later than Octo-
24 ber 1 of each fiscal year for which a State desires to re-
25 ceive an allotment under this section, the chief executive

1 officer of the State shall submit to the Secretary a certifi-
2 cation that the State will—

3 “(1) use such funds to promote the formation
4 and maintenance of married 2-parent families,
5 strengthen fragile families, and promote responsible
6 fatherhood through media campaigns conducted in
7 accordance with the requirements of subsection (d);

8 “(2) return any unused funds to the Secretary
9 in accordance with the reconciliation process under
10 subsection (e); and

11 “(3) comply with the reporting requirements
12 under subsection (f).

13 “(c) PAYMENTS TO STATES.—For each of fiscal years
14 2002 through 2006, the Secretary shall pay to each State
15 that submits a certification under subsection (b), from any
16 funds appropriated under subsection (h), for the fiscal
17 year an amount equal to the amount of the allotment de-
18 termined for the fiscal year under subsection (g).

19 “(d) ESTABLISHMENT OF MEDIA CAMPAIGNS.—Each
20 State receiving an allotment under this section for a fiscal
21 year shall use the allotment to conduct media campaigns
22 as follows:

23 “(1) CONDUCT OF MEDIA CAMPAIGNS.—

24 “(A) RADIO AND TELEVISION MEDIA CAM-
25 PAIGNS.—

1 “(i) PRODUCTION OF BROADCAST AD-
2 VERTISEMENTS.—At the option of the
3 State, to produce broadcast advertisements
4 that promote the formation and mainte-
5 nance of married 2-parent families,
6 strengthen fragile families, and promote
7 responsible fatherhood.

8 “(ii) AIR TIME CHALLENGE PRO-
9 GRAM.—At the option of the State, to es-
10 tablish an air time challenge program
11 under which the State may spend amounts
12 allotted under this section to purchase time
13 from a broadcast station to air a broadcast
14 advertisement produced under subpara-
15 graph (A), but only if the State obtains an
16 amount of time of the same class and dur-
17 ing a comparable period to air the adver-
18 tisement using non-Federal contributions.

19 “(B) OTHER MEDIA CAMPAIGNS.—At the
20 option of the State, to conduct a media cam-
21 paign that consists of the production and dis-
22 tribution of printed or other advertisements
23 that promote the formation and maintenance of
24 married 2-parent families, strengthen fragile
25 families, and promote responsible fatherhood.

1 “(2) ADMINISTRATION OF MEDIA CAMPAIGNS.—
2 A State may administer media campaigns funded
3 under this section directly or through grants, con-
4 tracts, or cooperative agreements with public agen-
5 cies, local governments, or private entities, including
6 charitable and religious organizations.

7 “(3) CONSULTATION WITH DOMESTIC VIO-
8 LENCE ASSISTANCE CENTERS.—In developing broad-
9 cast and printed advertisements to be used in the
10 media campaigns conducted under paragraph (1),
11 the State or other entity administering the campaign
12 shall consult with representatives of State and local
13 domestic violence centers.

14 “(4) NON-FEDERAL CONTRIBUTIONS.—In this
15 subsection, the term ‘non-Federal contributions’ in-
16 cludes contributions by the State and by public and
17 private entities. Such contributions may be in cash
18 or in kind. Such term does not include any amounts
19 provided by the Federal Government, or services as-
20 sisted or subsidized to any significant extent by the
21 Federal Government, or any amount expended by a
22 State before October 1, 2002.

23 “(e) RECONCILIATION PROCESS.—

24 “(1) 3-YEAR AVAILABILITY OF AMOUNTS AL-
25 LOTTED.—Each State that receives an allotment

1 under this section shall return to the Secretary any
2 unused portion of the amount allotted to a State
3 under this section for a fiscal year not later than the
4 last day of the second succeeding fiscal year together
5 with any earnings on such unused portion.

6 “(2) PROCEDURE FOR REDISTRIBUTION OF UN-
7 USED ALLOTMENTS.—The Secretary shall establish
8 an appropriate procedure for redistributing to States
9 that have expended the entire amount allotted under
10 this section any amount that is—

11 “(A) returned to the Secretary by States
12 under paragraph (1); or

13 “(B) not allotted to a State under this sec-
14 tion because the State did not submit a certifi-
15 cation under subsection (b) by October 1 of a
16 fiscal year.

17 “(f) REPORTING REQUIREMENTS.—

18 “(1) MONITORING AND EVALUATION.—Each
19 State receiving an allotment under this section for a
20 fiscal year shall monitor and evaluate the media
21 campaigns conducted using funds made available
22 under this section in such manner as the Secretary,
23 in consultation with the States, determines appro-
24 priate.

1 “(2) ANNUAL REPORTS.—Not less frequently
2 than annually, each State receiving an allotment
3 under this section for a fiscal year shall submit to
4 the Secretary reports on the media campaigns con-
5 ducted under this section at such time, in such man-
6 ner, and containing such information as the Sec-
7 retary may require.

8 “(g) AMOUNT OF ALLOTMENTS.—

9 “(1) IN GENERAL.—Except as provided in para-
10 graph (2), of the amount appropriated for the pur-
11 pose of making allotments under this section for a
12 fiscal year, the Secretary shall allot to each State
13 that submits a certification under subsection (b) for
14 the fiscal year an amount equal to the sum of—

15 “(A) the amount that bears the same ratio
16 to 50 percent of such funds as the number of
17 young children in the State (as determined by
18 the Secretary based on the most recent March
19 supplement to the Current Population Survey
20 of the Bureau of the Census before the begin-
21 ning of the calendar year in which such fiscal
22 year begins) as bears to the number of such
23 children in all States; and

24 “(B) the amount that bears the same ratio
25 to 50 percent of such funds as the number of

1 children at risk in the State (as determined by
2 the Secretary based on the most recent March
3 supplement to the Current Population Survey
4 of the Bureau of the Census before the begin-
5 ning of the calendar year in which such fiscal
6 year begins) bears to the number of such chil-
7 dren in all States.

8 “(2) MINIMUM ALLOTMENTS.—No allotment
9 for a fiscal year under this section shall be less
10 than—

11 “(A) in the case of a State other than the
12 Commonwealth of Puerto Rico, the United
13 States Virgin Islands, Guam, American Samoa,
14 and the Commonwealth of the Northern Mar-
15 iana Islands, 1 percent of the amount appro-
16 priated for the fiscal year under subsection (h);
17 and

18 “(B) in the case of the Commonwealth of
19 Puerto Rico, the United States Virgin Islands,
20 Guam, American Samoa, and the Common-
21 wealth of the Northern Mariana Islands, 0.5
22 percent of such amount.

23 “(3) PRO RATA REDUCTIONS.—The Secretary
24 shall make such pro rata reductions to the allot-
25 ments determined under paragraph (1) as are nec-

1 essary to comply with the requirements of paragraph
2 (2).

3 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
4 is authorized to be appropriated \$25,000,000 for each of
5 fiscal years 2002 through 2006 for purposes of making
6 allotments to States under this section.”.

7 (b) EVALUATION.—

8 (1) IN GENERAL.—The Secretary of Health and
9 Human Services shall conduct an evaluation of the
10 impact of the media campaigns funded under section
11 469C of the Social Security Act, as added by sub-
12 section (a).

13 (2) REPORT.—Not later than December 31,
14 2004, the Secretary of Health and Human Services
15 shall report to Congress the results of the evaluation
16 under paragraph (1).

17 (3) AUTHORIZATION OF APPROPRIATIONS.—
18 There is authorized to be appropriated \$1,000,000
19 for fiscal year 2002 for purposes of conducting the
20 evaluation required under this subsection, to remain
21 available until expended.

22 **SEC. 102. RESPONSIBLE FATHERHOOD BLOCK GRANT.**

23 (a) IN GENERAL.—Part D of title IV of the Social
24 Security Act (42 U.S.C. 651 et seq.), as amended by sec-
25 tion 101, is amended by adding at the end the following:

1 **“SEC. 469D. RESPONSIBLE FATHERHOOD BLOCK GRANT.**

2 “(a) DEFINITIONS.—In this section:

3 “(1) CHILD AT RISK.—The term ‘child at risk’
4 has the meaning given such term in section
5 469C(a)(2).

6 “(2) POVERTY LINE.—The term ‘poverty line’
7 has the meaning given such term in section
8 469C(a)(3).

9 “(3) STATE.—The term ‘State’ has the mean-
10 ing given such term in section 469C(a)(5).

11 “(4) YOUNG CHILD.—The term ‘young child’
12 has the meaning given such term in section
13 469C(a)(6).

14 “(b) STATE CERTIFICATIONS.—Not later than Octo-
15 ber 1 of each fiscal year for which a State desires to re-
16 ceive an allotment under this section, the chief executive
17 officer of the State shall submit to the Secretary a certifi-
18 cation that the State will—

19 “(1) comply with the matching requirements
20 under subsection (c)(2);

21 “(2) use such funds to promote responsible fa-
22 therhood in accordance with the requirements of
23 subsection (d);

24 “(3) use such funds to promote or sustain mar-
25 riage in accordance with subparagraph (A) or (B) of
26 subsection (d)(2);

1 “(4) return any unused funds to the Secretary
2 in accordance with the reconciliation process under
3 subsection (e); and

4 “(5) comply with the reporting requirements
5 under subsection (f).

6 “(c) PAYMENTS TO STATES.—

7 “(1) IN GENERAL.—Subject to paragraph (2),
8 for each of fiscal years 2002 through 2006, the Sec-
9 retary shall pay to each State that submits a certifi-
10 cation described in subsection (b), from any funds
11 appropriated under subsection (h), for the fiscal year
12 an amount equal to the amount of the allotment de-
13 termined under subsection (g).

14 “(2) MATCHING REQUIREMENT.—The Sec-
15 retary may not make a payment to a State under
16 paragraph (1) unless the State agrees that, with re-
17 spect to the costs to be incurred by the State in sup-
18 porting the programs described in subsection (d),
19 the State will make available non-Federal contribu-
20 tions in an amount equal to 25 percent of the
21 amount of Federal funds paid to the State under
22 such clause.

23 “(3) NON-FEDERAL CONTRIBUTIONS.—In this
24 subsection, the term ‘non-Federal contributions’ in-
25 cludes contributions by the State and by public and

1 private entities. Such contributions may be in cash
2 or in kind. Such term does not include any amounts
3 provided by the Federal Government, or services as-
4 sisted or subsidized to any significant extent by the
5 Federal Government or any amount expended by a
6 State before October 1, 2002.

7 “(d) RESPONSIBLE FATHERHOOD PROGRAMS.—

8 “(1) SUPPORT OF PROGRAMS.—A State shall
9 use the allotments received under this section to
10 support programs described in paragraph (2) di-
11 rectly or through a grant, contract, or cooperative
12 agreement with any public agency, local government,
13 or private entity (including any charitable or reli-
14 gious organization) with experience in administering
15 such a program.

