S. HRG. 106–35

# WELFARE REFORM

## HEARING

BEFORE THE

## COMMITTEE ON INDIAN AFFAIRS
## UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

ON

## P.L. 104–193

OVERSIGHT HEARING TO PROVIDE TESTIMONY ON THE IMPLEMENTATION OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

APRIL 14, 1999
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# WELFARE REFORM

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**WEDNESDAY, APRIL 14, 1999**

U.S. SENATE,
COMMITTEE ON INDIAN AFFAIRS,
*Washington, DC.*

The committee met, pursuant to notice, at 1:47 p.m. in room 485, Senate Russell Building, Hon. Ben Nighthorse Campbell (chairman of the committee) presiding.

Present: Senators Campbell and Inouye.

## STATEMENT OF HON. BEN NIGHTHORSE CAMPBELL, U.S. SENATOR FROM COLORADO, CHAIRMAN, COMMITTEE ON INDIAN AFFAIRS

The CHAIRMAN. The committee will be in order.

This afternoon the committee will receive testimony on the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. In 1996, after years of a Federal welfare regime that was overly bureaucratic and ineffective, Congress enacted this comprehensive welfare reform legislation.

Commonly known as "welfare reform," the statute is being implemented across the United States, including in Indian communities. The act consolidates programs such as Aid to Families with Dependent Children and Job Opportunities and Basic Skills into a block grant administered by local governments. The act also shifts the focus of welfare assistance from a program that simply hands out enough benefits to support a meager subsistence, to one that is focused on helping poor Americans make the transition from welfare to work.

In the long run this act is about work. In the short run, it is about transferring authority, funds, and decisionmaking from the Federal Government to local governments.

I believe that we are all familiar with the parade of horrors showing most Indians living in Third World conditions; unemployment hovering at about 50 percent; poverty is rampant; housing, health care, and educational opportunities are poor; and substance abuse and hopelessness are widespread. As chairman of this committee, one of the major focuses of my agenda is rehabilitating Indian economies and encouraging private sector development. In the meantime, we will give the tribes the tools they need to make welfare reform successful for their members. This may mean technical amendments to the act, enlarging the scope of programs like the current effort to consolidate employment and other initiatives to

give tribes the resources and tools necessary to have a successful implementation of the law.

With that, I look forward to hearing the testimony today.

[Text of P.L. 104–193 follows:]

# Public Law 104–193
# 104th Congress

## An Act

To provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

Aug. 22, 1996
[H.R. 3734]

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

**SECTION 1. SHORT TITLE.**

Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
42 USC 1305 note.

This Act may be cited as the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996".

**SEC. 2. TABLE OF CONTENTS.**

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Sec. 102. Reference to Social Security Act.
Sec. 103. Block grants to States.
Sec. 104. Services provided by charitable, religious, or private organizations.
Sec. 105. Census data on grandparents as primary caregivers for their grandchildren.
Sec. 106. Report on data processing.
Sec. 107. Study on alternative outcomes measures.
Sec. 108. Conforming amendments to the Social Security Act.
Sec. 109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
Sec. 110. Conforming amendments to other laws.
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Sec. 116. Effective date; transition rule.

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# TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

42 USC 601 note.

**SEC. 101. FINDINGS.**

The Congress makes the following findings:

(1) Marriage is the foundation of a successful society.

(2) Marriage is an essential institution of a successful society which promotes the interests of children.

(3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the well-being of children.

(4) In 1992, only 54 percent of single-parent families with children had a child support order established and, of that 54 percent, only about one-half received the full amount due. Of the cases enforced through the public child support enforcement system, only 18 percent of the caseload has a collection.

(5) The number of individuals receiving aid to families with dependent children (in this section referred to as "AFDC") has more than tripled since 1965. More than two-thirds of these recipients are children. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

(A)(i) The average monthly number of children receiving AFDC benefits—

(I) was 3,300,000 in 1965;

(II) was 6,200,000 in 1970;

(III) was 7,400,000 in 1980; and

(IV) was 9,300,000 in 1992.

(ii) While the number of children receiving AFDC benefits increased nearly threefold between 1965 and 1992, the total number of children in the United States aged 0 to 18 has declined by 5.5 percent.

(B) The Department of Health and Human Services has estimated that 12,000,000 children will receive AFDC benefits within 10 years.

(C) The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women. Between 1970 and 1991, the percentage of live births to unmarried women increased nearly threefold, from 10.7 percent to 29.5 percent.

(6) The increase of out-of-wedlock pregnancies and births is well documented as follows:

(A) It is estimated that the rate of nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

(B) The total of all out-of-wedlock births between 1970 and 1991 has risen from 10.7 percent to 29.5 percent and

if the current trend continues, 50 percent of all births by the year 2015 will be out-of-wedlock.

(7) An effective strategy to combat teenage pregnancy must address the issue of male responsibility, including statutory rape culpability and prevention. The increase of teenage pregnancies among the youngest girls is particularly severe and is linked to predatory sexual practices by men who are significantly older.

(A) It is estimated that in the late 1980's, the rate for girls age 14 and under giving birth increased 26 percent.

(B) Data indicates that at least half of the children born to teenage mothers are fathered by adult men. Available data suggests that almost 70 percent of births to teenage girls are fathered by men over age 20.

(C) Surveys of teen mothers have revealed that a majority of such mothers have histories of sexual and physical abuse, primarily with older adult men.

(8) The negative consequences of an out-of-wedlock birth on the mother, the child, the family, and society are well documented as follows:

(A) Young women 17 and under who give birth outside of marriage are more likely to go on public assistance and to spend more years on welfare once enrolled. These combined effects of "younger and longer" increase total AFDC costs per household by 25 percent to 30 percent for 17-year-olds.

(B) Children born out-of-wedlock have a substantially higher risk of being born at a very low or moderately low birth weight.

(C) Children born out-of-wedlock are more likely to experience low verbal cognitive attainment, as well as more child abuse, and neglect.

(D) Children born out-of-wedlock were more likely to have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

(E) Being born out-of-wedlock significantly reduces the chances of the child growing up to have an intact marriage.

(F) Children born out-of-wedlock are 3 times more likely to be on welfare when they grow up.

(9) Currently 35 percent of children in single-parent homes were born out-of-wedlock, nearly the same percentage as that of children in single-parent homes whose parents are divorced (37 percent). While many parents find themselves, through divorce or tragic circumstances beyond their control, facing the difficult task of raising children alone, nevertheless, the negative consequences of raising children in single-parent homes are well documented as follows:

(A) Only 9 percent of married-couple families with children under 18 years of age have income below the national poverty level. In contrast, 46 percent of female-headed households with children under 18 years of age are below the national poverty level.

(B) Among single-parent families, nearly ½ of the mothers who never married received AFDC while only ⅕ of divorced mothers received AFDC.

(C) Children born into families receiving welfare assistance are 3 times more likely to be on welfare when they reach adulthood than children not born into families receiving welfare.

(D) Mothers under 20 years of age are at the greatest risk of bearing low birth weight babies.

(E) The younger the single-parent mother, the less likely she is to finish high school.

(F) Young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time.

(G) Between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000.

(H) The absence of a father in the life of a child has a negative effect on school performance and peer adjustment.

(I) Children of teenage single parents have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

(J) Children of single-parent homes are 3 times more likely to fail and repeat a year in grade school than are children from intact 2-parent families.

(K) Children from single-parent homes are almost 4 times more likely to be expelled or suspended from school.

(L) Neighborhoods with larger percentages of youth aged 12 through 20 and areas with higher percentages of single-parent households have higher rates of violent crime.

(M) Of those youth held for criminal offenses within the State juvenile justice system, only 29.8 percent lived primarily in a home with both parents. In contrast to these incarcerated youth, 73.9 percent of the 62,800,000 children in the Nation's resident population were living with both parents.

(10) Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in part A of title IV of the Social Security Act (as amended by section 103(a) of this Act) is intended to address the crisis.

**SEC. 102. REFERENCE TO SOCIAL SECURITY ACT.**

Except as otherwise specifically provided, wherever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

**SEC. 103. BLOCK GRANTS TO STATES.**

(a) IN GENERAL.—Part A of title IV (42 U.S.C. 601 et seq.) is amended—

42 USC prec. 601, 601–610, 612, 613, 615–617.

(1) by striking all that precedes section 418 (as added by section 603(b)(2) of this Act) and inserting the following:

# "PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

**"SEC. 401. PURPOSE.** 42 USC 601.

"(a) IN GENERAL.—The purpose of this part is to increase the flexibility of States in operating a program designed to—

"(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

"(2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

"(3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and

"(4) encourage the formation and maintenance of two-parent families.

"(b) NO INDIVIDUAL ENTITLEMENT.—This part shall not be interpreted to entitle any individual or family to assistance under any State program funded under this part.

**"SEC. 402. ELIGIBLE STATES; STATE PLAN.** 42 USC 602.

"(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that, during the 2-year period immediately preceding the fiscal year, has submitted to the Secretary a plan that the Secretary has found includes the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

"(A) GENERAL PROVISIONS.—A written document that outlines how the State intends to do the following:

"(i) Conduct a program, designed to serve all political subdivisions in the State (not necessarily in a uniform manner), that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.

"(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier.

"(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with section 407.

"(iv) Take such reasonable steps as the State deems necessary to restrict the use and disclosure of information about individuals and families receiving assistance under the program attributable to funds provided by the Federal Government.

"(v) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy

ratio of the State (as defined in section 403(a)(2)(B)) for calendar years 1996 through 2005.

"(vi) Conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

"(B) SPECIAL PROVISIONS.—

"(i) The document shall indicate whether the State intends to treat families moving into the State from another State differently than other families under the program, and if so, how the State intends to treat such families under the program.

"(ii) The document shall indicate whether the State intends to provide assistance under the program to individuals who are not citizens of the United States, and if so, shall include an overview of such assistance.

"(iii) The document shall set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the State will provide opportunities for recipients who have been adversely affected to be heard in a State administrative or appeal process.

"(iv) Not later than 1 year after the date of enactment of this Act, unless the chief executive officer of the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 2 months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.

"(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

"(3) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E, and that the State will take such actions as are necessary to ensure that children receiving assistance under such part are eligible for medical assistance under the State plan under title XIX.

"(4) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies will administer and supervise the program referred to in paragraph (1) for the fiscal year, which shall include assurances that local governments and private sector organizations—

"(A) have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations; and

"(B) have had at least 45 days to submit comments on the plan and the design of such services.

"(5) CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.—A certification by the chief executive officer of the State that, during the fiscal year, the State will provide each member of an Indian tribe, who is domiciled in the State and is not eligible for assistance under a tribal family assistance plan approved under section 412, with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.

"(6) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE AGAINST PROGRAM FRAUD AND ABUSE.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure against program fraud and abuse, including standards and procedures concerning nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State program, kickbacks, and the use of political patronage.

"(7) OPTIONAL CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN FOR AND IDENTIFY DOMESTIC VIOLENCE.—

"(A) IN GENERAL.—At the option of the State, a certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to—

"(i) screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;

"(ii) refer such individuals to counseling and supportive services; and

"(iii) waive, pursuant to a determination of good cause, other program requirements such as time limits (for so long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in cases where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have been victimized by such violence, or individuals who are at risk of further domestic violence.

"(B) DOMESTIC VIOLENCE DEFINED.—For purposes of this paragraph, the term 'domestic violence' has the same meaning as the term 'battered or subjected to extreme cruelty', as defined in section 408(a)(7)(C)(iii).

"(b) PUBLIC AVAILABILITY OF STATE PLAN SUMMARY.—The State shall make available to the public a summary of any plan submitted by the State under this section.

**"SEC. 403. GRANTS TO STATES.** 42 USC 603.

"(a) GRANTS.—

"(1) FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary, for each of fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002, a grant in an amount equal to the State family assistance grant.

"(B) STATE FAMILY ASSISTANCE GRANT DEFINED.—As used in this part, the term 'State family assistance grant' means the greatest of—

"(i) ⅓ of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for fiscal years 1992, 1993, and 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect));

"(ii)(I) the total amount required to be paid to the State under former section 403 for fiscal year 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect)); plus

"(II) an amount equal to 85 percent of the amount (if any) by which the total amount required to be paid to the State under former section 403(a)(5) for emergency assistance for fiscal year 1995 exceeds the total amount required to be paid to the State under former section 403(a)(5) for fiscal year 1994, if, during fiscal year 1994 or 1995, the Secretary approved under former section 402 an amendment to the former State plan with respect to the provision of emergency assistance; or

"(iii) ⅔ of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for the 1st 3 quarters of fiscal year 1995 (other than with respect to amounts expended by the State under the State plan approved under part F (as so in effect) or for child care under subsection (g) or (i) of former section 402 (as so in effect)), plus the total amount required to be paid to the State for fiscal year 1995 under former section 403(l) (as so in effect).

"(C) TOTAL AMOUNT REQUIRED TO BE PAID TO THE STATE UNDER FORMER SECTION 403 DEFINED.—As used in this part, the term 'total amount required to be paid to the State under former section 403' means, with respect to a fiscal year—

"(i) in the case of a State to which section 1108 does not apply, the sum of—

"(I) the Federal share of maintenance assistance expenditures for the fiscal year, before reduction pursuant to subparagraph (B) or (C) of section 403(b)(2) (as in effect on September 30, 1995), as reported by the State on ACF Form 231;

"(II) the Federal share of administrative expenditures (including administrative expenditures for the development of management information systems) for the fiscal year, as reported by the State on ACF Form 231;

"(III) the Federal share of emergency assistance expenditures for the fiscal year, as reported by the State on ACF Form 231;

"(IV) the Federal share of expenditures for the fiscal year with respect to child care pursuant to subsections (g) and (i) of former section 402 (as in effect on September 30, 1995), as reported by the State on ACF Form 231; and

"(V) the Federal obligations made to the State under section 403 for the fiscal year with respect to the State program operated under part F (as in effect on September 30, 1995), as determined by the Secretary, including additional obligations or reductions in obligations made after the close of the fiscal year; and

"(ii) in the case of a State to which section 1108 applies, the lesser of—

"(I) the sum described in clause (i); or

"(II) the total amount certified by the Secretary under former section 403 (as in effect during the fiscal year) with respect to the territory.

"(D) INFORMATION TO BE USED IN DETERMINING AMOUNTS.—

"(i) FOR FISCAL YEARS 1992 AND 1993.—

"(I) In determining the amounts described in subclauses (I) through (IV) of subparagraph (C)(i) for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of April 28, 1995.

"(II) In determining the amount described in subparagraph (C)(i)(V) for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of January 6, 1995.

"(ii) FOR FISCAL YEAR 1994.—In determining the amounts described in subparagraph (C)(i) for any State for fiscal year 1994, the Secretary shall use information available as of April 28, 1995.

"(iii) FOR FISCAL YEAR 1995.—

"(I) In determining the amount described in subparagraph (B)(ii)(II) for any State for fiscal year 1995, the Secretary shall use the information which was reported by the States and estimates made by the States with respect to emergency assistance expenditures and was available as of August 11, 1995.

"(II) In determining the amounts described in subclauses (I) through (III) of subparagraph (C)(i) for any State for fiscal year 1995, the Secretary shall use information available as of October 2, 1995.

"(III) In determining the amount described in subparagraph (C)(i)(IV) for any State for fiscal year 1995, the Secretary shall use information available as of February 28, 1996.

"(IV) In determining the amount described in subparagraph (C)(i)(V) for any State for fiscal year

1995, the Secretary shall use information available as of October 5, 1995.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 such sums as are necessary for grants under this paragraph.

"(2) BONUS TO REWARD DECREASE IN ILLEGITIMACY.—

"(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary a grant for each bonus year for which the State demonstrates a net decrease in out-of-wedlock births.

"(B) AMOUNT OF GRANT.—

"(i) IF 5 ELIGIBLE STATES.—If there are 5 eligible States for a bonus year, the amount of the grant shall be $20,000,000.

"(ii) IF FEWER THAN 5 ELIGIBLE STATES.—If there are fewer than 5 eligible States for a bonus year, the amount of the grant shall be $25,000,000.

"(C) DEFINITIONS.—As used in this paragraph:

"(i) ELIGIBLE STATE.—

"(I) IN GENERAL.—The term 'eligible State' means a State that the Secretary determines meets the following requirements:

"(aa) The State demonstrates that the number of out-of-wedlock births that occurred in the State during the most recent 2-year period for which such information is available decreased as compared to the number of such births that occurred during the previous 2-year period, and the magnitude of the decrease for the State for the period is not exceeded by the magnitude of the corresponding decrease for 5 or more other States for the period.

"(bb) The rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995.

"(II) DISREGARD OF CHANGES IN DATA DUE TO CHANGED REPORTING METHODS.—In making the determination required by subclause (I), the Secretary shall disregard—

"(aa) any difference between the number of out-of-wedlock births that occurred in a State for a fiscal year and the number of out-of-wedlock births that occurred in a State for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate the number of out-of-wedlock births; and

"(bb) any difference between the rate of induced pregnancy terminations in a State for a fiscal year and such rate for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate such rate.

"(ii) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, and 2002.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2002, such sums as are necessary for grants under this paragraph.

"(3) SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.—

"(A) IN GENERAL.—Each qualifying State shall, subject to subparagraph (F), be entitled to receive from the Secretary—

"(i) for fiscal year 1998 a grant in an amount equal to 2.5 percent of the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

"(ii) for each of fiscal years 1999, 2000, and 2001, a grant in an amount equal to the sum of—

"(I) the amount (if any) required to be paid to the State under this paragraph for the immediately preceding fiscal year; and

"(II) 2.5 percent of the sum of—

"(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

"(bb) the amount (if any) required to be paid to the State under this paragraph for the fiscal year preceding the fiscal year for which the grant is to be made.

"(B) PRESERVATION OF GRANT WITHOUT INCREASES FOR STATES FAILING TO REMAIN QUALIFYING STATES.—Each State that is not a qualifying State for a fiscal year specified in subparagraph (A)(ii) but was a qualifying State for a prior fiscal year shall, subject to subparagraph (F), be entitled to receive from the Secretary for the specified fiscal year, a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.

"(C) QUALIFYING STATE.—

"(i) IN GENERAL.—For purposes of this paragraph, a State is a qualifying State for a fiscal year if—

"(I) the level of welfare spending per poor person by the State for the immediately preceding fiscal year is less than the national average level of State welfare spending per poor person for such preceding fiscal year; and

"(II) the population growth rate of the State (as determined by the Bureau of the Census) for the most recent fiscal year for which information is available exceeds the average population growth rate for all States (as so determined) for such most recent fiscal year.

"(ii) STATE MUST QUALIFY IN FISCAL YEAR 1997.—Notwithstanding clause (i), a State shall not be a qualifying State for any fiscal year after 1998 by reason

of clause (i) if the State is not a qualifying State for fiscal year 1998 by reason of clause (i).

"(iii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State is deemed to be a qualifying State for fiscal years 1998, 1999, 2000, and 2001 if—

"(I) the level of welfare spending per poor person by the State for fiscal year 1994 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1994; or

"(II) the population of the State increased by more than 10 percent from April 1, 1990 to July 1, 1994, according to the population estimates in publication CB94–204 of the Bureau of the Census.

"(D) DEFINITIONS.—As used in this paragraph:

"(i) LEVEL OF WELFARE SPENDING PER POOR PERSON.—The term 'level of State welfare spending per poor person' means, with respect to a State and a fiscal year—

"(I) the sum of—

"(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

"(bb) the amount (if any) paid to the State under this paragraph for the immediately preceding fiscal year; divided by

"(II) the number of individuals, according to the 1990 decennial census, who were residents of the State and whose income was below the poverty line.

"(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'national average level of State welfare spending per poor person' means, with respect to a fiscal year, an amount equal to—

"(I) the total amount required to be paid to the States under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; divided by

"(II) the number of individuals, according to the 1990 decennial census, who were residents of any State and whose income was below the poverty line.

"(iii) STATE.—The term 'State' means each of the 50 States of the United States and the District of Columbia.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1998, 1999, 2000, and 2001 such sums as are necessary for grants under this paragraph, in a total amount not to exceed $800,000,000.

"(F) GRANTS REDUCED PRO RATA IF INSUFFICIENT APPROPRIATIONS.—If the amount appropriated pursuant to this paragraph for a fiscal year is less than the total amount

of payments otherwise required to be made under this paragraph for the fiscal year, then the amount otherwise payable to any State for the fiscal year under this paragraph shall be reduced by a percentage equal to the amount so appropriated divided by such total amount.

"(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2001.

"(4) BONUS TO REWARD HIGH PERFORMANCE STATES.—

"(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is a high performing State.

"(B) AMOUNT OF GRANT.—

"(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a high performing State for a bonus year, which shall be based on the score assigned to the State under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

"(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

"(C) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Secretary, in consultation with the National Governors' Association and the American Public Welfare Association, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a).

"(D) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—For each bonus year, the Secretary shall—

"(i) use the formula developed under subparagraph (C) to assign a score to each eligible State for the fiscal year that immediately precedes the bonus year; and

"(ii) prescribe a performance threshold in such a manner so as to ensure that—

"(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $200,000,000; and

"(II) the total amount of grants to be made under this paragraph for all bonus years equals $1,000,000,000.

"(E) DEFINITIONS.—As used in this paragraph:

"(i) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, 2002, and 2003.

"(ii) HIGH PERFORMING STATE.—The term 'high performing State' means, with respect to a bonus year, an eligible State whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the

performance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

"(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003 $1,000,000,000 for grants under this paragraph.

"(b) CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for State Welfare Programs' (in this section referred to as the 'Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, 2000, and 2001 such sums as are necessary for payment to the Fund in a total amount not to exceed $2,000,000,000.

"(3) GRANTS.—

"(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an eligible month, the Secretary shall, subject to this paragraph, pay to the State, from amounts appropriated pursuant to paragraph (2), an amount equal to the amount of funds so requested.

"(B) PAYMENT PRIORITY.—The Secretary shall make payments under subparagraph (A) in the order in which the Secretary receives requests for such payments.

"(C) LIMITATIONS.—

"(i) MONTHLY PAYMENT TO A STATE.—The total amount paid to a single State under subparagraph (A) during a month shall not exceed 1/12 of 20 percent of the State family assistance grant.

"(ii) PAYMENTS TO ALL STATES.—The total amount paid to all States under subparagraph (A) during fiscal years 1997 through 2001 shall not exceed the total amount appropriated pursuant to paragraph (2).

"(4) ANNUAL RECONCILIATION.—Notwithstanding paragraph (3), at the end of each fiscal year, each State shall remit to the Secretary an amount equal to the amount (if any) by which the total amount paid to the State under paragraph (3) during the fiscal year exceeds—

"(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount (if any) by which—

"(i) if the Secretary makes a payment to the State under section 418(a)(2) in the fiscal year—

"(I) the expenditures under the State program funded under this part for the fiscal year, excluding any amounts made available by the Federal Government (except amounts paid to the State under paragraph (3) during the fiscal year that have been expended by the State) and any amounts expended by the State during the fiscal year for child care; exceeds

"(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)), excluding the expenditures by the State for child care under subsection

(g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994 minus any Federal payment with respect to such child care expenditures; or

"(ii) if the Secretary does not make a payment to the State under section 418(a)(2) in the fiscal year—

"(I) the expenditures under the State program funded under this part for the fiscal year (excluding any amounts made available by the Federal Government, except amounts paid to the State under paragraph (3) during the fiscal year that have been expended by the State), exceeds

"(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)); multiplied by

"(B) 1/12 times the number of months during the fiscal year for which the Secretary makes a payment to the State under this subsection.

"(5) ELIGIBLE MONTH.—As used in paragraph (3)(A), the term 'eligible month' means, with respect to a State, a month in the 2-month period that begins with any month for which the State is a needy State.

"(6) NEEDY STATE.—For purposes of paragraph (5), a State is a needy State for a month if—

"(A) the average rate of—

"(i) total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published equals or exceeds 6.5 percent; and

"(ii) total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; or

"(B) as determined by the Secretary of Agriculture (in the discretion of the Secretary of Agriculture), the monthly average number of individuals (as of the last day of each month) participating in the food stamp program in the State in the then most recently concluded 3-month period for which data are available exceeds by not less than 10 percent the lesser of—

"(i) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1994 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1994; or

"(ii) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1995 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1995.

"(7) OTHER TERMS DEFINED.—As used in this subsection:

"(A) STATE.—The term 'State' means each of the 50 States of the United States and the District of Columbia.

"(B) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.

"(8) ANNUAL REPORTS.—The Secretary shall annually report to the Congress on the status of the Fund.

42 USC 604.

**"SEC. 404. USE OF GRANTS.**

"(a) GENERAL RULES.—Subject to this part, a State to which a grant is made under section 403 may use the grant—

"(1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with assistance in meeting home heating and cooling costs; or

"(2) in any manner that the State was authorized to use amounts received under part A or F, as such parts were in effect on September 30, 1995.

"(b) LIMITATION ON USE OF GRANT FOR ADMINISTRATIVE PURPOSES.—

"(1) LIMITATION.—A State to which a grant is made under section 403 shall not expend more than 15 percent of the grant for administrative purposes.

"(2) EXCEPTION.—Paragraph (1) shall not apply to the use of a grant for information technology and computerization needed for tracking or monitoring required by or under this part.

"(c) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State operating a program funded under this part may apply to a family the rules (including benefit amounts) of the program funded under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

"(d) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

"(1) IN GENERAL.—A State may use not more than 30 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

"(A) Title XX of this Act.

"(B) The Child Care and Development Block Grant Act of 1990.

"(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—Notwithstanding paragraph (1), not more than ⅓ of the total amount paid to a State under this part for a fiscal year that is used to carry out State programs pursuant to provisions of law specified in paragraph (1) may be used to carry out State programs pursuant to title XX.

"(3) APPLICABLE RULES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph, any amount paid to a State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program, and the expenditure of any amount so used

shall not be considered to be an expenditure under this part.

"(B) EXCEPTION RELATING TO TITLE XX PROGRAMS.—All amounts paid to a State under this part that are used to carry out State programs pursuant to title XX shall be used only for programs and services to children or their families whose income is less than 200 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

"(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under this part.

"(f) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under section 403 may use the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

"(g) IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—A State to which a grant is made under section 403 is encouraged to implement an electronic benefit transfer system for providing assistance under the State program funded under this part, and may use the grant for such purpose.

"(h) USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(1) IN GENERAL.—A State to which a grant is made under section 403 may use the grant to carry out a program to fund individual development accounts (as defined in paragraph (2)) established by individuals eligible for assistance under the State program funded under this part.

"(2) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(A) ESTABLISHMENT.—Under a State program carried out under paragraph (1), an individual development account may be established by or on behalf of an individual eligible for assistance under the State program operated under this part for the purpose of enabling the individual to accumulate funds for a qualified purpose described in subparagraph (B).

"(B) QUALIFIED PURPOSE.—A qualified purpose described in this subparagraph is 1 or more of the following, as provided by the qualified entity providing assistance to the individual under this subsection:

"(i) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution.

"(ii) FIRST HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due.

"(iii) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

"(C) CONTRIBUTIONS TO BE FROM EARNED INCOME.—An individual may only contribute to an individual development account such amounts as are derived from earned income, as defined in section 911(d)(2) of the Internal Revenue Code of 1986.

Regulations

"(D) WITHDRAWAL OF FUNDS.—The Secretary shall establish such regulations as may be necessary to ensure that funds held in an individual development account are not withdrawn except for 1 or more of the qualified purposes described in subparagraph (B).

"(3) REQUIREMENTS.—

"(A) IN GENERAL.—An individual development account established under this subsection shall be a trust created or organized in the United States and funded through periodic contributions by the establishing individual and matched by or through a qualified entity for a qualified purpose (as described in paragraph (2)(B)).

"(B) QUALIFIED ENTITY.—As used in this subsection, the term 'qualified entity' means—

"(i) a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

"(ii) a State or local government agency acting in cooperation with an organization described in clause (i).

"(4) NO REDUCTION IN BENEFITS.—Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this subsection shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

"(5) DEFINITIONS.—As used in this subsection—

"(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means the following:

"(i) An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this subsection.

"(ii) An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this subsection.

"(B) POST-SECONDARY EDUCATIONAL EXPENSES.—The term 'post-secondary educational expenses' means—

"(i) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution, and

"(ii) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

"(C) QUALIFIED ACQUISITION COSTS.—The term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

"(D) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law or public policy (as determined by the Secretary).

"(E) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term 'qualified business capitalization expenses' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

"(F) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

"(G) QUALIFIED FIRST-TIME HOMEBUYER.—

"(i) IN GENERAL.—The term 'qualified first-time homebuyer' means a taxpayer (and, if married, the taxpayer's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

"(ii) DATE OF ACQUISITION.—The term 'date of acquisition' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

"(H) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which—

"(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

"(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

"(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

"(I) QUALIFIED PRINCIPAL RESIDENCE.—The term 'qualified principal residence' means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

"(i) SANCTION WELFARE RECIPIENTS FOR FAILING TO ENSURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—A State to which a grant is made under section 403 shall not be prohibited

from sanctioning a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult fails to ensure that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside.

"(j) REQUIREMENT FOR HIGH SCHOOL DIPLOMA OR EQUIVALENT.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who is older than age 20 and younger than age 51 and who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

42 USC 605.

**"SEC. 405. ADMINISTRATIVE PROVISIONS.**

"(a) QUARTERLY.—The Secretary shall pay each grant payable to a State under section 403 in quarterly installments, subject to this section.

"(b) NOTIFICATION.—Not later than 3 months before the payment of any such quarterly installment to a State, the Secretary shall notify the State of the amount of any reduction determined under section 412(a)(1)(B) with respect to the State.

"(c) COMPUTATION AND CERTIFICATION OF PAYMENTS TO STATES.—

"(1) COMPUTATION.—The Secretary shall estimate the amount to be paid to each eligible State for each quarter under this part, such estimate to be based on a report filed by the State containing an estimate by the State of the total sum to be expended by the State in the quarter under the State program funded under this part and such other information as the Secretary may find necessary.

"(2) CERTIFICATION.—The Secretary of Health and Human Services shall certify to the Secretary of the Treasury the amount estimated under paragraph (1) with respect to a State, reduced or increased to the extent of any overpayment or underpayment which the Secretary of Health and Human Services determines was made under this part to the State for any prior quarter and with respect to which adjustment has not been made under this paragraph.

"(d) PAYMENT METHOD.—Upon receipt of a certification under subsection (c)(2) with respect to a State, the Secretary of the Treasury shall, through the Fiscal Service of the Department of the Treasury and before audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

42 USC 606.

**"SEC. 406. FEDERAL LOANS FOR STATE WELFARE PROGRAMS.**

"(a) LOAN AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall make loans to any loan-eligible State, for a period to maturity of not more than 3 years.

"(2) LOAN-ELIGIBLE STATE.—As used in paragraph (1), the term 'loan-eligible State' means a State against which a penalty has not been imposed under section 409(a)(1).

"(b) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under this section at a rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan.

"(c) USE OF LOAN.—A State shall use a loan made to the State under this section only for any purpose for which grant amounts received by the State under section 403(a) may be used, including—

"(1) welfare anti-fraud activities; and

"(2) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 412.

"(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO A STATE.—The cumulative dollar amount of all loans made to a State under this section during fiscal years 1997 through 2002 shall not exceed 10 percent of the State family assistance grant.

"(e) LIMITATION ON TOTAL AMOUNT OF OUTSTANDING LOANS.—The total dollar amount of loans outstanding under this section may not exceed $1,700,000,000.

"(f) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated such sums as may be necessary for the cost of loans under this section.