16 “(2) PROGRAMS DESCRIBED.—Responsible Fa-
17 therhood programs include programs that—

18 “(A) promote marriage through such ac-
19 tivities as counseling, mentoring, disseminating
20 information about the benefits of marriage and
21 2-parent involvement for children, enhancing re-
22 lationship skills, teaching on how to control ag-
23 gressive behavior, and disseminating informa-
24 tion on the causes of domestic violence and
25 child abuse;

1 “(B) sustain marriages through marriage
2 preparation programs, premarital counseling,
3 marital inventories, skills-based marriage edu-
4 cation, financial planning seminars, and divorce
5 education and reduction programs, including
6 mediation and counseling;

7 “(C) promote responsible parenting
8 through such activities as counseling, men-
9 toring, disseminating information about good
10 parenting practices, skills-based parenting edu-
11 cation, encouraging child support payments,
12 and other methods; and

13 “(D) help fathers and their families avoid
14 or leave cash welfare and improve their eco-
15 nomic status by providing such activities as
16 work first services, job search, job training,
17 subsidized employment, job retention, job en-
18 hancement, and encouraging education, includ-
19 ing career-advancing education, dissemination
20 of employment materials, coordination with ex-
21 isting employment services such as Welfare to
22 Work and referrals to local employment train-
23 ing initiatives, and other methods.

1 “(3) TARGETED LOW-INCOME PARTICIPANTS.—

2 Not less than 50 percent of the participants in each
3 program supported under paragraph (1) shall be—

4 “(A) parents of a child who is, or within
5 the past 24 months has been, a recipient of as-
6 sistance or services under a State program
7 funded under this part; or

8 “(B) parents, including an expectant par-
9 ent or a married parent, whose income (after
10 adjustment for court-ordered child support paid
11 or received) does not exceed 150 percent of the
12 poverty line.

13 “(4) CONSULTATION WITH DOMESTIC VIO-
14 LENCE ASSISTANCE CENTERS.—Each State or entity
15 administering a program supported under paragraph
16 (1) shall consult with representatives of State and
17 local domestic violence centers.

18 “(5) SUPPLEMENT NOT SUPPLANT.—Amounts
19 allotted to a State under this section shall be used
20 to supplement and not supplant other Federal,
21 State, or local funds provided to the State under this
22 part or any other provision of law that are used to
23 support programs and activities similar to the a re-
24 sponsible fatherhood program described in para-
25 graph (2).

1 “(6) RESTRICTIONS ON USE.—No amount allotted
2 ted under this section may be used for court proceedings
3 on matters of child visitation or child custody,
4 or for legislative advocacy.

5 “(e) RECONCILIATION PROCESS.—

6 “(1) 3-YEAR AVAILABILITY OF AMOUNTS AL-
7 LOTTED.—Each State that receives an allotment
8 under this section shall return to the Secretary any
9 unused portion of the amount allotted to a State
10 under this section for a fiscal year not later than the
11 last day of the second succeeding fiscal year, together
12 with any earnings on such unused portion.

13 “(2) PROCEDURE FOR REDISTRIBUTION OF UN-
14 USED ALLOTMENTS.—The Secretary shall establish
15 an appropriate procedure for redistributing to States
16 that have expended the entire amount allotted under
17 this section any amount that is—

18 “(A) returned to the Secretary by States
19 under paragraph (1); or

20 “(B) not allotted to a State under this section
21 because the State did not submit a certification
22 under subsection (b) by October 1 of a
23 fiscal year.

24 “(f) REPORTING REQUIREMENTS.—

1 “(1) MONITORING AND EVALUATION.—Each
2 State receiving an allotment under this section shall
3 monitor and evaluate the programs supported using
4 funds made available under this section in such
5 manner as the Secretary, in consultation with the
6 States, determines appropriate.

7 “(2) ANNUAL REPORTS.—Not less frequently
8 than annually, each State receiving an allotment
9 under this section for a fiscal year shall submit to
10 the Secretary reports on the programs supported
11 under this section at such time, in such manner, and
12 containing such information as the Secretary may
13 reasonably require.

14 “(g) AMOUNT OF ALLOTMENTS.—

15 “(1) IN GENERAL.—Except as provided in para-
16 graph (2), of the amount appropriated for the pur-
17 pose of making allotments under this section for a
18 fiscal year the Secretary shall allot to each State
19 that submits a certification under subsection (b) for
20 that fiscal year an amount equal to the sum of—

21 “(A) the amount that bears the same ratio
22 to 50 percent of such funds as the number of
23 young children in the State (as determined by
24 the Secretary based on the most recent March
25 supplement to the Current Population Survey

1 of the Bureau of the Census before the begin-
2 ning of the calendar year in which such fiscal
3 year begins) as bears to the number of such
4 children in all States; and

5 “(B) the amount that bears the same ratio
6 to 50 percent of such funds as the number of
7 children at risk in the State (as determined by
8 the Secretary based on the most recent March
9 supplement to the Current Population Survey
10 of the Bureau of the Census before the begin-
11 ning of the calendar year in which such fiscal
12 year begins) bears to the number of such chil-
13 dren in all States.

14 “(2) MINIMUM ALLOTMENTS.—No allotment
15 for a fiscal year under this section shall be less
16 than—

17 “(A) in the case of a State other than the
18 Commonwealth of Puerto Rico, the United
19 States Virgin Islands, Guam, American Samoa,
20 and the Commonwealth of the Northern Mar-
21 iana Islands, 1 percent of the amount appro-
22 priated for the fiscal year under subsection (h);
23 and

24 “(B) in the case of the Commonwealth of
25 Puerto Rico, the United States Virgin Islands,

1 Guam, American Samoa, and the Common-
2 wealth of the Northern Mariana Islands, 0.5
3 percent of such amount.

4 “(3) PRO RATA REDUCTIONS.—The Secretary
5 shall make such pro rata reductions to the allot-
6 ments determined under paragraph (1) as are nec-
7 essary to comply with the requirements of paragraph
8 (2).

9 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
10 is authorized to be appropriated \$50,000,000 for each of
11 fiscal years 2002 through 2006 for purposes of making
12 allotments to States under this section.”.

13 (b) EVALUATION AND REPORT.—

14 (1) EVALUATION.—

15 (A) IN GENERAL.—The Secretary of
16 Health and Human Services (in this subsection
17 referred to as the “Secretary”), in consultation
18 with the Secretary of Labor, shall, directly or
19 through a grant, contract, or interagency agree-
20 ment, conduct an evaluation of the projects
21 funded under section 469D of the Social Secu-
22 rity Act (as added by subsection (a)).

23 (B) OUTCOMES ASSESSMENT.—The eval-
24 uation conducted under subparagraph (A) shall
25 assess, among other outcomes selected by the

1 Secretary, effects of the projects on marriage,
2 parenting, employment, earnings, payment of
3 child support, and incidence of domestic vio-
4 lence and child abuse.

5 (C) PROJECT SELECTION.—In selecting
6 projects for the evaluation, the Secretary should
7 include projects that are most likely to further
8 the purposes of this section.

9 (D) RANDOM ASSIGNMENT.—In conducting
10 the evaluation, random assignment should be
11 used wherever possible.

12 (2) REPORT.—Not later than December 31,
13 2004, the Secretary shall submit to Congress a re-
14 port on the results of the evaluation conducted
15 under paragraph (1).

16 (3) AUTHORIZATION OF APPROPRIATIONS.—
17 There is authorized to be appropriated \$1,000,000
18 for each of fiscal years 2002 through 2006 to carry
19 out this subsection.

20 **SEC. 103. NATIONAL CLEARINGHOUSE FOR RESPONSIBLE**
21 **FATHERHOOD PROGRAMS.**

22 Part D of title IV of the Social Security Act (42
23 U.S.C. 651), as amended by section 102, is amended by
24 adding at the end the following:

1 **“SEC. 469E. MEDIA CAMPAIGN NATIONAL CLEARINGHOUSE**
2 **FOR RESPONSIBLE FATHERHOOD.**

3 “(a) MEDIA CAMPAIGN AND NATIONAL CLEARING-
4 HOUSE.—

5 “(1) IN GENERAL.—From any funds appro-
6 priated under subsection (c), the Secretary shall con-
7 tract with a nationally recognized, nonprofit father-
8 hood promotion organization described in subsection
9 (b) to—

10 “(A) develop, promote, and distribute to
11 interested States, local governments, public
12 agencies, and private entities a media campaign
13 that encourages the appropriate involvement of
14 both parents in the life of any child of the par-
15 ents, with a priority for programs that specifi-
16 cally address the issue of responsible father-
17 hood; and

18 “(B) develop a national clearinghouse to
19 assist States and communities in efforts to pro-
20 mote and support marriage and responsible fa-
21 therhood by collecting, evaluating, and making
22 available (through the Internet and by other
23 means) to other States information regarding
24 the media campaigns established under section
25 469C.

1 “(2) COORDINATION WITH DOMESTIC VIOLENCE
2 PROGRAMS.—The Secretary shall ensure that the na-
3 tionally recognized nonprofit fatherhood promotion
4 organization with a contract under paragraph (1)
5 coordinates the media campaign developed under
6 subparagraph (A) of such paragraph and the na-
7 tional clearinghouse developed under subparagraph
8 (B) of such paragraph with a national, State, or
9 local domestic violence program.

10 “(b) NATIONALLY RECOGNIZED, NONPROFIT FA-
11 THERHOOD PROMOTION ORGANIZATION DESCRIBED.—
12 The nationally recognized, nonprofit fatherhood promotion
13 organization described in this subsection is such an orga-
14 nization that has at least 4 years of experience in—

15 “(1) designing and disseminating a national
16 public education campaign, including the production
17 and successful placement of television, radio, and
18 print public service announcements that promote the
19 importance of responsible fatherhood; and

20 “(2) providing consultation and training to
21 community-based organizations interested in imple-
22 menting fatherhood outreach, support, or skill devel-
23 opment programs with an emphasis on promoting
24 married fatherhood as the ideal.

1 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
 2 is authorized to be appropriated \$2,000,000 for each of
 3 fiscal years 2002 through 2006 to carry out this section.”.

4 **TITLE II—CHILD SUPPORT DIS-**
 5 **TRIBUTION TO FAMILIES**
 6 **FIRST**

7 **Subtitle A—Distribution of Child**
 8 **Support**

9 **SEC. 201. DISTRIBUTION OF CHILD SUPPORT COLLECTED**
 10 **BY STATES ON BEHALF OF CHILDREN RE-**
 11 **CEIVING CERTAIN WELFARE BENEFITS.**

12 (a) MODIFICATION OF RULE REQUIRING ASSIGN-
 13 MENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIV-
 14 ING TANF.—Section 408(a)(3) of the Social Security Act
 15 (42 U.S.C. 608(a)(3)) is amended to read as follows:

16 “(3) NO ASSISTANCE FOR FAMILIES NOT AS-
 17 SIGNING CERTAIN SUPPORT RIGHTS TO THE
 18 STATE.—A State to which a grant is made under
 19 section 403 shall require, as a condition of paying
 20 assistance to a family under the State program
 21 funded under this part, that a member of the family
 22 assign to the State any rights the family member
 23 may have (on behalf of the family member or of any
 24 other person for whom the family member has ap-
 25 plied for or is receiving such assistance) to support

1 from any other person, not exceeding the total
 2 amount of assistance so paid to the family, which ac-
 3 crues during the period that the family receives as-
 4 sistance under the program.”.

5 (b) INCREASING CHILD SUPPORT PAYMENTS TO
 6 FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBU-
 7 TION RULES.—

8 (1) DISTRIBUTION RULES.—

9 (A) IN GENERAL.—Section 457(a) of such
 10 Act (42 U.S.C. 657(a)) is amended to read as
 11 follows:

12 “(a) IN GENERAL.—Subject to subsections (e) and
 13 (f), the amounts collected on behalf of a family as support
 14 by a State pursuant to a plan approved under this part
 15 shall be distributed as follows:

16 “(1) FAMILIES RECEIVING ASSISTANCE.—In the
 17 case of a family receiving assistance from the State,
 18 the State shall—

19 “(A) pay to the Federal Government the
 20 Federal share of the amount collected, subject
 21 to paragraph (3)(A);

22 “(B) retain, or pay to the family, the State
 23 share of the amount collected, subject to para-
 24 graph (3)(B); and

1 “(C) pay to the family any remaining
2 amount.