**"SEC. 407. MANDATORY WORK REQUIREMENTS.** 42 USC 607.

"(a) PARTICIPATION RATE REQUIREMENTS.—

"(1) ALL FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to all families receiving assistance under the State program funded under this part:

| "If the fiscal year is: | The minimum participation rate is: |
|---|---|
| 1997 | 25 |
| 1998 | 30 |
| 1999 | 35 |
| 2000 | 40 |
| 2001 | 45 |
| 2002 or thereafter | 50. |

"(2) 2-PARENT FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to 2-parent families receiving assistance under the State program funded under this part:

| "If the fiscal year is: | The minimum participation rate is: |
|---|---|
| 1997 | 75 |
| 1998 | 75 |
| 1999 or thereafter | 90. |

"(b) CALCULATION OF PARTICIPATION RATES.—

"(1) ALL FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(1), the participation rate for all families of a State for a fiscal year is the average of the participation rates for all families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families of the State for a month, expressed as a percentage, is—

"(i) the number of families receiving assistance under the State program funded under this part that include an adult or a minor child head of household who is engaged in work for the month; divided by

"(ii) the amount by which—

"(I) the number of families receiving such assistance during the month that include an adult or a minor child head of household receiving such assistance; exceeds

"(II) the number of families receiving such assistance that are subject in such month to a penalty described in subsection (e)(1) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive).

"(2) 2-PARENT FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-parent families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month shall be calculated by use of the formula set forth in paragraph (1)(B), except that in the formula the term 'number of 2-parent families' shall be substituted for the term 'number of families' each place such latter term appears.

"(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW.—

Regulations.

"(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

"(i) the average monthly number of families receiving assistance during the immediately preceding fiscal year under the State program funded under this part is less than

"(ii) the average monthly number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

"(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations required by subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under the State program operated under the State plan approved under part A (as such plan and such part were in effect on September 30, 1995). Such regulations shall place the burden on the Secretary to prove that such families were diverted as a direct result of differences in such eligibility criteria.

"(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families in the State that are receiving assistance under a tribal family assistance plan approved under section 412.

"(5) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may, at its option, not require an individual who is a single custodial parent caring for a child who has not attained 12 months of age to engage in work, and may disregard such an individual in determining the participation rates under subsection (a) for not more than 12 months.

"(c) ENGAGED IN WORK.—

"(1) GENERAL RULES.—

"(A) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i), a recipient is engaged in work for a month in a fiscal year if the recipient is participating in work activities for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d), subject to this subsection:

| "If the month is in fiscal year: | The minimum average number of hours per week is: |
|---|---|
| 1997 | 20 |
| 1998 | 20 |
| 1999 | 25 |
| 2000 or thereafter | 30. |

"(B) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B), an individual is engaged in work for a month in a fiscal year if—

"(i) the individual is making progress in work activities for at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d), subject to this subsection; and

"(ii) if the family of the individual receives federally-funded child care assistance and an adult in the family is not disabled or caring for a severely disabled child, the individual's spouse is making progress in work activities during the month, not fewer than 20 hours per week of which are attributable to an activity

described in paragraph (1), (2), (3), (4), (5), or (7) of subsection (d).

"(2) LIMITATIONS AND SPECIAL RULES.—

"(A) NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—

"(i) LIMITATION.—Notwithstanding paragraph (1) of this subsection, an individual shall not be considered to be engaged in work by virtue of participation in an activity described in subsection (d)(6) of a State program funded under this part, after the individual has participated in such an activity for 6 weeks (or, if the unemployment rate of the State is at least 50 percent greater than the unemployment rate of the United States, 12 weeks), or if the participation is for a week that immediately follows 4 consecutive weeks of such participation.

"(ii) LIMITED AUTHORITY TO COUNT LESS THAN FULL WEEK OF PARTICIPATION.—For purposes of clause (i) of this subparagraph, on not more than 1 occasion per individual, the State shall consider participation of the individual in an activity described in subsection (d)(6) for 3 or 4 days during a week as a week of participation in the activity by the individual.

"(B) SINGLE PARENT WITH CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS IF PARENT IS ENGAGED IN WORK FOR 20 HOURS PER WEEK.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient in a 1-parent family who is the parent of a child who has not attained 6 years of age is deemed to be engaged in work for a month if the recipient is engaged in work for an average of at least 20 hours per week during the month.

"(C) TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient who is a single head of household and has not attained 20 years of age is deemed, subject to subparagraph (D) of this paragraph, to be engaged in work for a month in a fiscal year if the recipient—

"(i) maintains satisfactory attendance at secondary school or the equivalent during the month; or

"(ii) participates in education directly related to employment for at least the minimum average number of hours per week specified in the table set forth in paragraph (1)(A) of this subsection.

"(D) NUMBER OF PERSONS THAT MAY BE TREATED AS ENGAGED IN WORK BY VIRTUE OF PARTICIPATION IN VOCATIONAL EDUCATION ACTIVITIES OR BEING A TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B) of subsection (b), not more than 20 percent of individuals in all families and in 2-parent families may be determined to be engaged in work in the State for a month by reason of participation

in vocational educational training or deemed to be engaged in work by reason of subparagraph (C) of this paragraph.

"(d) WORK ACTIVITIES DEFINED.—As used in this section, the term 'work activities' means—

"(1) unsubsidized employment;

"(2) subsidized private sector employment;

"(3) subsidized public sector employment;

"(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

"(5) on-the-job training;

"(6) job search and job readiness assistance;

"(7) community service programs;

"(8) vocational educational training (not to exceed 12 months with respect to any individual);

"(9) job skills training directly related to employment;

"(10) education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency;

"(11) satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate; and

"(12) the provision of child care services to an individual who is participating in a community service program.

"(e) PENALTIES AGAINST INDIVIDUALS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an individual in a family receiving assistance under the State program funded under this part refuses to engage in work required in accordance with this section, the State shall—

"(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the individual so refuses; or

"(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

"(2) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program funded under this part based on a refusal of an individual to work if the individual is a single custodial parent caring for a child who has not attained 6 years of age, and the individual proves that the individual has a demonstrated inability (as determined by the State) to obtain needed child care, for 1 or more of the following reasons:

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

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

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

"(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

"(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under a State program funded under this part attributable to funds provided by the Federal

Government may fill a vacant employment position in order to engage in a work activity described in subsection (d).

"(2) NO FILLING OF CERTAIN VACANCIES.—No adult in a work activity described in subsection (d) which is funded, in whole or in part, by funds provided by the Federal Government shall be employed or assigned—

"(A) when any other individual is on layoff from the same or any substantially equivalent job; or

"(B) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).

"(3) GRIEVANCE PROCEDURE.—A State with a program funded under this part shall establish and maintain a grievance procedure for resolving complaints of alleged violations of paragraph (2).

"(4) NO PREEMPTION.—Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

"(g) SENSE OF THE CONGRESS.—It is the sense of the Congress that in complying with this section, each State that operates a program funded under this part is encouraged to assign the highest priority to requiring adults in 2-parent families and adults in single-parent families that include older preschool or school-age children to be engaged in work activities.

"(h) SENSE OF THE CONGRESS THAT STATES SHOULD IMPOSE CERTAIN REQUIREMENTS ON NONCUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the sense of the Congress that the States should require noncustodial, nonsupporting parents who have not attained 18 years of age to fulfill community work obligations and attend appropriate parenting or money management classes after school.

"(i) REVIEW OF IMPLEMENTATION OF STATE WORK PROGRAMS.—During fiscal year 1999, the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate shall hold hearings and engage in other appropriate activities to review the implementation of this section by the States, and shall invite the Governors of the States to testify before them regarding such implementation. Based on such hearings, such Committees may introduce such legislation as may be appropriate to remedy any problems with the State programs operated pursuant to this section.

42 USC 608.

**"SEC. 408. PROHIBITIONS; REQUIREMENTS.**

"(a) IN GENERAL.—

"(1) NO ASSISTANCE FOR FAMILIES WITHOUT A MINOR CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family—

"(A) unless the family includes—

"(i) a minor child who resides with a custodial parent or other adult caretaker relative of the child; or

"(ii) a pregnant individual; and

"(B) if the family includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government, for 60 months (whether or not consecutive) after

the date the State program funded under this part commences (unless an exception described in subparagraph (B), (C), or (D) of paragraph (7) applies).

"(2) REDUCTION OR ELIMINATION OF ASSISTANCE FOR NONCOOPERATION IN ESTABLISHING PATERNITY OR OBTAINING CHILD SUPPORT.—If the agency responsible for administering the State plan approved under part D determines that an individual is not cooperating with the State in establishing paternity or in establishing, modifying, or enforcing a support order with respect to a child of the individual, and the individual does not qualify for any good cause or other exception established by the State pursuant to section 454(29), then the State—

"(A) shall deduct from the assistance that would otherwise be provided to the family of the individual under the State program funded under this part an amount equal to not less than 25 percent of the amount of such assistance; and

"(B) may deny the family any assistance under the State program.

"(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrue (or have accrued) before the date the family leaves the program, which assignment, on and after the date the family leaves the program, shall not apply with respect to any support (other than support collected pursuant to section 464) which accrued before the family received such assistance and which the State has not collected by—

"(i) September 30, 2000, if the assignment is executed on or after October 1, 1997, and before October 1, 2000; or

"(ii) the date the family leaves the program, if the assignment is executed on or after October 1, 2000.

"(B) LIMITATION.—A State to which a grant is made under section 403 shall not require, as a condition of providing assistance to any family under the State program funded under this part, that a member of the family assign to the State any rights to support described in subparagraph (A) which accrue after the date the family leaves the program.

"(4) NO ASSISTANCE FOR TEENAGE PARENTS WHO DO NOT ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual who has not attained 18 years of age, is not married, has a minor child at least 12 weeks of age in his or her care, and has not successfully completed a high-school

education (or its equivalent), if the individual does not participate in—

"(A) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(B) an alternative educational or training program that has been approved by the State.

"(5) NO ASSISTANCE FOR TEENAGE PARENTS NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

"(A) IN GENERAL.—

"(i) REQUIREMENT.—Except as provided in subparagraph (B), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual described in clause (ii) of this subparagraph if the individual and the minor child referred to in clause (ii)(II) do not reside in a place of residence maintained by a parent, legal guardian, or other adult relative of the individual as such parent's, guardian's, or adult relative's own home.

"(ii) INDIVIDUAL DESCRIBED.— For purposes of clause (i), an individual described in this clause is an individual who—

"(I) has not attained 18 years of age; and

"(II) is not married, and has a minor child in his or her care.

"(B) EXCEPTION.—

"(i) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in clause (ii), the State agency referred to in section 402(a)(4) shall provide, or assist the individual in locating, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual and the minor child referred to in subparagraph (A)(ii)(II) reside in such living arrangement as a condition of the continued receipt of assistance under the State program funded under this part attributable to funds provided by the Federal Government (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

"(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual is described in this clause if the individual is described in subparagraph (A)(ii), and—

"(I) the individual has no parent, legal guardian, or other appropriate adult relative described in subclause (II) of his or her own who is living or whose whereabouts are known;

"(II) no living parent, legal guardian, or other appropriate adult relative, who would otherwise meet applicable State criteria to act as the individual's legal guardian, of such individual allows the

individual to live in the home of such parent, guardian, or relative;

"(III) the State agency determines that—

"(aa) the individual or the minor child referred to in subparagraph (A)(ii)(II) is being or has been subjected to serious physical or emotional harm, sexual abuse, or exploitation in the residence of the individual's own parent or legal guardian; or

"(bb) substantial evidence exists of an act or failure to act that presents an imminent or serious harm if the individual and the minor child lived in the same residence with the individual's own parent or legal guardian; or

"(IV) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of subparagraph (A) with respect to the individual or the minor child.

"(iii) SECOND-CHANCE HOME.—For purposes of this subparagraph, the term 'second-chance home' means an entity that provides individuals described in clause (ii) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(6) NO MEDICAL SERVICES.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide medical services.

"(B) EXCEPTION FOR PREPREGNANCY FAMILY PLANNING SERVICES.—As used in subparagraph (A), the term 'medical services' does not include prepregnancy family planning services.

"(7) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government, for 60 months (whether or not consecutive) after the date the State program funded under this part commences, subject to this paragraph.

"(B) MINOR CHILD EXCEPTION.—In determining the number of months for which an individual who is a parent or pregnant has received assistance under the State program funded under this part, the State shall disregard any month for which such assistance was provided with respect to the individual and during which the individual was—

"(i) a minor child; and

"(ii) not the head of a household or married to the head of a household.

"(C) HARDSHIP EXCEPTION.—

"(i) IN GENERAL.—The State may exempt a family from the application of subparagraph (A) by reason

of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty.

"(ii) LIMITATION.—The number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly number of families to which assistance is provided under the State program funded under this part.

"(iii) BATTERED OR SUBJECT TO EXTREME CRUELTY DEFINED.—For purposes of clause (i), an individual has been battered or subjected to extreme cruelty if the individual has been subjected to—

"(I) physical acts that resulted in, or threatened to result in, physical injury to the individual;

"(II) sexual abuse;

"(III) sexual activity involving a dependent child;

"(IV) being forced as the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities;

"(V) threats of, or attempts at, physical or sexual abuse;

"(VI) mental abuse; or

"(VII) neglect or deprivation of medical care.

"(D) DISREGARD OF MONTHS OF ASSISTANCE RECEIVED BY ADULT WHILE LIVING ON AN INDIAN RESERVATION OR IN AN ALASKAN NATIVE VILLAGE WITH 50 PERCENT UNEMPLOYMENT.—In determining the number of months for which an adult has received assistance under the State program funded under this part, the State shall disregard any month during which the adult lived on an Indian reservation or in an Alaskan Native village if, during the month—

"(i) at least 1,000 individuals were living on the reservation or in the village ; and

"(ii) at least 50 percent of the adults living on the reservation or in the village were unemployed.

"(E) RULE OF INTERPRETATION.—Subparagraph (A) shall not be interpreted to require any State to provide assistance to any individual for any period of time under the State program funded under this part.

"(F) RULE OF INTERPRETATION.—This part shall not be interpreted to prohibit any State from expending State funds not originating with the Federal Government on benefits for children or families that have become ineligible for assistance under the State program funded under this part by reason of subparagraph (A).

"(8) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—A State to which a grant is made under section 403 shall not use any part of the grant to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under pro-

grams that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI. The preceding sentence shall not apply with respect to a conviction of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct which was the subject of the conviction.

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

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to any individual who is—

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

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

The preceding sentence shall not apply with respect to conduct of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct.

"(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing a Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(i) the recipient—

"(I) is described in subparagraph (A); or

"(II) has information that is necessary for the officer to conduct the official duties of the officer; and

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

"(10) DENIAL OF ASSISTANCE FOR MINOR CHILDREN WHO ARE ABSENT FROM THE HOME FOR A SIGNIFICANT PERIOD.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for a minor child who has been, or is expected by a parent (or other caretaker relative) of the child to be, absent from the home for a period of 45 consecutive days or, at the option of the State, such period of not less than 30 and not more than 180 consecutive days as the State may provide for in the State plan submitted pursuant to section 402.

"(B) STATE AUTHORITY TO ESTABLISH GOOD CAUSE EXCEPTIONS.—The State may establish such good cause

exceptions to subparagraph (A) as the State considers appropriate if such exceptions are provided for in the State plan submitted pursuant to section 402.

"(C) DENIAL OF ASSISTANCE FOR RELATIVE WHO FAILS TO NOTIFY STATE AGENCY OF ABSENCE OF CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for an individual who is a parent (or other caretaker relative) of a minor child and who fails to notify the agency administering the State program funded under this part of the absence of the minor child from the home for the period specified in or provided for pursuant to subparagraph (A), by the end of the 5-day period that begins with the date that it becomes clear to the parent (or relative) that the minor child will be absent for such period so specified or provided for.

"(11) MEDICAL ASSISTANCE REQUIRED TO BE PROVIDED FOR CERTAIN FAMILIES HAVING EARNINGS FROM EMPLOYMENT OR CHILD SUPPORT.—

"(A) EARNINGS FROM EMPLOYMENT.—A State to which a grant is made under section 403 and which has a State plan approved under title XIX shall provide that in the case of a family that is treated (under section 1931(b)(1)(A) for purposes of title XIX) as receiving aid under a State plan approved under this part (as in effect on July 16, 1996), that would become ineligible for such aid because of hours of or income from employment of the caretaker relative (as defined under this part as in effect on such date) or because of section 402(a)(8)(B)(ii)(II) (as so in effect), and that was so treated as receiving such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall remain eligible for medical assistance under the State's plan approved under title XIX for an extended period or periods as provided in section 1925 or 1902(e)(1) (as applicable), and that the family will be appropriately notified of such extension as required by section 1925(a)(2).

"(B) CHILD SUPPORT.—A State to which a grant is made under section 403 and which has a State plan approved under title XIX shall provide that in the case of a family that is treated (under section 1931(b)(1)(A) for purposes of title XIX) as receiving aid under a State plan approved under this part (as in effect on July 16, 1996), that would become ineligible for such aid as a result (wholly or partly) of the collection of child or spousal support under part D and that was so treated as receiving such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall remain eligible for medical assistance under the State's plan approved under title XIX for an extended period or periods as provided in section 1931(c)(1).

"(b) INDIVIDUAL RESPONSIBILITY PLANS.—

"(1) ASSESSMENT.—The State agency responsible for administering the State program funded under this part shall make an initial assessment of the skills, prior work experience, and employability of each recipient of assistance under the program who—

"(A) has attained 18 years of age; or

"(B) has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

"(2) CONTENTS OF PLANS.—

"(A) IN GENERAL.—On the basis of the assessment made under subsection (a) with respect to an individual, the State agency, in consultation with the individual, may develop an individual responsibility plan for the individual, which—

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

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

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

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

"(v) may require the individual to undergo appropriate substance abuse treatment.

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

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

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

"(3) PENALTY FOR NONCOMPLIANCE BY INDIVIDUAL.—In addition to any other penalties required under the State program funded under this part, the State may reduce, by such amount as the State considers appropriate, the amount of assistance otherwise payable under the State program to a family that includes an individual who fails without good cause to comply with an individual responsibility plan signed by the individual.

"(4) STATE DISCRETION.—The exercise of the authority of this subsection shall be within the sole discretion of the State.

"(c) NONDISCRIMINATION PROVISIONS.—The following provisions of law shall apply to any program or activity which receives funds provided under this part:

"(1) The Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.).

"(2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

"(3) The Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

"(4) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

"(d) ALIENS.—For special rules relating to the treatment of aliens, see section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

42 USC 609.

**"SEC. 409. PENALTIES.**

"(a) IN GENERAL.—Subject to this section:

"(1) USE OF GRANT IN VIOLATION OF THIS PART.—

"(A) GENERAL PENALTY.—If an audit conducted under chapter 75 of title 31, United States Code, finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by the amount so used.

"(B) ENHANCED PENALTY FOR INTENTIONAL VIOLATIONS.—If the State does not prove to the satisfaction of the Secretary that the State did not intend to use the amount in violation of this part, the Secretary shall further reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by an amount equal to 5 percent of the State family assistance grant.

"(2) FAILURE TO SUBMIT REQUIRED REPORT.—

"(A) IN GENERAL.—If the Secretary determines that a State has not, within 1 month after the end of a fiscal quarter, submitted the report required by section 411(a) for the quarter, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 4 percent of the State family assistance grant.

"(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report if the State submits the report before the end of the fiscal quarter that immediately succeeds the fiscal quarter for which the report was required.

"(3) FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

"(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has failed to comply with section 407(a) for the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than the applicable percentage of the State family assistance grant.

"(B) APPLICABLE PERCENTAGE DEFINED.—As used in subparagraph (A), the term 'applicable percentage' means, with respect to a State—

"(i) if a penalty was not imposed on the State under subparagraph (A) for the immediately preceding fiscal year, 5 percent; or

"(ii) if a penalty was imposed on the State under subparagraph (A) for the immediately preceding fiscal year, the lesser of—

"(I) the percentage by which the grant payable to the State under section 403(a)(1) was reduced for such preceding fiscal year, increased by 2 percentage points; or

"(II) 21 percent.

"(C) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance, and may reduce the penalty if the noncompliance is due to circumstances that caused the State to become a needy State (as defined in section 403(b)(6)) during the fiscal year.

"(4) FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 2 percent of the State family assistance grant.

"(5) FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity or in establishing, modifying, or enforcing a child support order in accordance with such part and who do not qualify for any good cause or other exception established by the State under section 454(29), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year (without regard to this section) by not more than 5 percent.

"(6) FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 406 within the period of maturity applicable to the loan, plus any interest owed on the loan, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter (without regard to this section) by the outstanding loan amount, plus the interest owed on the outstanding amount. The Secretary shall not forgive any outstanding loan amount or interest owed on the outstanding amount.

"(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.—

"(A) IN GENERAL.—The Secretary shall reduce the grant payable to the State under section 403(a)(1) for fiscal year 1998, 1999, 2000, 2001, 2002, or 2003 by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year are less than the applicable percentage of historic State expenditures with respect to such preceding fiscal year.

"(B) DEFINITIONS.—As used in this paragraph:

"(i) QUALIFIED STATE EXPENDITURES.—

"(I) IN GENERAL.—The term 'qualified State expenditures' means, with respect to a State and a fiscal year, the total expenditures by the State during the fiscal year, under all State programs, for any of the following with respect to eligible families:

"(aa) Cash assistance.

"(bb) Child care assistance.

"(cc) Educational activities designed to increase self-sufficiency, job training, and work, excluding any expenditure for public education in the State except expenditures which involve the provision of services or assistance to a member of an eligible family which is not generally available to persons who are not members of an eligible family.

"(dd) Administrative costs in connection with the matters described in items (aa), (bb), (cc), and (ee), but only to the extent that such costs do not exceed 15 percent of the total amount of qualified State expenditures for the fiscal year.

"(ee) Any other use of funds allowable under section 404(a)(1).

"(II) EXCLUSION OF TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—Such term does not include expenditures under any State or local program during a fiscal year, except to the extent that—

"(aa) the expenditures exceed the amount expended under the State or local program in the fiscal year most recently ending before the date of the enactment of this part; or

"(bb) the State is entitled to a payment under former section 403 (as in effect immediately before such date of enactment) with respect to the expenditures.

"(III) ELIGIBLE FAMILIES.—As used in subclause (I), the term 'eligible families' means families eligible for assistance under the State program funded under this part, and families that would be eligible for such assistance but for the application of section 408(a)(7) of this Act or section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

"(ii) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means for fiscal years 1997 through 2002, 80 percent (or, if the State meets the

requirements of section 407(a) for the fiscal year, 75 percent) reduced (if appropriate) in accordance with subparagraph (C)(ii).

"(iii) HISTORIC STATE EXPENDITURES.—The term 'historic State expenditures' means, with respect to a State, the lesser of—

"(I) the expenditures by the State under parts A and F (as in effect during fiscal year 1994) for fiscal year 1994; or

"(II) the amount which bears the same ratio to the amount described in subclause (I) as—

"(aa) the State family assistance grant, plus the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994); bears to

"(bb) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994.

Such term does not include any expenditures under the State plan approved under part A (as so in effect) on behalf of individuals covered by a tribal family assistance plan approved under section 412, as determined by the Secretary.

"(iv) EXPENDITURES BY THE STATE.—The term 'expenditures by the State' does not include—

"(I) any expenditures from amounts made available by the Federal Government;

"(II) any State funds expended for the medicaid program under title XIX;

"(III) any State funds which are used to match Federal funds; or

"(IV) any State funds which are expended as a condition of receiving Federal funds under Federal programs other than under this part.

Notwithstanding subclause (IV) of the preceding sentence, such term includes expenditures by a State for child care in a fiscal year to the extent that the total amount of such expenditures does not exceed an amount equal to the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equal the non-Federal share for the programs described in section 418(a)(1)(A).

"(8) SUBSTANTIAL NONCOMPLIANCE OF STATE CHILD SUPPORT ENFORCEMENT PROGRAM WITH REQUIREMENTS OF PART D.—

"(A) IN GENERAL.—If a State program operated under part D is found as a result of a review conducted under section 452(a)(4) not to have complied substantially with the requirements of such part for any quarter, and the Secretary determines that the program is not complying substantially with such requirements at the time the finding is made, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the quarter and each subsequent quarter that ends before the 1st quarter

throughout which the program is found to be in substantial compliance with such requirements by—

"(i) not less than 1 nor more than 2 percent;

"(ii) not less than 2 nor more than 3 percent, if the finding is the 2nd consecutive such finding made as a result of such a review; or

"(iii) not less than 3 nor more than 5 percent, if the finding is the 3rd or a subsequent consecutive such finding made as a result of such a review.

"(B) DISREGARD OF NONCOMPLIANCE WHICH IS OF A TECHNICAL NATURE.—For purposes of subparagraph (A) and section 452(a)(4), a State which is not in full compliance with the requirements of this part shall be determined to be in substantial compliance with such requirements only if the Secretary determines that any noncompliance with such requirements is of a technical nature which does not adversely affect the performance of the State's program operated under part D.

"(9) FAILURE TO COMPLY WITH 5-YEAR LIMIT ON ASSISTANCE.—If the Secretary determines that a State has not complied with section 408(a)(1)(B) during a fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 5 percent of the State family assistance grant.

"(10) FAILURE OF STATE RECEIVING AMOUNTS FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HISTORIC EFFORT.—If, at the end of any fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been paid to a State, the Secretary finds that the expenditures under the State program funded under this part for the fiscal year (excluding any amounts made available by the Federal Government) are less than 100 percent of historic State expenditures (as defined in paragraph (7)(B)(iii) of this subsection), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by the total of the amounts so paid to the State.

"(11) FAILURE TO MAINTAIN ASSISTANCE TO ADULT SINGLE CUSTODIAL PARENT WHO CANNOT OBTAIN CHILD CARE FOR CHILD UNDER AGE 6.—

"(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has violated section 407(e)(2) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 5 percent of the State family assistance grant.

"(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance.

"(12) FAILURE TO EXPEND ADDITIONAL STATE FUNDS TO REPLACE GRANT REDUCTIONS.—If the grant payable to a State under section 403(a)(1) for a fiscal year is reduced by reason of this subsection, the State shall, during the immediately succeeding fiscal year, expend under the State program funded under this part an amount equal to the total amount of such reductions.

"(b) REASONABLE CAUSE EXCEPTION.—

"(1) IN GENERAL.—The Secretary may not impose a penalty on a State under subsection (a) with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

"(2) EXCEPTION.—Paragraph (1) of this subsection shall not apply to any penalty under paragraph (7) or (8) of subsection (a).

"(c) CORRECTIVE COMPLIANCE PLAN.—

"(1) IN GENERAL.—

"(A) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under subsection (a) with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this subsection which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

"(B) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under subparagraph (A) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

"(C) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective compliance plan submitted by a State in accordance with subparagraph (B), the Secretary may consult with the State on modifications to the plan.

"(D) ACCEPTANCE OF PLAN.— A corrective compliance plan submitted by a State in accordance with subparagraph (B) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-day period that begins on the date the plan is submitted.

"(2) EFFECT OF CORRECTING VIOLATION.—The Secretary may not impose any penalty under subsection (a) with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects the violation pursuant to the plan.

"(3) EFFECT OF FAILING TO CORRECT VIOLATION.—The Secretary shall assess some or all of a penalty imposed on a State under subsection (a) with respect to a violation if the State does not, in a timely manner, correct the violation pursuant to a State corrective compliance plan accepted by the Secretary.

"(4) INAPPLICABILITY TO FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR A STATE WELFARE PROGRAM.—This subsection shall not apply to the imposition of a penalty against a State under subsection (a)(6).

"(d) LIMITATION ON AMOUNT OF PENALTIES.—

"(1) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

"(2) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that paragraph (1) of this subsection prevents the Secretary from recovering during a fiscal year the full amount of penalties imposed on a State under subsection (a) of this

section for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year.

42 USC 610.

**"SEC. 410. APPEAL OF ADVERSE DECISION.**

"(a) IN GENERAL.—Within 5 days after the date the Secretary takes any adverse action under this part with respect to a State, the Secretary shall notify the chief executive officer of the State of the adverse action, including any action with respect to the State plan submitted under section 402 or the imposition of a penalty under section 409.

"(b) ADMINISTRATIVE REVIEW.—

"(1) IN GENERAL.—Within 60 days after the date a State receives notice under subsection (a) of an adverse action, the State may appeal the action, in whole or in part, to the Departmental Appeals Board established in the Department of Health and Human Services (in this section referred to as the 'Board') by filing an appeal with the Board.

"(2) PROCEDURAL RULES.—The Board shall consider an appeal filed by a State under paragraph (1) on the basis of such documentation as the State may submit and as the Board may require to support the final decision of the Board. In deciding whether to uphold an adverse action or any portion of such an action, the Board shall conduct a thorough review of the issues and take into account all relevant evidence. The Board shall make a final determination with respect to an appeal filed under paragraph (1) not less than 60 days after the date the appeal is filed.

"(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

"(1) IN GENERAL.—Within 90 days after the date of a final decision by the Board under this section with respect to an adverse action taken against a State, the State may obtain judicial review of the final decision (and the findings incorporated into the final decision) by filing an action in—

"(A) the district court of the United States for the judicial district in which the principal or headquarters office of the State agency is located; or

"(B) the United States District Court for the District of Columbia.

"(2) PROCEDURAL RULES.—The district court in which an action is filed under paragraph (1) shall review the final decision of the Board on the record established in the administrative proceeding, in accordance with the standards of review prescribed by subparagraphs (A) through (E) of section 706(2) of title 5, United States Code. The review shall be on the basis of the documents and supporting data submitted to the Board.

42 USC 611.

**"SEC. 411. DATA COLLECTION AND REPORTING.**

"(a) QUARTERLY REPORTS BY STATES.—

"(1) GENERAL REPORTING REQUIREMENT.—

"(A) CONTENTS OF REPORT.—Each eligible State shall collect on a monthly basis, and report to the Secretary on a quarterly basis, the following disaggregated case record information on the families receiving assistance under the State program funded under this part:

"(i) The county of residence of the family.

"(ii) Whether a child receiving such assistance or an adult in the family is disabled.

"(iii) The ages of the members of such families.

"(iv) The number of individuals in the family, and the relation of each family member to the youngest child in the family.

"(v) The employment status and earnings of the employed adult in the family.

"(vi) The marital status of the adults in the family, including whether such adults have never married, are widowed, or are divorced.

"(vii) The race and educational status of each adult in the family.

"(viii) The race and educational status of each child in the family.

"(ix) Whether the family received subsidized housing, medical assistance under the State plan approved under title XIX, food stamps, or subsidized child care, and if the latter 2, the amount received.

"(x) The number of months that the family has received each type of assistance under the program.

"(xi) If the adults participated in, and the number of hours per week of participation in, the following activities:

"(I) Education.

"(II) Subsidized private sector employment.

"(III) Unsubsidized employment.

"(IV) Public sector employment, work experience, or community service.

"(V) Job search.

"(VI) Job skills training or on-the-job training.

"(VII) Vocational education.

"(xii) Information necessary to calculate participation rates under section 407.

"(xiii) The type and amount of assistance received under the program, including the amount of and reason for any reduction of assistance (including sanctions).

"(xiv) Any amount of unearned income received by any member of the family.

"(xv) The citizenship of the members of the family.

"(xvi) From a sample of closed cases, whether the family left the program, and if so, whether the family left due to—

"(I) employment;

"(II) marriage;

"(III) the prohibition set forth in section 408(a)(7);

"(IV) sanction; or

"(V) State policy.

"(B) USE OF ESTIMATES.—

"(i) AUTHORITY.—A State may comply with subparagraph (A) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods approved by the Secretary.

"(ii) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary

deems necessary to produce statistically valid estimates of the performance of State programs funded under this part. The Secretary may develop and implement procedures for verifying the quality of data submitted by the States.

"(2) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the percentage of the funds paid to the State under this part for the quarter that are used to cover administrative costs or overhead.

"(3) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the total amount expended by the State during the quarter on programs for needy families.

"(4) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by paragraph (1) for a fiscal quarter shall include the number of noncustodial parents in the State who participated in work activities (as defined in section 407(d)) during the quarter.

"(5) REPORT ON TRANSITIONAL SERVICES.—The report required by paragraph (1) for a fiscal quarter shall include the total amount expended by the State during the quarter to provide transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to define the data elements with respect to which reports are required by this subsection.

"(b) ANNUAL REPORTS TO THE CONGRESS BY THE SECRETARY.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

"(1) whether the States are meeting—

"(A) the participation rates described in section 407(a); and

"(B) the objectives of—

"(i) increasing employment and earnings of needy families, and child support collections; and

"(ii) decreasing out-of-wedlock pregnancies and child poverty;

"(2) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

"(3) the characteristics of each State program funded under this part; and

"(4) the trends in employment and earnings of needy families with minor children living at home.

42 USC 612.

**"SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.**

"(a) GRANTS FOR INDIAN TRIBES.—

"(1) TRIBAL FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—For each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal

year in an amount equal to the amount determined under subparagraph (B), and shall reduce the grant payable under section 403(a)(1) to any State in which lies the service area or areas of the Indian tribe by that portion of the amount so determined that is attributable to expenditures by the State.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 (as in effect during such fiscal year) for fiscal year 1994 attributable to expenditures (other than child care expenditures) by the State or States under parts A and F (as so in effect) for fiscal year 1994 for Indian families residing in the service area or areas identified by the Indian tribe pursuant to subsection (b)(1)(C) of this section.

"(ii) USE OF STATE SUBMITTED DATA.—

"(I) IN GENERAL.—The Secretary shall use State submitted data to make each determination under clause (i).

"(II) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under subclause (I), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under clause (i) and the Secretary may consider such information before making such determination.

"(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

"(A) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002 a grant in an amount equal to the amount received by the Indian tribe in fiscal year 1994 under section 482(i) (as in effect during fiscal year 1994).

"(B) ELIGIBLE INDIAN TRIBE.—For purposes of subparagraph (A), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during fiscal year 1995).

"(C) USE OF GRANT.—Each Indian tribe to which a grant is made under this paragraph shall use the grant for the purpose of operating a program to make work activities available to members of the Indian tribe.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $7,638,474 for each fiscal year specified in subparagraph (A) for grants under subparagraph (A).

"(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

"(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

"(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with this section;

"(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

"(C) identifies the population and service area or areas to be served by such plan;

"(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

"(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

"(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

"(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single tribal family assistance plan by the participating Indian tribes of an intertribal consortium.

"(c) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under the grant, and penalties against individuals—

"(1) consistent with the purposes of this section;

"(2) consistent with the economic conditions and resources available to each tribe; and

"(3) similar to comparable provisions in section 407(e).

"(d) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

"(e) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

"(1) generally accepted accounting principles; and

"(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

"(f) PENALTIES.—

"(1) Subsections (a)(1), (a)(6), and (b) of section 409, shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such subsections apply to a State.

"(2) Section 409(a)(3) shall apply to an Indian tribe with an approved tribal assistance plan by substituting 'meet minimum work participation requirements established under section 412(c)' for 'comply with section 407(a)'.

"(g) DATA COLLECTION AND REPORTING.—Section 411 shall apply to an Indian tribe with an approved tribal family assistance plan.

"(h) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, and except as provided in paragraph (2), an Indian tribe in the State of Alaska that receives a tribal family assistance grant under this section shall use the grant to operate a program in accordance with requirements comparable to the requirements applicable to the program of the State of Alaska funded under this part. Comparability of programs shall be established on the basis of program criteria developed by the Secretary in consultation with the State of Alaska and such Indian tribes.

"(2) WAIVER.—An Indian tribe described in paragraph (1) may apply to the appropriate State authority to receive a waiver of the requirement of paragraph (1).

**"SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.** 42 USC 613.

"(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate. The Secretary shall also conduct research on the costs and benefits of State activities under section 409.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

"(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children living at home with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

"(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

"(c) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

"(d) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

"(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance.

In ranking States under this subsection, the Secretary shall take into account the average number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.

"(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

"(e) ANNUAL RANKING OF STATES AND REVIEW OF ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

"(1) ANNUAL RANKING OF STATES.—

"(A) IN GENERAL.—The Secretary shall annually rank States to which grants are made under section 403 based on the following ranking factors:

"(i) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—The ratio represented by—

"(I) the total number of out-of-wedlock births in families receiving assistance under the State program under this part in the State for the most recent fiscal year for which information is available; over

"(II) the total number of births in families receiving assistance under the State program under this part in the State for such year.

"(ii) NET CHANGES IN THE OUT-OF-WEDLOCK RATIO.—The difference between the ratio described in subparagraph (A)(i) with respect to a State for the most recent fiscal year for which such information is available and the ratio with respect to the State for the immediately preceding year.

"(2) ANNUAL REVIEW.—The Secretary shall review the programs of the 5 States most recently ranked highest under paragraph (1) and the 5 States most recently ranked the lowest under paragraph (1).

"(f) STATE-INITIATED EVALUATIONS.—A State shall be eligible to receive funding to evaluate the State program funded under this part if—

"(1) the State submits a proposal to the Secretary for the evaluation;

"(2) the Secretary determines that the design and approach of the evaluation is rigorous and is likely to yield information that is credible and will be useful to other States; and

"(3) unless otherwise waived by the Secretary, the State contributes to the cost of the evaluation, from non-Federal sources, an amount equal to at least 10 percent of the cost of the evaluation.

"(g) REPORT ON CIRCUMSTANCES OF CERTAIN CHILDREN AND FAMILIES.—

"(1) IN GENERAL.—Beginning 3 years after the date of the enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the Committees on Ways and Means and on Economic and Educational Opportunities

of the House of Representatives and to the Committees on Finance and on Labor and Resources of the Senate annual reports that examine in detail the matters described in paragraph (2) with respect to each of the following groups for the period after such enactment:

"(A) Individuals who were children in families that have become ineligible for assistance under a State program funded under this part by reason of having reached a time limit on the provision of such assistance.

"(B) Children born after such date of enactment to parents who, at the time of such birth, had not attained 20 years of age.

"(C) Individuals who, after such date of enactment, became parents before attaining 20 years of age.

"(2) MATTERS DESCRIBED.—The matters described in this paragraph are the following:

"(A) The percentage of each group that has dropped out of secondary school (or the equivalent), and the percentage of each group at each level of educational attainment.

"(B) The percentage of each group that is employed.

"(C) The percentage of each group that has been convicted of a crime or has been adjudicated as a delinquent.

"(D) The rate at which the members of each group are born, or have children, out-of-wedlock, and the percentage of each group that is married.

"(E) The percentage of each group that continues to participate in State programs funded under this part.

"(F) The percentage of each group that has health insurance provided by a private entity (broken down by whether the insurance is provided through an employer or otherwise), the percentage that has health insurance provided by an agency of government, and the percentage that does not have health insurance.

"(G) The average income of the families of the members of each group.

"(H) Such other matters as the Secretary deems appropriate.

"(h) FUNDING OF STUDIES AND DEMONSTRATIONS.—

"(1) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $15,000,000 for each of fiscal years 1997 through 2002 for the purpose of paying—

"(A) the cost of conducting the research described in subsection (a);

"(B) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under subsection (b);

"(C) the Federal share of any State-initiated study approved under subsection (f); and

"(D) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to this part, that are in effect or approved under section 1115 as of September 30, 1995, and are continued after such date.

"(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—

"(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

"(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

"(3) DEMONSTRATIONS OF INNOVATIVE STRATEGIES.—The Secretary may implement and evaluate demonstrations of innovative and promising strategies which—

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

"(B) test performance-based grant-to-loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a prorated basis; and

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

"(i) CHILD POVERTY RATES.—

"(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this part, and annually thereafter, the chief executive officer of each State shall submit to the Secretary a statement of the child poverty rate in the State as of such date of enactment or the date of the most recent prior statement under this paragraph.

"(2) SUBMISSION OF CORRECTIVE ACTION PLAN.—Not later than 90 days after the date a State submits a statement under paragraph (1) which indicates that, as a result of the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the child poverty rate of the State has increased by 5 percent or more since the most recent prior statement under paragraph (1), the State shall prepare and submit to the Secretary a corrective action plan in accordance with paragraph (3).

"(3) CONTENTS OF PLAN.—A corrective action plan submitted under paragraph (2) shall outline the manner in which the State will reduce the child poverty rate in the State. The plan shall include a description of the actions to be taken by the State under such plan.

"(4) COMPLIANCE WITH PLAN.—A State that submits a corrective action plan that the Secretary has found contains the information required by this subsection shall implement the corrective action plan until the State determines that the child poverty rate in the State is less than the lowest child poverty rate on the basis of which the State was required to submit the corrective action plan.

Regulations.

"(5) METHODOLOGY.—The Secretary shall prescribe regulations establishing the methodology by which a State shall determine the child poverty rate in the State. The methodology shall take into account factors including the number of children who receive free or reduced-price lunches, the number of food stamp households, and the county-by-county estimates of children in poverty as determined by the Census Bureau.

42 USC 614.

**"SEC. 414. STUDY BY THE CENSUS BUREAU.**

"(a) IN GENERAL.—The Bureau of the Census shall continue to collect data on the 1992 and 1993 panels of the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact

of the amendments made by title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low-income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells, and shall obtain information about the status of children participating in such panels.

"(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for payment to the Bureau of the Census to carry out subsection (a).

**"SEC. 415. WAIVERS.** 42 USC 615

"(a) CONTINUATION OF WAIVERS.—

"(1) WAIVERS IN EFFECT ON DATE OF ENACTMENT OF WELFARE REFORM.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if any waiver granted to a State under section 1115 of this Act or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1996) is in effect as of the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (other than by section 103(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the waiver.

"(B) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in subparagraph (A) shall be entitled to payment under section 403 for the fiscal year, in lieu of any other payment provided for in the waiver.

"(2) WAIVERS GRANTED SUBSEQUENTLY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if any waiver granted to a State under section 1115 of this Act or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1996) is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and approved by the Secretary on or before July 1, 1997, and the State demonstrates to the satisfaction of the Secretary that the waiver will not result in Federal expenditures under title IV of this Act (as in effect without regard to the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) that are greater than would occur in the absence of the waiver, the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (other than by section 103(c) of the Personal Responsibility and Work

Opportunity Reconciliation Act of 1996) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 are inconsistent with the waiver.

"(B) NO EFFECT ON NEW WORK REQUIREMENTS.—Notwithstanding subparagraph (A), a waiver granted under section 1115 or otherwise which relates to the provision of assistance under a State program funded under this part (as in effect on September 30, 1996) shall not affect the applicability of section 407 to the State.

"(b) STATE OPTION TO TERMINATE WAIVER.—

"(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

"(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of the waiver.

"(3) HOLD HARMLESS PROVISION.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, a State that, not later than the date described in subparagraph (B) of this paragraph, submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the waiver.

"(B) DATE DESCRIBED.—The date described in this subparagraph is 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

"(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue the waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of the waiver.

"(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A State may elect to continue 1 or more individual waivers described in subsection (a).

42 USC 616.

**"SEC. 416. ADMINISTRATION.**

"The programs under this part and part D shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law, and the Secretary shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of 75 percent of the full-time equivalent positions at such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, and by an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at such Department that bears the same relationship to the amount

appropriated for any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, as such amount relates to the total amount appropriated for use by such Department, and, notwithstanding any other provision of law, the Secretary shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 2103 of the Personal Responsibility and Work Opportunity Act of 1996, and by 60 full-time equivalent managerial positions in the Department.

**"SEC. 417. LIMITATION ON FEDERAL AUTHORITY.** 42 USC 617.

"No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part."; and

(2) by inserting after such section 418 the following:

**"SEC. 419. DEFINITIONS.** 42 USC 619.

"As used in this part:

"(1) ADULT.—The term 'adult' means an individual who is not a minor child.

"(2) MINOR CHILD.—The term 'minor child' means an individual who—

"(A) has not attained 18 years of age; or

"(B) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training).

"(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

"(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(B) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—The term 'Indian tribe' means, with respect to the State of Alaska, only the Metlakatla Indian Community of the Annette Islands Reserve and the following Alaska Native regional nonprofit corporations:

"(i) Arctic Slope Native Association.
"(ii) Kawerak, Inc.
"(iii) Maniilaq Association.
"(iv) Association of Village Council Presidents.
"(v) Tanana Chiefs Conference.
"(vi) Cook Inlet Tribal Council.
"(vii) Bristol Bay Native Association.
"(viii) Aleutian and Pribilof Island Association.
"(ix) Chugachmuit.
"(x) Tlingit Haida Central Council.
"(xi) Kodiak Area Native Association.
"(xii) Copper River Native Association.

"(5) STATE.—Except as otherwise specifically provided, the term 'State' means the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.".

(b) GRANTS TO OUTLYING AREAS.—Section 1108 (42 U.S.C. 1308) is amended—

(1) by striking subsections (d) and (e);

(2) by redesignating subsection (c) as subsection (f); and

(3) by striking all that precedes subsection (c) and inserting the following:

**"SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, AND AMERICAN SAMOA; LIMITATION ON TOTAL PAYMENTS.**

"(a) LIMITATION ON TOTAL PAYMENTS TO EACH TERRITORY.—Notwithstanding any other provision of this Act, the total amount certified by the Secretary of Health and Human Services under titles I, X, XIV, and XVI, under parts A and E of title IV, and under subsection (b) of this section, for payment to any territory for a fiscal year shall not exceed the ceiling amount for the territory for the fiscal year.

"(b) ENTITLEMENT TO MATCHING GRANT.—

"(1) IN GENERAL.—Each territory shall be entitled to receive from the Secretary for each fiscal year a grant in an amount equal to 75 percent of the amount (if any) by which—

"(A) the total expenditures of the territory during the fiscal year under the territory programs funded under parts A and E of title IV; exceeds

"(B) the sum of—

"(i) the amount of the family assistance grant payable to the territory without regard to section 409; and

"(ii) the total amount expended by the territory during fiscal year 1995 pursuant to parts A and F of title IV (as so in effect), other than for child care.

"(2) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997 through 2002, such sums as are necessary for grants under this paragraph.

"(c) DEFINITIONS.—As used in this section:

"(1) TERRITORY.—The term 'territory' means Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"(2) CEILING AMOUNT.—The term 'ceiling amount' means, with respect to a territory and a fiscal year, the mandatory ceiling amount with respect to the territory, reduced for the fiscal year in accordance with subsection (e), and reduced by the amount of any penalty imposed on the territory under any provision of law specified in subsection (a) during the fiscal year.

"(3) FAMILY ASSISTANCE GRANT.—The term 'family assistance grant' has the meaning given such term by section 403(a)(1)(B).

"(4) MANDATORY CEILING AMOUNT.—The term 'mandatory ceiling amount' means—

"(A) $107,255,000 with respect to Puerto Rico;

"(B) $4,686,000 with respect to Guam;

"(C) $3,554,000 with respect to the Virgin Islands; and

"(D) $1,000,000 with respect to American Samoa.

"(5) TOTAL AMOUNT EXPENDED BY THE TERRITORY.—The term 'total amount expended by the territory'—

"(A) does not include expenditures during the fiscal year from amounts made available by the Federal Government; and

"(B) when used with respect to fiscal year 1995, also does not include—

"(i) expenditures during fiscal year 1995 under subsection (g) or (i) of section 402 (as in effect on September 30, 1995); or

"(ii) any expenditures during fiscal year 1995 for which the territory (but for section 1108, as in effect on September 30, 1995) would have received reimbursement from the Federal Government.

"(d) AUTHORITY TO TRANSFER FUNDS TO CERTAIN PROGRAMS.—A territory to which an amount is paid under subsection (b) of this section may use the amount in accordance with section 404(d).

"(e) MAINTENANCE OF EFFORT.—The ceiling amount with respect to a territory shall be reduced for a fiscal year by an amount equal to the amount (if any) by which—

"(1) the total amount expended by the territory under all programs of the territory operated pursuant to the provisions of law specified in subsection (a) (as such provisions were in effect for fiscal year 1995) for fiscal year 1995; exceeds

"(2) the total amount expended by the territory under all programs of the territory that are funded under the provisions of law specified in subsection (a) for the fiscal year that immediately precedes the fiscal year referred to in the matter preceding paragraph (1).".

(c) ELIMINATION OF CHILD CARE PROGRAMS UNDER THE SOCIAL SECURITY ACT.—

(1) AFDC AND TRANSITIONAL CHILD CARE PROGRAMS.—Section 402 (42 U.S.C. 602) is amended by striking subsection (g).

(2) AT-RISK CHILD CARE PROGRAM.—

(A) AUTHORIZATION.—Section 402 (42 U.S.C. 602) is amended by striking subsection (i).

(B) FUNDING PROVISIONS.—Section 403 (42 U.S.C. 603) is amended by striking subsection (n).

**SEC. 104. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.** 42 USC 604a.

(a) IN GENERAL.—

(1) STATE OPTIONS.—A State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 103(a) of this Act).

(B) Any other program established or modified under title I or II of this Act, that—

(i) permits contracts with organizations; or

(ii) permits certificates, vouchers, or other forms of disbursement to be provided to beneficiaries, as a means of providing assistance.

Contracts

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow States to contract with religious organizations, or to allow religious organizations to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other nongovernmental provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—In the event a State exercises its authority under subsection (a), religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2) so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution. Except as provided in subsection (k), neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) RELIGIOUS CHARACTER AND FREEDOM.—

(1) RELIGIOUS ORGANIZATIONS.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance; or

(B) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

(1) IN GENERAL.—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) within a reasonable period of time after the date of such objection with assistance from an alternative provider

that is accessible to the individual and the value of which is not less than the value of the assistance which the individual would have received from such organization.

(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

(f) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–1a) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (a)(2).

(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(h) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(i) COMPLIANCE.—Any party which seeks to enforce its rights under this section may assert a civil action for injunctive relief exclusively in an appropriate State court against the entity or agency that allegedly commits such violation.

(j) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided directly to institutions or organizations to provide services and administer programs under subsection (a)(1)(A) shall be expended for sectarian worship, instruction, or proselytization.

(k) PREEMPTION.—Nothing in this section shall be construed to preempt any provision of a State constitution or State statute that prohibits or restricts the expenditure of State funds in or by religious organizations.

**SEC. 105. CENSUS DATA ON GRANDPARENTS AS PRIMARY CAREGIVERS FOR THEIR GRANDCHILDREN.** 13 USC 141 note.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Commerce, in carrying out section 141 of title 13, United States Code, shall expand the data collection efforts of the Bureau of the Census (in this section referred to as the "Bureau") to enable the Bureau to collect statistically significant data, in connection with its decennial census and its mid-decade census, concerning the growing trend of grandparents who are the primary caregivers for their grandchildren.

(b) EXPANDED CENSUS QUESTION.—In carrying out subsection (a), the Secretary of Commerce shall expand the Bureau's census question that details households which include both grandparents and their grandchildren. The expanded question shall be formulated to distinguish between the following households:

(1) A household in which a grandparent temporarily provides a home for a grandchild for a period of weeks or months during periods of parental distress.

(2) A household in which a grandparent provides a home for a grandchild and serves as the primary caregiver for the grandchild.

**SEC. 106. REPORT ON DATA PROCESSING.**

(a) IN GENERAL.—Within 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the Congress a report on—

(1) the status of the automated data processing systems operated by the States to assist management in the administration of State programs under part A of title IV of the Social Security Act (whether in effect before or after October 1, 1995); and

(2) what would be required to establish a system capable of—

(A) tracking participants in public programs over time; and

(B) checking case records of the States to determine whether individuals are participating in public programs of 2 or more States.

(b) PREFERRED CONTENTS.—The report required by subsection (a) should include—

(1) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in subsection (a)(2); and

(2) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.

42 USC 613 note.

**SEC. 107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.**

(a) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of the States in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section 407 of the Social Security Act. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis and a preliminary assessment of the effects of section 409(a)(7)(C) of such Act.

(b) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing the findings of the study required by subsection (a).

**SEC. 108. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.**

(a) AMENDMENTS TO TITLE II.—

(1) Section 205(c)(2)(C)(vi) (42 U.S.C. 405(c)(2)(C)(vi)), as so redesignated by section 321(a)(9)(B) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(A) by inserting "an agency administering a program funded under part A of title IV or" before "an agency operating"; and

(B) by striking "A or D of title IV of this Act" and inserting "D of such title".

(2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is amended by inserting "under a State program funded under" before "part A of title IV".

(b) AMENDMENTS TO PART B OF TITLE IV.—Section 422(b)(2) (42 U.S.C. 622(b)(2)) is amended—

(1) by striking "plan approved under part A of this title" and inserting "program funded under part A"; and

(2) by striking "part E of this title" and inserting "under the State plan approved under part E".

(c) AMENDMENTS TO PART D OF TITLE IV.—

(1) Section 451 (42 U.S.C. 651) is amended by striking "aid" and inserting "assistance under a State program funded".

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

(A) by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A";

(B) by striking "such aid" and inserting "such assistance"; and

(C) by striking "under section 402(a)(26) or" and inserting "pursuant to section 408(a)(3) or under section".

(3) Section 452(a)(10)(F) (42 U.S.C. 652(a)(10)(F)) is amended—

(A) by striking "aid under a State plan approved" and inserting "assistance under a State program funded"; and

(B) by striking "in accordance with the standards referred to in section 402(a)(26)(B)(ii)" and inserting "by the State".

(4) Section 452(b) (42 U.S.C. 652(b)) is amended in the first sentence by striking "aid under the State plan approved under part A" and inserting "assistance under the State program funded under part A".

(5) Section 452(d)(3)(B)(i) (42 U.S.C. 652(d)(3)(B)(i)) is amended by striking "1115(c)" and inserting "1115(b)".

(6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C. 652(g)(2)(A)(ii)(I)) is amended by striking "aid is being paid under the State's plan approved under part A or E" and inserting "assistance is being provided under the State program funded under part A".

(7) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter following clause (iii) by striking "aid was being paid under the State's plan approved under part A or E" and inserting "assistance was being provided under the State program funded under part A".

(8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended in the matter following subparagraph (B)—

(A) by striking "who is a dependent child" and inserting "with respect to whom assistance is being provided under the State program funded under part A";

(B) by inserting "by the State" after "found"; and

(C) by striking "to have good cause for refusing to cooperate under section 402(a)(26)" and inserting "to qualify for a good cause or other exception to cooperation pursuant to section 454(29)".

(9) Section 452(h) (42 U.S.C. 652(h)) is amended by striking "under section 402(a)(26)" and inserting "pursuant to section 408(a)(3)".

(10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is amended by striking "aid under part A of this title" and inserting "assistance under a State program funded under part A".

(11) Section 454(5)(A) (42 U.S.C. 654(5)(A)) is amended—

(A) by striking "under section 402(a)(26)" and inserting "pursuant to section 408(a)(3)"; and

(B) by striking "; except that this paragraph shall not apply to such payments for any month following the first month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;" and inserting a comma.

(12) Section 454(6)(D) (42 U.S.C. 654(6)(D)) is amended by striking "aid under a State plan approved" and inserting "assistance under a State program funded".

(13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is amended by striking "under section 402(a)(26)".

(14) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "402(a)(26)" and inserting "408(a)(3)".

(15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is amended by striking "aid" and inserting "assistance under a State program funded".

(16) Section 469(a) (42 U.S.C. 669(a)) is amended—

(A) by striking "aid under plans approved" and inserting "assistance under State programs funded"; and

(B) by striking "such aid" and inserting "such assistance".

(d) AMENDMENTS TO PART E OF TITLE IV.—

(1) Section 470 (42 U.S.C. 670) is amended—

(A) by striking "would be" and inserting "would have been"; and

(B) by inserting "(as such plan was in effect on June 1, 1995)" after "part A".

(2) Section 471(a)(17) (42 U.S.C. 671(a)(17)) is amended by striking "plans approved under parts A and D" and inserting "program funded under part A and plan approved under part D".

(3) Section 472(a) (42 U.S.C. 672(a)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking "would meet" and inserting "would have met";

(ii) by inserting "(as such sections were in effect on June 1, 1995)" after "407"; and

(iii) by inserting "(as so in effect)" after "406(a)"; and

(B) in paragraph (4)—

(i) in subparagraph (A)—

(I) by inserting "would have" after "(A)"; and

(II) by inserting "(as in effect on June 1, 1995)" after "section 402"; and

(ii) in subparagraph (B)(ii), by inserting "(as in effect on June 1, 1995)" after "406(a)".

(4) Section 472(h) (42 U.S.C. 672(h)) is amended to read as follows:

"(h)(1) For purposes of title XIX, any child with respect to whom foster care maintenance payments are made under this section is deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and deemed to be a recipient

of aid to families with dependent children under part A of this title (as so in effect). For purposes of title XX, any child with respect to whom foster care maintenance payments are made under this section is deemed to be a minor child in a needy family under a State program funded under part A of this title and is deemed to be a recipient of assistance under such part.

"(2) For purposes of paragraph (1), a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are made under this section.".

(5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is amended—

(A) in subparagraph (A)(i)—

(i) by inserting "(as such sections were in effect on June 1, 1995)" after "407";

(ii) by inserting "(as so in effect)" after "specified in section 406(a)"; and

(iii) by inserting "(as such section was in effect on June 1, 1995)" after "403";

(B) in subparagraph (B)(i)—

(i) by inserting "would have" after "(B)(i)"; and

(ii) by inserting "(as in effect on June 1, 1995)" after "section 402"; and

(C) in subparagraph (B)(ii)(II), by inserting "(as in effect on June 1, 1995)" after "406(a)".

(6) Section 473(b) (42 U.S.C. 673(b)) is amended to read as follows:

"(b)(1) For purposes of title XIX, any child who is described in paragraph (3) is deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect) in the State where such child resides.

"(2) For purposes of title XX, any child who is described in paragraph (3) is deemed to be a minor child in a needy family under a State program funded under part A of this title and deemed to be a recipient of assistance under such part.

"(3) A child described in this paragraph is any child—

"(A)(i) who is a child described in subsection (a)(2), and

"(ii) with respect to whom an adoption assistance agreement is in effect under this section (whether or not adoption assistance payments are provided under the agreement or are being made under this section), including any such child who has been placed for adoption in accordance with applicable State and local law (whether or not an interlocutory or other judicial decree of adoption has been issued), or

"(B) with respect to whom foster care maintenance payments are being made under section 472.

"(4) For purposes of paragraphs (1) and (2), a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are being made under section 472.".

(e) REPEAL OF PART F OF TITLE IV.—Part F of title IV (42 U.S.C. 681–687) is repealed.

(f) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42 U.S.C. 1202(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(g) AMENDMENTS TO TITLE XI.—

(1) Section 1109 (42 U.S.C. 1309) is amended by striking "or part A of title IV,".

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

(A) in subsection (a)(2)—

(i) by inserting "(A)" after "(2)";

(ii) by striking "403,";

(iii) by striking the period at the end and inserting ", and"; and

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

"(B) costs of such project which would not otherwise be a permissible use of funds under part A of title IV and which are not included as part of the costs of projects under section 1110, shall to the extent and for the period prescribed by the Secretary, be regarded as a permissible use of funds under such part.";

(B) in subsection (c)(3), by striking "the program of aid to families with dependent children" and inserting "part A of such title"; and

(C) by striking subsection (b) and redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(3) Section 1116 (42 U.S.C. 1316) is amended—

(A) in each of subsections (a)(1), (b), and (d), by striking "or part A of title IV,"; and

(B) in subsection (a)(3), by striking "404,".

(4) Section 1118 (42 U.S.C. 1318) is amended—

(A) by striking "403(a),";

(B) by striking "and part A of title IV,"; and

(C) by striking ", and shall, in the case of American Samoa, mean 75 per centum with respect to part A of title IV".

(5) Section 1119 (42 U.S.C. 1319) is amended—

(A) by striking "or part A of title IV"; and

(B) by striking "403(a),".

(6) Section 1133(a) (42 U.S.C. 1320b–3(a)) is amended by striking "or part A of title IV,".

(7) Section 1136 (42 U.S.C. 1320b–6) is repealed.

(8) Section 1137 (42 U.S.C. 1320b–7) is amended—

(A) in subsection (b), by striking paragraph (1) and inserting the following:

"(1) any State program funded under part A of title IV of this Act;"; and

(B) in subsection (d)(1)(B)—

(i) by striking "In this subsection—" and all that follows through "(ii) in" and inserting "In this subsection, in";

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii); and

(iii) by moving such redesignated material 2 ems to the left.

(h) AMENDMENT TO TITLE XIV.—Section 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(i) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE TERRITORIES.—Section 1602(a)(11), as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972 (42 U.S.C. 1382 note), is amended by striking "aid under the State plan approved" and inserting "assistance under a State program funded".

(j) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42 U.S.C. 1382(c)(5)(A)) is amended to read as follows: "(A) a State program funded under part A of title IV,".

(k) AMENDMENT TO TITLE XIX.—Section 1902(j) (42 U.S.C. 1396a(j)) is amended by striking "1108(c)" and inserting "1108(f)".

**SEC. 109. CONFORMING AMENDMENTS TO THE FOOD STAMP ACT OF 1977 AND RELATED PROVISIONS.**

(a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in the second sentence of subsection (a), by striking "plan approved" and all that follows through "title IV of the Social Security Act" and inserting "program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)";

(2) in subsection (d)—

(A) in paragraph (5), by striking "assistance to families with dependent children" and inserting "assistance under a State program funded"; and

(B) by striking paragraph (13) and redesignating paragraphs (14), (15), and (16) as paragraphs (13), (14), and (15), respectively;

(3) in subsection (j), by striking "plan approved under part A of title IV of such Act (42 U.S.C. 601 et seq.)" and inserting "program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.)"; and

(4) by striking subsection (m).

(b) Section 6 of such Act (7 U.S.C. 2015) is amended—

(1) in subsection (c)(5), by striking "the State plan approved" and inserting "the State program funded"; and

(2) in subsection (e)(6), by striking "aid to families with dependent children" and inserting "benefits under a State program funded".

(c) Section 16(g)(4) of such Act (7 U.S.C. 2025(g)(4)) is amended by striking "State plans under the Aid to Families with Dependent Children Program under" and inserting "State programs funded under part A of".

(d) Section 17 of such Act (7 U.S.C. 2026) is amended—

(1) in the first sentence of subsection (b)(1)(A), by striking "to aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "or are receiving assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)"; and

(2) in subsection (b)(3), by adding at the end the following new subparagraph:

"(I) The Secretary may not grant a waiver under this paragraph on or after the date of enactment of this subparagraph. Any reference in this paragraph to a provision of title IV of the Social Security Act shall be deemed to be a reference to such provision as in effect on the day before such date.";

(e) Section 20 of such Act (7 U.S.C. 2029) is amended—

(1) in subsection (a)(2)(B) by striking "operating—" and all that follows through "(ii) any other" and inserting "operating any"; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking "(b)(1) A household" and inserting "(b) A household"; and

(ii) in subparagraph (B), by striking "training program" and inserting "activity";

(B) by striking paragraph (2); and

(C) by redesignating subparagraphs (A) through (F) as paragraphs (1) through (6), respectively.