3 “(2) FAMILIES THAT FORMERLY RECEIVED AS-
4 SISTANCE.—In the case of a family that formerly re-
5 ceived assistance from the State:

6 “(A) CURRENT SUPPORT.—To the extent
7 that the amount collected does not exceed the
8 current support amount, the State shall pay the
9 amount to the family.

10 “(B) ARREARAGES.—Except as otherwise
11 provided in the State plan approved under sec-
12 tion 454, to the extent that the amount col-
13 lected exceeds the current support amount, the
14 State—

15 “(i) shall first pay to the family the
16 excess amount, to the extent necessary to
17 satisfy support arrearages not assigned
18 pursuant to section 408(a)(3);

19 “(ii) if the amount collected exceeds
20 the amount required to be paid to the fam-
21 ily under clause (i), shall—

22 “(I) pay to the Federal Govern-
23 ment, the Federal share of the excess
24 amount described in this clause, sub-
25 ject to paragraph (3)(A); and

1 “(II) retain, or pay to the family,
2 the State share of the excess amount
3 described in this clause, subject to
4 paragraph (3)(B); and

5 “(iii) shall pay to the family any re-
6 maining amount.

7 “(3) LIMITATIONS.—

8 “(A) FEDERAL REIMBURSEMENTS.—The
9 total of the amounts paid by the State to the
10 Federal Government under paragraphs (1) and
11 (2) of this subsection with respect to a family
12 shall not exceed the Federal share of the
13 amount assigned with respect to the family pur-
14 suant to section 408(a)(3).

15 “(B) STATE REIMBURSEMENTS.—The
16 total of the amounts retained by the State
17 under paragraphs (1) and (2) of this subsection
18 with respect to a family shall not exceed the
19 State share of the amount assigned with respect
20 to the family pursuant to section 408(a)(3).

21 “(4) FAMILIES THAT NEVER RECEIVED ASSIST-
22 ANCE.—In the case of any other family, the State
23 shall pay the amount collected to the family.

24 “(5) FAMILIES UNDER CERTAIN AGREE-
25 MENTS.—Notwithstanding paragraphs (1) through

1 (4), in the case of an amount collected for a family
2 in accordance with a cooperative agreement under
3 section 454(33), the State shall distribute the
4 amount collected pursuant to the terms of the agree-
5 ment.

6 “(6) STATE FINANCING OPTIONS.—To the ex-
7 tent that the State share of the amount payable to
8 a family pursuant to paragraph (2)(B) of this sub-
9 section exceeds the amount that the State estimates
10 (under procedures approved by the Secretary) would
11 have been payable to the family pursuant to former
12 section 457(a)(2)(B) (as in effect for the State im-
13 mediately before the date this subsection first ap-
14 plies to the State) if such former section had re-
15 mained in effect, the State may elect to use the
16 grant made to the State under section 403(a) to pay
17 the amount, or to have the payment considered a
18 qualified State expenditure for purposes of section
19 409(a)(7), but not both.

20 “(7) STATE OPTION TO PASS THROUGH ADDI-
21 TIONAL SUPPORT WITH FEDERAL FINANCIAL PAR-
22 TICIPATION.—

23 “(A) IN GENERAL.—Notwithstanding
24 paragraphs (1) and (2), a State shall not be re-
25 quired to pay to the Federal Government the

1 Federal share of an amount collected on behalf
2 of a family that is not a recipient of assistance
3 under the State program funded under part A,
4 to the extent that the State pays the amount to
5 the family.

6 “(B) RECIPIENTS OF TANF FOR LESS
7 THAN 5 YEARS.—

8 “(i) IN GENERAL.—Notwithstanding
9 paragraphs (1) and (2), a State shall not
10 be required to pay to the Federal Govern-
11 ment the Federal share of an amount col-
12 lected on behalf of a family that is a recipi-
13 ent of assistance under the State program
14 funded under part A and, if the family in-
15 cludes an adult, that has received the as-
16 sistance for not more than 5 years after
17 the date of enactment of this paragraph, to
18 the extent that—

19 “(I) the State pays the amount
20 to the family; and

21 “(II) subject to clause (ii), the
22 amount is disregarded in determining
23 the amount and type of the assistance
24 provided to the family.

1 “(ii) LIMITATION.—Of the amount
2 disregarded as described in clause (i)(II),
3 the maximum amount that may be taken
4 into account for purposes of clause (i) shall
5 not exceed \$400 per month, except that, in
6 the case of a family that includes two or
7 more children, the State may elect to in-
8 crease the maximum amount to not more
9 than \$600 per month.

10 “(8) STATES WITH DEMONSTRATION WAIV-
11 ERS.—Notwithstanding the preceding paragraphs, a
12 State with a waiver under section 1115 that became
13 effective on or before October 1, 1997, the terms of
14 which allow pass through of child support payments,
15 may pass through such payments in accordance with
16 such terms with respect to families subject to the
17 waiver.”.

18 (B) STATE PLAN TO INCLUDE ELECTION
19 AS TO WHICH RULES TO APPLY IN DISTRIB-
20 UTING CHILD SUPPORT ARREARAGES COL-
21 LECTED ON BEHALF OF FAMILIES FORMERLY
22 RECEIVING ASSISTANCE.—Section 454 of such
23 Act (42 U.S.C. 654) is amended—

24 (i) by striking “and” at the end of
25 paragraph (32);

1 (ii) by striking the period at the end
2 of paragraph (33) and inserting “; and”;
3 and

4 (iii) by inserting after paragraph (33)
5 the following:

6 “(34) include an election by the State to apply
7 section 457(a)(2)(B) or former section 457(a)(2)(B)
8 (as in effect for the State immediately before the
9 date this paragraph first applies to the State) to the
10 distribution of the amounts which are the subject of
11 such sections, and for so long as the State elects to
12 so apply such former section, the amendments made
13 by subsection (e) of section 201 of the Strength-
14 ening Working Families Act of 2001 shall not apply
15 with respect to the State, notwithstanding subsection
16 (f)(1) of such section 201.”.

17 (C) APPROVAL OF ESTIMATION PROCE-
18 DURES.—Not later than October 1, 2002, the
19 Secretary of Health and Human Services, in
20 consultation with the States (as defined for
21 purposes of part D of title IV of the Social Se-
22 curity Act), shall establish the procedures to be
23 used to make the estimate described in section
24 457(a)(6) of such Act.

1 (2) CURRENT SUPPORT AMOUNT DEFINED.—
2 Section 457(c) of such Act (42 U.S.C. 657(c)) is
3 amended by adding at the end the following:

4 “(5) CURRENT SUPPORT AMOUNT.—The term
5 ‘current support amount’ means, with respect to
6 amounts collected as support on behalf of a family,
7 the amount designated as the monthly support obli-
8 gation of the noncustodial parent in the order re-
9 quiring the support.”.

10 (c) BAN ON RECOVERY OF MEDICAID COSTS FOR
11 CERTAIN BIRTHS.—Section 454 of such Act (42 U.S.C.
12 654), as amended by subsection (b)(1)(B), is amended—

13 (1) by striking “and” at the end of paragraph
14 (33);

15 (2) by striking the period at the end of para-
16 graph (34) and inserting “; and”; and

17 (3) by inserting after paragraph (34) the fol-
18 lowing:

19 “(35) provide that the State shall not use the
20 State program operated under this part to collect
21 any amount owed to the State by reason of costs in-
22 curred under the State plan approved under title
23 XIX for the birth of a child for whom support rights
24 have been assigned pursuant to section 408(a)(3),
25 471(a)(17), or 1912.”.

1 (d) STATE OPTION TO DISCONTINUE CERTAIN SUP-
2 PORT ASSIGNMENTS.—Section 457(b) of such Act (42
3 U.S.C. 657(b)) is amended by striking “shall” and insert-
4 ing “may”.

5 (e) CONFORMING AMENDMENTS.—

6 (1) Section 404(a) of such Act (42 U.S.C.
7 604(a)) is amended—

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

10 (B) by striking the period at the end of
11 paragraph (2) and inserting “; or”; and

12 (C) by adding at the end the following:

13 “(3) to fund payment of an amount pursuant to
14 section 457(a)(2)(B), but only to the extent that the
15 State properly elects under section 457(a)(6) to use
16 the grant to fund the payment.”.

17 (2) Section 409(a)(7)(B)(i) of such Act (42
18 U.S.C. 609(a)(7)(B)(i)) is amended—

19 (A) in subclause (I)(aa), by striking
20 “457(a)(1)(B)” and inserting “457(a)(1)”; and

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

22 “(V) PORTIONS OF CERTAIN
23 CHILD SUPPORT PAYMENTS COL-
24 LECTED ON BEHALF OF AND DISTRIB-
25 UTED TO FAMILIES NO LONGER RE-

1 RECEIVING ASSISTANCE.—Any amount
2 paid by a State pursuant to section
3 457(a)(2)(B), but only to the extent
4 that the State properly elects under
5 section 457(a)(6) to have the payment
6 considered a qualified State expendi-
7 ture.”.

8 (f) EFFECTIVE DATE.—

9 (1) IN GENERAL.—The amendments made by
10 this section shall take effect on October 1, 2005,
11 and shall apply to payments under parts A and D
12 of title IV of the Social Security Act for calendar
13 quarters beginning on or after such date, and with-
14 out regard to whether regulations to implement the
15 amendment (in the case of State programs operated
16 under such part D) are promulgated by such date.

17 (2) STATE OPTION TO ACCELERATE EFFECTIVE
18 DATE.—In addition, a State may elect to have the
19 amendment made by subsection (a), the amendments
20 made by subsections (b) and (e), or the amendment
21 made by subsection (d) apply to the State and to
22 amounts collected by the State, on and after such
23 date as the State may select that is after the date
24 of enactment of this Act, by including an election to

1 that effect in the State plan under part D of title
2 IV of the Social Security Act.

3 **Subtitle B—Demonstrations of Ex-**
4 **panded Information and En-**
5 **forcement**

6 **SEC. 211. GUIDELINES FOR INVOLVEMENT OF PUBLIC NON-**
7 **IV-D CHILD SUPPORT ENFORCEMENT AGEN-**
8 **CIES IN CHILD SUPPORT ENFORCEMENT.**

9 (a) IN GENERAL.—Not later than October 1, 2002,
10 the Secretary, in consultation with States, local govern-
11 ments, and individuals or companies knowledgeable about
12 involving public non-IV–D child support enforcement
13 agencies in child support enforcement, shall develop rec-
14 ommendations which address the participation of public
15 non-IV–D child support enforcement agencies in the es-
16 tablishment and enforcement of child support obligations.
17 The matters addressed by the recommendations shall in-
18 clude substantive and procedural rules which should be
19 followed with respect to privacy safeguards, data security,
20 due process rights, administrative compatibility with State
21 and Federal automated systems, eligibility requirements
22 (such as registration, licensing, and posting of bonds) for
23 access to information and use of enforcement mechanisms,
24 recovery of costs by charging fees, penalties for violations
25 of the rules, treatment of collections for purposes of sec-

1 tion 458 of such Act, and avoidance of duplication of ef-
2 fort.

3 (b) DEFINITIONS.—In this title:

4 (1) CHILD SUPPORT.—The term “child sup-
5 port” has the meaning given in section 459(i)(2) of
6 the Social Security Act.

7 (2) PUBLIC NON-IV-D CHILD SUPPORT EN-
8 FORCEMENT AGENCY.—The term “public non-IV-D
9 child support enforcement agency” means an agency,
10 of a political subdivision of a State, which is prin-
11 cipally responsible for the operation of a child sup-
12 port registry or for the establishment or enforcement
13 of an obligation to pay child support other than pur-
14 suant to the State plan approved under part D of
15 title IV of such Act, or a clerk of court office of a
16 political subdivision of a State.

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

19 (4) STATE.—The term “State” shall have the
20 meaning given in section 1101(a)(1) of the Social
21 Security Act for purposes of part D of title IV of
22 such Act.

1 **SEC. 212. DEMONSTRATIONS INVOLVING ESTABLISHMENT**
2 **AND ENFORCEMENT OF CHILD SUPPORT OB-**
3 **LIGATIONS BY PUBLIC NON-IV-D CHILD SUP-**
4 **PORT ENFORCEMENT AGENCIES.**

5 (a) PURPOSE.—The purpose of this section is to de-
6 termine the extent to which public non-IV–D child support
7 enforcement agencies may contribute effectively to the es-
8 tablishment and enforcement of child support obligations.

9 (b) APPLICATIONS.—

10 (1) CONSIDERATION.—The Secretary shall con-
11 sider all applications received from States desiring to
12 conduct demonstration projects under this section.

13 (2) PREFERENCES.—In considering which ap-
14 plications to approve under this section, the Sec-
15 retary shall give preference to applications submitted
16 by States that had a public non-IV–D child support
17 enforcement agency as of January 1, 2001.

18 (3) APPROVAL.—

19 (A) TIMING; LIMITATION ON NUMBER OF
20 PROJECTS.—On July 1, 2003, the Secretary
21 may approve not more than 10 applications for
22 projects providing for the participation of a
23 public non-IV–D child support enforcement
24 agency in the establishment and enforcement of
25 child support obligations, and, if the Secretary
26 receives at least five such applications that meet

1 such requirements as the Secretary may estab-
2 lish, shall approve not less than five such appli-
3 cations.

4 (B) REQUIREMENTS.—The Secretary may
5 not approve an application for a project
6 unless—

7 (i) the applicant and the Secretary
8 have entered into a written agreement
9 which addresses at a minimum, privacy
10 safeguards, data security, due process
11 rights, automated systems, liability, over-
12 sight, and fees, and the applicant has
13 made a commitment to conduct the project
14 in accordance with the written agreement
15 and such other requirements as the Sec-
16 retary may establish;

17 (ii) the project includes a research
18 plan (but such plan shall not be required
19 to use random assignment) that is focused
20 on assessing the costs and benefits of the
21 project; and

22 (iii) the project appears likely to con-
23 tribute significantly to the achievement of
24 the purpose of this title.

1 (c) DEMONSTRATION AUTHORITY.—On approval of
2 an application submitted by a State under this section—

3 (1) the State agency responsible for admin-
4 istering the State plan under part D of title IV of
5 the Social Security Act may, subject to the privacy
6 safeguards of section 454(26) of such Act, provide
7 to any public non-IV–D child support enforcement
8 agency participating in the demonstration project all
9 information in the State Directory of New Hires and
10 any information obtained through information com-
11 parisons under section 453(j)(3) of such Act about
12 an individual with respect to whom the public non-
13 IV–D agency is seeking to establish or enforce a
14 child support obligation, if the public non-IV–D
15 agency meets such requirements as the State may
16 establish and has entered into an agreement with
17 the State under which the public non-IV–D agency
18 has made a binding commitment to carry out estab-
19 lishment and enforcement activities with respect to
20 the child support obligation subject to the same data
21 security, privacy protection, and due process require-
22 ments applicable to the State agency and in accord-
23 ance with procedures approved by the head of the
24 State agency;

1 (2) the State agency may charge and collect
2 fees from any such public non-IV-D agency to re-
3 cover costs incurred by the State agency in providing
4 information and services to the public non-IV-D
5 agency under the demonstration project;

6 (3) if a public non-IV-D child support enforce-
7 ment agency has agreed to collect past-due support
8 (as defined in section 464(c) of such Act) owed by
9 a named individual, and the State agency has sub-
10 mitted a notice to the Secretary of the Treasury
11 pursuant to section 464 of such Act on behalf of the
12 public non-IV-D agency, then the Secretary of the
13 Treasury shall consider the State agency to have
14 agreed to collect such support for purposes of such
15 section 464, and the State agency may collect from
16 the public non-IV-D agency any fee which the State
17 is required to pay for the cost of applying the offset
18 procedure in the case;

19 (4) for so long as a public non-IV-D child sup-
20 port enforcement agency is participating in the dem-
21 onstration project, the public non-IV-D agency shall
22 be considered part of the State agency for purposes
23 of section 469A of such Act; and

24 (5) for so long as a public non-IV-D child sup-
25 port enforcement agency is participating in the dem-

1 onstration project, the public non-IV–D agency shall
2 be considered part of the State agency for purposes
3 of section 303(e) of such Act but only with respect
4 to any child support obligation that the public non-
5 IV–D agency has agreed to collect.

6 (d) WAIVER AUTHORITY.—The Secretary may waive
7 or vary the applicability of any provision of section 303(e),
8 454(31), 464, 466(a)(7), 466(a)(17), and 469A of the So-
9 cial Security Act to the extent necessary to enable the con-
10 duct of demonstration projects under this section, subject
11 to the preservation of the data security, privacy protection,
12 and due process requirements of part D of title IV of such
13 Act.

14 (e) FEDERAL AUDIT.—

15 (1) IN GENERAL.—The Comptroller General of
16 the United States shall conduct an audit of the dem-
17 onstration projects conducted under this section for
18 the purpose of examining and evaluating the manner
19 in which information and enforcement tools are used
20 by the public non-IV–D child support enforcement
21 agencies participating in the projects.

22 (2) REPORT TO CONGRESS.—

23 (A) IN GENERAL.—The Comptroller Gen-
24 eral of the United States shall submit to Con-

1 gress a report on the audit required by para-
2 graph (1).

3 (B) TIMING.—The report required by sub-
4 paragraph (A) shall be so submitted not later
5 than October 1, 2005.

6 (f) SECRETARIAL REPORT TO CONGRESS.—

7 (1) IN GENERAL.—The Secretary shall submit
8 to Congress a report on the demonstration projects
9 conducted under this section, which shall include the
10 results of any research or evaluation conducted pur-
11 suant to this title, and shall include policy rec-
12 ommendations regarding the establishment and en-
13 forcement of child support obligations by the agen-
14 cies involved.

15 (2) TIMING.—The report required by paragraph
16 (1) shall be so submitted not later than October 1,
17 2006.

18 **SEC. 213. GAO REPORT TO CONGRESS ON PRIVATE CHILD**
19 **SUPPORT ENFORCEMENT AGENCIES.**

20 (a) IN GENERAL.—Not later than October 1, 2002,
21 the Comptroller General of the United States shall submit
22 to Congress a report on the activities of private child sup-
23 port enforcement agencies that shall be designed to help
24 Congress determine whether the agencies are providing a

1 needed service in a fair manner using accepted debt collec-
2 tion practices and at a reasonable fee.

3 (b) MATTERS TO BE ADDRESSED.—Among the mat-
4 ters addressed by the report required by subsection (a)
5 shall be the following:

6 (1) The number of private child support en-
7 forcement agencies.

8 (2) The types of debt collection activities con-
9 ducted by the private agencies.

10 (3) The fees charged by the private agencies.

11 (4) The methods used by the private agencies
12 to collect fees from custodial parents.

13 (5) The nature and degree of cooperation the
14 private agencies receive from State agencies respon-
15 sible for administering State plans under part D of
16 title IV of the Social Security Act.

17 (6) The extent to which the conduct of the pri-
18 vate agencies is subject to State or Federal regula-
19 tion, and if so, the extent to which the regulations
20 are effectively enforced.

21 (7) The amount of child support owed but un-
22 collected and changes in this amount in recent years.

23 (8) The average period of time required for the
24 completion of successful enforcement actions yielding
25 collections of past-due child support by both the

1 child support enforcement programs operated pursu-
2 ant to State plans approved under part D of title IV
3 of the Social Security Act and, to the extent known,
4 by private child support enforcement agencies.

5 (9) The types of Federal and State child sup-
6 port enforcement remedies and resources currently
7 available to private child support enforcement agen-
8 cies, and the types of such remedies and resources
9 now restricted to use by State agencies admin-
10 istering State plans referred to in paragraph (8).

11 (c) PRIVATE CHILD SUPPORT ENFORCEMENT AGEN-
12 CY DEFINED.—In this section, the term “private child
13 support enforcement agency” means a person or any other
14 non-public entity which seeks to establish or enforce an
15 obligation to pay child support (as defined in section
16 459(i)(2) of the Social Security Act).

17 **SEC. 214. EFFECTIVE DATE.**

18 This title shall take effect on the date of enactment
19 of this Act.

20 **Subtitle C—Expanded Enforcement**

21 **SEC. 221. DECREASE IN AMOUNT OF CHILD SUPPORT AR-
22 REARAGE TRIGGERING PASSPORT DENIAL.**

23 Section 452(k) of the Social Security Act (42 U.S.C.
24 652(k)) is amended by striking “\$5,000” and inserting
25 “\$2,500”.

1 **SEC. 222. USE OF TAX REFUND INTERCEPT PROGRAM TO**
 2 **COLLECT PAST-DUE CHILD SUPPORT ON BE-**
 3 **HALF OF CHILDREN WHO ARE NOT MINORS.**

4 Section 464 of the Social Security Act (42 U.S.C.
 5 664) is amended—

6 (1) in subsection (a)(2)(A), by striking “(as
 7 that term is defined for purposes of this paragraph
 8 under subsection (c))”; and

9 (2) in subsection (c)—

10 (A) in paragraph (1)—

11 (i) by striking “(1) Except as pro-
 12 vided in paragraph (2), as used in” and in-
 13 serting “In”; and

14 (ii) by inserting “(whether or not a
 15 minor)” after “a child” each place it ap-
 16 pears; and

17 (B) by striking paragraphs (2) and (3).

18 **SEC. 223. GARNISHMENT OF COMPENSATION PAID TO VET-**
 19 **ERANS FOR SERVICE-CONNECTED DISABIL-**
 20 **ITIES IN ORDER TO ENFORCE CHILD SUP-**
 21 **PORT OBLIGATIONS.**

22 Section 459(h) of the Social Security Act (42 U.S.C.
 23 659(h)) is amended—

24 (1) in paragraph (1)(A)(ii)—

25 (A) in subclause (IV), by striking “or”
 26 after the semicolon;

1 (B) in subclause (V), by inserting “or”
2 after the semicolon; and

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

4 “(VI) subject to paragraph (3),
5 other than periodic benefits or pay-
6 ments described in subclause (V), by
7 the Secretary of Veterans Affairs as
8 compensation for a service-connected
9 disability paid by the Secretary to a
10 former member of the Armed
11 Forces;”;

12 (2) in paragraph (1)(B)(iii), by striking “sub-
13 paragraph (A)(ii)(V)” and inserting “subclauses (V)
14 and (VI) of subparagraph (A)(ii)”; and

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

16 “(3) LIMITATIONS WITH RESPECT TO COM-
17 PENSATION PAID TO VETERANS FOR SERVICE-CON-
18 NECTED DISABILITIES.—

19 “(A) ALIMONY AND CHILD SUPPORT.—
20 Compensation described in paragraph
21 (1)(A)(ii)(VI) shall not be subject to with-
22 holding pursuant to this section—

23 “(i) for payment of alimony; or

1 “(ii) for payment of child support if
2 the individual is fewer than 60 days in ar-
3 rears in payment of the support.