(f) Section 5(h)(1) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–186; 7 U.S.C. 612c note) is amended by striking "the program for aid to families with dependent children" and inserting "the State program funded".

(g) Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended—

(1) in subsection (b)—

(A) in paragraph (2)(C)(ii)(II)—

(i) by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(ii) by inserting before the period at the end the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(B) in paragraph (6)—

(i) in subparagraph (A)(ii)—

(I) by striking "an AFDC assistance unit (under the aid to families with dependent children program authorized" and inserting "a family (under the State program funded"; and

(II) by striking ", in a State" and all that follows through "9902(2)))" and inserting "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(ii) in subparagraph (B), by striking "aid to families with dependent children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable

to or more restrictive than those in effect on June 1, 1995"; and

(2) in subsection (d)(2)(C)—

(A) by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(B) by inserting before the period at the end the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995".

(h) Section 17(d)(2)(A)(ii)(II) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(II)) is amended—

(1) by striking "program for aid to families with dependent children established" and inserting "State program funded"; and

(2) by inserting before the semicolon the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995".

**SEC. 110. CONFORMING AMENDMENTS TO OTHER LAWS.**

(a) Subsection (b) of section 508 of the Unemployment Compensation Amendments of 1976 (42 U.S.C. 603a; Public Law 94–566; 90 Stat. 2689) is amended to read as follows:

"(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—For purposes of section 455 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information requested of such offices—

"(1) pursuant to the third sentence of section 3(a) of the Act entitled 'An Act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes', approved June 6, 1933 (29 U.S.C. 49b(a)), or

"(2) by a State or local agency charged with the duty of carrying a State plan for child support approved under part D of title IV of the Social Security Act,

shall be considered to constitute expenses incurred in the administration of such State plan.".

(b) Section 9121 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(c) Section 9122 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(d) Section 221 of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 602 note), relating to treatment under AFDC of certain rental payments for federally assisted housing, is repealed.

(e) Section 159 of the Tax Equity and Fiscal Responsibility Act of 1982 (42 U.S.C. 602 note) is repealed.

(f) Section 202(d) of the Social Security Amendments of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

(g) Section 903 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 11381 note), relating to demonstration projects to reduce number of AFDC families in welfare hotels, is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved" and inserting "assistance under a State program funded"; and

(2) in subsection (c), by striking "aid to families with dependent children in the State under a State plan approved" and inserting "assistance in the State under a State program funded".

(h) The Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

(1) in section 404C(c)(3) (20 U.S.C. 1070a–23(c)(3)), by striking "(Aid to Families with Dependent Children)"; and

(2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by striking "aid to families with dependent children under a State plan approved" and inserting "assistance under a State program funded".

(i) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) is amended—

(1) in section 231(d)(3)(A)(ii) (20 U.S.C. 2341(d)(3)(A)(ii)), by striking "The program for aid to dependent children" and inserting "The State program funded";

(2) in section 232(b)(2)(B) (20 U.S.C. 2341a(b)(2)(B)), by striking "the program for aid to families with dependent children" and inserting "the State program funded"; and

(3) in section 521(14)(B)(iii) (20 U.S.C. 2471(14)(B)(iii)), by striking "the program for aid to families with dependent children" and inserting "the State program funded".

(j) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 2701 et seq.) is amended—

(1) in section 1113(a)(5) (20 U.S.C. 6313(a)(5)), by striking "Aid to Families with Dependent Children program" and inserting "State program funded under part A of title IV of the Social Security Act";

(2) in section 1124(c)(5) (20 U.S.C. 6333(c)(5)), by striking "the program of aid to families with dependent children under a State plan approved under" and inserting "a State program funded under part A of"; and

(3) in section 5203(b)(2) (20 U.S.C. 7233(b)(2))—

(A) in subparagraph (A)(xi), by striking "Aid to Families with Dependent Children benefits" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

(B) in subparagraph (B)(viii), by striking "Aid to Families with Dependent Children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act".

(k) The 4th proviso of chapter VII of title I of Public Law 99–88 (25 U.S.C. 13d–1) is amended to read as follows: "*Provided further,* That general assistance payments made by the Bureau of Indian Affairs shall be made—

"(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

"(2) on and after October 1, 1995, on the basis of standards of need established under the State program funded under part A of title IV of the Social Security Act,

except that where a State ratably reduces its AFDC or State program payments, the Bureau shall reduce general assistance pay-

ments in such State by the same percentage as the State has reduced the AFDC or State program payment.".

(l) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

(1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by striking all that follows "agency as" and inserting "being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer.";

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking "eligibility for aid or services," and all that follows through "children approved" and inserting "eligibility for assistance, or the amount of such assistance, under a State program funded";

(3) in section 6103(l)(7)(D)(i) (26 U.S.C. 6103(l)(7)(D)(i)), by striking "aid to families with dependent children provided under a State plan approved" and inserting "a State program funded";

(4) in section 6103(l)(10) (26 U.S.C. 6103(l)(10))—

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

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

(5) in section 6103(p)(4) (26 U.S.C. 6103(p)(4)), in the matter preceding subparagraph (A)—

(A) by striking "(5), (10)" and inserting "(5)"; and

(B) by striking "(9), or (12)" and inserting "(9), (10), or (12)";

(6) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking "(relating to aid to families with dependent children)";

(7) in section 6402 (26 U.S.C. 6402)—

(A) in subsection (a), by striking "(c) and (d)" and inserting "(c), (d), and (e)";

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

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

"(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 405(e) of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).";

(8) in section 7523(b)(3)(C) (26 U.S.C. 7523(b)(3)(C)), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act".

(m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by striking "State plan approved under part A of title IV" and inserting "State program funded under part A of title IV".

(n) The Job Training Partnership Act (29 U.S.C. 1501 et seq.) is amended—

(1) in section 4(29)(A)(i) (29 U.S.C. 1503(29)(A)(i)), by striking "(42 U.S.C. 601 et seq.)";

(2) in section 106(b)(6)(C) (29 U.S.C. 1516(b)(6)(C)), by striking "State aid to families with dependent children records," and inserting "records collected under the State program funded under part A of title IV of the Social Security Act,";

(3) in section 121(b)(2) (29 U.S.C. 1531(b)(2))—

(A) by striking "the JOBS program" and inserting "the work activities required under title IV of the Social Security Act"; and

(B) by striking the second sentence;

(4) in section 123(c) (29 U.S.C. 1533(c))—

(A) in paragraph (1)(E), by repealing clause (vi); and

(B) in paragraph (2)(D), by repealing clause (v);

(5) in section 203(b)(3) (29 U.S.C. 1603(b)(3)), by striking ", including recipients under the JOBS program";

(6) in subparagraphs (A) and (B) of section 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by striking "(such as the JOBS program)" each place it appears;

(7) in section 205(a) (29 U.S.C. 1605(a)), by striking paragraph (4) and inserting the following:

"(4) the portions of title IV of the Social Security Act relating to work activities;";

(8) in section 253 (29 U.S.C. 1632)—

(A) in subsection (b)(2), by repealing subparagraph (C); and

(B) in paragraphs (1)(B) and (2)(B) of subsection (c), by striking "the JOBS program or" each place it appears;

(9) in section 264 (29 U.S.C. 1644)—

(A) in subparagraphs (A) and (B) of subsection (b)(1), by striking "(such as the JOBS program)" each place it appears; and

(B) in subparagraphs (A) and (B) of subsection (d)(3), by striking "and the JOBS program" each place it appears;

(10) in section 265(b) (29 U.S.C. 1645(b)), by striking paragraph (6) and inserting the following:

"(6) the portion of title IV of the Social Security Act relating to work activities;";

(11) in the second sentence of section 429(e) (29 U.S.C. 1699(e)), by striking "and shall be in an amount that does not exceed the maximum amount that may be provided by the State pursuant to section 402(g)(1)(C) of the Social Security Act (42 U.S.C. 602(g)(1)(C))";

(12) in section 454(c) (29 U.S.C. 1734(c)), by striking "JOBS and";

(13) in section 455(b) (29 U.S.C. 1735(b)), by striking "the JOBS program,";

(14) in section 501(1) (29 U.S.C. 1791(1)), by striking "aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act";

(15) in section 506(1)(A) (29 U.S.C. 1791e(1)(A)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded";

(16) in section 508(a)(2)(A) (29 U.S.C. 1791g(a)(2)(A)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded"; and

(17) in section 701(b)(2)(A) (29 U.S.C. 1792(b)(2)(A))—

(A) in clause (v), by striking the semicolon and inserting "; and"; and

(B) by striking clause (vi).

(o) Section 3803(c)(2)(C)(iv) of title 31, United States Code, is amended to read as follows:

"(iv) assistance under a State program funded under part A of title IV of the Social Security Act;".

(p) Section 2605(b)(2)(A)(i) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(b)(2)(A)(i)) is amended to read as follows:

"(i) assistance under the State program funded under part A of title IV of the Social Security Act;".

(q) Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(1) by striking "(A)"; and

(2) by striking subparagraphs (B) and (C).

(r) The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.) is amended—

(1) in the first section 255(h) (2 U.S.C. 905(h)), by striking "Aid to families with dependent children (75–0412–0–1–609);" and inserting "Block grants to States for temporary assistance for needy families;"; and

(2) in section 256 (2 U.S.C. 906)—

(A) by striking subsection (k); and

(B) by redesignating subsection (l) as subsection (k).

(s) The Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended—

(1) in section 210(f) (8 U.S.C. 1160(f)), by striking "aid under a State plan approved under" each place it appears and inserting "assistance under a State program funded under";

(2) in section 245A(h) (8 U.S.C. 1255a(h))—

(A) in paragraph (1)(A)(i), by striking "program of aid to families with dependent children" and inserting "State program of assistance"; and

(B) in paragraph (2)(B), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

(3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)), by striking "State plan approved" and inserting "State program funded".

(t) Section 640(a)(4)(B)(i) of the Head Start Act (42 U.S.C. 9835(a)(4)(B)(i)) is amended by striking "program of aid to families with dependent children under a State plan approved" and inserting "State program of assistance funded".

(u) Section 9 of the Act of April 19, 1950 (64 Stat. 47, chapter 92; 25 U.S.C. 639) is repealed.

(v) Subparagraph (E) of section 213(d)(6) of the School-To-Work Opportunities Act of 1994 (20 U.S.C. 6143(d)(6)) is amended to read as follows:

"(E) part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) relating to work activities;".

(w) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking "section 464 or 1137 of the Social Security

Act" and inserting "section 404(e), 464, or 1137 of the Social Security Act".

42 USC 405 note.

**SEC. 111. DEVELOPMENT OF PROTOTYPE OF COUNTERFEIT-RESISTANT SOCIAL SECURITY CARD REQUIRED.**

(a) DEVELOPMENT.—

(1) IN GENERAL.—The Commissioner of Social Security (in this section referred to as the "Commissioner") shall, in accordance with this section, develop a prototype of a counterfeit-resistant social security card. Such prototype card shall—

(A) be made of a durable, tamper-resistant material such as plastic or polyester,

(B) employ technologies that provide security features, such as magnetic stripes, holograms, and integrated circuits, and

(C) be developed so as to provide individuals with reliable proof of citizenship or legal resident alien status.

(2) ASSISTANCE BY ATTORNEY GENERAL.—The Attorney General of the United States shall provide such information and assistance as the Commissioner deems necessary to enable the Commissioner to comply with this section.

(b) STUDY AND REPORT.—

(1) IN GENERAL.—The Commissioner shall conduct a study and issue a report to Congress which examines different methods of improving the social security card application process.

(2) ELEMENTS OF STUDY.—The study shall include an evaluation of the cost and work load implications of issuing a counterfeit-resistant social security card for all individuals over a 3-, 5-, and 10-year period. The study shall also evaluate the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.

(3) DISTRIBUTION OF REPORT.—The Commissioner shall submit copies of the report described in this subsection along with a facsimile of the prototype card as described in subsection (a) to the Committees on Ways and Means and Judiciary of the House of Representatives and the Committees on Finance and Judiciary of the Senate within 1 year after the date of the enactment of this Act.

**SEC. 112. MODIFICATIONS TO THE JOB OPPORTUNITIES FOR CERTAIN LOW-INCOME INDIVIDUALS PROGRAM.**

Section 505 of the Family Support Act of 1988 (42 U.S.C. 1315 note) is amended—

(1) in the heading, by striking "DEMONSTRATION";

(2) by striking "demonstration" each place such term appears;

(3) in subsection (a), by striking "in each of fiscal years" and all that follows through "10" and inserting "shall enter into agreements with";

(4) in subsection (b)(3), by striking "aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "assistance under the program funded part A of title IV of the Social Security Act of the State in which the individual resides";

(5) in subsection (c)—

(A) in paragraph (1)(C), by striking "aid to families with dependent children under title IV of the Social Security Act" and inserting "assistance under a State program funded part A of title IV of the Social Security Act";

(B) in paragraph (2), by striking "aid to families with dependent children under title IV of such Act" and inserting "assistance under a State program funded part A of title IV of the Social Security Act";

(6) in subsection (d), by striking "job opportunities and basic skills training program (as provided for under title IV of the Social Security Act)" and inserting "the State program funded under part A of title IV of the Social Security Act"; and

(7) by striking subsections (e) through (g) and inserting the following:

"(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of conducting projects under this section, there is authorized to be appropriated an amount not to exceed $25,000,000 for any fiscal year.".

**SEC. 113. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.**

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services and the Commissioner of Social Security, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal proposing such technical and conforming amendments as are necessary to bring the law into conformity with the policy embodied in this title.

**SEC. 114. ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.**

(a) IN GENERAL.—Title XIX is amended—

(1) by redesignating section 1931 as section 1932; and 42 USC 1396v.

(2) by inserting after section 1930 the following new section:

"ASSURING COVERAGE FOR CERTAIN LOW-INCOME FAMILIES

"SEC. 1931. (a) REFERENCES TO TITLE IV–A ARE REFERENCES TO PRE-WELFARE-REFORM PROVISIONS.—Subject to the succeeding provisions of this section, with respect to a State any reference in this title (or any other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part (or a provision of such a plan), including income and resource standards and income and resource methodologies under such part or plan, shall be considered a reference to such a provision or plan as in effect as of July 16, 1996, with respect to the State. 42 USC 1396u–1.

"(b) APPLICATION OF PRE-WELFARE-REFORM ELIGIBILITY CRITERIA.—

"(1) IN GENERAL.—For purposes of this title, subject to paragraphs (2) and (3), in determining eligibility for medical assistance—

"(A) an individual shall be treated as receiving aid or assistance under a State plan approved under part A of title IV only if the individual meets—

"(i) the income and resource standards for determining eligibility under such plan, and

"(ii) the eligibility requirements of such plan under subsections (a) through (c) of section 406 and section 407(a),

as in effect as of July 16, 1996; and

"(B) the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(2) STATE OPTION.—For purposes of applying this section, a State—

"(A) may lower its income standards applicable with respect to part A of title IV, but not below the income standards applicable under its State plan under such part on May 1, 1988;

"(B) may increase income or resource standards under the State plan referred to in paragraph (1) over a period (beginning after July 16, 1996) by a percentage that does not exceed the percentage increase in the Consumer Price Index for all urban consumers (all items; United States city average) over such period; and

"(C) may use income and resource methodologies that are less restrictive than the methodologies used under the State plan under such part as of July 16, 1996.

"(3) OPTION TO TERMINATE MEDICAL ASSISTANCE FOR FAILURE TO MEET WORK REQUIREMENT.—

"(A) INDIVIDUALS RECEIVING CASH ASSISTANCE UNDER TANF.—In the case of an individual who—

"(i) is receiving cash assistance under a State program funded under part A of title IV,

"(ii) is eligible for medical assistance under this title on a basis not related to section 1902(l), and

"(iii) has the cash assistance under such program terminated pursuant to section 407(e)(1)(B) (as in effect on or after the welfare reform effective date) because of refusing to work,

the State may terminate such individual's eligibility for medical assistance under this title until such time as there no longer is a basis for the termination of such cash assistance because of such refusal.

"(B) EXCEPTION FOR CHILDREN.—Subparagraph (A) shall not be construed as permitting a State to terminate medical assistance for a minor child who is not the head of a household receiving assistance under a State program funded under part A of title IV.

"(c) TREATMENT FOR PURPOSES OF TRANSITIONAL COVERAGE PROVISIONS.—

"(1) TRANSITION IN THE CASE OF CHILD SUPPORT COLLECTIONS.—The provisions of section 406(h) (as in effect on July 16, 1996) shall apply, in relation to this title, with respect to individuals (and families composed of individuals) who are described in subsection (b)(1)(A), in the same manner as they applied before such date with respect to individuals who became ineligible for aid to families with dependent children as a result (wholly or partly) of the collection of child or spousal support under part D of title IV.

"(2) TRANSITION IN THE CASE OF EARNINGS FROM EMPLOYMENT.—For continued medical assistance in the case of individuals (and families composed of individuals) described in subsection (b)(1)(A) who would otherwise become ineligible because of hours or income from employment, see sections 1925 and 1902(e)(1).

"(d) WAIVERS.—In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of July 16, 1996, or which is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and approved by the Secretary on or before July 1, 1997, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may (but need not) continue to be applied, at the option of the State, in relation to this title after the date the waiver would otherwise expire.

"(e) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this section, or part A of title IV, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under part A of title IV (on or after the welfare reform effective date) and for medical assistance under this title.

"(f) ADDITIONAL RULES OF CONSTRUCTION.—

"(1) With respect to the reference in section 1902(a)(5) to a State plan approved under part A of title IV, a State may treat such reference as a reference either to a State program funded under such part (as in effect on and after the welfare reform effective date) or to the State plan under this title.

"(2) Any reference in section 1902(a)(55) to a State plan approved under part A of title IV shall be deemed a reference to a State program funded under such part.

"(3) In applying section 1903(f), the applicable income limitation otherwise determined shall be subject to increase in the same manner as income or resource standards of a State may be increased under subsection (b)(2)(B).

"(g) RELATION TO OTHER PROVISIONS.—The provisions of this section shall apply notwithstanding any other provision of this Act.

"(h) TRANSITIONAL INCREASED FEDERAL MATCHING RATE FOR INCREASED ADMINISTRATIVE COSTS.—

"(1) IN GENERAL.—Subject to the succeeding provisions of this subsection, the Secretary shall provide that with respect to administrative expenditures described in paragraph (2) the per centum specified in section 1903(a)(7) shall be increased to such percentage as the Secretary specifies.

"(2) ADMINISTRATIVE EXPENDITURES DESCRIBED.—The administrative expenditures described in this paragraph are expenditures described in section 1903(a)(7) that a State demonstrates to the satisfaction of the Secretary are attributable to administrative costs of eligibility determinations that (but for the enactment of this section) would not be incurred.

"(3) LIMITATION.—The total amount of additional Federal funds that are expended as a result of the application of this subsection for the period beginning with fiscal year 1997 and ending with fiscal year 2000 shall not exceed $500,000,000. In applying this paragraph, the Secretary shall ensure the equitable distribution of additional funds among the States.

"(4) TIME LIMITATION.—This subsection shall only apply with respect to a State for expenditures incurred during the first 12 calendar quarters in which the State program funded under part A of title IV (as in effect on and after the welfare reform effective date) is in effect.

"(i) WELFARE REFORM EFFECTIVE DATE.—In this section, the term 'welfare reform effective date' means the effective date, with respect to a State, of title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (as specified in section 116 of such Act).".

(b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

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

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

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

"(63) provide for administration and determinations of eligibility with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.".

(c) EXTENSION OF WORK TRANSITION PROVISIONS.—Sections 1902(e)(1)(B) and 1925(f) (42 U.S.C. 1396a(e)(1)(B), 1396r–6(f)) are each amended by striking "1998" and inserting "2001".

(d) ELIMINATION OF REQUIREMENT OF MINIMUM AFDC PAYMENT LEVELS.—(1) Section 1902(c) (42 U.S.C. 1396a(c)) is amended by striking "if—" and all that follows and inserting the following: "if the State requires individuals described in subsection (l)(1) to apply for assistance under the State program funded under part A of title IV as a condition of applying for or receiving medical assistance under this title.".

(2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (9).

42 USC 862a.

**SEC. 115. DENIAL OF ASSISTANCE AND BENEFITS FOR CERTAIN DRUG-RELATED CONVICTIONS.**

(a) IN GENERAL.—An individual convicted (under Federal or State law) of any offense which is classified as a felony by the law of the jurisdiction involved and which has as an element the possession, use, or distribution of a controlled substance (as defined in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6))) shall not be eligible for—

(1) assistance under any State program funded under part A of title IV of the Social Security Act, or

(2) benefits under the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977) or any State program carried out under the Food Stamp Act of 1977.

(b) EFFECTS ON ASSISTANCE AND BENEFITS FOR OTHERS.—

(1) PROGRAM OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The amount of assistance otherwise required to be provided under a State program funded under part A of title IV of the Social Security Act to the family members of an individual to whom subsection (a) applies shall be reduced by the amount which would have otherwise been made available to the individual under such part.

(2) BENEFITS UNDER THE FOOD STAMP ACT OF 1977.—The amount of benefits otherwise required to be provided to a household under the food stamp program (as defined in section

3(h) of the Food Stamp Act of 1977), or any State program carried out under the Food Stamp Act of 1977, shall be determined by considering the individual to whom subsection (a) applies not to be a member of such household, except that the income and resources of the individual shall be considered to be income and resources of the household.

(c) ENFORCEMENT.—A State that has not exercised its authority under subsection (d)(1)(A) shall require each individual applying for assistance or benefits referred to in subsection (a), during the application process, to state, in writing, whether the individual, or any member of the household of the individual, has been convicted of a crime described in subsection (a).

(d) LIMITATIONS.—

(1) STATE ELECTIONS.—

(A) OPT OUT.—A State may, by specific reference in a law enacted after the date of the enactment of this Act, exempt any or all individuals domiciled in the State from the application of subsection (a).

(B) LIMIT PERIOD OF PROHIBITION.—A State may, by law enacted after the date of the enactment of this Act, limit the period for which subsection (a) shall apply to any or all individuals domiciled in the State.

(2) INAPPLICABILITY TO CONVICTIONS OCCURRING ON OR BEFORE ENACTMENT.—Subsection (a) shall not apply to convictions occurring on or before the date of the enactment of this Act.

(e) DEFINITIONS OF STATE.—For purposes of this section, the term "State" has the meaning given it—

(1) in section 419(5) of the Social Security Act, when referring to assistance provided under a State program funded under part A of title IV of the Social Security Act, and

(2) in section 3(m) of the Food Stamp Act of 1977, when referring to the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977) or any State program carried out under the Food Stamp Act of 1977.

(f) RULE OF INTERPRETATION.—Nothing in this section shall be construed to deny the following Federal benefits:

(1) Emergency medical services under title XIX of the Social Security Act.

(2) Short-term, noncash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of communicable diseases if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(4) Prenatal care.

(5) Job training programs.

(6) Drug treatment programs.

**SEC. 116. EFFECTIVE DATE; TRANSITION RULE.** 42 USC 601 note.

(a) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on July 1, 1997.

(2) DELAYED EFFECTIVE DATE FOR CERTAIN PROVISIONS.—Notwithstanding any other provision of this section, paragraphs (2), (3), (4), (5), (8), and (10) of section 409(a) and section

411(a) of the Social Security Act (as added by the amendments made by section 103(a) of this Act) shall not take effect with respect to a State until, and shall apply only with respect to conduct that occurs on or after, the later of—

(A) July 1, 1997; or

(B) the date that is 6 months after the date the Secretary of Health and Human Services receives from the State a plan described in section 402(a) of the Social Security Act (as added by such amendment).

(3) GRANTS TO OUTLYING AREAS.—The amendments made by section 103(b) shall take effect on October 1, 1996.

(4) ELIMINATION OF CHILD CARE PROGRAMS.—The amendments made by section 103(c) shall take effect on October 1, 1996.

(5) DEFINITIONS APPLICABLE TO NEW CHILD CARE ENTITLEMENT.—Sections 403(a)(1)(C), 403(a)(1)(D), and 419(4) of the Social Security Act, as added by the amendments made by section 103(a) of this Act, shall take effect on October 1, 1996.

(b) TRANSITION RULES.—Effective on the date of the enactment of this Act:

(1) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—

(A) IN GENERAL.—If the Secretary of Health and Human Services receives from a State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 103(a)(1) of this Act), then—

(i) on and after the date of such receipt—

(I) except as provided in clause (ii), this title and the amendments made by this title (other than by section 103(c) of this Act) shall apply with respect to the State; and

(II) the State shall be considered an eligible State for purposes of part A of title IV of the Social Security Act (as in effect pursuant to the amendments made by such section 103(a)); and

(ii) during the period that begins on the date of such receipt and ends on June 30, 1997, there shall remain in effect with respect to the State—

(I) section 403(h) of the Social Security Act (as in effect on September 30, 1995); and

(II) all State reporting requirements under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995), modified by the Secretary as appropriate, taking into account the State program under part A of title IV of the Social Security Act (as in effect pursuant to the amendments made by such section 103(a)).

(B) LIMITATIONS ON FEDERAL OBLIGATIONS.—

(i) UNDER AFDC PROGRAM.—The total obligations of the Federal Government to a State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures in fiscal year 1997 shall not exceed an amount equal to the State family assistance grant.

(ii) UNDER TEMPORARY FAMILY ASSISTANCE PROGRAM.—Notwithstanding section 403(a)(1) of the Social Security Act (as in effect pursuant to the amendments

made by section 103(a) of this Act), the total obligations of the Federal Government to a State under such section 403(a)(1)—

(I) for fiscal year 1996, shall be an amount equal to—

(aa) the State family assistance grant; multiplied by

(bb) 1/366 of the number of days during the period that begins on the date the Secretary of Health and Human Services first receives from the State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 103(a)(1) of this Act) and ends on September 30, 1996; and

(II) for fiscal year 1997, shall be an amount equal to the lesser of—

(aa) the amount (if any) by which the State family assistance grant exceeds the total obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures in fiscal year 1997; or

(bb) the State family assistance grant, multiplied by 1/365 of the number of days during the period that begins on October 1, 1996, or the date the Secretary of Health and Human Services first receives from the State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 103(a)(1) of this Act), whichever is later, and ends on September 30, 1997.

(iii) CHILD CARE OBLIGATIONS EXCLUDED IN DETERMINING FEDERAL AFDC OBLIGATIONS.—As used in this subparagraph, the term "obligations of the Federal Government to the State under part A of title IV of the Social Security Act" does not include any obligation of the Federal Government with respect to child care expenditures by the State.

(C) SUBMISSION OF STATE PLAN FOR FISCAL YEAR 1996 OR 1997 DEEMED ACCEPTANCE OF GRANT LIMITATIONS AND FORMULA AND TERMINATION OF AFDC ENTITLEMENT.—The submission of a plan by a State pursuant to subparagraph (A) is deemed to constitute—

(i) the State's acceptance of the grant reductions under subparagraph (B) (including the formula for computing the amount of the reduction); and

(ii) the termination of any entitlement of any individual or family to benefits or services under the State AFDC program.

(D) DEFINITIONS.—As used in this paragraph:

(i) STATE AFDC PROGRAM.—The term "State AFDC program" means the State program under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995).

(ii) STATE.—The term "State" means the 50 States and the District of Columbia.

(iii) STATE FAMILY ASSISTANCE GRANT.—The term "State family assistance grant" means the State family assistance grant (as defined in section 403(a)(1)(B) of the Social Security Act, as added by the amendment made by section 103(a)(1) of this Act).

(2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this title shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this title under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS TITLE.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made with respect to State expenditures under a State plan approved under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to assistance or services provided on or before September 30, 1995, shall be treated as claims with respect to expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. Each State shall complete the filing of all claims under the State plan (as so in effect) within 2 years after the date of the enactment of this Act. The head of each Federal department shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs under such State plans; and

(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than from funds authorized by this title.

(4) CONTINUANCE IN OFFICE OF ASSISTANT SECRETARY FOR FAMILY SUPPORT.—The individual who, on the day before the effective date of this title, is serving as Assistant Secretary for Family Support within the Department of Health and Human Services shall, until a successor is appointed to such position—

(A) continue to serve in such position; and

(B) except as otherwise provided by law—

(i) continue to perform the functions of the Assistant Secretary for Family Support under section 417 of the Social Security Act (as in effect before such effective date); and

(ii) have the powers and duties of the Assistant Secretary for Family Support under section 416 of the Social Security Act (as in effect pursuant to the amendment made by section 103(a)(1) of this Act).

(c) TERMINATION OF ENTITLEMENT UNDER AFDC PROGRAM.—Effective October 1, 1996, no individual or family shall be entitled to any benefits or services under any State plan approved under

part A or F of title IV of the Social Security Act (as in effect on September 30, 1995).

# TITLE II—SUPPLEMENTAL SECURITY INCOME

**SEC. 200. REFERENCE TO SOCIAL SECURITY ACT.**

Except as otherwise specifically provided, wherever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

## Subtitle A—Eligibility Restrictions

**SEC. 201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.**

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 105(b)(4)(A) of the Contract with America Advancement Act of 1996, is amended by redesignating paragraph (5) as paragraph (3) and by adding at the end the following new paragraph:

"(4)(A) No person shall be considered an eligible individual or eligible spouse for purposes of this title during the 10-year period that begins on the date the person is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the person in order to receive assistance simultaneously from 2 or more States under programs that are funded under title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under this title.

"(B) As soon as practicable after the conviction of a person in a Federal or State court as described in subparagraph (A), an official of such court shall notify the Commissioner of such conviction.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

42 USC 1382 note.

**SEC. 202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.**

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 201(a) of this Act, is amended by adding at the end the following new paragraph:

"(5) No person shall be considered an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

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

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

(b) EXCHANGE OF INFORMATION.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 201(a) of this Act and subsection (a) of this section, is amended by adding at the end the following new paragraph:

"(6) Notwithstanding any other provision of law (other than section 6103 of the Internal Revenue Code of 1986), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of benefits under this title, if the officer furnishes the Commissioner with the name of the recipient, and other identifying information as reasonably required by the Commissioner to establish the unique identity of the recipient, and notifies the Commissioner that—

"(A) the recipient—

"(i) is described in subparagraph (A) or (B) of paragraph (5); and

"(ii) has information that is necessary for the officer to conduct the officer's official duties; and

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

42 USC 1382 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

**SEC. 203. TREATMENT OF PRISONERS.**

(a) IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF BENEFITS TO PRISONERS.—

(1) IN GENERAL.—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following new subparagraph:

Contracts.

"(I)(i) The Commissioner shall enter into an agreement, with any interested State or local institution described in clause (i) or (ii) of section 202(x)(1)(A) the primary purpose of which is to confine individuals as described in section 202(x)(1)(A), under which—

"(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, social security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

"(II) the Commissioner shall pay to any such institution, with respect to each inmate of the institution who is eligible for a benefit under this title for the month preceding the first month throughout which such inmate is in such institution and becomes ineligible for such benefit as a result of the application of this subparagraph, $400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after the date such individual becomes an inmate of such institution, or $200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

"(ii)(I) The provisions of section 552a of title 5, United States Code, shall not apply to any agreement entered into under clause (i) or to information exchanged pursuant to such agreement.

"(II) The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any Federal or federally-assisted cash, food, or medical assistance program for eligibility purposes.

"(iii) Payments to institutions required by clause (i)(II) shall be made from funds otherwise available for the payment of benefits under this title and shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to individuals whose period of confinement in an institution commences on or after the first day of the seventh month beginning after the month in which this Act is enacted. 42 USC 1382 note.

(b) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.— 42 USC 1382 note.