4 “(B) LIMITATION.—Not more than 50 per-
5 cent of any payment of compensation described
6 in subparagraph (A) may be withheld pursuant
7 to this section.”.

8 **Subtitle D—Miscellaneous**

9 **SEC. 231. TECHNICAL CORRECTION TO CHANGED DATES** 10 **FOR ABSTINENCE EVALUATION.**

11 (a) IN GENERAL.—Section 513 of H.R. 5656, as en-
12 acted into law by section 1(a)(1) of Public Law 106–554
13 (114 Stat. 2763A–71), is amended—

14 (1) in subsection (a), by striking “Section
15 403(a)(5)(G)(iii) of the Social Security Act (42
16 U.S.C. 603(a)(5)(G)(iii))” and inserting “Section
17 403(a)(5)(H)(iii) of the Social Security Act (42
18 U.S.C. 603(a)(5)(H)(iii))”; and

19 (2) in subsection (b), by striking “Section
20 403(a)(5)(H)” and inserting “Section
21 403(a)(5)(G)”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 subsection (a) shall take effect as if included in the enact-
24 ment of section 513 of H.R. 5656, as so enacted into law.

1 **SEC. 232. REPORT ON UNDISTRIBUTED CHILD SUPPORT**
2 **PAYMENTS.**

3 Not later than 6 months after the date of enactment
4 of this Act, the Secretary of Health and Human Services
5 shall submit to the Committee on Ways and Means of the
6 House of Representatives and the Committee on Finance
7 of the Senate a report on the procedures that the States
8 use generally to locate custodial parents for whom child
9 support has been collected but not yet distributed due to
10 a change in address. The report shall include an estimate
11 of the total amount of such undistributed child support
12 and the average length of time it takes for such child sup-
13 port to be distributed. The Secretary shall include in the
14 report recommendations as to whether additional proce-
15 dures should be established at the State or Federal level
16 to expedite the payment of undistributed child support.

17 **SEC. 233. USE OF NEW HIRE INFORMATION TO ASSIST IN**
18 **ADMINISTRATION OF UNEMPLOYMENT COM-**
19 **PENSATION PROGRAMS.**

20 (a) IN GENERAL.—Section 453(j) of the Social Secu-
21 rity Act (42 U.S.C. 653(j)) is amended by adding at the
22 end the following:

23 “(7) INFORMATION COMPARISONS AND DISCLO-
24 SURE TO ASSIST IN ADMINISTRATION OF UNEMPLOY-
25 MENT COMPENSATION PROGRAMS.—

1 “(A) IN GENERAL.—If a State agency re-
2 sponsible for the administration of an unem-
3 ployment compensation program under Federal
4 or State law transmits to the Secretary the
5 name and social security account number of an
6 individual, the Secretary shall, if the informa-
7 tion in the National Directory of New Hires in-
8 dicates that the individual may be employed,
9 disclose to the State agency the name, address,
10 and employer identification number of any pu-
11 tative employer of the individual, subject to this
12 paragraph.

13 “(B) CONDITION ON DISCLOSURE.—The
14 Secretary shall make a disclosure under sub-
15 paragraph (A) only to the extent that the Sec-
16 retary determines that the disclosure would not
17 interfere with the effective operation of the pro-
18 gram under this part.

19 “(C) USE OF INFORMATION.—A State
20 agency may use information provided under this
21 paragraph only for purposes of administering a
22 program referred to in subparagraph (A).”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 subsection (a) shall take effect on October 1, 2001.

1 **SEC. 234. IMMIGRATION PROVISIONS.**

2 (a) NONIMMIGRANT ALIENS INELIGIBLE TO RE-
3 CEIVE VISAS AND EXCLUDED FROM ADMISSION FOR
4 NONPAYMENT OF CHILD SUPPORT.—

5 (1) IN GENERAL.—Section 212(a)(10) of the
6 Immigration and Nationality Act (8 U.S.C.
7 1182(a)(10)) is amended by adding at the end the
8 following:

9 “(F) NONPAYMENT OF CHILD SUPPORT.—

10 “(i) IN GENERAL.—Any non-
11 immigrant alien is inadmissible who is le-
12 gally obligated under a judgment, decree,
13 or order to pay child support (as defined in
14 section 459(i) of the Social Security Act),
15 and whose failure to pay such child sup-
16 port has resulted in an arrearage exceeding
17 \$2,500, until child support payments
18 under the judgment, decree, or order are
19 satisfied or the nonimmigrant alien is in
20 compliance with an approved payment
21 agreement.

22 “(ii) WAIVER AUTHORIZED.—The At-
23 torney General may waive the application
24 of clause (i) in the case of an alien, if the
25 Attorney General—

1 “(I) has received a request for
2 the waiver from the court or adminis-
3 trative agency having jurisdiction over
4 the judgment, decree, or order obli-
5 gating the alien to pay child support
6 that is referred to in such clause; or

7 “(II) determines that there are
8 prevailing humanitarian or public in-
9 terest concerns.”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by this subsection shall take effect 180 days after
12 the date of enactment of this Act.

13 (b) AUTHORIZATION TO SERVE LEGAL PROCESS IN
14 CHILD SUPPORT CASES ON CERTAIN ARRIVING
15 ALIENS.—

16 (1) IN GENERAL.—Section 235(d) of the Immi-
17 gration and Nationality Act (8 U.S.C. 1225(d)) is
18 amended by adding at the end the following:

19 “(5) AUTHORITY TO SERVE PROCESS IN CHILD
20 SUPPORT CASES.—

21 “(A) IN GENERAL.—To the extent con-
22 sistent with State law, immigration officers are
23 authorized to serve on any alien who is an ap-
24 plicant for admission to the United States legal
25 process with respect to any action to enforce or

1 establish a legal obligation of an individual to
2 pay child support (as defined in section 459(i)
3 of the Social Security Act).

4 “(B) DEFINITION.—For purposes of sub-
5 paragraph (A), the term ‘legal process’ means
6 any writ, order, summons, or other similar
7 process, which is issued by—

8 “(i) a court or an administrative
9 agency of competent jurisdiction in any
10 State, territory, or possession of the
11 United States; or

12 “(ii) an authorized official pursuant to
13 an order of such a court or agency or pur-
14 suant to State or local law.”.

15 (2) EFFECTIVE DATE.—The amendment made
16 by this subsection shall apply to aliens applying for
17 admission to the United States on or after 180 days
18 after the date of enactment of this Act.

19 (c) AUTHORIZATION TO SHARE CHILD SUPPORT EN-
20 FORCEMENT INFORMATION TO ENFORCE IMMIGRATION
21 AND NATURALIZATION LAW.—

22 (1) SECRETARIAL RESPONSIBILITY.—Section
23 452 of the Social Security Act (42 U.S.C. 652) is
24 amended by adding at the end the following:

1 “(m) If the Secretary receives a certification by a
2 State agency, in accordance with section 454(36), that an
3 individual who is a nonimmigrant alien (as defined in sec-
4 tion 101(a)(15) of the Immigration and Nationality Act)
5 owes arrearages of child support in an amount exceeding
6 \$2,500, the Secretary may, at the request of the State
7 agency, the Secretary of State, or the Attorney General,
8 or on the Secretary’s own initiative, provide the certifi-
9 cation to the Secretary of State and the Attorney General
10 in order to enable them to carry out their responsibilities
11 under sections 212(a)(10) and 235(d) of such Act.”.

12 (2) STATE AGENCY RESPONSIBILITY.—Section
13 454 of the Social Security Act (42 U.S.C. 654), as
14 amended by section 201(c), is amended—

15 (A) by striking “and” at the end of para-
16 graph (34);

17 (B) by striking the period at the end of
18 paragraph (35) and inserting “; and”; and

19 (C) by inserting after paragraph (35) the
20 following:

21 “(36) provide that the State agency will have in
22 effect a procedure for certifying to the Secretary, in
23 such format and accompanied by such supporting
24 documentation as the Secretary may require, deter-

1 minations that nonimmigrant aliens owe arrearages
 2 of child support in an amount exceeding \$2,500.”.

3 **SEC. 235. CORRECTION OF ERRORS IN CONFORMING**
 4 **AMENDMENTS IN THE WELFARE-TO-WORK**
 5 **AND CHILD SUPPORT AMENDMENTS OF 1999.**

6 The amendments made by section 2402 of the Emer-
 7 gency Supplemental Act, 2000 (Public Law 106–246; 114
 8 Stat. 555) shall take effect as if included in the enactment
 9 of section 806 of the Departments of Labor, Health, and
 10 Human Services, and Education, and Related Agencies
 11 Appropriations Act, 2000 (as enacted into law by section
 12 1000(a)(4) of Public Law 106–113; 113 Stat. 1501A–
 13 286).

14 **SEC. 236. INCREASE IN PAYMENT RATE TO STATES FOR EX-**
 15 **PENDITURES FOR SHORT-TERM TRAINING OF**
 16 **STAFF OF CERTAIN CHILD WELFARE AGEN-**
 17 **CIES.**

18 Section 474(a)(3)(B) of the Social Security Act (42
 19 U.S.C. 674(a)(3)(B)) is amended by inserting “, or State-
 20 licensed or State-approved child welfare agencies providing
 21 services,” after “child care institutions”.

22 **Subtitle E—Effective Date**

23 **SEC. 241. EFFECTIVE DATE.**

24 (a) IN GENERAL.—Except as otherwise provided in
 25 this Act and subject to subsection (b), this Act and the

1 amendments made by this Act shall take effect on October
2 1, 2002, and shall apply to payments under part D of title
3 IV of the Social Security Act for calendar quarters begin-
4 ning on or after such date, and without regard to whether
5 regulations to implement such amendments are promul-
6 gated by such date.

7 (b) DELAY PERMITTED IF STATE LEGISLATION RE-
8 QUIRED.—In the case of a State plan approved under sec-
9 tion 454 of the Social Security Act which requires State
10 legislation (other than legislation appropriating funds) in
11 order for the plan to meet the additional requirements im-
12 posed by the amendments made by this Act, the State plan
13 shall not be regarded as failing to comply with the addi-
14 tional requirements solely on the basis of the failure of
15 the plan to meet the additional requirements before the
16 first day of the first calendar quarter beginning after the
17 close of the first regular session of the State legislature
18 that begins after the date of enactment of this Act. For
19 purposes of the previous sentence, in the case of a State
20 that has a 2-year legislative session, each year of such ses-
21 sion shall be deemed to be a separate regular session of
22 the State legislature.