(1) STUDY.—The Commissioner of Social Security shall conduct a study of the desirability, feasibility, and cost of—

(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out section 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into agreements with the Commissioner under section 1611(e)(1)(I) of the Social Security Act furnish the information required by such agreements to the Commissioner by means of an electronic or other sophisticated data exchange system.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this subsection to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(c) ADDITIONAL REPORT TO CONGRESS.—Not later than October 1, 1998, the Commissioner of Social Security shall provide to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a list of the institutions that are and are not providing information to the Commissioner under section 1611(e)(1)(I) of the Social Security Act (as added by this section). 42 USC 1382 note.

**SEC. 204. EFFECTIVE DATE OF APPLICATION FOR BENEFITS.**

(a) IN GENERAL.—Subparagraphs (A) and (B) of section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended to read as follows:

"(A) the first day of the month following the date such application is filed, or

"(B) the first day of the month following the date such individual becomes eligible for such benefits with respect to such application.".

(b) SPECIAL RULE RELATING TO EMERGENCY ADVANCE PAYMENTS.—Section 1631(a)(4)(A) (42 U.S.C. 1383(a)(4)(A)) is amended—

(1) by inserting "for the month following the date the application is filed" after "is presumptively eligible for such benefits"; and

(2) by inserting ", which shall be repaid through proportionate reductions in such benefits over a period of not more than 6 months" before the semicolon.

(c) CONFORMING AMENDMENTS.—

(1) Section 1614(b) (42 U.S.C. 1382c(b)) is amended—

(A) by striking "or requests" and inserting ", on the first day of the month following the date the application is filed, or, in any case in which either spouse requests"; and

(B) by striking "application or".

42 USC 1383.

(2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3)) is amended by inserting "following the month" after "beginning with the month".

42 USC 1382 note.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to applications for benefits under title XVI of the Social Security Act filed on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

## Subtitle B—Benefits for Disabled Children

**SEC. 211. DEFINITION AND ELIGIBILITY RULES.**

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 105(b)(1) of the Contract with America Advancement Act of 1996, is amended—

(1) in subparagraph (A), by striking "An individual" and inserting "Except as provided in subparagraph (C), an individual";

(2) in subparagraph (A), by striking "(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)";

(3) by redesignating subparagraphs (C) through (I) as subparagraphs (D) through (J), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C)(i) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

"(ii) Notwithstanding clause (i), no individual under the age of 18 who engages in substantial gainful activity (determined in accordance with regulations prescribed pursuant to subparagraph (E)) may be considered to be disabled."; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking "(D)" and inserting "(E)".

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) MEDICAL IMPROVEMENT REVIEW STANDARD AS IT APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—Section 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended— 42 USC 1382c.

(1) by redesignating subclauses (I) and (II) of clauses (i) and (ii) of subparagraph (B) as items (aa) and (bb), respectively;

(2) by redesignating clauses (i) and (ii) of subparagraphs (A) and (B) as subclauses (I) and (II), respectively;

(3) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively;

(4) by inserting before clause (i) (as redesignated by paragraph (3)) the following new subparagraph:

"(A) in the case of an individual who is age 18 or older—";

(5) by inserting after and below subparagraph (A)(iii) (as so redesignated) the following new subparagraph:

"(B) in the case of an individual who is under the age of 18—

"(i) substantial evidence which demonstrates that there has been medical improvement in the individual's impairment or combination of impairments, and that such impairment or combination of impairments no longer results in marked and severe functional limitations; or

"(ii) substantial evidence which demonstrates that, as determined on the basis of new or improved diagnostic techniques or evaluations, the individual's impairment or combination of impairments, is not as disabling as it was considered to be at the time of the most recent prior decision that the individual was under a disability or continued to be under a disability, and such impairment or combination of impairments does not result in marked and severe functional limitations; or";

(6) by redesignating subparagraph (D) as subparagraph (C) and by inserting in such subparagraph "in the case of any individual," before "substantial evidence"; and

(7) in the first sentence following subparagraph (C) (as redesignated by paragraph (6)), by—

(A) inserting "(i)" before "to restore"; and

(B) inserting ", or (ii) in the case of an individual under the age of 18, to eliminate or improve the individual's impairment or combination of impairments so that it no longer results in marked and severe functional limitations" immediately before the period.

42 USC 1382c note.

(d) EFFECTIVE DATES, ETC.—

(1) EFFECTIVE DATES.—

(A) SUBSECTIONS (a) AND (b).—

(i) IN GENERAL.—The provisions of, and amendments made by, subsections (a) and (b) of this section shall apply to any individual who applies for, or whose claim is finally adjudicated with respect to, benefits under title XVI of the Social Security Act on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such provisions and amendments.

(ii) DETERMINATION OF FINAL ADJUDICATION.—For purposes of clause (i), no individual's claim with respect to such benefits may be considered to be finally adjudicated before such date of enactment if, on or after such date, there is pending a request for either administrative or judicial review with respect to such claim that has been denied in whole, or there is pending, with respect to such claim, readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

(B) SUBSECTION (c).—The amendments made by subsection (c) of this section shall apply with respect to benefits under title XVI of the Social Security Act for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY REDETERMINATIONS.—During the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is eligible for supplemental security income benefits by reason of disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of, or amendments made by, subsections (a) and (b) of this section. With respect to any redetermination under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security

Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The provisions of, and amendments made by, subsections (a) and (b) of this section, and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after the later of July 1, 1997, or the date of the redetermination with respect to such individual.

(C) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

(3) REPORT.—The Commissioner of Social Security shall report to the Congress regarding the progress made in implementing the provisions of, and amendments made by, this section on child disability evaluations not later than 180 days after the date of the enactment of this Act.

(4) REGULATIONS.—Notwithstanding any other provision of law, the Commissioner of Social Security shall submit for review to the committees of jurisdiction in the Congress any final regulation pertaining to the eligibility of individuals under age 18 for benefits under title XVI of the Social Security Act at least 45 days before the effective date of such regulation. The submission under this paragraph shall include supporting documentation providing a cost analysis, workload impact, and projections as to how the regulation will effect the future number of recipients under such title.

(5) CAP ADJUSTMENT FOR SSI ADMINISTRATIVE WORK REQUIRED BY WELFARE REFORM.—

(A) AUTHORIZATION.—For the additional costs of continuing disability reviews and redeterminations under title XVI of the Social Security Act, there is hereby authorized to be appropriated to the Social Security Administration, in addition to amounts authorized under section 201(g)(1)(A) of the Social Security Act, $150,000,000 in fiscal year 1997 and $100,000,000 in fiscal year 1998.

(B) CAP ADJUSTMENT.—Section 251(b)(2)(H) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by section 103(b) of the Contract with America Advancement Act of 1996, is amended— 2 USC 901.

(i) in clause (i)—

(I) in subclause (II) by—

(aa) striking "$25,000,000" and inserting "$175,000,000"; and

(bb) striking "$160,000,000" and inserting "$310,000,000"; and

(II) in subclause (III) by—

(aa) striking "$145,000,000" and inserting "$245,000,000"; and

(bb) striking "$370,000,000" and inserting "$470,000,000"; and

(ii) by amending clause (ii)(I) to read as follows:

"(I) the term 'continuing disability reviews' means reviews or redeterminations as defined under section 201(g)(1)(A) of the Social Security Act and reviews

and redeterminations authorized under section 211 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996;".

2 USC 665e.

(C) ADJUSTMENTS.—Section 606(e)(1)(B) of the Congressional Budget Act of 1974 is amended by adding at the end the following new sentences: "If the adjustments referred to in the preceding sentence are made for an appropriations measure that is not enacted into law, then the Chairman of the Committee on the Budget of the House of Representatives shall, as soon as practicable, reverse those adjustments. The Chairman of the Committee on the Budget of the House of Representatives shall submit any adjustments made under this subparagraph to the House of Representatives and have such adjustments published in the Congressional Record.".

(D) CONFORMING AMENDMENT.—Section 103(d)(1) of the Contract with America Advancement Act of 1996 (42 U.S.C. 401 note) is amended by striking "medicaid programs." and inserting "medicaid programs, except that the amounts appropriated pursuant to the authorization and discretionary spending allowance provisions in section 211(d)(2)(5) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 shall be used only for continuing disability reviews and redeterminations under title XVI of the Social Security Act.".

*Ante*, p. 850.

(6) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

**SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.**

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 211(a)(3) of this Act, is amended—

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

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

"(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which is likely to improve (or, at the option of the Commissioner, which is unlikely to improve).

"(II) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

"(III) If the representative payee refuses to comply without good cause with the requirements of subclause (II), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly suspend payment of benefits to the representative payee, and provide for pay-

ment of benefits to an alternative representative payee of the individual or, if the interest of the individual under this title would be served thereby, to the individual.

"(IV) Subclause (II) shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual's impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (II) should not apply to an individual's representative payee.".

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a) of this section, is amended by adding at the end the following new clause:

"(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

"(I) during the 1-year period beginning on the individual's 18th birthday; and

"(II) by applying the criteria used in determining the initial eligibility for applicants who are age 18 or older.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.".

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b) of this section, is amended by adding at the end the following new clause:

"(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

"(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

"(III) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

"(IV) If the representative payee refuses to comply without good cause with the requirements of subclause (III), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly suspend payment of benefits to the representative payee, and provide for payment of benefits to an alternative representative payee of the

individual or, if the interest of the individual under this title would be served thereby, to the individual.

"(V) Subclause (III) shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual's impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (III) should not apply to an individual's representative payee.".

42 USC 1382c note.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

**SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

(a) REQUIREMENT TO ESTABLISH ACCOUNT.—Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—

(1) by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively; and

(2) by inserting after subparagraph (E) the following new subparagraph:

"(F)(i)(I) Each representative payee of an eligible individual under the age of 18 who is eligible for the payment of benefits described in subclause (II) shall establish on behalf of such individual an account in a financial institution into which such benefits shall be paid, and shall thereafter maintain such account for use in accordance with clause (ii).

"(II) Benefits described in this subclause are past-due monthly benefits under this title (which, for purposes of this subclause, include State supplementary payments made by the Commissioner pursuant to an agreement under section 1616 or section 212(b) of Public Law 93–66) in an amount (after any withholding by the Commissioner for reimbursement to a State for interim assistance under subsection (g)) that exceeds the product of—

"(aa) 6, and

"(bb) the maximum monthly benefit payable under this title to an eligible individual.

"(ii)(I) A representative payee shall use funds in the account established under clause (i) to pay for allowable expenses described in subclause (II).

"(II) An allowable expense described in this subclause is an expense for—

"(aa) education or job skills training;

"(bb) personal needs assistance;

"(cc) special equipment;

"(dd) housing modification;

"(ee) medical treatment;

"(ff) therapy or rehabilitation; or

"(gg) any other item or service that the Commissioner determines to be appropriate;

provided that such expense benefits such individual and, in the case of an expense described in item (bb), (cc), (dd), (ff), or (gg), is related to the impairment (or combination of impairments) of such individual.

"(III) The use of funds from an account established under clause (i) in any manner not authorized by this clause—

"(aa) by a representative payee shall be considered a misapplication of benefits for all purposes of this paragraph, and any representative payee who knowingly misapplies benefits from such an account shall be liable to the Commissioner in an amount equal to the total amount of such benefits; and

"(bb) by an eligible individual who is his or her own payee shall be considered a misapplication of benefits for all purposes of this paragraph and the total amount of such benefits so used shall be considered to be the uncompensated value of a disposed resource and shall be subject to the provisions of section 1613(c).

"(IV) This clause shall continue to apply to funds in the account after the child has reached age 18, regardless of whether benefits are paid directly to the beneficiary or through a representative payee.

"(iii) The representative payee may deposit into the account established pursuant to clause (i)—

"(I) past-due benefits payable to the eligible individual in an amount less than that specified in clause (i)(II), and

"(II) any other funds representing an underpayment under this title to such individual, provided that the amount of such underpayment is equal to or exceeds the maximum monthly benefit payable under this title to an eligible individual.

"(iv) The Commissioner of Social Security shall establish a system for accountability monitoring whereby such representative payee shall report, at such time and in such manner as the Commissioner shall require, on activity respecting funds in the account established pursuant to clause (i).".

(b) EXCLUSION FROM RESOURCES.—Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(1) by striking "and" at the end of paragraph (10);

(2) by striking the period at the end of paragraph (11) and inserting "; and"; and

(3) by inserting after paragraph (11) the following new paragraph:

"(12) any account, including accrued interest or other earnings thereon, established and maintained in accordance with section 1631(a)(2)(F).".

(c) EXCLUSION FROM INCOME.—Section 1612(b) (42 U.S.C. 1382a(b)) is amended—

(1) by striking "and" at the end of paragraph (19);

(2) by striking the period at the end of paragraph (20) and inserting "; and"; and

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

"(21) the interest or other earnings on any account established and maintained in accordance with section 1631(a)(2)(F).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made after the date of the enactment of this Act. 42 USC 1382a note.

**SEC. 214. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.**

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended by inserting "or, in the case of an eligible individual who is a child under the age of 18, receiving payments (with

respect to such individual) under any health insurance policy issued by a private provider of such insurance" after "section 1614(f)(2)(B),".

42 USC 1382 note.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to benefits for months beginning 90 or more days after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

42 USC 1382 note.

**SEC. 215. REGULATIONS.**

Within 3 months after the date of the enactment of this Act, the Commissioner of Social Security shall prescribe such regulations as may be necessary to implement the amendments made by this subtitle.

## Subtitle C—Additional Enforcement Provision

**SEC. 221. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.**

(a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383) is amended by adding at the end the following new paragraph:

"(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

"(i) 12, and

"(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse),

then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).

"(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed 3 installments that are made at 6-month intervals.

"(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

"(iii) In the case of an individual who has—

"(I) outstanding debt attributable to—

"(aa) food,

"(bb) clothing,

"(cc) shelter, or

"(dd) medically necessary services, supplies or equipment, or medicine; or

"(II) current expenses or expenses anticipated in the near term attributable to—

"(aa) medically necessary services, supplies or equipment, or medicine, or

"(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary under title XVIII, a State plan approved under title XIX, or any private entity legally liable to provide payment pursuant to an insurance policy, pre-paid plan, or other arrangement, the limitation specified in clause (ii) may

be exceeded by an amount equal to the total of such debt and expenses.

"(C) This paragraph shall not apply to any individual who, at the time of the Commissioner's determination that such individual is eligible for the payment of past-due monthly benefits under this title—

"(i) is afflicted with a medically determinable impairment that is expected to result in death within 12 months; or

"(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.

"(D) For purposes of this paragraph, the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.".

(b) CONFORMING AMENDMENT.—Section 1631(a)(1) (42 U.S.C. 1383(a)(1)) is amended by inserting "(subject to paragraph (10))" immediately before "in such installments".

(c) EFFECTIVE DATE.— 42 USC 1383 note.

(1) IN GENERAL.—The amendments made by this section are effective with respect to past-due benefits payable under title XVI of the Social Security Act after the third month following the month in which this Act is enacted.

(2) BENEFITS PAYABLE UNDER TITLE XVI.—For purposes of this subsection, the term "benefits payable under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

**SEC. 222. REGULATIONS.** 42 USC 1383 note.

Within 3 months after the date of the enactment of this Act, the Commissioner of Social Security shall prescribe such regulations as may be necessary to implement the amendments made by this subtitle.

## Subtitle D—Studies Regarding Supplemental Security Income Program

**SEC. 231. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.**

Title XVI (42 U.S.C. 1381 et seq.), as amended by section 105(b)(3) of the Contract with America Advancement Act of 1996, is amended by adding at the end the following new section:

"ANNUAL REPORT ON PROGRAM

"SEC. 1637. (a) Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including— 42 USC 1383f.

"(1) a comprehensive description of the program;

"(2) historical and current data on allowances and denials, including number of applications and allowance rates for initial

determinations, reconsideration determinations, administrative law judge hearings, appeals council reviews, and Federal court decisions;

"(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, disabled adults, and disabled children);

"(4) historical and current data on prior enrollment by recipients in public benefit programs, including State programs funded under part A of title IV of the Social Security Act and State general assistance programs;

"(5) projections of future number of recipients and program costs, through at least 25 years;

"(6) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

"(7) data on the utilization of work incentives;

"(8) detailed information on administrative and other program operation costs;

"(9) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

"(10) State supplementation program operations;

"(11) a historical summary of statutory changes to this title; and

"(12) such other information as the Commissioner deems useful.

"(b) Each member of the Social Security Advisory Board shall be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report required under this section.".

42 USC 1382 note.

**SEC. 232. STUDY BY GENERAL ACCOUNTING OFFICE.**

Not later than January 1, 1999, the Comptroller General of the United States shall study and report on—

(1) the impact of the amendments made by, and the provisions of, this title on the supplemental security income program under title XVI of the Social Security Act; and

(2) extra expenses incurred by families of children receiving benefits under such title that are not covered by other Federal, State, or local programs.

# TITLE III—CHILD SUPPORT

**SEC. 300. REFERENCE TO SOCIAL SECURITY ACT.**

Except as otherwise specifically provided, wherever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

# Subtitle A—Eligibility for Services; Distribution of Payments

**SEC. 301. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.**

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

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

"(4) provide that the State will—

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

"(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services for foster care maintenance are provided under the State program funded under part E of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless, in accordance with paragraph (29), good cause or other exceptions exist;

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

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

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

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

(2) in paragraph (6)—

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) CONFORMING AMENDMENTS.—

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

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

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

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

**SEC. 302. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.**

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

**"SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

"(a) IN GENERAL.—Subject to subsection (e), an amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

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

"(A) pay to the Federal Government the Federal share of the amount so collected; and

"(B) retain, or distribute to the family, the State share of the amount so collected.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

"(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

"(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

"(I) PRE-OCTOBER 1997.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and

Work Opportunity Act Reconciliation of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued after the family ceased to receive assistance, and

"(bb) are collected before October 1, 1997.

"(II) POST-SEPTEMBER 1997.—With respect to the amount so collected on or after October 1, 1997 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

"(I) PRE-OCTOBER 2000.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued before the family received assistance, and

"(bb) are collected before October 1, 2000.

"(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family

that accrued before the family received assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

"(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent past-due support has been assigned to the State as a condition of receiving assistance from the State, up to the amount necessary to reimburse the State for amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

"(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected, except for amounts collected pursuant to section 464, as accruing in the following order:

"(I) To the period after the family ceased to receive assistance.

"(II) To the period before the family received assistance.

"(III) To the period while the family was receiving assistance.

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(33).

"(5) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to the Congress the Secretary's findings with respect to—

"(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

"(B) whether early implementation of a pre-assistance arrearage program by some States has been effective in moving people off of welfare and keeping them off of welfare;

"(C) what the overall impact has been of the amendments made by the Personal Responsibility and Work Opportunity Act of 1996 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

"(D) based on the information and data the Secretary has obtained, what changes, if any, should be made in the policies related to the distribution of child support arrearages.

"(b) CONTINUATION OF ASSIGNMENTS.—Any rights to support obligations, which were assigned to a State as a condition of receiving assistance from the State under part A and which were in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, shall remain assigned after such date.

"(c) DEFINITIONS.—As used in subsection (a):

"(1) ASSISTANCE.—The term 'assistance from the State' means—

"(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996); and

"(B) foster care maintenance payments under the State plan approved under part E of this title.

"(2) FEDERAL SHARE.—The term 'Federal share' means that portion of the amount collected resulting from the application of the Federal medical assistance percentage in effect for the fiscal year in which the amount is collected.

"(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

"(A) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa; or

"(B) the Federal medical assistance percentage (as defined in section 1905(b), as in effect on September 30, 1996) in the case of any other State.

"(4) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.

"(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity

Act of 1996), the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.

"(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—At State option, this section shall not apply to any amount collected on behalf of a family as support by the State (and paid to the family in addition to the amount of assistance otherwise payable to the family) pursuant to a plan approved under this part if such amount would have been paid to the family by the State under section 402(a)(28), as in effect and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. For purposes of subsection (d), the State share of such amount paid to the family shall be considered amounts which could be retained by the State if such payments were reported by the State as part of the State share of amounts collected in fiscal year 1995.".

(b) CONFORMING AMENDMENTS.—

(1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking "section 457(b)(4) or (d)(3)" and inserting "section 457".

(2) Section 454 (42 U.S.C. 654) is amended—

(A) in paragraph (11)—

(i) by striking "(11)" and inserting "(11)(A)"; and

(ii) by inserting after the semicolon "and"; and

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

42 USC 657 note.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on October 1, 1996, or earlier at the State's option.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b)(2) shall become effective on the date of the enactment of this Act.

**SEC. 303. PRIVACY SAFEGUARDS.**

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 301(b) of this Act, is amended—

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

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

(3) by adding after paragraph (25) the following new paragraph:

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

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

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

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

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997. 42 USC 654 note.

**SEC. 304. RIGHTS TO NOTIFICATION OF HEARINGS.**

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 302(b)(2) of this Act, is amended by inserting after paragraph (11) the following new paragraph:

"(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

"(A) with notice of all proceedings in which support obligations might be established or modified; and

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

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997. 42 USC 654 note.

## Subtitle B—Locate and Case Tracking

**SEC. 311. STATE CASE REGISTRY.**

Section 454A, as added by section 344(a)(2) of this Act, is amended by adding at the end the following new subsections:

"(e) STATE CASE REGISTRY.—

"(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

"(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

"(B) each support order established or modified in the State on or after October 1, 1998.

"(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

"(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on case status) as the Secretary may require.

"(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

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

"(B) any amount described in subparagraph (A) that has been collected;

"(C) the distribution of such collected amounts;

"(D) the birth date of any child for whom the order requires the provision of support; and

"(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

"(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and update, maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

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

"(B) information obtained from comparison with Federal, State, or local sources of information;

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

"(D) any other relevant information.

"(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

"(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

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

"(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under a State plan approved under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

"(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.".

**SEC. 312. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.**

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b) and 303(a) of this Act, is amended—

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

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

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

"(27) provide that, on and after October 1, 1998, the State agency will—

"(A) operate a State disbursement unit in accordance with section 454B; and

"(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

"(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

"(ii) take the actions described in section 466(c)(1) in appropriate cases.".

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651–669), as amended by section 344(a)(2) of this Act, is amended by inserting after section 454A the following new section:

**"SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.** 42 USC 654b.

"(a) STATE DISBURSEMENT UNIT.—

"(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders—

"(A) in all cases being enforced by the State pursuant to section 454(4); and

"(B) in all cases not being enforced by the State under this part in which the support order is initially issued in the State on or after January 1, 1994, and in which the income of the noncustodial parent is subject to withholding pursuant to section 466(a)(8)(B).

"(2) OPERATION.—The State disbursement unit shall be operated—

"(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

"(B) except in cases described in paragraph (1)(B), in coordination with the automated system established by the State pursuant to section 454A.

"(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section, if the Secretary agrees that the system will not cost more nor take more time to establish or operate than

a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

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

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

"(2) for accurate identification of payments;

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

"(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent, except that in cases described in subsection (a)(1)(B), the State disbursement unit shall not be required to convert and maintain in automated form records of payments kept pursuant to section 466(a)(8)(B)(iii) before the effective date of this section.

"(c) TIMING OF DISBURSEMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

"(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

"(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.".

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 344(a)(2) and as amended by section 311 of this Act, is amended by adding at the end the following new subsection:

"(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

"(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

"(A) transmission of orders and notices to employers (and other debtors) for the withholding of income—

"(i) within 2 business days after receipt of notice of, and the income source subject to, such withholding from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State; and

"(ii) using uniform formats prescribed by the Secretary;

"(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

"(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

"(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.".

(d) EFFECTIVE DATES.— 42 USC 654b note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on October 1, 1998.

(2) LIMITED EXCEPTION TO UNIT HANDLING PAYMENTS.—Notwithstanding section 454B(b)(1) of the Social Security Act, as added by this section, any State which, as of the date of the enactment of this Act, processes the receipt of child support payments through local courts may, at the option of the State, continue to process through September 30, 1999, such payments through such courts as processed such payments on or before such date of enactment.

**SEC. 313. STATE DIRECTORY OF NEW HIRES.**

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), and 312(a) of this Act, is amended—

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

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

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

"(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.".

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 453 the following new section:

**"SEC. 453A. STATE DIRECTORY OF NEW HIRES.** 42 USC 653a.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

"(B) STATES WITH NEW HIRE REPORTING LAW IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of subsection (g)(2) not later than October 1, 1997, and the requirements of this section (other than subsection (g)(2)) not later than October 1, 1998.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) EMPLOYER.—

"(i) IN GENERAL.—The term 'employer' has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1986 and includes any governmental entity and any labor organization.

"(ii) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

Notification.

"(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

"(2) TIMING OF REPORT.—Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

"(A) not later than 20 days after the date the employer hires the employee; or

"(B) in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W–4 form or, at the option

of the employer, an equivalent form, and may be transmitted by 1st class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

"(f) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(g) TRANSMISSION OF INFORMATION.—

"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the income of the employee an amount equal to the monthly (or other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's income is not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such

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information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations, and may disclose such information to any agent of the agency that is under contract with the agency to carry out such purposes.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission" after "paragraph (2)".

(d) DISCLOSURE TO CERTAIN AGENTS.—Section 303(e) (42 U.S.C. 503(e)) is amended by adding at the end the following:

"(5) A State or local child support enforcement agency may disclose to any agent of the agency that is under contract with the agency to carry out the purposes described in paragraph (1)(B) wage information that is disclosed to an officer or employee of the agency under paragraph (1)(A). Any agent of a State or local child support agency that receives wage information under this paragraph shall comply with the safeguards established pursuant to paragraph (1)(B).".

**SEC. 314. AMENDMENTS CONCERNING INCOME WITHHOLDING.**

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

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

"(B) Procedures under which the income of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages

occur, without the need for a judicial or administrative hearing.".

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)".

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

"(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies— Notice.

"(i) that the withholding has commenced; and

"(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

"(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A).".

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.".

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 7 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall withhold funds as directed in the notice, except that when an employer receives an income withholding order issued by another State, the employer shall apply the income withholding law of the state of the obligor's principal place of employment in determining—

"(I) the employer's fee for processing an income withholding order;

"(II) the maximum amount permitted to be withheld from the obligor's income;

"(III) the time periods within which the employer must implement the income withholding order and forward the child support payment;

"(IV) the priorities for withholding and allocating income withheld for multiple child support obligees; and

"(V) any withholding terms or conditions not specified in the order.

An employer who complies with an income withholding notice that is regular on its face shall not be subject to civil liability to any individual or agency for conduct in compliance with the notice.";

(ii) in clause (ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

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

"(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.".

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking "any employer" and all that follows and inserting "any employer who—

"(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to income withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

"(ii) fails to withhold support from income or to pay such amounts to the State disbursement unit in accordance with this subsection.".

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means.".

(b) DEFINITION OF INCOME.—

(1) IN GENERAL.—Section 466(b)(8) (42 U.S.C. 666(b)(8)) is amended to read as follows:

"(8) For purposes of subsection (a) and this subsection, the term 'income' means any periodic form of payment due to an individual, regardless of source, including wages, salaries, commissions, bonuses, worker's compensation, disability, payments pursuant to a pension or retirement program, and interest.".

(2) CONFORMING AMENDMENTS.—

(A) Subsections (a)(8)(A), (a)(8)(B)(i), (b)(3)(A), (b)(3)(B), (b)(6)(A)(i), and (b)(6)(C), and (b)(7) of section 466 (42 U.S.C. 666(a)(8)(A), (a)(8)(B)(i), (b)(3)(A), (b)(3)(B), (b)(6)(A)(i), and (b)(6)(C), and (b)(7)) are each amended by striking "wages" each place such term appears and inserting "income".

(B) Section 466(b)(1) (42 U.S.C. 666(b)(1)) is amended by striking "wages (as defined by the State for purposes of this section)" and inserting "income".

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

**SEC. 315. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.**

Section 466(a) (42 U.S.C. 666(a)) is amended by inserting after paragraph (11) the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

**SEC. 316. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.**

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting ", for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing

child support obligations, or enforcing child custody or visitation orders—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support or provide child custody or visitation rights;

"(B) against whom such an obligation is sought;

"(C) to whom such an obligation is owed,

including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of employment (including rights to or enrollment in group health care coverage); and

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

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)"; and

(B) in the flush paragraph at the end, by adding the following: "No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).".

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking "support" and inserting "support or to seek to enforce orders providing child custody or visitation rights"; and

(2) in paragraph (2), by striking ", or any agent of such court; and" and inserting "or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;".

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting "in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)" before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

"(g) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).".

(e) CONFORMING AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting "Federal" before "Parent" each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

Establishment.

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

Establishment.

"(i) NATIONAL DIRECTORY OF NEW HIRES.—

"(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1997, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

"(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

"(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

"(A) IN GENERAL.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 business days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case. Reports.

"(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and Reports.

"(B) disclose information in such registries to such State agencies.

"(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

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

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.".

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(B) Section 454(13) (42 U.S.C.654(13)) is amended by inserting "and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan" before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished

under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

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

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

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and". Regulations.

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State. Notification.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.".

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.".

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking "(l)(12)" and inserting "paragraph (6) or (12) of subsection (l)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.".

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (l)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (l)".

42 USC 653 note.

(h) REQUIREMENT FOR COOPERATION.—The Secretary of Labor and the Secretary of Health and Human Services shall work jointly to develop cost-effective and efficient methods of accessing the information in the various State directories of new hires and the National Directory of New Hires as established pursuant to the amendments made by this subtitle. In developing these methods the Secretaries shall take into account the impact, including costs, on the States, and shall also consider the need to insure the proper and authorized use of wage record information.

**SEC. 317. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.**

Section 466(a) (42 U.S.C. 666(a)), as amended by section 315 of this Act, is amended by inserting after paragraph (12) the following new paragraph:

"(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN FAMILY MATTERS.—Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.".

## Subtitle C—Streamlining and Uniformity of Procedures

**SEC. 321. ADOPTION OF UNIFORM STATE LAWS.**

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

"(f) UNIFORM INTERSTATE FAMILY SUPPORT ACT.—In order to satisfy section 454(20)(A), on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act, as approved by the American Bar Association on February 9, 1993, together with any amendments officially adopted before January 1, 1998 by the National Conference of Commissioners on Uniform State Laws.".

**SEC. 322. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.**

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

(1) in subsection (a)(2), by striking "subsection (e)" and inserting "subsections (e), (f), and (i)";

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

"'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.";

(3) in subsection (c), by inserting "by a court of a State" before "is made";

(4) in subsection (c)(1), by inserting "and subsections (e), (f), and (g)" after "located";

(5) in subsection (d)—

(A) by inserting "individual" before "contestant"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing,

exclusive jurisdiction for a court of another State to modify the order and assume";

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

(10) by inserting after subsection (e) the following new subsection:

Courts.

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

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

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.";

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

(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

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

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

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

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

**SEC. 323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.**

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315 and 317 of this Act, is amended by inserting after paragraph (13) the following new paragraph:

"(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of— Records.

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

**SEC. 324. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) (as amended by section 346(a) of this Act) and inserting "; and"; and

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

"(11) not later than October 1, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

"(A) collection of child support through income withholding;

"(B) imposition of liens; and

"(C) administrative subpoenas.".

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking "and" at the end of subparagraph (C);

(2) by inserting "and" at the end of subparagraph (D); and

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

"(E) not later than March 1, 1997, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;".