1 **TITLE III—EARNED INCOME TAX**
 2 **CREDIT EXPANSION FOR**
 3 **LARGER FAMILIES**

4 **SEC. 301. INCREASED EARNED INCOME TAX CREDIT FOR**
 5 **FAMILIES WITH QUALIFYING CHILDREN.**

6 (a) IN GENERAL.—The table in section 32(b)(1)(A)
 7 of the Internal Revenue Code of 1986 (relating to percent-
 8 ages) is amended—

9 (1) in the first item by striking “15.98” and in-
 10 serting “16.00”,

11 (2) in the second item—

12 (A) by striking “or more”, and

13 (B) by striking “21.06” and inserting
 14 “16.00”, and

15 (3) by inserting after the second item the fol-
 16 lowing new item:

“3 or more qualifying children 45 16.00”.

17 (b) SPECIAL PHASEOUT RULE.—

18 (1) IN GENERAL.—Section 32(b) of the Internal
 19 Revenue Code of 1986 (relating to percentage and
 20 amounts) is amended by adding at the end the fol-
 21 lowing new paragraph:

22 “(3) SPECIAL PHASEOUT RULE.—Notwith-
 23 standing the table in paragraph (1)(A), in the case
 24 of an eligible individual with 2 or more qualifying

1 children, the phaseout percentage is 21.06 percent
2 with respect to so much of the modified adjusted
3 gross income (or, if greater, the earned income) of
4 the taxpayer for the taxable year as exceeds
5 \$22,017.”.

6 (2) INFLATION ADJUSTMENTS.—Section 32(j)
7 of such Code (relating to inflation adjustments) is
8 amended by redesignating paragraph (2) as para-
9 graph (3), and inserting after paragraph (1), the fol-
10 lowing new paragraph:

11 “(2) SPECIAL PHASEOUT AMOUNT.—In the case
12 of any taxable year beginning after 2001, the dollar
13 amount in subsection (b)(3) shall be increased by an
14 amount equal to—

15 “(A) such dollar amount, multiplied by

16 “(B) the cost-of-living adjustment deter-
17 mined under section 1(f)(3) for the calendar
18 year in which the taxable year begins, deter-
19 mined by substituting “calendar year 2000” for
20 “calendar year 1992 in subparagraph (B)
21 thereof.”.

22 (3) ROUNDING.—Section 32(j)(3) of such Code
23 (relating to rounding) (as redesignated by paragraph
24 (2)) is amended by striking “subsection (b)(2)” and
25 inserting “subsections (b)(2) and (b)(3)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2001.

4 **SEC. 302. SIMPLIFICATION OF DEFINITION OF EARNED IN-**
5 **COME.**

6 (a) IN GENERAL.—Section 32(c)(2)(A)(i) of the In-
7 ternal Revenue Code of 1986 (defining earned income) is
8 amended by inserting “, but only if such amounts are in-
9 cludible in gross income for the taxable year” after “other
10 employee compensation”.

11 (b) CONFORMING AMENDMENT.—Section
12 32(c)(2)(B) of the Internal Revenue Code of 1986 (defin-
13 ing earned income) is amended by striking “and” at the
14 end of clause (iv), by striking the period at the end of
15 clause (v) and inserting “, and”, and by adding at the
16 end the following new clause:

17 “(vi) the requirement under subpara-
18 graph (A)(i) that an amount be includible
19 in gross income shall not apply if such
20 amount is exempt from tax under section
21 7873 or is derived directly from restricted
22 and allotted land under the Act of Feb-
23 ruary 8, 1887 (commonly known as the In-
24 dian General Allotment Act) (25 U.S.C.
25 331 et seq.) or from land held under Acts

1 or treaties containing an exception provi-
2 sion similar to the Indian General Allot-
3 ment Act.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to amounts received in taxable
6 years beginning after December 31, 2001.

7 **SEC. 303. SIMPLIFICATION OF DEFINITION OF CHILD DE-**
8 **PENDENT.**

9 (a) REMOVAL OF SUPPORT TEST FOR CERTAIN INDI-
10 VIDUALS.—Section 152(a) of the Internal Revenue Code
11 of 1986 (relating to general definition) is amended to read
12 as follows:

13 “(a) GENERAL DEFINITION.—For purposes of this
14 subtitle—

15 “(1) DEPENDENT.—The term ‘dependent’
16 means—

17 “(A) any individual described in paragraph
18 (2) over half of whose support, for the calendar
19 year in which the taxable year of the taxpayer
20 begins, was received from the taxpayer (or is
21 treated under subsection (c) as received from
22 the taxpayer), or

23 “(B) any individual described in subsection
24 (f).

1 “(2) INDIVIDUALS.—An individual is described
2 in this paragraph if such individual is—

3 “(A) a brother, sister, stepbrother, or step-
4 sister of the taxpayer,

5 “(B) the father or mother of the taxpayer,
6 or an ancestor of either,

7 “(C) a stepfather or stepmother of the tax-
8 payer,

9 “(D) a son or daughter of a brother or sis-
10 ter of the taxpayer,

11 “(E) a brother or sister of the father or
12 mother of the taxpayer,

13 “(F) a son-in-law, daughter-in-law, father-
14 in-law, mother-in-law, brother-in-law, or sister-
15 in-law of the taxpayer, or

16 “(G) an individual (other than an indi-
17 vidual who at any time during the taxable year
18 was the spouse, determined without regard to
19 section 7703, of the taxpayer) who, for the tax-
20 able year of the taxpayer, has as their principal
21 place of abode the home of the taxpayer and is
22 a member of the taxpayer’s household.”.

23 (b) OTHER MODIFICATIONS.—Section 152 of the In-
24 ternal Revenue Code of 1986 (relating to dependent de-

1 fined) is amended by adding at the end the following new
2 subsection:

3 “(f) SUBSECTION (f) DEPENDENTS.—

4 “(1) IN GENERAL.—An individual is described
5 in this subsection for the taxable year if such
6 individual—

7 “(A) bears a relationship to the taxpayer
8 described in paragraph (2),

9 “(B) except in the case of an eligible foster
10 child or as provided in subsection (e), has the
11 same principal place of abode as the taxpayer
12 for more than one-half of such taxable year,
13 and

14 “(C)(i) has not attained the age of 19 at
15 the close of the calendar year in which the tax-
16 able year begins, or

17 “(ii) is a student (within the meaning of
18 section 151(c)(4)) who has not attained the age
19 of 24 at the close of such calendar year.

20 “(2) RELATIONSHIP TEST.—An individual bears
21 a relationship to the taxpayer described in this para-
22 graph if such individual is—

23 “(A) a son or daughter of the taxpayer, or
24 a descendant of either, or

1 “(B) a stepson or stepdaughter of the tax-
2 payer.

3 “(3) SPECIAL RULES.—

4 “(A) 2 OR MORE CLAIMING DEPENDENT.—

5 Except as provided in subparagraph (B), if an
6 individual may be claimed as a dependent by 2
7 or more taxpayers (but for this subparagraph)
8 for a taxable year beginning in the same cal-
9 endar year, only the taxpayer with the highest
10 adjusted gross income for such taxable year
11 shall be allowed the deduction with respect to
12 such individual.

13 “(B) RELEASE OF CLAIM TO EXEMP-
14 TION.—Subparagraph (A) shall not apply with
15 respect to an individual if—

16 “(i) the taxpayer with the highest ad-
17 justed gross income under subparagraph
18 (A), for any calendar year signs a written
19 declaration (in such manner and form as
20 the Secretary may by regulations pre-
21 scribe) that such taxpayer will not claim
22 such individual as a dependent for any tax-
23 able year beginning in such calendar year,

24 “(ii) the other taxpayer provides over
25 half of such individual’s support for the

1 calendar year in which the taxable year of
2 such other taxpayer begins, and

3 “(iii) such other taxpayer attaches
4 such written declaration to such taxpayer’s
5 return for the taxable year beginning dur-
6 ing such calendar year.”.

7 (c) RULES RELATING TO FOSTER CHILD.—Section
8 152(b)(2) of the Internal Revenue Code of 1986 (relating
9 to rules relating to general definition) is amended by strik-
10 ing “a foster child” and all that follows through “indi-
11 vidual)” and inserting “an eligible foster child (as defined
12 in section 32(c)(3)(B)(iii)) of an individual”.

13 (d) EXEMPTION FROM GROSS INCOME TEST.—Sec-
14 tion 151(c)(3) of the Internal Revenue Code of 1986 (re-
15 lating to definition of child) is amended by striking “or
16 stepdaughter” and inserting “stepdaughter, or a descend-
17 ant of such individual”.

18 (e) WAIVER OF DEDUCTION FOR DIVORCED PAR-
19 ENTS.—

20 (1) IN GENERAL.—So much of section 152(e)
21 as precedes paragraph (4) of the Internal Revenue
22 Code of 1986 (relating to support test in case of
23 child of divorced parents, etc.) is amended to read
24 as follows:

1 “(e) SPECIAL RULES FOR CHILD OF DIVORCED PAR-
2 ENTS.—

3 “(1) RELEASE OF CLAIM TO EXEMPTION.—In
4 the case of a child (as defined in section 151(c)(3))
5 of parents—

6 “(A) who are divorced or legally separated
7 under a decree of divorce or separate mainte-
8 nance,

9 “(B) who are separated under a written
10 separation agreement, or

11 “(C) who live apart at all times during the
12 last 6 months of the calendar year,

13 the custodial parent who is entitled to the deduction
14 under section 151 for a taxable year with respect to
15 such child may release such deduction to the non-
16 custodial parent.

17 “(2) PROCEDURE.—The noncustodial parent
18 may claim a child described in paragraph (1) as a
19 dependent for the taxable year if—

20 “(A) the custodial parent signs a written
21 declaration (in such manner and form as the
22 Secretary may by regulations prescribe) that
23 such custodial parent will not claim such child
24 as a dependent for any taxable year beginning
25 in such calendar year,

1 “(B) the custodial parent and the non-
2 custodial parent provide over half of such
3 child’s support for the calendar year in which
4 the taxable years of such parents begin, and

5 “(C) the noncustodial parent attaches such
6 written declaration to such noncustodial par-
7 ent’s return for the taxable year beginning dur-
8 ing such calendar year.

9 “(3) DEFINITIONS.—For purposes of this
10 subsection—

11 “(A) CUSTODIAL PARENT.—The term ‘cus-
12 todial parent’ means, with regard to an indi-
13 vidual, a parent who has custody of such indi-
14 vidual for a greater portion of the calendar year
15 than the noncustodial parent.

16 “(B) NONCUSTODIAL PARENT.—The term
17 ‘noncustodial parent’ means the parent who is
18 not the custodial parent.”.

19 (2) PRE-1985 INSTRUMENTS.—Section
20 152(e)(4)(A) of such Code (relating to exception for
21 certain pre-1985 instruments) is amended by strik-
22 ing “A child” and all that follows through “non-
23 custodial parent” and inserting “A noncustodial par-
24 ent described in paragraph (1) shall be entitled to

1 the deduction under section 151 for a taxable year
2 with respect to a child if”.

3 (f) CONFORMING AMENDMENTS.—

4 (1) Section 1(g)(5)(A) of the Internal Revenue
5 Code of 1986 is amended by inserting “as in effect
6 on the day before the date of the enactment of the
7 Strengthening Working Families Act of 2001” after
8 “152(e)”.

9 (2) Section 2(b)(1)(A)(i) of such Code is
10 amended by striking “paragraph (2) or (4) of”.

11 (3) Section 2(b)(3)(B)(i) of such Code is
12 amended by striking “paragraph (9)” and inserting
13 “paragraph (2)(G)”.

14 (4) Section 21(e)(5)(A) of such Code is amend-
15 ed by striking “paragraph (2) or (4) of”.