**SEC. 325. STATE LAWS PROVIDING EXPEDITED PROCEDURES.**

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 314 of this Act, is amended—

(1) in subsection (a)(2), by striking the first sentence and inserting the following: "Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations."; and

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

"(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

"(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority to take the following actions relating to establishment of paternity or to establishment, modification, or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States to take the following actions:

"(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

"(C) RESPONSE TO STATE AGENCY REQUEST.—To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(D) ACCESS TO INFORMATION CONTAINED IN CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, and subject to the nonliability of entities that afford such access under this subparagraph, to information contained in the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities with respect to individuals who owe or are owed support (or against or with respect to whom a support obligation is sought), consisting of—

"(I) the names and addresses of such individuals and the names and addresses of the employers of such individuals, as appearing in customer records of public utilities and cable television companies, pursuant to an administrative subpoena authorized by subparagraph (B); and

"(II) information (including information on assets and liabilities) on such individuals held by financial institutions.

"(E) CHANGE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1)(A) and (b) of section 466.

"(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(H) INCREASE MONTHLY PAYMENTS.—For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all

proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including Social Security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

"(B) STATEWIDE JURISDICTION.—Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

"(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively.".

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 344(a)(2) and as amended by sections 311 and 312(c) of this Act, is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum

extent feasible, to implement the expedited administrative procedures required by section 466(c).".

## Subtitle D—Paternity Establishment

**SEC. 331. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.**

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—

"(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

"(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

"(B) PROCEDURES CONCERNING GENETIC TESTING.—

"(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause and other exceptions for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

"(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

"(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) HOSPITAL-BASED PROGRAM.—Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

"(iii) PATERNITY ESTABLISHMENT SERVICES.—

"(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II) REGULATIONS.—

"(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

"(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit specified by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

"(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

"(i) INCLUSION IN BIRTH RECORDS.—Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

"(I) the father and mother have signed a voluntary acknowledgment of paternity; or

"(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity

by the father and any other additional showing required by State law.

"(ii) LEGAL FINDING OF PATERNITY.—Procedures under which a signed voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within the earlier of—

"(I) 60 days; or

"(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

"(iii) CONTEST.—Procedures under which, after the 60-day period referred to in clause (ii), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

"(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

"(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

"(G) PRESUMPTION OF PATERNITY IN CERTAIN CASES.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

"(H) DEFAULT ORDERS.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

"(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

"(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(M) FILING OF ACKNOWLEDGMENTS AND ADJUDICATIONS IN STATE REGISTRY OF BIRTH RECORDS.—Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.".

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting ", and specify the minimum requirements of an affidavit to be used for the voluntary acknowledgment of paternity which shall include the Social Security number of each parent and, after consultation with the States, other common elements as determined by such designee" before the semicolon.

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and".

**SEC. 332. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.**

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting "and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate" before the semicolon.

**SEC. 333. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF PART A ASSISTANCE.**

Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(a), and 313(a) of this Act, is amended—

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

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

(3) by inserting after paragraph (28) the following new paragraph:

"(29) provide that the State agency responsible for administering the State plan—

"(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A of this title or the

State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to good cause and other exceptions which—

"(i) shall be defined, taking into account the best interests of the child, and

"(ii) shall be applied in each case,

by, at the option of the State, the State agency administering the State program under part A, this part, or title XIX;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

"(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of cooperation and eligibility for assistance under the State program funded under part A, or the State program under title XIX; and

"(E) shall promptly notify the individual, the State agency administering the State program funded under part A, and the State agency administering the State program under title XIX, of each such determination, and if noncooperation is determined, the basis therefor.". Notification.

## Subtitle E—Program Administration and Funding

**SEC. 341. PERFORMANCE-BASED INCENTIVES AND PENALTIES.**

(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a revenue neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. Not later than March 1, 1997, the Secretary shall report on the new system to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate. 42 USC 658 note. Reports.

(b) CONFORMING AMENDMENTS TO PRESENT SYSTEM.—Section 458 (42 U.S.C. 658) is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved under part A of this title" and inserting "assistance under a program funded under part A";

(2) in subsection (b)(1)(A), by striking "section 402(a)(26)" and inserting "section 408(a)(4)";

(3) in subsections (b) and (c)—

(A) by striking "AFDC collections" each place it appears and inserting "title IV–A collections", and

(B) by striking "non-AFDC collections" each place it appears and inserting "non-title IV–A collections"; and

(4) in subsection (c), by striking "combined AFDC/non-AFDC administrative costs" both places it appears and inserting "combined title IV–A/non-title IV–A administrative costs".

(c) CALCULATION OF PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking "75" and inserting "90".

(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;"; and

(B) by adding at the end the following new flush sentence:

"In determining compliance under this section, a State may use as its paternity establishment percentage either the State's IV–D paternity establishment percentage (as defined in paragraph (2)(A)) or the State's statewide paternity establishment percentage (as defined in paragraph (2)(B)).".

(3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i)—

(I) by striking "paternity establishment percentage" and inserting "IV–D paternity establishment percentage"; and

(II) by striking "(or all States, as the case may be)"; and

(ii) by striking "and" at the end; and

(B) by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) the term 'statewide paternity establishment percentage' means, with respect to a State for a fiscal year, the ratio (expressed as a percentage) that the total number of minor children—

"(i) who have been born out of wedlock, and

"(ii) the paternity of whom has been established or acknowledged during the fiscal year,

bears to the total number of children born out of wedlock during the preceding fiscal year; and".

(4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

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

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

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.— 42 USC 658 note.

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1999, except to the extent provided in subparagraph (B).

(B) APPLICATION OF SECTION 458.—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 2000.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this Act. 42 USC 652 note.

**SEC. 342. FEDERAL AND STATE REVIEWS AND AUDITS.**

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

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

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

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

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including paternity establishment percentages) to the extent necessary for purposes of sections 452(g) and 458;".

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

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

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

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data and the accuracy of the reporting systems used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

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

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

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

42 USC 652 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this Act.

**SEC. 343. REQUIRED REPORTING PROCEDURES.**

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

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(a), 313(a), and 333 of this Act, is amended—

(1) by striking "and" at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting "; and"; and

(3) by adding after paragraph (29) the following new paragraph:

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

**SEC. 344. AUTOMATED DATA PROCESSING REQUIREMENTS.**

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

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

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

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

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

(E) by striking "(i)"; and

(F) by striking "(including" and all that follows and inserting a semicolon.

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

**"SEC. 454A. AUTOMATED DATA PROCESSING.** 42 USC 654a.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

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

"(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

"(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

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

"(1) use the automated system—

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

"(B) to calculate the paternity establishment percentage for the State for each fiscal year; and

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

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

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

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

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

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

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

"(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and

contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.".

42 USC 654a note.

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by section 303(a)(1) of this Act, is amended to read as follows:

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

"(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988, and

"(B) by October 1, 2000, which meets all requirements of this part enacted on or before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 344(a)(3) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996;".

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(ii) by striking "so much of"; and

(iii) by striking "which the Secretary" and all that follows and inserting ", and"; and

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

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on September 30, 1995) but limited to the amount approved for States in the advance planning documents of such States submitted on or before September 30, 1995.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(ii) The percentage specified in this clause is 80 percent.".

42 USC 655 note.

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $400,000,000 in the aggre-

gate under section 455(a)(3)(B) of the Social Security Act for fiscal years 1996 through 2001.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3)(B) of such Act for fiscal years 1996 through 2001 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

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

42 USC 655, 655 note.

**SEC. 345. TECHNICAL ASSISTANCE.**

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.

The amount appropriated under this subsection shall remain available until expended.".

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 316 of this Act, is amended by adding at the end the following new subsection:

"(o) RECOVERY OF COSTS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent

Locator Service under this section, to the extent such costs are not recovered through user fees.".

**SEC. 346. REPORTS AND DATA COLLECTION BY THE SECRETARY.**

(a) ANNUAL REPORT TO CONGRESS.—

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

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

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

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

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

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

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

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for cases";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "for" before "all other";

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

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

(D) by striking clause (iv); and

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

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

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

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

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and".

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).".

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1997 and succeeding fiscal years.

## Subtitle F—Establishment and Modification of Support Orders

**SEC. 351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.**

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—

"(A) 3-YEAR CYCLE.—

"(i) IN GENERAL.—Procedures under which every 3 years (or such shorter cycle as the State may determine), upon the request of either parent, or, if there is an assignment under part A, upon the request of the State agency under the State plan or of either parent, the State shall with respect to a support order being enforced under this part, taking into account the best interests of the child involved—

"(I) review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines;

"(II) apply a cost-of-living adjustment to the order in accordance with a formula developed by the State; or

"(III) use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under any threshold that may be established by the State.

"(ii) OPPORTUNITY TO REQUEST REVIEW OF ADJUSTMENT.—If the State elects to conduct the review under subclause (II) or (III) of clause (i), procedures which permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

"(iii) NO PROOF OF CHANGE IN CIRCUMSTANCES NECESSARY IN 3-YEAR CYCLE REVIEW.—Procedures which provide that any adjustment under clause (i) shall be made without a requirement for proof or showing of a change in circumstances.

"(B) PROOF OF SUBSTANTIAL CHANGE IN CIRCUMSTANCES NECESSARY IN REQUEST FOR REVIEW OUTSIDE 3-YEAR CYCLE.—Procedures under which, in the case of a request for a review, and if appropriate, an adjustment outside the 3-year cycle (or such shorter cycle as the State may determine) under clause (i), the State shall review and, if the requesting party demonstrates a substantial change in circumstances, adjust the order in accordance with the guidelines established pursuant to section 467(a).

"(C) NOTICE OF RIGHT TO REVIEW.—Procedures which require the State to provide notice not less than once every 3 years to the parents subject to the order informing the parents of their right to request the State to review and, if appropriate, adjust the order pursuant to this paragraph. The notice may be included in the order.".

**SEC. 352. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.**

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

"(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

"(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

"(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

"(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and

"(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

"(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.".

**SEC. 353. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.**

Part D of title IV (42 U.S.C. 651–669) is amended by adding at the end the following:

44 USC 649s.

**"SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.**

"(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforce-

ment agency attempting to establish, modify, or enforce a child support obligation of such individual.

"(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

"(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

"(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.

"(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

"(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

"(A) the greater of—

"(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

"(ii) the sum of—

"(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

"(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

"(B) the costs (including attorney's fees) of the action.

"(d) DEFINITIONS.—For purposes of this section—

"(1) FINANCIAL INSTITUTION.—The term 'financial institution' means—

"(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

"(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(u));

"(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

"(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

"(2) FINANCIAL RECORD.—The term 'financial record' has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).".

# Subtitle G—Enforcement of Support Orders

**SEC. 361. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.**

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ", and";

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

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(4) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

26 USC 6305 note.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

**SEC. 362. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.**

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

**"SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.**

"(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

Federal Register, publication.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance

with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

"(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following new subparagraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting "or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))," before "which—";

(B) in subparagraph (B)(i), by striking "(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))" and inserting "(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 659(i)(2)))"; and

(C) in subparagraph (B)(ii), by striking "(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))" and inserting "(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 659(i)(3)))".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the first sentence, by inserting "(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act. 42 USC 659 note.

**SEC. 363. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.**

(a) AVAILABILITY OF LOCATOR INFORMATION.— 10 USC 113 note.

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed

Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

10 USC 704 note.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 362(c)(4) of this Act, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

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

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.".

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the first sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(3) of the Social Security Act (42 U.S.C. 608(a)(4)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.".

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.".

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the first pay period that begins after such 30-day period.

10 USC 1408 note.

**SEC. 364. VOIDING OF FRAUDULENT TRANSFERS.**

Section 466 (42 U.S.C. 666), as amended by section 321 of this Act, is amended by adding at the end the following new subsection:

"(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In order to satisfy section 454(20)(A), each State must have in effect—

"(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

"(B) the Uniform Fraudulent Transfer Act of 1984; or

"(C) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the

Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor.".

**SEC. 365. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.**

(a) IN GENERAL.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, and 323 of this Act, is amended by inserting after paragraph (14) the following new paragraph:

"(15) PROCEDURES TO ENSURE THAT PERSONS OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—

"(A) IN GENERAL.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to issue an order or to request that a court or an administrative process established pursuant to State law issue an order that requires the individual to—

"(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

"(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

"(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term 'past-due support' means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living.".

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C. 666(a)) is amended by striking "and (7)" and inserting "(7), and (15)".

**SEC. 366. DEFINITION OF SUPPORT ORDER.**

Section 453 (42 U.S.C. 653) as amended by sections 316 and 345(b) of this Act, is amended by adding at the end the following new subsection:

"(p) SUPPORT ORDER DEFINED.—As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement,

and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.".

**SEC. 367. REPORTING ARREARAGES TO CREDIT BUREAUS.**

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

"(A) IN GENERAL.—Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any noncustodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subparagraph (A), information with respect to a noncustodial parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined).".

**SEC. 368. LIENS.**

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) LIENS.—Procedures under which—

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, when the State agency, party, or other entity seeking to enforce such a lien complies with the procedural rules relating to recording or serving liens that arise within the State, except that such rules may not require judicial notice or hearing prior to the enforcement of such a lien.".

**SEC. 369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.**

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, 323, and 365 of this Act, is amended by inserting after paragraph (15) the following:

"(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.".

**SEC. 370. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.**

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 345 of this Act, is amended by adding at the end the following new subsection:

"(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to paragraph (2).

"(2) The Secretary of State shall, upon certification by the Secretary transmitted under paragraph (1), refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

"(3) The Secretary and the Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.".

(2) STATE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, and 343(b) of this Act, is amended—

(A) by striking "and" at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting "; and"; and

(C) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

42 USC 652 note. (b) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1997.

**SEC. 371. INTERNATIONAL SUPPORT ENFORCEMENT.**

(a) AUTHORITY FOR INTERNATIONAL AGREEMENTS.—Part D of title IV, as amended by section 362(a) of this Act, is amended by adding after section 459 the following new section:

42 USC 659a. **"SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.**

"(a) AUTHORITY FOR DECLARATIONS.—

"(1) DECLARATION.—The Secretary of State, with the concurrence of the Secretary of Health and Human Services, is authorized to declare any foreign country (or a political subdivision thereof) to be a foreign reciprocating country if the foreign country has established, or undertakes to establish, procedures for the establishment and enforcement of duties of support owed to obligees who are residents of the United States, and such procedures are substantially in conformity with the standards prescribed under subsection (b).

"(2) REVOCATION.—A declaration with respect to a foreign country made pursuant to paragraph (1) may be revoked if the Secretaries of State and Health and Human Services determine that—

"(A) the procedures established by the foreign country regarding the establishment and enforcement of duties of support have been so changed, or the foreign country's implementation of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

"(B) continued operation of the declaration is not consistent with the purposes of this part.

"(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

"(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

"(1) MANDATORY ELEMENTS.—Support enforcement procedures of a foreign country which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

"(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

"(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

"(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection and appropriate distribution of support payments under such orders.

"(B) The procedures described in subparagraph (A), including legal and administrative assistance, are provided to residents of the United States at no cost.

"(C) An agency of the foreign country is designated as a Central Authority responsible for—

"(i) facilitating support enforcement in cases involving residents of the foreign country and residents of the United States; and

"(ii) ensuring compliance with the standards established pursuant to this subsection.

"(2) ADDITIONAL ELEMENTS.—The Secretary of Health and Human Services and the Secretary of State, in consultation with the States, may establish such additional standards as may be considered necessary to further the purposes of this section.

"(c) DESIGNATION OF UNITED STATES CENTRAL AUTHORITY.—It shall be the responsibility of the Secretary of Health and Human Services to facilitate support enforcement in cases involving residents of the United States and residents of foreign countries that are the subject of a declaration under this section, by activities including—

"(1) development of uniform forms and procedures for use in such cases;

"(2) notification of foreign reciprocating countries of the State of residence of individuals sought for support enforcement purposes, on the basis of information provided by the Federal Parent Locator Service; and

"(3) such other oversight, assistance, and coordination activities as the Secretary may find necessary and appropriate.

"(d) EFFECT ON OTHER LAWS.—States may enter into reciprocal arrangements for the establishment and enforcement of support obligations with foreign countries that are not the subject of a declaration pursuant to subsection (a), to the extent consistent with Federal law.".

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, 343(b), and 370(a)(2) of this Act, is amended—

(1) by striking "and" at the end of paragraph (30);

(2) by striking the period at the end of paragraph (31) and inserting "; and"; and

(3) by adding after paragraph (31) the following new paragraph:

"(32)(A) provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in section 459A(d)(2) shall be treated as a request by a State;

"(B) provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

"(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor).".

**SEC. 372. FINANCIAL INSTITUTION DATA MATCHES.**

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, 323, 365, and 369 of this Act, is amended by inserting after paragraph (16) the following new paragraph:

"(17) FINANCIAL INSTITUTION DATA MATCHES.—

"(A) IN GENERAL.—Procedures under which the State agency shall enter into agreements with financial institutions doing business in the State—

"(i) to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying information for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

"(ii) in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of any noncustodial parent who is subject to a child support lien pursuant to paragraph (4).

"(B) REASONABLE FEES.—The State agency may pay a reasonable fee to a financial institution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

"(C) LIABILITY.—A financial institution shall not be liable under any Federal or State law to any person—

"(i) for any disclosure of information to the State agency under subparagraph (A)(i);

"(ii) for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided for in subparagraph (A)(ii); or

"(iii) for any other action taken in good faith to comply with the requirements of subparagraph (A).

"(D) DEFINITIONS.—For purposes of this paragraph—

"(i) FINANCIAL INSTITUTION.—The term 'financial institution' has the meaning given to such term by section 469A(d)(1).

"(ii) ACCOUNT.—The term 'account' means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.".

**SEC. 373. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.**

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, 323, 365, 369, and 372 of this Act, is amended by inserting after paragraph (17) the following new paragraph:

"(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State's option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parent of such child is receiving assistance under the State program under part A, shall be enforceable, jointly and severally, against the parents of the noncustodial parent of such child.".

**SEC. 374. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.**

(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.—Section 523(a) of title 11, United States Code, is amended—

(1) by striking "or" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; or";

(3) by adding at the end the following:

"(18) owed under State law to a State or municipality that is—

"(A) in the nature of support, and

"(B) enforceable under part D of title IV of the Social Security Act (42 U.S.C. 601 et seq.).";

(4) in paragraph (5), by striking "section 402(a)(26)" and inserting "section 408(a)(3)".

(b) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 456(b) (42 U.S.C. 656(b)) is amended to read as follows:

"(b) NONDISCHARGEABILITY.—A debt (as defined in section 101 of title 11 of the United States Code) owed under State law to a State (as defined in such section) or municipality (as defined in such section) that is in the nature of support and that is enforceable under this part is not released by a discharge in bankruptcy under title 11 of the United States Code.".

11 USC 523 note.

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply only with respect to cases commenced under title 11 of the United States Code after the date of the enactment of this Act.

**SEC. 375. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.**

(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, 343(b), 370(a)(2), and 371(b) of this Act, is amended—

(1) by striking "and" at the end of paragraph (31);

(2) by striking the period at the end of paragraph (32) and inserting "; and";

(3) by adding after paragraph (32) the following new paragraph:

"(33) provide that a State that receives funding pursuant to section 428 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish, modify, and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement."; and

(4) by adding at the end the following new sentence: "Nothing in paragraph (33) shall void any provision of any cooperative agreement entered into before the date of the enactment of such paragraph, nor shall such paragraph deprive any State of jurisdiction over Indian country (as so defined) that is lawfully exercised under section 402 of the Act entitled 'An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes', approved April 11, 1968 (25 U.S.C. 1322).".

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C. 655) is amended by adding at the end the following new subsection:

"(b) The Secretary may, in appropriate cases, make direct payments under this part to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(34).".

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42 U.S.C. 654) is amended by inserting "and Indian tribes or tribal organizations (as defined in subsections (e) and

(l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b))" after "law enforcement officials".

Native Americans.

(d) CONFORMING AMENDMENT.—Subsection (c) of section 428 (42 U.S.C. 628) is amended to read as follows:

"(c) For purposes of this section, the terms 'Indian tribe' and 'tribal organization' shall have the meanings given such terms by subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b), respectively.".

## Subtitle H—Medical Support

### SEC. 381. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following: "if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.".

(b) EFFECTIVE DATE.—

29 USC 1169 note.

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1997.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the 1st plan year beginning on or after January 1, 1997, if—

(A) during the period after the date before the date of the enactment of this Act and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

### SEC. 382. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, 323, 365, 369, 372, and 373 of this Act, is amended by inserting after paragraph (18) the following new paragraph:

"(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders enforced pursuant to this part shall include a provision for the health care coverage of the child, and in the case in which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall

operate to enroll the child in the noncustodial parent's health plan, unless the noncustodial parent contests the notice.".

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

**SEC. 391. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.**

Part D of title IV (42 U.S.C. 651–669), as amended by section 353 of this Act, is amended by adding at the end the following new section:

42 USC 669B.

**"SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.**

"(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

"(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to $10,000,000 for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) $50,000 for fiscal year 1997 or 1998; or

"(B) $100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.".

## Subtitle J—Effective Dates and Conforming Amendments

**SEC. 395. EFFECTIVE DATES AND CONFORMING AMENDMENTS.**

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))— 42 USC 654 note.

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act. 42 USC 654 note.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.— A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of— 42 USC 654 note.

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are amended by striking "absent" each place it appears and inserting "noncustodial":

(A) Section 451 (42 U.S.C. 651).

(B) Subsections (a)(1), (a)(8), (a)(10)(E), (a)(10)(F), (f), and (h) of section 452 (42 U.S.C. 652).

(C) Section 453(f) (42 U.S.C. 653(f)).

(D) Paragraphs (8), (13), and (21)(A) of section 454 (42 U.S.C. 654).

(E) Section 455(e)(1) (42 U.S.C. 655(e)(1)).

(F) Section 458(a) (42 U.S.C. 658(a)).

(G) Subsections (a), (b), and (c) of section 463 (42 U.S.C. 663).

(H) Subsections (a)(3)(A), (a)(3)(C), (a)(6), and (a)(8)(B)(ii), the last sentence of subsection (a), and subsections (b)(1), (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i), (b)(9), and (e) of section 466 (42 U.S.C. 666).

(2) The following provisions are amended by striking "an absent" each place it appears and inserting "a noncustodial":

(A) Paragraphs (2) and (3) of section 453(c) (42 U.S.C. 653(c)).

(B) Subparagraphs (B) and (C) of section 454(9) (42 U.S.C. 654(9)).

(C) Section 456(a)(3) (42 U.S.C. 656(a)(3)).

(D) Subsections (a)(3)(A), (a)(6), (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section 466 (42 U.S.C. 666).

(E) Paragraphs (2) and (4) of section 469(b) (42 U.S.C. 669(b)).

# TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

8 USC 1601.

**SEC. 400. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION.**

The Congress makes the following statements concerning national policy with respect to welfare and immigration:

(1) Self-sufficiency has been a basic principle of United States immigration law since this country's earliest immigration statutes.

(2) It continues to be the immigration policy of the United States that—

(A) aliens within the Nation's borders not depend on public resources to meet their needs, but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations, and

(B) the availability of public benefits not constitute an incentive for immigration to the United States.

(3) Despite the principle of self-sufficiency, aliens have been applying for and receiving public benefits from Federal, State, and local governments at increasing rates.

(4) Current eligibility rules for public assistance and unenforceable financial support agreements have proved wholly incapable of assuring that individual aliens not burden the public benefits system.

(5) It is a compelling government interest to enact new rules for eligibility and sponsorship agreements in order to assure that aliens be self-reliant in accordance with national immigration policy.

(6) It is a compelling government interest to remove the incentive for illegal immigration provided by the availability of public benefits.

(7) With respect to the State authority to make determinations concerning the eligibility of qualified aliens for public benefits in this title, a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen the least restrictive means available for achieving the compelling governmental interest of assuring that aliens be self-reliant in accordance with national immigration policy.

## Subtitle A—Eligibility for Federal Benefits

**SEC. 401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.** 8 USC 1611.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 431) is not eligible for any Federal public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—

(1) Subsection (a) shall not apply with respect to the following Federal public benefits:

(A) Medical assistance under title XIX of the Social Security Act (or any successor program to such title) for care and services that are necessary for the treatment of an emergency medical condition (as defined in section 1903(v)(3) of such Act) of the alien involved and are not related to an organ transplant procedure, if the alien involved otherwise meets the eligibility requirements for medical assistance under the State plan approved under such title (other than the requirement of the receipt of aid or assistance under title IV of such Act, supplemental security income benefits under title XVI of such Act, or a State supplementary payment).

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Public health assistance (not including any assistance under title XIX of the Social Security Act) for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(E) Programs for housing or community development assistance or financial assistance administered by the Secretary of Housing and Urban Development, any program under title V of the Housing Act of 1949, or any assistance under section 306C of the Consolidated Farm and Rural Development Act, to the extent that the alien is receiving such a benefit on the date of the enactment of this Act.

(2) Subsection (a) shall not apply to any benefit payable under title II of the Social Security Act to an alien who is lawfully present in the United States as determined by the Attorney General, to any benefit if nonpayment of such benefit would contravene an international agreement described in section 233 of the Social Security Act, to any benefit if nonpayment would be contrary to section 202(t) of the Social Security Act,

or to any benefit payable under title II of the Social Security Act to which entitlement is based on an application filed in or before the month in which this Act becomes law.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this title the term "Federal public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Attorney General, after consultation with the Secretary of State.

8 USC 1612.

**SEC. 402. LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR CERTAIN FEDERAL PROGRAMS.**

(a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in paragraph (2), an alien who is a qualified alien (as defined in section 431) is not eligible for any specified Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—Paragraph (1) shall not apply to an alien until 5 years after the date—

(i) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

(ii) an alien is granted asylum under section 208 of such Act; or

(iii) an alien's deportation is withheld under section 243(h) of such Act.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—Paragraph (1) shall not apply to an alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (II) in the case

of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—Paragraph (1) shall not apply to an alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.—

(i) SSI.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(A), during the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual who is receiving benefits under such program as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) REDETERMINATION CRITERIA.— With respect to any redetermination under subclause (I), the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the redetermination under subclause (I), shall only apply with respect to the benefits of an individual described in subclause (I) for months beginning on or after the date of the redetermination with respect to such individual.

(IV) NOTICE.—Not later than March 31, 1997, the Commissioner of Social Security shall notify an individual described in subclause (I) of the provisions of this clause.

(ii) FOOD STAMPS.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(B), during the period beginning on the date of enactment of this Act and ending on the date which is 1 year after the date of enactment, the State agency shall, at the time of the recertification, recertify the eligibility of any individual who is receiving benefits under such program as of the date of enactment of this Act and whose eligibility

for such benefits may terminate by reason of the provisions of this subsection.

(II) RECERTIFICATION CRITERIA.—With respect to any recertification under subclause (I), the State agency shall apply the eligibility criteria for applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the recertification under subclause (I) shall only apply with respect to the eligibility of an alien for a program for months beginning on or after the date of recertification, if on the date of enactment of this Act the alien is lawfully residing in any State and is receiving benefits under such program on such date of enactment.

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this title, the term "specified Federal program" means any of the following:

(A) SSI.—The supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

(B) FOOD STAMPS.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(b) LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in section 403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in section 431) for any designated Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—Qualified aliens under this paragraph shall be eligible for any designated Federal program.

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(i) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(ii) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(iii) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (II) in the case of any such qualifying quarter creditable for any period

beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(3) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this title, the term "designated Federal program" means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act.

(B) SOCIAL SERVICES BLOCK GRANT.—The program of block grants to States for social services under title XX of the Social Security Act.

(C) MEDICAID.—A State plan approved under title XIX of the Social Security Act, other than medical assistance described in section 401(b)(1)(A).

**SEC. 403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.** 8 USC 1613.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsections (b), (c), and (d), an alien who is a qualified alien (as defined in section 431) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit for a period of 5 years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.

(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(c) APPLICATION OF TERM FEDERAL MEANS-TESTED PUBLIC BENEFIT.—

(1) The limitation under subsection (a) shall not apply to assistance or benefits under paragraph (2).

(2) Assistance and benefits under this paragraph are as follows:

(A) Medical assistance described in section 401(b)(1)(A).

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Assistance or benefits under the National School Lunch Act.

(D) Assistance or benefits under the Child Nutrition Act of 1966.

(E) Public health assistance (not including any assistance under title XIX of the Social Security Act) for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(F) Payments for foster care and adoption assistance under parts B and E of title IV of the Social Security Act for a parent or a child who would, in the absence of subsection (a), be eligible to have such payments made on the child's behalf under such part, but only if the foster or adoptive parent (or parents) of such child is a qualified alien (as defined in section 431).

(G) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965, and titles III, VII, and VIII of the Public Health Service Act.

(I) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(J) Benefits under the Head Start Act.

(K) Benefits under the Job Training Partnership Act.

(d) SPECIAL RULE FOR REFUGEE AND ENTRANT ASSISTANCE FOR CUBAN AND HAITIAN ENTRANTS.—The limitation under subsection (a) shall not apply to refugee and entrant assistance activities, authorized by title IV of the Immigration and Nationality Act and section 501 of the Refugee Education Assistance Act of 1980,

for Cuban and Haitian entrants as defined in section 501(e)(2) of the Refugee Education Assistance Act of 1980.

**SEC. 404. NOTIFICATION AND INFORMATION REPORTING.** 8 USC 1614.

(a) NOTIFICATION.—Each Federal agency that administers a program to which section 401, 402, or 403 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this subtitle.

(b) INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act is amended by inserting the following new section after section 411:

**"SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.** 42 USC 611a.

"Each State to which a grant is made under section 403 shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is unlawfully in the United States.".

(c) SSI.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended—

(1) by redesignating the paragraphs (6) and (7) inserted by sections 206(d)(2) and 206(f)(1) of the Social Security Independence and Programs Improvement Act of 1994 (Public Law 103–296; 108 Stat. 1514, 1515) as paragraphs (7) and (8), respectively; and

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

"(9) Notwithstanding any other provision of law, the Commissioner shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this paragraph referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Commissioner knows is unlawfully in the United States, and shall ensure that each agreement entered into under section 1616(a) with a State provides that the State shall furnish such information at such times with respect to any individual who the State knows is unlawfully in the United States.".

(d) INFORMATION REPORTING FOR HOUSING PROGRAMS.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

**"SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCEMENT AND OTHER AGENCIES.** 42 USC 1437y.

"Notwithstanding any other provision of law, the Secretary shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this section referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Secretary knows is unlawfully in the United States, and shall ensure that each contract for assistance entered into under section 6 or 8 of this Act with a public housing agency provides that the public housing agency shall furnish such information at such times with respect to any individual who the public housing agency knows is unlawfully in the United States.".

## Subtitle B—Eligibility for State and Local Public Benefits Programs

8 USC 1621.

**SEC. 411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.**

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not—

(1) a qualified alien (as defined in section 431),

(2) a nonimmigrant under the Immigration and Nationality Act, or

(3) an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year,

is not eligible for any State or local public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Assistance for health care items and services that are necessary for the treatment of an emergency medical condition (as defined in section 1903(v)(3) of the Social Security Act) of the alien involved and are not related to an organ transplant procedure.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraphs (2) and (3), for purposes of this subtitle the term "State or local public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(3) Such term does not include any Federal public benefit under section 4001(c).

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law after the date of the enactment of this Act which affirmatively provides for such eligibility.

**SEC. 412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF QUALIFIED ALIENS FOR STATE PUBLIC BENEFITS.** 8 USC 1622.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), a State is authorized to determine the eligibility for any State public benefits of an alien who is a qualified alien (as defined in section 431), a nonimmigrant under the Immigration and Nationality Act, or an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(b) EXCEPTIONS.—Qualified aliens under this subsection shall be eligible for any State public benefits.

(1) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(B) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(C) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(2) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(A) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(B)(i) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (ii) in the case of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(3) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

## Subtitle C—Attribution of Income and Affidavits of Support

8 USC 1631.

**SEC. 421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN.**

(a) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien for any Federal means-tested public benefits program (as provided under section 403), the income and resources of the alien shall be deemed to include the following:

(1) The income and resources of any person who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 423) on behalf of such alien.

(2) The income and resources of the spouse (if any) of the person.

(b) DURATION OF ATTRIBUTION PERIOD.—Subsection (a) shall apply with respect to an alien until such time as the alien—

(1) achieves United States citizenship through naturalization pursuant to chapter 2 of title III of the Immigration and Nationality Act; or

(2)(A) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (B) in the case of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien is required to reapply for benefits under any Federal means-tested public benefits program, the applicable agency shall review the income and resources attributed to the alien under subsection (a).

(d) APPLICATION.—

(1) If on the date of the enactment of this Act, a Federal means-tested public benefits program attributes a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning on the day after the date of the enactment of this Act.

(2) If on the date of the enactment of this Act, a Federal means-tested public benefits program does not attribute a sponsor's income and resources to an alien in determining the

alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning 180 days after the date of the enactment of this Act.

**SEC. 422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSORS INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.** 8 USC 1632.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State public benefits (as defined in section 412(c)), the State or political subdivision that offers the benefits is authorized to provide that the income and resources of the alien shall be deemed to include—

(1) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 423) on behalf of such alien, and

(2) the income and resources of the spouse (if any) of the individual.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Assistance described in section 411(b)(1).

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General of a State, after consultation with appropriate agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

**SEC. 423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.**

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

"REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

"SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract— 8 USC 1183a.

"(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any

means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

"(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and

"(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

"(2) A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

"(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

"(c) REMEDIES.—Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in section 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection, and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

"(d) NOTIFICATION OF CHANGE OF ADDRESS.—

"(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

"(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

"(A) not less than $250 or more than $2,000, or

"(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than $2,000 or more than $5,000.

"(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—(1)(A) Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

"(B) The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

"(2) If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

"(3) If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

"(4) No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

"(5) If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from bringing an action against a sponsor pursuant to an affidavit of support.

"(f) DEFINITIONS.—For the purposes of this section—

"(1) SPONSOR.—The term 'sponsor' means an individual who—

"(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

"(B) is 18 years of age or over;

"(C) is domiciled in any of the 50 States or the District of Columbia; and

"(D) is the person petitioning for the admission of the alien under section 204.".

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

"Sec. 213A. Requirements for sponsor's affidavit of support.".

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as inserted by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section. 8 USC 1138a note.

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support under section 213A of the Immigration and Nationality Act shall not apply with respect to the following: 8 USC 1138a note.

(1) Medical assistance described in section 401(b)(1)(A) or assistance described in section 411(b)(1).

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations (not including any assistance under title XIX of the Social Security Act) with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(6) Payments for foster care and adoption assistance under parts B and E of title IV of the Social Security Act for a parent or a child, but only if the foster or adoptive parent

(or parents) of such child is a qualified alien (as defined in section 431).

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965, and titles III, VII, and VIII of the Public Health Service Act.

(9) Benefits under the Head Start Act.

(10) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(11) Benefits under the Job Training Partnership Act.

## Subtitle D—General Provisions

8 USC 1641.

**SEC. 431. DEFINITIONS.**

(a) IN GENERAL.—Except as otherwise provided in this title, the terms used in this title have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—For purposes of this title, the term "qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is—

(1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act,

(2) an alien who is granted asylum under section 208 of such Act,

(3) a refugee who is admitted to the United States under section 207 of such Act,

(4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,

(5) an alien whose deportation is being withheld under section 243(h) of such Act, or

(6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

8 USC 1642.

**SEC. 432. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS.**

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal public benefit (as defined in section 401(c)), to which the limitation under section 401 applies, is a qualified alien and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(b) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (a) are adopted, a State that administers a program that provides a Federal public benefit shall have in effect a verification system that complies with the regulations.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

**SEC. 433. STATUTORY CONSTRUCTION.** 8 USC 1643.

(a) LIMITATION.—

(1) Nothing in this title may be construed as an entitlement or a determination of an individual's eligibility or fulfillment of the requisite requirements for any Federal, State, or local governmental program, assistance, or benefits. For purposes of this title, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) Nothing in this title may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under Plyler v. Doe (457 U.S. 202)(1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This title does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as determined by the Secretary of State in consultation with the Attorney General.

(c) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

**SEC. 434. COMMUNICATION BETWEEN STATE AND LOCAL GOVERNMENT AGENCIES AND THE IMMIGRATION AND NATURALIZATION SERVICE.** 8 USC 1644.

Notwithstanding any other provision of Federal, State, or local law, no State or local government entity may be prohibited, or in any way restricted, from sending to or receiving from the Immigration and Naturalization Service information regarding the immigration status, lawful or unlawful, of an alien in the United States.

**SEC. 435. QUALIFYING QUARTERS.** 8 USC 1645.

For purposes of this title, in determining the number of qualifying quarters of coverage under title II of the Social Security Act an alien shall be credited with—

(1) all of the qualifying quarters of coverage as defined under title II of the Social Security Act worked by a parent of such alien while the alien was under age 18, and

(2) all of the qualifying quarters worked by a spouse of such alien during their marriage and the alien remains married to such spouse or such spouse is deceased.

No such qualifying quarter of coverage that is creditable under title II of the Social Security Act for any period beginning after December 31, 1996, may be credited to an alien under paragraph (1) or (2) if the parent or spouse (as the case may be) of such alien received any Federal means-tested public benefit (as provided

under section 403) during the period for which such qualifying quarter of coverage is so credited.

## Subtitle E—Conforming Amendments Relating to Assisted Housing

**SEC. 441. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING.**

(a) LIMITATIONS ON ASSISTANCE.—Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) by striking "Secretary of Housing and Urban Development" each place it appears and inserting "applicable Secretary";

(2) in subsection (b), by inserting after "National Housing Act," the following: "the direct loan program under section 502 of the Housing Act of 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or 542 of such Act, subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act,";

(3) in paragraphs (2) through (6) of subsection (d), by striking "Secretary" each place it appears and inserting "applicable Secretary";

(4) in subsection (d), in the matter following paragraph (6), by striking "the term 'Secretary'" and inserting "the term 'applicable Secretary'"; and

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

"(h) For purposes of this section, the term 'applicable Secretary' means—

"(1) the Secretary of Housing and Urban Development, with respect to financial assistance administered by such Secretary and financial assistance under subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act; and

"(2) the Secretary of Agriculture, with respect to financial assistance administered by such Secretary.".

(b) CONFORMING AMENDMENTS.—Section 501(h) of the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

(1) by striking "(1)";

(2) by striking "by the Secretary of Housing and Urban Development"; and

(3) by striking paragraph (2).

## Subtitle F—Earned Income Credit Denied to Unauthorized Employees

**SEC. 451. EARNED INCOME CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.**

(a) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

"(F) IDENTIFICATION NUMBER REQUIREMENT.—The term 'eligible individual' does not include any individual who does not include on the return of tax for the taxable year—

"(i) such individual's taxpayer identification number, and

"(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual's spouse.".

(b) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

"(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).".

(c) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended by striking "and" at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting a comma, and by inserting after subparagraph (E) the following new subparagraphs:

"(F) an omission of a correct taxpayer identification number required under section 32 (relating to the earned income credit) to be included on a return, and

"(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to returns the due date for which (without regard to extensions) is more than 30 days after the date of the enactment of this Act. 26 USC 32 note.

# TITLE V—CHILD PROTECTION

**SEC. 501. AUTHORITY OF STATES TO MAKE FOSTER CARE MAINTENANCE PAYMENTS ON BEHALF OF CHILDREN IN ANY PRIVATE CHILD CARE INSTITUTION.**

Section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2)) is amended by striking "nonprofit".

**SEC. 502. EXTENSION OF ENHANCED MATCH FOR IMPLEMENTATION OF STATEWIDE AUTOMATED CHILD WELFARE INFORMATION SYSTEMS.**

Section 13713(b)(2) of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 674 note; 107 Stat. 657) is amended by striking "1996" and inserting "1997".

**SEC. 503. NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE.**

Part B of title IV of the Social Security Act (42 U.S.C. 620–628a) is amended by adding at the end the following:

**"SEC. 429A. NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE.** 42 USC 628b.

"(a) IN GENERAL.—The Secretary shall conduct a national study based on random samples of children who are at risk of child abuse or neglect, or are determined by States to have been abused or neglected.

"(b) REQUIREMENTS.—The study required by subsection (a) shall—

"(1) have a longitudinal component; and

"(2) yield data reliable at the State level for as many States as the Secretary determines is feasible.

"(c) PREFERRED CONTENTS.—In conducting the study required by subsection (a), the Secretary should—

"(1) carefully consider selecting the sample from cases of confirmed abuse or neglect; and

"(2) follow each case for several years while obtaining information on, among other things—

"(A) the type of abuse or neglect involved;

"(B) the frequency of contact with State or local agencies;

"(C) whether the child involved has been separated from the family, and, if so, under what circumstances;

"(D) the number, type, and characteristics of out-of-home placements of the child; and

"(E) the average duration of each placement.

"(d) REPORTS.—

"(1) IN GENERAL.—From time to time, the Secretary shall prepare reports summarizing the results of the study required by subsection (a).

"(2) AVAILABILITY.—The Secretary shall make available to the public any report prepared under paragraph (1), in writing or in the form of an electronic data tape.

"(3) AUTHORITY TO CHARGE FEE.—The Secretary may charge and collect a fee for the furnishing of reports under paragraph (2).

"(e) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Secretary for each of fiscal years 1996 through 2002 $6,000,000 to carry out this section.".

**SEC. 504. REDESIGNATION OF SECTION 1123.**

42 USC 1320a–2a.

The Social Security Act is amended by redesignating section 1123, the second place it appears (42 U.S.C. 1320a–1a), as section 1123A.

**SEC. 505. KINSHIP CARE.**

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(1) by striking "and" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; and"; and

(3) by adding at the end the following:

"(18) provides that the State shall consider giving preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards.".

# TITLE VI—CHILD CARE

Child Care and Development Block Grant Amendments of 1996.
42 USC 9801 note.

**SEC. 601. SHORT TITLE AND REFERENCES.**

(a) SHORT TITLE.—This title may be cited as the "Child Care and Development Block Grant Amendments of 1996".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

**SEC. 602. GOALS.**

Section 658A (42 U.S.C. 9801 note) is amended—

(1) in the section heading by inserting "AND GOALS" after "TITLE";

(2) by inserting "(a) SHORT TITLE.—" before "This"; and

(3) by adding at the end the following:

42 USC 9801 note.
42 USC 9858 note.

"(b) GOALS.—The goals of this subchapter are—

"(1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State;

"(2) to promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs;

"(3) to encourage States to provide consumer education information to help parents make informed choices about child care;

"(4) to assist States to provide child care to parents trying to achieve independence from public assistance; and

"(5) to assist States in implementing the health, safety, licensing, and registration standards established in State regulations.".

**SEC. 603. AUTHORIZATION OF APPROPRIATIONS AND ENTITLEMENT AUTHORITY.**

(a) IN GENERAL.—Section 658B (42 U.S.C. 9858) is amended to read as follows:

**"SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

"There is authorized to be appropriated to carry out this subchapter $1,000,000,000 for each of the fiscal years 1996 through 2002.".

(b) SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act (42 U.S.C. 601–617) is amended by adding at the end the following new section:

**"SEC. 418. FUNDING FOR CHILD CARE.**

42 USC 618.

"(a) GENERAL CHILD CARE ENTITLEMENT.—

"(1) GENERAL ENTITLEMENT.—Subject to the amount appropriated under paragraph (3), each State shall, for the purpose of providing child care assistance, be entitled to payments under a grant under this subsection for a fiscal year in an amount equal to—

"(A) the sum of the total amount required to be paid to the State under section 403 for fiscal year 1994 or 1995 (whichever is greater) with respect to amounts expended for child care under section—

"(i) 402(g) of this Act (as such section was in effect before October 1, 1995); and

"(ii) 402(i) of this Act (as so in effect); or

"(B) the average of the total amounts required to be paid to the State for fiscal years 1992 through 1994 under the sections referred to in subparagraph (A);

whichever is greater.

"(2) REMAINDER.—

"(A) GRANTS.—The Secretary shall use any amounts appropriated for a fiscal year under paragraph (3), and remaining after the reservation described in paragraph (4) and after grants are awarded under paragraph (1), to make grants to States under this paragraph.

"(B) AMOUNT.—Subject to subparagraph (C), the amount of a grant awarded to a State for a fiscal year under this paragraph shall be based on the formula used for determining the amount of Federal payments to the State under section 403(n) (as such section was in effect before October 1, 1995).

"(C) MATCHING REQUIREMENT.—The Secretary shall pay to each eligible State in a fiscal year an amount, under a grant under subparagraph (A), equal to the Federal medical assistance percentage for such State for fiscal year 1995 (as defined in section 1905(b)) of so much of the expenditures by the State for child care in such year as exceed the State set-aside for such State under paragraph (1)(A) for such year and the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equal the non-Federal share for the programs described in subparagraph (A) of paragraph (1).

"(D) REDISTRIBUTION.—

"(i) IN GENERAL.—With respect to any fiscal year, if the Secretary determines (in accordance with clause (ii)) that amounts under any grant awarded to a State under this paragraph for such fiscal year will not be used by such State during such fiscal year for carrying out the purpose for which the grant is made, the Secretary shall make such amounts available in the subsequent fiscal year for carrying out such purpose to one or more States which apply for such funds to the extent the Secretary determines that such States will be able to use such additional amounts for carrying out such purpose. Such available amounts shall be redistributed to a State pursuant to section 403(n) (as such section was in effect before October 1, 1995) by substituting 'the number of children residing in all States applying for such funds' for 'the number of children residing in the United States in the second preceding fiscal year'.

"(ii) TIME OF DETERMINATION AND DISTRIBUTION.—The determination of the Secretary under clause (i) for a fiscal year shall be made not later than the end of the first quarter of the subsequent fiscal year. The redistribution of amounts under clause (i) shall be made as close as practicable to the date on which such determination is made. Any amount made available to a State from an appropriation for a fiscal year in accordance with this subparagraph shall, for purposes of this part, be regarded as part of such State's

payment (as determined under this subsection) for the fiscal year in which the redistribution is made.

"(3) APPROPRIATION.—For grants under this section, there are appropriated—

"(A) $1,967,000,000 for fiscal year 1997;

"(B) $2,067,000,000 for fiscal year 1998;

"(C) $2,167,000,000 for fiscal year 1999;

"(D) $2,367,000,000 for fiscal year 2000;

"(E) $2,567,000,000 for fiscal year 2001; and

"(F) $2,717,000,000 for fiscal year 2002.

"(4) INDIAN TRIBES.—The Secretary shall reserve not less than 1 percent, and not more than 2 percent, of the aggregate amount appropriated to carry out this section in each fiscal year for payments to Indian tribes and tribal organizations.

"(b) USE OF FUNDS.—

"(1) IN GENERAL.—Amounts received by a State under this section shall only be used to provide child care assistance. Amounts received by a State under a grant under subsection (a)(1) shall be available for use by the State without fiscal year limitation.

"(2) USE FOR CERTAIN POPULATIONS.—A State shall ensure that not less than 70 percent of the total amount of funds received by the State in a fiscal year under this section are used to provide child care assistance to families who are receiving assistance under a State program under this part, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

"(c) APPLICATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT of 1990.—Notwithstanding any other provision of law, amounts provided to a State under this section shall be transferred to the lead agency under the Child Care and Development Block Grant Act of 1990, integrated by the State into the programs established by the State under such Act, and be subject to requirements and limitations of such Act.

"(d) DEFINITION.—As used in this section, the term 'State' means each of the 50 States or the District of Columbia.".

**SEC. 604. LEAD AGENCY.**

Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "State" the first place that such appears and inserting "governmental or nongovernmental"; and

(B) in subparagraph (C), by inserting "with sufficient time and Statewide distribution of the notice of such hearing," after "hearing in the State"; and

(2) in paragraph (2), by striking the second sentence.

**SEC. 605. APPLICATION AND PLAN.**

Section 658E (42 U.S.C. 9858c) is amended—

(1) in subsection (b)—

(A) by striking "implemented—" and all that follows through "(2)" and inserting "implemented"; and

(B) by striking "for subsequent State plans";

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (i) by striking ", other than through assistance provided under paragraph (3)(C),"; and

(II) by striking "except" and all that follows through "1992", and inserting "and provide a detailed description of the procedures the State will implement to carry out the requirements of this subparagraph";

(ii) in subparagraph (B)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of such procedures";

(iii) in subparagraph (C)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of how such record is maintained and is made available";

(iv) by amending subparagraph (D) to read as follows:

"(D) CONSUMER EDUCATION INFORMATION.—Certify that the State will collect and disseminate to parents of eligible children and the general public, consumer education information that will promote informed child care choices.";

(v) in subparagraph (E), to read as follows:

"(E) COMPLIANCE WITH STATE LICENSING REQUIREMENTS.—

"(i) IN GENERAL.—Certify that the State has in effect licensing requirements applicable to child care services provided within the State, and provide a detailed description of such requirements and of how such requirements are effectively enforced. Nothing in the preceding sentence shall be construed to require that licensing requirements be applied to specific types of providers of child care services.

"(ii) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter.";

(vi) in subparagraph (F) by striking "Provide assurances" and inserting "Certify";

(vii) in subparagraph (G) by striking "Provide assurances" and inserting "Certify"; and

(viii) by striking subparagraphs (H), (I), and (J) and inserting the following:

"(H) MEETING THE NEEDS OF CERTAIN POPULATIONS.—Demonstrate the manner in which the State will meet the specific child care needs of families who are receiving assistance under a State program under part A of title IV of the Social Security Act, families who are attempting

through work activities to transition off of such assistance program, and families that are at risk of becoming dependent on such assistance program.";

(B) in paragraph (3)—

(i) in subparagraph (A), by striking "(B) and (C)" and inserting "(B) through (D)";

(ii) in subparagraph (B)—

(I) by striking ".—Subject to the reservation contained in subparagraph (C), the" and inserting "AND RELATED ACTIVITIES.—The";

(II) in clause (i) by striking "; and" at the end and inserting a period;

(III) by striking "for—" and all that follows through "section 658E(c)(2)(A)" and inserting "for child care services on a sliding fee scale basis, activities that improve the quality or availability of such services, and any other activity that the State deems appropriate to realize any of the goals specified in paragraphs (2) through (5) of section 658A(b)"; and

(IV) by striking clause (ii);

(iii) by amending subparagraph (C) to read as follows:

"(C) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of funds available to the State to carry out this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all of its functions and duties under this subchapter. As used in the preceding sentence, the term 'administrative costs' shall not include the costs of providing direct services."; and

(iv) by adding at the end thereof the following:

"(D) ASSISTANCE FOR CERTAIN FAMILIES.—A State shall ensure that a substantial portion of the amounts available (after the State has complied with the requirement of section 418(b)(2) of the Social Security Act with respect to each of the fiscal years 1997 through 2002) to the State to carry out activities under this subchapter in each fiscal year is used to provide assistance to low-income working families other than families described in paragraph (2)(H).", and

(C) in paragraph (4)(A)—

(i) by striking "provide assurances" and inserting "certify";

(ii) in the first sentence by inserting "and shall provide a summary of the facts relied on by the State to determine that such rates are sufficient to ensure such access" before the period; and

(iii) by striking the last sentence.

**SEC. 606. LIMITATION ON STATE ALLOTMENTS.**

Section 658F(b)(1) (42 U.S.C. 9858d(b)(1)) is amended by striking "No" and inserting "Except as provided for in section 658O(c)(6), no".

**SEC. 607. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.**

Section 658G (42 U.S.C. 9858e) is amended to read as follows:

42 USC 9858e.

**"SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.**

"A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 4 percent of the amount of such funds for activities that are designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services).".

**SEC. 608. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT.**

Section 658H (42 U.S.C. 9858f) is repealed.

**SEC. 609. ADMINISTRATION AND ENFORCEMENT.**

Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

(1) in paragraph (1), by striking ", and shall have" and all that follows through "(2)"; and

(2) in the matter following clause (ii) of paragraph (2)(A), by striking "finding and that" and all that follows through the period and inserting "finding and shall require that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.".

**SEC. 610. PAYMENTS.**

Section 658J(c) (42 U.S.C. 9858h(c)) is amended—

(1) by striking "expended" and inserting "obligated"; and

(2) by striking "3 fiscal years" and inserting "fiscal year".

**SEC. 611. ANNUAL REPORT AND AUDITS.**

Section 658K (42 U.S.C. 9858i) is amended—

(1) in the section heading by striking "ANNUAL REPORT" and inserting "REPORTS";

(2) in subsection (a), to read as follows:

"(a) REPORTS.—

"(1) COLLECTION OF INFORMATION BY STATES.—

"(A) IN GENERAL.—A State that receives funds to carry out this subchapter shall collect the information described in subparagraph (B) on a monthly basis.

"(B) REQUIRED INFORMATION.—The information required under this subparagraph shall include, with respect to a family unit receiving assistance under this subchapter information concerning—

"(i) family income;

"(ii) county of residence;

"(iii) the gender, race, and age of children receiving such assistance;

"(iv) whether the family includes only one parent;

"(v) the sources of family income, including the amount obtained from (and separately identified)—

"(I) employment, including self-employment;

"(II) cash or other assistance under part A of title IV of the Social Security Act;

"(III) housing assistance;

"(IV) assistance under the Food Stamp Act of 1977; and

"(V) other assistance programs;

"(vi) the number of months the family has received benefits;

"(vii) the type of child care in which the child was enrolled (such as family child care, home care, or center-based child care);

"(viii) whether the child care provider involved was a relative;

"(ix) the cost of child care for such families; and

"(x) the average hours per week of such care;

during the period for which such information is required to be submitted.

"(C) SUBMISSION TO SECRETARY.—A State described in subparagraph (A) shall, on a quarterly basis, submit the information required to be collected under subparagraph (B) to the Secretary.

"(D) SAMPLING.—The Secretary may disapprove the information collected by a State under this paragraph if the State uses sampling methods to collect such information.

"(2) BIANNUAL REPORTS.—Not later than December 31, 1997, and every 6 months thereafter, a State described in paragraph (1)(A) shall prepare and submit to the Secretary a report that includes aggregate data concerning—

"(A) the number of child care providers that received funding under this subchapter as separately identified based on the types of providers listed in section 658P(5);

"(B) the monthly cost of child care services, and the portion of such cost that is paid for with assistance provided under this subchapter, listed by the type of child care services provided;

"(C) the number of payments made by the State through vouchers, contracts, cash, and disregards under public benefit programs, listed by the type of child care services provided;

"(D) the manner in which consumer education information was provided to parents and the number of parents to whom such information was provided; and

"(E) the total number (without duplication) of children and families served under this subchapter;

during the period for which such report is required to be submitted."; and

(2) in subsection (b)—

(A) in paragraph (1) by striking "a application" and inserting "an application";

(B) in paragraph (2) by striking "any agency administering activities that receive" and inserting "the State that receives"; and

(C) in paragraph (4) by striking "entitles" and inserting "entitled".

**SEC. 612. REPORT BY THE SECRETARY.**

Section 658L (42 U.S.C. 9858j) is amended—

(1) by striking "1993" and inserting "1997";

(2) by striking "annually" and inserting "biennially"; and

(3) by striking "Education and Labor" and inserting "Economic and Educational Opportunities".

**SEC. 613. ALLOTMENTS.**

Section 658O (42 U.S.C. 9858m) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking "POSSESSIONS" and inserting "POSSESSIONS";

(ii) by inserting "and" after "States,"; and

(iii) by striking ", and the Trust Territory of the Pacific Islands"; and

(B) in paragraph (2), by striking "more than 3 percent" and inserting "less than 1 percent, and not more than 2 percent,";

(2) in subsection (c)—

(A) in paragraph (5) by striking "our" and inserting "out"; and

(B) by adding at the end thereof the following new paragraph:

"(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

"(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

"(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

"(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

"(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph."; and

(3) in subsection (e), by adding at the end thereof the following new paragraph:

"(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for which the grant or contract is made available, shall be allotted by the Secretary to other

tribes or organizations that have submitted applications under subsection (c) in accordance with their respective needs.".

**SEC. 614. DEFINITIONS.**

Section 658P (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting "or as a deposit for child care services if such a deposit is required of other children being cared for by the provider" after "child care services"; and

(2) by striking paragraph (3);

(3) in paragraph (4)(B), by striking "75 percent" and inserting "85 percent";

(4) in paragraph (5)(B)—

(A) by inserting "great grandchild, sibling (if such provider lives in a separate residence)," after "grandchild,";

(B) by striking "is registered and"; and

(C) by striking "State" and inserting "applicable".

(5) by striking paragraph (10);

(6) in paragraph (13)—

(A) by inserting "or" after "Samoa,"; and

(B) by striking ", and the Trust Territory of the Pacific Islands";

(7) in paragraph (14)—

(A) by striking "The term" and inserting the following: "(A) IN GENERAL.—The term"; and

(B) by adding at the end thereof the following new subparagraph:

"(B) OTHER ORGANIZATIONS.—Such term includes a Native Hawaiian Organization, as defined in section 4009(4) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (20 U.S.C. 4909(4)) and a private nonprofit organization established for the purpose of serving youth who are Indians or Native Hawaiians.".

**SEC. 615. EFFECTIVE DATE.** 42 USC 9858 note.

(a) IN GENERAL.—Except as provided in subsection (b), this title and the amendments made by this title shall take effect on October 1, 1996.

(b) EXCEPTION.—The amendment made by section 603(a) shall take effect on the date of enactment of this Act.

# TITLE VII—CHILD NUTRITION PROGRAMS

## Subtitle A—National School Lunch Act

**SEC. 701. STATE DISBURSEMENT TO SCHOOLS.**

(a) IN GENERAL.—Section 8 of the National School Lunch Act (42 U.S.C. 1757) is amended—

(1) in the third sentence, by striking "Nothing" and all that follows through "educational agency to" and inserting "The State educational agency may";

(2) by striking the fourth and fifth sentences;

(3) by redesignating the first through seventh sentences, as amended by paragraph (2), as subsections (a) through (g), respectively;

(4) in subsection (b), as redesignated by paragraph (3), by striking "the preceding sentence" and inserting "subsection (a)"; and

(5) in subsection (d), as redesignated by paragraph (3), by striking "Such food costs" and inserting "Use of funds paid to States".

(b) DEFINITION OF CHILD —Section 12(d) of the National School Lunch Act (42 U.S.C. 1760(d)) is amended by adding at the end the following:

"(9) CHILD.—

"(A) IN GENERAL.—The term 'child' includes an individual, regardless of age, who—

"(i) is determined by a State educational agency, in accordance with regulations prescribed by the Secretary, to have one or more mental or physical disabilities; and

"(ii) is attending any institution, as defined in section 17(a), or any nonresidential public or nonprofit private school of high school grade or under, for the purpose of participating in a school program established for individuals with mental or physical disabilities.

"(B) RELATIONSHIP TO CHILD AND ADULT CARE FOOD PROGRAM.—No institution that is not otherwise eligible to participate in the program under section 17 shall be considered eligible because of this paragraph.".

**SEC. 702. NUTRITIONAL AND OTHER PROGRAM REQUIREMENTS.**

(a) NUTRITIONAL STANDARDS.—Section 9(a) of the National School Lunch Act (42 U.S.C. 1758(a)) is amended—

(1) in paragraph (2)—

(A) by striking "(2)(A) Lunches" and inserting "(2) Lunches";

(B) by striking subparagraph (B); and

(C) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(2) by striking paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (3).

(b) UTILIZATION OF AGRICULTURAL COMMODITIES.—Section 9(c) of the National School Lunch Act (42 U.S.C. 1758(c)) is amended—

(1) in the fifth sentence, by striking "of the provisions of law referred to in the preceding sentence" and inserting "provision of law"; and

(2) by striking the second, fourth, and sixth sentences.

(c) NUTRITIONAL INFORMATION.—Section 9(f) of the National School Lunch Act (42 U.S.C. 1758(f)) is amended—

(1) by striking paragraph (1);

(2) by striking "(2)";

(3) by redesignating subparagraphs (A) through (D) as paragraphs (1) through (4), respectively;

(4) by striking paragraph (1), as redesignated by paragraph (3), and inserting the following:

"(1) NUTRITIONAL REQUIREMENTS.—Except as provided in paragraph (2), not later than the first day of the 1996–1997

school year, schools that are participating in the school lunch or school breakfast program shall serve lunches and breakfasts under the program that—

"(A) are consistent with the goals of the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341); and

"(B) provide, on the average over each week, at least—

"(i) with respect to school lunches, ⅓ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences; and

"(ii) with respect to school breakfasts, ¼ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences.";

(5) in paragraph (3), as redesignated by paragraph (3)—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(B) in subparagraph (A), as so redesignated, by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(6) in paragraph (4), as redesignated by paragraph (3)—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A), as redesignated by subparagraph (A), by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(C) in subparagraph (A)(ii), as redesignated by subparagraph (B), by striking "subparagraph (C)" and inserting "paragraph (3)".

(d) USE OF RESOURCES.—Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended by striking subsection (h).

**SEC. 703. FREE AND REDUCED PRICE POLICY STATEMENT.**

Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)) is amended by adding at the end the following:

"(D) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school food authority shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school food authority. A routine change in the policy of a school food authority, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school food authority to submit a policy statement.".

**SEC. 704. SPECIAL ASSISTANCE.**

(a) EXTENSION OF PAYMENT PERIOD.—Section 11(a)(1)(D)(i) of the National School Lunch Act (42 U.S.C. 1759a(a)(1)(D)(i)) is amended by striking ", on the date of enactment of this subparagraph,".

(b) ROUNDING RULE FOR LUNCH, BREAKFAST, AND SUPPLEMENT RATES.—

(1) IN GENERAL.—The third sentence of section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended by adding before the period at the end the following:

", except that adjustments to payment rates for meals and supplements served to individuals not determined to be eligible for free or reduced price meals and supplements shall be computed to the nearest lower cent increment and based on the unrounded amount for the preceding 12-month period".

42 USC 1759a note.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall become effective on July 1, 1997.

(c) APPLICABILITY OF OTHER PROVISIONS.—Section 11 of the National School Lunch Act (42 U.S.C. 1759a) is amended—

(1) by striking subsection (d);

(2) in subsection (e)(2)—

(A) by striking "The" and inserting "On request of the Secretary, the"; and

(B) by striking "each month"; and

(3) by redesignating subsections (e) and (f), as so amended, as subsections (d) and (e), respectively.

**SEC. 705. MISCELLANEOUS PROVISIONS AND DEFINITIONS.**

(a) ACCOUNTS AND RECORDS.—The second sentence of section 12(a) of the National School Lunch Act (42 U.S.C. 1760(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(b) RESTRICTION ON REQUIREMENTS.—Section 12(c) of the National School Lunch Act (42 U.S.C. 1760(c)) is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

(c) DEFINITIONS.—Section 12(d) of the National School Lunch Act (42 U.S.C. 1760(d)), as amended by section 701(b), is amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands";

(2) by striking paragraphs (3) and (4); and

(3) by redesignating paragraphs (1), (2), and (5) through (9) as paragraphs (6), (7), (3), (4), (2), (5), and (1), respectively, and rearranging the paragraphs so as to appear in numerical order.