16 (5) Section 21(e)(5) of such Code is amended
17 in the matter following subclause (B) by inserting
18 “as in effect on the day before the date of the enact-
19 ment of the Strengthening Working Families Act of
20 2001” after “152(e)(1)”.

21 (6) Section 32(c)(1)(G) of such Code is amend-
22 ed by striking “(3)(D).” and inserting “(1)(C). An
23 individual whose qualifying child or qualifying chil-
24 dren are not taken into account under subsection (b)
25 solely by reason of paragraph (3)(D) shall be treated

1 as an eligible individual if such individual otherwise
2 meets the requirements of subparagraph (A)(ii).”.

3 (7) Section 32(c)(3)(B)(ii) of such Code is
4 amended by striking “paragraph (2) or (4) of”.

5 (8) Section 51(i)(1)(C) of such Code is amend-
6 ed by striking “152(a)(9)” and inserting
7 “152(a)(2)(G)”.

8 (9) Section 152(b) of such Code is amended by
9 striking “specified in subsection (a)” and inserting
10 “specified in subsection (a)(2) or (f)(2)”.

11 (10) Section 152(c) of such Code is amended by
12 striking “(a)” and inserting “(a)(1)”.

13 (11) Section 7703(b)(1) of such Code is amend-
14 ed by striking “paragraph (2) or (4) of”.

15 (12) The following provisions of such Code are
16 each amended by striking “paragraphs (1) through
17 (8) of section 152(a)” and inserting “subparagraphs
18 (A) through (F) of subsection (a)(2) or subsection
19 (f)(2) of section 152”:

20 (A) Section 170(g)(3).

21 (B) Subparagraphs (A) and (B) of section
22 51(i)(1).

23 (C) The second sentence of section
24 213(d)(11).

25 (D) Section 529(e)(2)(B).

1 (E) Section 7702B(f)(2)(C)(iii).

2 (g) EFFECTIVE DATE.—The amendments made by
3 this section shall apply to taxable years beginning after
4 December 31, 2001.

5 **SEC. 304. OTHER MODIFICATIONS TO EARNED INCOME TAX**
6 **CREDIT.**

7 (a) MODIFICATION OF JOINT RETURN REQUIRE-
8 MENT.—Subsection (d) of section 32 of the Internal Rev-
9 enue Code of 1986 (relating to married individuals) is
10 amended to read as follows:

11 “(d) MARRIED INDIVIDUALS.—

12 “(1) IN GENERAL.—If the taxpayer is married
13 at the close of the taxable year, the credit shall be
14 allowed under subsection (a) only if the taxpayer
15 and his spouse file a joint return for the taxable
16 year.

17 “(2) MARITAL STATUS.—For purposes of para-
18 graph (1), an individual legally separated from his
19 spouse under a decree of divorce or of separate
20 maintenance shall not be considered as married.

21 “(3) CERTAIN MARRIED INDIVIDUALS LIVING
22 APART.—For purposes of paragraph (1), if—

23 “(A) an individual—

24 “(i) is married and files a separate re-
25 turn, and

1 “(ii) has a qualifying child who is a
2 son, daughter, stepson, or stepdaughter of
3 such individual, and

4 “(B) during the last 6 months of such tax-
5 able year, such individual and such individual’s
6 spouse do not have the same principal place of
7 abode,

8 such individual shall not be considered as married.”.

9 (b) MODIFICATION OF RULE WHERE THERE ARE 2
10 OR MORE ELIGIBLE INDIVIDUALS.—Subparagraph (C) of
11 section 32(c)(1) of the Internal Revenue Code of 1986 (re-
12 lating to 2 or more eligible individuals) is amended to read
13 as follows:

14 “(C) 2 OR MORE ELIGIBLE INDIVIDUALS.—

15 “(i) IN GENERAL.—Except as pro-
16 vided in clause (ii), if 2 or more individuals
17 would (but for this subparagraph and after
18 application of subparagraph (B)) be treat-
19 ed as eligible individuals with respect to
20 the same qualifying child for taxable years
21 beginning in the same calendar year, only
22 the individual with the highest modified
23 adjusted gross income for such taxable
24 years shall be treated as an eligible indi-

1 vidual with respect to such qualifying
2 child.

3 “(ii) EXCEPTION FOR CERTAIN PAR-
4 ENTS.—An otherwise eligible individual
5 who is not treated under clause (i) as the
6 only eligible individual with respect to any
7 qualifying child shall be treated as an eligi-
8 ble individual with respect to such child
9 if—

10 “(I) such child is the son, daugh-
11 ter, stepson, or stepdaughter of such
12 individual,

13 “(II) such child is not taken into
14 account under subsection (b) by any
15 other individual, and

16 “(III) the limitation under sub-
17 section (a)(2) for the individual who
18 would (but for this clause) be treated
19 under clause (i) as the only eligible in-
20 dividual with respect to such child
21 would be greater than zero (deter-
22 mined as if such individual had 2
23 qualifying children).”.

24 (c) EXPANSION OF MATHEMATICAL ERROR AUTHOR-
25 ITY.—Paragraph (2) of section 6213(g) of the Internal

1 Revenue Code of 1986 (relating to definitions) is amended
2 by striking “and” at the end of subparagraph (K), by
3 striking the period at the end of subparagraph (L) and
4 inserting “, and”, and by inserting after subparagraph (L)
5 the following new subparagraph:

6 “(M) the entry on the return claiming the
7 credit under section 32 with respect to a child
8 if, according to the Federal Case Registry of
9 Child Support Orders established under section
10 453(h) of the Social Security Act, the taxpayer
11 is a noncustodial parent of such child.”.

12 (d) EFFECTIVE DATES.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the amendments made by this section
15 shall apply to taxable years beginning after Decem-
16 ber 31, 2000.

17 (2) EXPANSION OF MATHEMATICAL ERROR AU-
18 THORITY.—The amendment made by subsection (c)
19 shall apply to taxable years beginning after Decem-
20 ber 31, 2001.

1 **TITLE IV—RESTORATION OF SO-**
 2 **CIAL SERVICES BLOCK**
 3 **GRANT**

4 **SEC 401. RESTORATION OF AUTHORITY TO TRANSFER UP**
 5 **TO 10 PERCENT OF TANF FUNDS TO THE SO-**
 6 **CIAL SERVICES BLOCK GRANT.**

7 (a) IN GENERAL.—Section 404(d)(2) of the Social
 8 Security Act (42 U.S.C. 604(d)(2)) is amended to read
 9 as follows:

10 “(2) LIMITATION ON AMOUNT TRANSFERABLE
 11 TO TITLE XX PROGRAMS.—A State may use not
 12 more than 10 percent of the amount of any grant
 13 made to the State under section 403(a) for a fiscal
 14 year to carry out State programs pursuant to title
 15 XX.”.

16 (b) EFFECTIVE DATE.—The amendment made by
 17 subsection (a) applies to amounts made available for fiscal
 18 year 2002 and each fiscal year thereafter.

19 **SEC. 402. RESTORATION OF FUNDS FOR THE SOCIAL SERV-**
 20 **ICES BLOCK GRANT.**

21 (a) IN GENERAL.—Section 2003(c) of the Social Se-
 22 curity Act (42 U.S.C. 1397b(c)) is amended—

23 (1) in paragraph (10), by striking “and” at the
 24 end; and

1 **TITLE V—ENCOURAGING EM-**
2 **PLOYER SPONSORED CHILD**
3 **CARE**

4 **SEC. 501. ALLOWANCE OF CREDIT FOR EMPLOYER EX-**
5 **PENSES FOR CHILD CARE ASSISTANCE.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 (relating to business related credits) is amended by
9 adding at the end the following:

10 **“SEC. 45E. EMPLOYER-PROVIDED CHILD CARE CREDIT.**

11 “(a) IN GENERAL.—For purposes of section 38, the
12 employer-provided child care credit determined under this
13 section for the taxable year is an amount equal to the sum
14 of—

15 “(1) 25 percent of the qualified child care ex-
16 penditures, and

17 “(2) 10 percent of the qualified child care re-
18 source and referral expenditures,

19 of the taxpayer for such taxable year.

20 “(b) DOLLAR LIMITATION.—The credit allowable
21 under subsection (a) for any taxable year shall not exceed
22 \$150,000.

23 “(c) DEFINITIONS.—For purposes of this section—

24 “(1) QUALIFIED CHILD CARE EXPENDITURE.—

1 “(A) IN GENERAL.—The term ‘qualified
2 child care expenditure’ means any amount paid
3 or incurred—

4 “(i) to acquire, construct, rehabilitate,
5 or expand property—

6 “(I) which is to be used as part
7 of a qualified child care facility of the
8 taxpayer,

9 “(II) with respect to which a de-
10 duction for depreciation (or amortiza-
11 tion in lieu of depreciation) is allow-
12 able, and

13 “(III) which does not constitute
14 part of the principal residence (within
15 the meaning of section 121) of the
16 taxpayer or any employee of the tax-
17 payer,

18 “(ii) for the operating costs of a quali-
19 fied child care facility of the taxpayer, in-
20 cluding costs related to the training of em-
21 ployees, to scholarship programs, and to
22 the providing of increased compensation to
23 employees with higher levels of child care
24 training,

1 “(iii) under a contract with a qualified
2 child care facility to provide child care
3 services to employees of the taxpayer, or

4 “(iv) to reimburse an employee for ex-
5 penses for child care which enables the em-
6 ployee to be gainfully employed including
7 expenses related to—

8 “(I) day care and before and
9 after school care,

10 “(II) transportation associated
11 with such care, and

12 “(III) before and after school
13 and holiday programs including edu-
14 cational and recreational programs
15 and camp programs.

16 “(B) FAIR MARKET VALUE.—The term
17 ‘qualified child care expenditures’ shall not in-
18 clude expenses in excess of the fair market
19 value of such care.

20 “(2) QUALIFIED CHILD CARE FACILITY.—

21 “(A) IN GENERAL.—The term ‘qualified
22 child care facility’ means a facility—

23 “(i) the principal use of which is to
24 provide child care assistance, and

1 “(ii) which meets the requirements of
2 all applicable laws and regulations of the
3 State or local government in which it is lo-
4 cated, including the licensing of the facility
5 as a child care facility.

6 Clause (i) shall not apply to a facility which is
7 the principal residence (within the meaning of
8 section 121) of the operator of the facility.

9 “(B) SPECIAL RULES WITH RESPECT TO A
10 TAXPAYER.—A facility shall not be treated as a
11 qualified child care facility with respect to a
12 taxpayer unless—

13 “(i) enrollment in the facility is open
14 to employees of the taxpayer during the
15 taxable year,

16 “(ii) if the facility is the principal
17 trade or business of the taxpayer, at least
18 30 percent of the enrollees of such facility
19 are dependents of employees of the tax-
20 payer, and

21 “(iii) the use of such facility (or the
22 eligibility to use such facility) does not dis-
23 criminate in favor of employees of the tax-
24 payer who are highly compensated employ-
25 ees (within the meaning of section 414(q)).

1 “(3) QUALIFIED CHILD CARE RESOURCE AND
2 REFERRAL EXPENDITURE.—

3 “(A) IN GENERAL.—The term ‘qualified
4 child care resource and referral expenditure’
5 means any amount paid or incurred under a
6 contract to provide child care resource and re-
7 ferral services to an employee of the taxpayer.

8 “(B) NONDISCRIMINATION.—The services
9 shall not be treated as qualified unless the pro-
10 vision of such services (or the eligibility to use
11 such services) does not discriminate in favor of
12 employees of the taxpayer who are highly com-
13 pensated employees (within the meaning of sec-
14 tion 414(q)).

15 “(d) RECAPTURE OF ACQUISITION AND CONSTRUC-
16 TION CREDIT.—

17 “(1) IN GENERAL.—If, as of the close of any
18 taxable year, there is a recapture event with respect
19 to any qualified child care facility of the taxpayer,
20 then the tax of the taxpayer under this chapter for
21 such taxable year shall be increased by an amount
22 equal to the product of—

23 “(A) the applicable recapture percentage,
24 and

1 “(B) the aggregate decrease in the credits
 2 allowed under section 38 for all prior taxable
 3 years which would have resulted if the qualified
 4 child care expenditures of the taxpayer de-
 5 scribed in subsection (c)(1)(A) with respect to
 6 such facility had been zero.

7 “(2) APPLICABLE RECAPTURE PERCENTAGE.—

8 “(A) IN GENERAL.—For purposes of this
 9 subsection, the applicable recapture percentage
 10 shall be determined from the following table:

“If the recapture event occurs in:	The applicable recapture percentage is:
Years 1–3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

11 “(B) YEARS.—For purposes of subpara-
 12 graph (A), year 1 shall begin on the first day
 13 of the taxable year in which the qualified child
 14 care facility is placed in service by the taxpayer.

15 “(3) RECAPTURE EVENT DEFINED.—For pur-
 16 poses of this subsection, the term ‘recapture event’
 17 means—

18 “(A) CESSATION OF OPERATION.—The
 19 cessation of the operation of the facility as a
 20 qualified child care facility.

1 “(B) CHANGE IN OWNERSHIP.—

2 “(i) IN GENERAL.—Except as pro-
3 vided in clause (ii), the disposition of a
4 taxpayer’s interest in a qualified child care
5 facility with respect to which the credit de-
6 scribed in subsection (a) was allowable.

7 “(ii) AGREEMENT TO ASSUME RECAP-
8 TURE LIABILITY.—Clause (i) shall not
9 apply if the person acquiring such interest
10 in the facility agrees in writing to assume
11 the recapture liability of the person dis-
12 posing of such interest in effect imme-
13 diately before such disposition. In the
14 event of such an assumption, the person
15 acquiring the interest in the facility shall
16 be treated as the taxpayer for purposes of
17 assessing any recapture liability (computed
18 as if there had been no change in owner-
19 ship).

20 “(4) SPECIAL RULES.—

21 “(A) TAX BENEFIT RULE.—The tax for
22 the taxable year shall be increased under para-
23 graph (1) only with respect to credits allowed
24 by reason of this section which were used to re-
25 duce tax liability. In the case of credits not so

1 used to reduce tax liability, the carryforwards
2 and carrybacks under section 39 shall be appro-
3 priately adjusted.

4 “(B) NO CREDITS AGAINST TAX.—Any in-
5 crease in tax under this subsection shall not be
6 treated as a tax imposed by this chapter for
7 purposes of determining the amount of any
8 credit under subpart A, B, or D of this part.

9 “(C) NO RECAPTURE BY REASON OF CAS-
10 UALTY LOSS.—The increase in tax under this
11 subsection shall not apply to a cessation of op-
12 eration of the facility as a qualified child care
13 facility by reason of a casualty loss to the ex-
14 tent such loss is restored by reconstruction or
15 replacement within a reasonable period estab-
16 lished by the Secretary.

17 “(e) SPECIAL RULES.—For purposes of this
18 section—

19 “(1) AGGREGATION RULES.—All persons which
20 are treated as a single employer under subsections
21 (a) and (b) of section 52 shall be treated as a single
22 taxpayer.

23 “(2) PASS-THRU IN THE CASE OF ESTATES AND
24 TRUSTS.—Under regulations prescribed by the Sec-

1 retary, rules similar to the rules of subsection (d) of
2 section 52 shall apply.

3 “(3) ALLOCATION IN THE CASE OF PARTNER-
4 SHIPS.—In the case of partnerships, the credit shall
5 be allocated among partners under regulations pre-
6 scribed by the Secretary.

7 “(f) NO DOUBLE BENEFIT.—

8 “(1) REDUCTION IN BASIS.—For purposes of
9 this subtitle—

10 “(A) IN GENERAL.—If a credit is deter-
11 mined under this section with respect to any
12 property by reason of expenditures described in
13 subsection (c)(1)(A), the basis of such property
14 shall be reduced by the amount of the credit so
15 determined.

16 “(B) CERTAIN DISPOSITIONS.—If, during
17 any taxable year, there is a recapture amount
18 determined with respect to any property the
19 basis of which was reduced under subparagraph
20 (A), the basis of such property (immediately be-
21 fore the event resulting in such recapture) shall
22 be increased by an amount equal to such recap-
23 ture amount. For purposes of the preceding
24 sentence, the term ‘recapture amount’ means
25 any increase in tax (or adjustment in

1 carrybacks or carryovers) determined under
2 subsection (d).

3 “(2) OTHER DEDUCTIONS AND CREDITS.—No
4 deduction or credit shall be allowed under any other
5 provision of this chapter with respect to the amount
6 of the credit determined under this section.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 38(b) of the Internal Revenue Code
9 of 1986 is amended by striking “plus” at the end of
10 paragraph (12), by striking the period at the end of
11 paragraph (13) and inserting “, plus”, and by add-
12 ing at the end the following:

13 “(14) the employer-provided child care credit
14 determined under section 45E.”.

15 (2) The table of sections for subpart D of part
16 IV of subchapter A of chapter 1 of such Code is
17 amended by adding at the end the following:

“Sec. 45E. Employer-provided child care credit.”

18 (3) Section 1016(a) of such Code is amended
19 by striking “and” at the end of paragraph (26), by
20 striking the period at the end of paragraph (27) and
21 inserting “, and”, and by adding at the end the fol-
22 lowing:

23 “(28) in the case of a facility with respect to
24 which a credit was allowed under section 45E, to the
25 extent provided in section 45E(f)(1).”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2001.

4 **TITLE VI—CHILD WELFARE**

5 **SEC. 601. STRONG FAMILIES, SAFE CHILDREN.**

6 (a) REAUTHORIZATION OF PROGRAM.—Section
7 430(b) of the Social Security Act (42 U.S.C. 629(b)) is
8 amended—

9 (1) in paragraph (7), by striking “and” at the
10 end;

11 (2) in paragraph (8), by striking the period and
12 inserting “; and”; and

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

15 “(9) for each of fiscal years 2002 through
16 2006, \$505,000,000.”.

17 (b) RENAMING OF PROGRAM.—The heading for sub-
18 part 2 of part B of title IV of the Social Security Act
19 (42 U.S.C. 629–629d) is amended to read as follows:

20 **“Subpart 2—Strong Families, Safe Children”.**

21 **SEC. 602. EXPANSION OF JOHN H. CHAFEE FOSTER CARE** 22 **INDEPENDENCE PROGRAM.**

23 (a) INCREASE IN AUTHORIZATION OF APPROPRIA-
24 TIONS.—Section 477(h) of the Social Security Act (42
25 U.S.C. 677(h)) is amended by striking “\$140,000,000 for

1 each fiscal year” and inserting “\$200,000,000 for fiscal
2 year 2002 and each fiscal year thereafter”.

3 (b) WAITING YOUTH SCHOLARSHIP FUND.—

4 (1) ASSISTANCE AND SUPPORT FOR CHILDREN
5 ADOPTED AFTER AGE 16.—Section 477(a) of the So-
6 cial Security Act (42 U.S.C. 677(a)) is amended—

7 (A) in paragraph (4), by striking “and” at
8 the end;

9 (B) in paragraph (5), by striking the pe-
10 riod and inserting “; and”; and

11 (C) by adding at the end the following new
12 paragraph:

13 “(6) to provide assistance and support to chil-
14 dren adopted after having attained age 16, specifi-
15 cally in the preparation for and expenses associated
16 with postsecondary training and educational institu-
17 tions.”.

18 (2) SCHOLARSHIPS.—Section 477 of the Social
19 Security Act (42 U.S.C. 677) is amended by adding
20 at the end the following new subsection:

21 “(i) SCHOLARSHIPS FOR POSTSECONDARY OR VOCA-
22 TIONAL EDUCATION.—

23 “(1) IN GENERAL.—The Secretary shall reserve
24 \$60,000,000 of the amount specified in subsection

25 (h) for a fiscal year to provide scholarships to

1 former foster care recipients who have attained 18
2 years of age but have not attained 21 years of age
3 for postsecondary or vocational educational expenses
4 incurred by such recipients.

5 “(2) LIMITATION.—The total dollar value of all
6 scholarships provided to a former foster care recipi-
7 ent under paragraph (1) for a fiscal year may not
8 exceed \$5,000.

9 “(3) DISREGARD FOR PURPOSES OF OTHER
10 FEDERAL EDUCATIONAL ASSISTANCE.—A scholar-
11 ship awarded under this subsection to a former fos-
12 ter care recipient described in paragraph (1) shall
13 not be considered for purposes of determining the
14 recipient’s eligibility for, or amount of, any other
15 Federal education assistance.”.

16 (3) CONFORMING AMENDMENT.—Section
17 477(c)(1) of the Social Security Act (42 U.S.C.
18 677(c)(1)) is amended by striking “subsection
19 (g)(2)” and inserting “subsections (g)(2) and (i)”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section take effect on October 1, 2001.

1 **SEC. 603. ELIMINATION OF OPT-OUT PROVISION FOR STATE**
2 **REQUIREMENT TO CONDUCT CRIMINAL**
3 **BACKGROUND CHECK ON PROSPECTIVE FOS-**
4 **TER OR ADOPTIVE PARENTS.**

5 (a) **ELIMINATION OF OPT-OUT PROVISION.**—Section
6 471(a)(20) of the Social Security Act (42 U.S.C.
7 671(a)(20)) is amended—

8 (1) by striking “(A) unless an election provided
9 for in subparagraph (B) is made with respect to the
10 State,”;

11 (2) in subparagraph (A), by striking “and” at
12 the end;

13 (3) by striking subparagraph (B);

14 (4) by striking “(i)” and inserting “(A)”; and

15 (5) by striking “(ii)” and inserting “(B)”.

16 (b) **EFFECTIVE DATE.**—

17 (1) **IN GENERAL.**—Subject to paragraph (2),
18 the amendments made by subsection (a) take effect
19 on the date of enactment of this Act.

20 (2) **DELAY PERMITTED IF STATE LEGISLATION**
21 **REQUIRED.**—In the case of a State plan under part
22 **E** of title **IV** of the Social Security Act which the
23 Secretary of Health and Human Services determines
24 requires State legislation (other than legislation ap-
25 propriating funds) in order for the plan to meet the
26 additional requirements imposed by the amendments

1 made by subsection (a), the State plan shall not be
2 regarded as failing to comply with the requirements
3 of such part solely on the basis of the failure of the
4 plan to meet such additional requirements before the
5 first day of the first calendar quarter beginning
6 after the close of the first regular session of the
7 State legislature that begins after the date of enact-
8 ment of this Act. For purposes of the previous sen-
9 tence, in the case of a State that has a 2-year legis-
10 lative session, each year of such session shall be
11 deemed to be a separate regular session of the State
12 legislature.

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