(d) ADJUSTMENTS TO NATIONAL AVERAGE PAYMENT RATES.—Section 12(f) of the National School Lunch Act (42 U.S.C. 1760(f)) is amended by striking "the Trust Territory of the Pacific Islands,".

(e) EXPEDITED RULEMAKING.—Section 12(k) of the National School Lunch Act (42 U.S.C. 1760(k)) is amended—

(1) by striking paragraphs (1), (2), and (5);

(2) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively; and

(3) in paragraph (1), as redesignated by paragraph (2), by striking "Guidelines" and inserting "guidelines contained in the most recent 'Dietary Guidelines for Americans' that is published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341)".

(f) WAIVER.—Section 12(l) of the National School Lunch Act (42 U.S.C. 1760(l)) is amended—

(1) in paragraph (2)(A)—

(A) in clause (iii), by adding "and" at the end;

(B) in clause (iv), by striking the semicolon at the end and inserting a period; and

(C) by striking clauses (v) through (vii);

(2) in paragraph (3)—

(A) in subparagraph (A), by striking "(A)"; and

(B) by striking subparagraphs (B) through (D);

(3) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking "of any requirement relating" and inserting "that increases Federal costs or that relates";

(B) by striking subparagraph (D);

(C) by redesignating subparagraphs (E) through (N) as subparagraphs (D) through (M), respectively; and

(D) in subparagraph (L), as redesignated by subparagraph (C), by striking "and" at the end and inserting "or"; and

(4) in paragraph (6)—

(A) by striking "(A)(i)" and all that follows through "(B)"; and

(B) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively.

**SEC. 706. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.**

(a) ESTABLISHMENT OF PROGRAM.—Section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)) is amended—

(1) in paragraph (1)—

(A) in the first sentence, by striking "initiate, maintain, and expand" and inserting "initiate and maintain"; and

(B) in subparagraph (E) of the second sentence, by striking "the Trust Territory of the Pacific Islands,"; and

(2) in paragraph (7)(A), by striking "Except as provided in subparagraph (C), private" and inserting "Private".

(b) SERVICE INSTITUTIONS.—Section 13(b) of the National School Lunch Act (42 U.S.C. 1761(b)) is amended by striking "(b)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(b) SERVICE INSTITUTIONS.—

"(1) PAYMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, payments to service institutions shall equal the full cost of food service operations (which cost shall include the costs of obtaining, preparing, and serving food, but shall not include administrative costs).

"(B) MAXIMUM AMOUNTS.—Subject to subparagraph (C), payments to any institution under subparagraph (A) shall not exceed—

"(i) $1.97 for each lunch and supper served;

"(ii) $1.13 for each breakfast served; and

"(iii) 46 cents for each meal supplement served.

"(C) ADJUSTMENTS.—Amounts specified in subparagraph (B) shall be adjusted on January 1, 1997, and each January 1 thereafter, to the nearest lower cent increment to reflect changes for the 12-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor. Each adjustment shall be based on the unrounded adjustment for the prior 12-month period.".

(c) ADMINISTRATION OF SERVICE INSTITUTIONS.—Section 13(b)(2) of the National School Lunch Act (42 U.S.C. 1761(b)(2)) is amended—

(1) in the first sentence, by striking "four meals" and inserting "3 meals, or 2 meals and 1 supplement,"; and

(2) by striking the second sentence.

(d) REIMBURSEMENTS.—Section 13(c)(2) of the National School Lunch Act (42 U.S.C. 1761(c)(2)) is amended—

(1) by striking subparagraphs (A), (C), (D), and (E);

(2) by striking "(B)";

(3) by striking ", and such higher education institutions,"; and

(4) by striking "without application" and inserting "on showing residence in areas in which poor economic conditions exist or on the basis of income eligibility statements for children enrolled in the program".

(e) ADVANCE PROGRAM PAYMENTS.—Section 13(e)(1) of the National School Lunch Act (42 U.S.C. 1761(e)(1)) is amended—

(1) by striking "institution: *Provided,* That (A) the" and inserting "institution. The";

(2) by inserting "(excluding a school)" after "any service institution"; and

(3) by striking "responsibilities, and (B) no" and inserting "responsibilities. No".

(f) FOOD REQUIREMENTS.—Section 13(f) of the National School Lunch Act (42 U.S.C. 1761(f)) is amended—

(1) by redesignating the first through seventh sentences as paragraphs (1) through (7), respectively;

(2) by striking paragraph (3), as redesignated by paragraph (1);

(3) in paragraph (4), as redesignated by paragraph (1), by striking "the first sentence" and inserting "paragraph (1)";

(4) in subparagraph (B) of paragraph (6), as redesignated by paragraph (1), by striking "that bacteria levels" and all that follows through the period at the end and inserting "conformance with standards set by local health authorities."; and

(5) by redesignating paragraphs (4) through (7), as redesignated by paragraph (1), as paragraphs (3) through (6), respectively.

(g) PERMITTING OFFER VERSUS SERVE.—Section 13(f) of the National School Lunch Act (42 U.S.C. 1761(f)), as amended by subsection (f), is amended by adding at the end the following:

"(7) OFFER VERSUS SERVE.—A school food authority participating as a service institution may permit a child attending a site on school premises operated directly by the authority to refuse one or more items of a meal that the child does not intend to consume, under rules that the school uses for school meals programs. A refusal of an offered food item shall not affect the amount of payments made under this section to a school for the meal.".

(h) RECORDS.—The second sentence of section 13(m) of the National School Lunch Act (42 U.S.C. 1761(m)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(i) REMOVING MANDATORY NOTICE TO INSTITUTIONS.—Section 13(n)(2) of the National School Lunch Act (42 U.S.C. 1761(n)(2))

is amended by striking ", and its plans and schedule for informing service institutions of the availability of the program".

(j) PLAN.—Section 13(n) of the National School Lunch Act (42 U.S.C. 1761(n)), as amended by subsection (i), is amended—

(1) in paragraph (2), by striking ", including the State's methods of assessing need";

(2) by striking paragraph (3);

(3) in paragraph (4), by striking "and schedule"; and

(4) by redesignating paragraphs (4) through (7) as paragraphs (3) through (6), respectively.

(k) MONITORING AND TRAINING.—Section 13(q) of the National School Lunch Act (42 U.S.C. 1761(q)) is amended—

(1) by striking paragraphs (2) and (4);

(2) in paragraph (3), by striking "paragraphs (1) and (2) of this subsection" and inserting "paragraph (1)"; and

(3) by redesignating paragraph (3) as paragraph (2).

(l) EXPIRED PROGRAM.—Section 13 of the National School Lunch Act (42 U.S.C. 1761) is amended—

(1) by striking subsection (p); and

(2) by redesignating subsections (q) and (r) as subsections (p) and (q), respectively.

(m) EFFECTIVE DATE.—The amendments made by subsection (b) shall become effective on January 1, 1997. 42 USC 1761 note.

**SEC. 707. COMMODITY DISTRIBUTION.**

(a) CEREAL AND SHORTENING IN COMMODITY DONATIONS.—Section 14(b) of the National School Lunch Act (42 U.S.C. 1762a(b)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(b) STATE ADVISORY COUNCIL.—Section 14(e) of the National School Lunch Act (42 U.S.C. 1762a(e)) is amended to read as follows:

"(e) Each State agency that receives food assistance payments under this section for any school year shall consult with representatives of schools in the State that participate in the school lunch program with respect to the needs of such schools relating to the manner of selection and distribution of commodity assistance for such program.".

(c) CASH COMPENSATION FOR PILOT PROJECT SCHOOLS.—Section 14(g) of the National School Lunch Act (42 U.S.C. 1762a(g)) is amended by striking paragraph (3).

**SEC. 708. CHILD AND ADULT CARE FOOD PROGRAM.**

(a) ESTABLISHMENT OF PROGRAM.—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended in the first sentence of subsection (a), by striking "initiate, maintain, and expand" and inserting "initiate and maintain".

(b) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended—

(1) in subparagraph (B), by striking "and" at the end;

(2) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(D) in the case of a family or group day care home sponsoring organization that employs more than one employee, the organization does not base payments to an

employee of the organization on the number of family or group day care homes recruited.".

(c) TECHNICAL ASSISTANCE.—The last sentence of section 17(d)(1) of the National School Lunch Act (42 U.S.C. 1766(d)(1)) is amended by striking ", and shall provide technical assistance" and all that follows through "its application".

(d) REIMBURSEMENT OF CHILD CARE INSTITUTIONS.—Section 17(f)(2)(B) of the National School Lunch Act (42 U.S.C. 1766(f)(2)(B)) is amended by striking "two meals and two supplements or three meals and one supplement" and inserting "2 meals and 1 supplement".

(e) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(A) REIMBURSEMENT FACTOR.—

"(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION OF TIER I FAMILY OR GROUP DAY CARE HOME.—In this paragraph, the term 'tier I family or group day care home' means—

"(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

"(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

"(cc) a family or group day care home that is operated by a provider whose household meets the income eligibility guidelines for free or reduced price meals under section 9 and whose income is verified by the sponsoring organization of the home under regulations established by the Secretary.

"(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on July 1, 1996.

"(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

"(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

"(I) IN GENERAL.—

"(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be 95 cents for lunches and suppers, 27 cents for breakfasts, and 13 cents for supplements.

"(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

"(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

"(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

"(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the income eligibility guidelines, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

"(III) INFORMATION AND DETERMINATIONS.—

"(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

"(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the income eligibility guidelines under section 9.

"(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

"(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe

simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that sponsors the home. The procedures the Secretary prescribes may include 1 or more of the following:

"(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

"(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the income eligibility guidelines under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

"(cc) Such other simplified procedures as the Secretary may prescribe.

"(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any minimum verification requirements that are necessary to carry out this clause.".

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1997.

"(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

"(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

"(bb) training and other assistance to family and group day care homes in the

implementation of the amendment to subparagraph (A) made by section 708(e)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

"(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

"(I) $30,000 in base funding to each State; and

"(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1995 as a percentage of the number of all family day care homes participating in the program during fiscal year 1995.

"(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1997 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

"(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A).".

(3) PROVISION OF DATA.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)), as amended by paragraph (2), is amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than ½ of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

"(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the

program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

"(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.".

(4) CONFORMING AMENDMENTS.—Section 17(c) of the National School Lunch Act (42 U.S.C. 1766(c)) is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

(f) REIMBURSEMENT.—Section 17(f) of the National School Lunch Act (42 U.S.C. 1766(f)) is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking the third and fourth sentences; and

(B) in subparagraph (C)(ii), by striking "conduct outreach" and all that follows through "may become" and inserting "assist unlicensed family or group day care homes in becoming"; and

(2) in the first sentence of paragraph (4), by striking "shall" and inserting "may".

(g) NUTRITIONAL REQUIREMENTS.—Section 17(g)(1) of the National School Lunch Act (42 U.S.C. 1766(g)(1)) is amended—

(1) in subparagraph (A), by striking the second sentence; and

(2) in subparagraph (B), by striking the second sentence.

(h) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended by striking subsection (k) and inserting the following:

"(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.".

(i) RECORDS.—The second sentence of section 17(m) of the National School Lunch Act (42 U.S.C. 1766(m)) is amended by striking "at all times" and inserting "at any reasonable time".

(j) UNNEEDED PROVISION.—Section 17 of the National School Lunch Act is amended by striking subsection (q).

42 USC 1766.

(k) EFFECTIVE DATE.—

42 USC 1766 note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1) and (4) of subsection (e) shall become effective on July 1, 1997.

42 USC 1766 note.

(3) REGULATIONS.—

(A) INTERIM REGULATIONS.—Not later than January 1, 1997, the Secretary of Agriculture shall issue interim regulations to implement—

(i) the amendments made by paragraphs (1), (3), and (4) of subsection (e); and

(ii) section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)).

(B) FINAL REGULATIONS.—Not later than July 1, 1997, the Secretary of Agriculture shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

42 USC 1766 note.

(l) STUDY OF IMPACT OF AMENDMENTS ON PROGRAM PARTICIPATION AND FAMILY DAY CARE LICENSING.—

(1) IN GENERAL.—The Secretary of Agriculture, in conjunction with the Secretary of Health and Human Services, shall study the impact of the amendments made by this section on—

(A) the number of family day care homes participating in the child and adult care food program established under section 17 of the National School Lunch Act (42 U.S.C. 1766);

(B) the number of day care home sponsoring organizations participating in the program;

(C) the number of day care homes that are licensed, certified, registered, or approved by each State in accordance with regulations issued by the Secretary;

(D) the rate of growth of the numbers referred to in subparagraphs (A) through (C);

(E) the nutritional adequacy and quality of meals served in family day care homes that—

(i) received reimbursement under the program prior to the amendments made by this section but do not receive reimbursement after the amendments made by this section; or

(ii) received full reimbursement under the program prior to the amendments made by this section but do not receive full reimbursement after the amendments made by this section; and

(F) the proportion of low-income children participating in the program prior to the amendments made by this section and the proportion of low-income children participating in the program after the amendments made by this section.

(2) REQUIRED DATA.—Each State agency participating in the child and adult care food program under section 17 of the National School Lunch Act (42 U.S.C. 1766) shall submit to the Secretary of Agriculture data on—

(A) the number of family day care homes participating in the program on June 30, 1997, and June 30, 1998;

(B) the number of family day care homes licensed, certified, registered, or approved for service on June 30, 1997, and June 30, 1998; and

(C) such other data as the Secretary may require to carry out this subsection.

(3) SUBMISSION OF REPORT.—Not later than 2 years after the date of enactment of this section, the Secretary of Agriculture shall submit the study required under this subsection to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

**SEC. 709. PILOT PROJECTS.**

(a) UNIVERSAL FREE PILOT.—Section 18(d) of the National School Lunch Act (42 U.S.C. 1769(d)) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(b) DEMONSTRATION PROJECT OUTSIDE SCHOOL HOURS.—Section 18(e) of the National School Lunch Act (42 U.S.C. 1769(e)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "(A)"; and

(ii) by striking "shall" and inserting "may"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (5) and inserting the following:

"(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 1997 and 1998.".

**SEC. 710. REDUCTION OF PAPERWORK.**

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is repealed.

**SEC. 711. INFORMATION ON INCOME ELIGIBILITY.**

Section 23 of the National School Lunch Act (42 U.S.C. 1769d) is repealed.

**SEC. 712. NUTRITION GUIDANCE FOR CHILD NUTRITION PROGRAMS.**

Section 24 of the National School Lunch Act (42 U.S.C. 1769e) is repealed.

## Subtitle B—Child Nutrition Act of 1966

**SEC. 721. SPECIAL MILK PROGRAM.**

Section 3(a)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)(3)) is amended by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands".

**SEC. 722. FREE AND REDUCED PRICE POLICY STATEMENT.**

Section 4(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)) is amended by adding at the end the following:

"(E) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school food authority shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school food authority. A routine change

in the policy of a school food authority, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school food authority to submit a policy statement.".

**SEC. 723. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.**

(a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD PREPARATION.—Section 4(e)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(e)(1)(B)) is amended by striking the second sentence.

(b) EXPANSION OF PROGRAM; STARTUP AND EXPANSION COSTS.—

(1) IN GENERAL.—Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by striking subsections (f) and (g).

42 USC 1773 note.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective on October 1, 1996.

**SEC. 724. STATE ADMINISTRATIVE EXPENSES.**

(a) USE OF FUNDS FOR COMMODITY DISTRIBUTION ADMINISTRATION; STUDIES.—Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended—

(1) by striking subsections (e) and (h); and

(2) by redesignating subsections (f), (g), and (i) as subsections (e), (f), and (g), respectively.

(b) APPROVAL OF CHANGES.—Section 7(e) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(e)), as so redesignated, is amended—

(1) by striking "each year an annual plan" and inserting "the initial fiscal year a plan"; and

(2) by adding at the end the following: "After submitting the initial plan, a State shall be required to submit to the Secretary for approval only a substantive change in the plan.".

**SEC. 725. REGULATIONS.**

Section 10(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1779(b)) is amended—

(1) in paragraph (1), by striking "(1)"; and

(2) by striking paragraphs (2) through (4).

**SEC. 726. PROHIBITIONS.**

Section 11(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1780(a)) is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

**SEC. 727. MISCELLANEOUS PROVISIONS AND DEFINITIONS.**

Section 15 of the Child Nutrition Act of 1966 (42 U.S.C. 1784) is amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands"; and

(2) in the first sentence of paragraph (3)—

(A) in subparagraph (A), by inserting "and" at the end; and

(B) by striking ", and (C)" and all that follows through "Governor of Puerto Rico".

**SEC. 728. ACCOUNTS AND RECORDS.**

The second sentence of section 16(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1785(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

**SEC. 729. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.**

(a) DEFINITIONS.—Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended—

(1) in paragraph (15)(B)(iii), by inserting "of not more than 365 days" after "accommodation"; and

(2) in paragraph (16)—

(A) in subparagraph (A), by adding "and" at the end; and

(B) in subparagraph (B), by striking "; and" and inserting a period; and

(C) by striking subparagraph (C).

(b) SECRETARY'S PROMOTION OF WIC.—Section 17(c) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)) is amended by striking paragraph (5).

(c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)) is amended by striking paragraph (4).

(d) NUTRITION EDUCATION.—Section 17(e) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(e)) is amended—

(1) in paragraph (2), by striking the third sentence;

(2) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking "shall";

(B) by striking subparagraph (A);

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

(D) in subparagraph (A), as so redesignated—

(i) by inserting "shall" before "provide"; and

(ii) by striking "and" at the end;

(E) in subparagraph (B), as so redesignated—

(i) by inserting "shall" before "provide"; and

(ii) by striking the period at the end and inserting "; and"; and

(F) by adding at the end the following:

"(C) may provide a local agency with materials describing other programs for which a participant in the program may be eligible.";

(3) in paragraph (5), by striking "The State agency shall ensure that each" and inserting "Each"; and

(4) by striking paragraph (6).

(e) STATE PLAN.—Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "annually to the Secretary, by a date specified by the Secretary, a" and inserting "to the Secretary, by a date specified by the Secretary, an initial"; and

(ii) by adding at the end the following: "After submitting the initial plan, a State shall be required to submit to the Secretary for approval only a substantive change in the plan.";

(B) in subparagraph (C)—

(i) by striking clause (iii) and inserting the following:

"(iii) a plan to coordinate operations under the program with other services or programs that may benefit participants in, and applicants for, the program;";

(ii) in clause (vi), by inserting after "in the State" the following: "(including a plan to improve access to the program for participants and prospective applicants who are employed, or who reside in rural areas)";

(iii) in clause (vii), by striking "to provide program benefits" and all that follows through "emphasis on" and inserting "for";

(iv) by striking clauses (ix), (x), and (xii);

(v) in clause (xiii), by striking "may require" and inserting "may reasonably require";

(vi) by redesignating clauses (xi) and (xiii), as so amended, as clauses (ix) and (x), respectively; and

(vii) in clause (ix), as so redesignated, by adding "and" at the end;

(C) by striking subparagraph (D); and

(D) by redesignating subparagraph (E) as subparagraph (D);

(2) by striking paragraphs (6) and (22);

(3) in the second sentence of paragraph (5), by striking "at all times be available" and inserting "be available at any reasonable time";

(4) in paragraph (9)(B), by striking the second sentence;

(5) in the first sentence of paragraph (11), by striking ", including standards that will ensure sufficient State agency staff";

(6) in paragraph (12), by striking the third sentence;

(7) in paragraph (14), by striking "shall" and inserting "may";

(8) in paragraph (17), by striking "and to accommodate" and all that follows through "facilities";

(9) in paragraph (19), by striking "shall" and inserting "may"; and

(10) by redesignating paragraphs (7) through (21) as paragraphs (6) through (20), and paragraphs (23) and (24) as paragraphs (21) and (22), respectively.

(f) INFORMATION.—Section 17(g) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)) is amended—

(1) in paragraph (5), by striking "the report required under subsection (d)(4)" and inserting "reports on program participant characteristics"; and

(2) by striking paragraph (6).

(g) PROCUREMENT OF INFANT FORMULA.—

(1) IN GENERAL.—Section 17(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) is amended—

(A) in paragraph (4)(E), by striking "and, on" and all that follows through "(d)(4)"; and

(B) in paragraph (8)—

(i) by striking subparagraphs (A), (C), and (M);

(ii) in subparagraph (G)—

(I) in clause (i), by striking "(i)"; and

(II) by striking clauses (ii) through (ix);

(iii) in subparagraph (I), by striking "Secretary—" and all that follows through "(v) may" and inserting "Secretary may";

(iv) by redesignating subparagraphs (B) and (D) through (L) as subparagraphs (A) and (B) through (J), respectively;

(v) in subparagraph (A)(i), as so redesignated, by striking "subparagraphs (C), (D), and (E)(iii), in carrying out subparagraph (A)," and inserting "subparagraphs (B) and (C)(iii),";

(vi) in subparagraph (B)(i), as so redesignated, by striking "subparagraph (B)" each place it appears and inserting "subparagraph (A)"; and

(vii) in subparagraph (C)(iii), as so redesignated, by striking "subparagraph (B)" and inserting "subparagraph (A)".

(2) APPLICATION.—The amendments made by paragraph (1) shall not apply to a contract for the procurement of infant formula under section 17(h)(8) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)) that is in effect on the date of enactment of this subsection. 42 USC 1786 note.

(h) NATIONAL ADVISORY COUNCIL ON MATERNAL, INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(k)(3)) is amended by striking "Secretary shall designate" and inserting "Council shall elect".

(i) COMPLETED STUDY; COMMUNITY COLLEGE DEMONSTRATION; GRANTS FOR INFORMATION AND DATA SYSTEM.—Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended by striking subsections (n), (o), and (p).

(j) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), as amended by subsection (i), is amended by adding at the end the following:

"(n) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—

"(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this section of an approved vendor that is disqualified from accepting benefits under the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.). Regulations.

"(2) TERMS.—A disqualification under paragraph (1)—

"(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) shall not be subject to judicial or administrative review.".

**SEC. 730. CASH GRANTS FOR NUTRITION EDUCATION.**

Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

**SEC. 731. NUTRITION EDUCATION AND TRAINING.**

(a) FINDINGS.—Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended—

(1) in subsection (a), by striking "that—" and all that follows through the period at the end and inserting "that effective dissemination of scientifically valid information to children

participating or eligible to participate in the school lunch and related child nutrition programs should be encouraged."; and

(2) in subsection (b), by striking "encourage" and all that follows through "establishing" and inserting "establish".

(b) USE OF FUNDS.—Section 19(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(f)) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (B); and

(B) in subparagraph (A)—

(i) by striking "(A)";

(ii) by striking clauses (ix) through (xix);

(iii) by redesignating clauses (i) through (viii) and (xx) as subparagraphs (A) through (H) and (I), respectively;

(iv) in subparagraph (I), as so redesignated, by striking the period at the end and inserting "; and"; and

(v) by adding at the end the following:

"(J) other appropriate related activities, as determined by the State.";

(2) by striking paragraphs (2) and (4); and

(3) by redesignating paragraph (3) as paragraph (2).

(c) ACCOUNTS, RECORDS, AND REPORTS.—The second sentence of section 19(g)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(g)(1)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(d) STATE COORDINATORS FOR NUTRITION; STATE PLAN.—Section 19(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(h)) is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking "as provided in paragraph (2) of this subsection"; and

(B) by striking "as provided in paragraph (3) of this subsection";

(2) in paragraph (2), by striking the second and third sentences; and

(3) by striking paragraph (3).

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 19(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)) is amended—

(1) in the first sentence of paragraph (2)(A), by striking "and each succeeding fiscal year";

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

"(3) FISCAL YEARS 1997 THROUGH 2002.—

"(A) IN GENERAL.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 1997 through 2002.

"(B) GRANTS.—

"(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions within the State, except that no State shall receive an amount less than $75,000 per fiscal year.

"(ii) INSUFFICIENT FUNDS.—If the amount made available for any fiscal year is insufficient to pay the

amount to which each State is entitled under clause (i), the amount of each grant shall be ratably reduced.".

(f) ASSESSMENT.—Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended by striking subsection (j).

(g) EFFECTIVE DATE.—The amendments made by subsection (e) shall become effective on October 1, 1996. 42 USC 1788 note.

## Subtitle C—Miscellaneous Provisions

**SEC. 741. COORDINATION OF SCHOOL LUNCH, SCHOOL BREAKFAST, AND SUMMER FOOD SERVICE PROGRAMS.** 42 USC 1751 note.

(a) COORDINATION.—

(1) IN GENERAL.—The Secretary of Agriculture shall develop proposed changes to the regulations under the school lunch program under the National School Lunch Act (42 U.S.C. 1751 et seq.), the summer food service program under section 13 of that Act (42 U.S.C. 1761), and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), for the purpose of simplifying and coordinating those programs into a comprehensive meal program.

(2) CONSULTATION.—In developing proposed changes to the regulations under paragraph (1), the Secretary of Agriculture shall consult with local, State, and regional administrators of the programs described in such paragraph.

(b) REPORT.—Not later than November 1, 1997, the Secretary of Agriculture shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Economic and Educational Opportunities of the House of Representatives a report containing the proposed changes developed under subsection (a).

**SEC. 742. REQUIREMENTS RELATING TO PROVISION OF BENEFITS BASED ON CITIZENSHIP, ALIENAGE, OR IMMIGRATION STATUS UNDER THE NATIONAL SCHOOL LUNCH ACT, THE CHILD NUTRITION ACT OF 1966, AND CERTAIN OTHER ACTS.** 8 USC 1615.

(a) SCHOOL LUNCH AND BREAKFAST PROGRAMS.—Notwithstanding any other provision of this Act, an individual who is eligible to receive free public education benefits under State or local law shall not be ineligible to receive benefits provided under the school lunch program under the National School Lunch Act (42 U.S.C. 1751 et seq.) or the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) on the basis of citizenship, alienage, or immigration status.

(b) OTHER PROGRAMS.—

(1) IN GENERAL.—Nothing in this Act shall prohibit or require a State to provide to an individual who is not a citizen or a qualified alien, as defined in section 431(b), benefits under programs established under the provisions of law described in paragraph (2).

(2) PROVISIONS OF LAW DESCRIBED.—The provisions of law described in this paragraph are the following:

(A) Programs (other than the school lunch program and the school breakfast program) under the National School Lunch Act (42 U.S.C. 1751 et seq.) and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

(B) Section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note).

(C) The Emergency Food Assistance Act of 1983 (7 U.S.C 612c note).

(D) The food distribution program on Indian reservations established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C 2013(b)).

# TITLE VIII—FOOD STAMPS AND COMMODITY DISTRIBUTION

## Subtitle A—Food Stamp Program

**SEC. 801. DEFINITION OF CERTIFICATION PERIOD.**

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking "Except as provided" and all that follows and inserting the following: "The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months.".

**SEC. 802. DEFINITION OF COUPON.**

Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C. 2012(d)) is amended by striking "or type of certificate" and inserting "type of certificate, authorization card, cash or check issued in lieu of a coupon, or access device, including an electronic benefit transfer card or personal identification number,".

**SEC. 803. TREATMENT OF CHILDREN LIVING AT HOME.**

The second sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking "(who are not themselves parents living with their children or married and living with their spouses)".

**SEC. 804. ADJUSTMENT OF THRIFTY FOOD PLAN.**

The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking "shall (1) make" and inserting the following: "shall—

"(1) make";

(2) by striking "scale, (2) make" and inserting the following: "scale;

"(2) make";

(3) by striking "Alaska, (3) make" and inserting the following: "Alaska;

"(3) make"; and

(4) by striking "Columbia, (4) through" and all that follows through the end of the subsection and inserting the following: "Columbia; and

"(4) on October 1, 1996, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on October 1, 1996, the Secretary may not reduce the cost of the diet in effect on September 30, 1996.".

**SEC. 805. DEFINITION OF HOMELESS INDIVIDUAL.**

Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting "for not more than 90 days" after "temporary accommodation".

**SEC. 806. STATE OPTION FOR ELIGIBILITY STANDARDS.**

Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking "(b) The Secretary" and inserting the following:

"(b) ELIGIBILITY STANDARDS.—Except as otherwise provided in this Act, the Secretary".

**SEC. 807. EARNINGS OF STUDENTS.**

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "21" and inserting "17".

**SEC. 808. ENERGY ASSISTANCE.**

(a) IN GENERAL.—Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking paragraph (11) and inserting the following: "(11)(A) any payments or allowances made for the purpose of providing energy assistance under any Federal law (other than part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)), or (B) a 1-time payment or allowance made under a Federal or State law for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device,".

(b) CONFORMING AMENDMENTS.—Section 5(k) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "plan for aid to families with dependent children approved" and inserting "program funded"; and

(B) in subparagraph (B), by striking ", not including energy or utility-cost assistance,";

(2) in paragraph (2), by striking subparagraph (C) and inserting the following:

"(C) a payment or allowance described in subsection (d)(11);"; and

(3) by adding at the end the following:

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

"(A) ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a State law (other than a law referred to in paragraph (2)(H)) to provide energy assistance to a household shall be considered money payable directly to the household.

"(B) ENERGY ASSISTANCE EXPENSES.—For purposes of subsection (e)(7), an expense paid on behalf of a household under a State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.".

**SEC. 809. DEDUCTIONS FROM INCOME.**

(a) IN GENERAL.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by striking subsection (e) and inserting the following:

"(e) DEDUCTIONS FROM INCOME.—

"(1) STANDARD DEDUCTION.—The Secretary shall allow a standard deduction for each household in the 48 contiguous

States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States of $134, $229, $189, $269, and $118, respectively.

"(2) EARNED INCOME DEDUCTION.—

"(A) DEFINITION OF EARNED INCOME.—In this paragraph, the term 'earned income' does not include—

"(i) income excluded by subsection (d); or

"(ii) any portion of income earned under a work supplementation or support program, as defined under section 16(b), that is attributable to public assistance.

"(B) DEDUCTION.—Except as provided in subparagraph (C), a household with earned income shall be allowed a deduction of 20 percent of all earned income to compensate for taxes, other mandatory deductions from salary, and work expenses.

"(C) EXCEPTION.—The deduction described in subparagraph (B) shall not be allowed with respect to determining an overissuance due to the failure of a household to report earned income in a timely manner.

"(3) DEPENDENT CARE DEDUCTION.—

"(A) IN GENERAL.—A household shall be entitled, with respect to expenses (other than excluded expenses described in subparagraph (B)) for dependent care, to a dependent care deduction, the maximum allowable level of which shall be $200 per month for each dependent child under 2 years of age and $175 per month for each other dependent, for the actual cost of payments necessary for the care of a dependent if the care enables a household member to accept or continue employment, or training or education that is preparatory for employment.

"(B) EXCLUDED EXPENSES.—The excluded expenses referred to in subparagraph (A) are—

"(i) expenses paid on behalf of the household by a third party;

"(ii) amounts made available and excluded, for the expenses referred to in subparagraph (A), under subsection (d)(3); and

"(iii) expenses that are paid under section 6(d)(4).

"(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

"(A) IN GENERAL.—A household shall be entitled to a deduction for child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments.

"(B) METHODS FOR DETERMINING AMOUNT.—The Secretary may prescribe by regulation the methods, including calculation on a retrospective basis, that a State agency shall use to determine the amount of the deduction for child support payments.

"(5) HOMELESS SHELTER ALLOWANCE.—Under rules prescribed by the Secretary, a State agency may develop a standard homeless shelter allowance, which shall not exceed $143 per month, for such expenses as may reasonably be expected to be incurred by households in which all members are homeless individuals but are not receiving free shelter throughout the month. A State agency that develops the allowance may use the allowance in determining eligibility and allotments for the

households. The State agency may make a household with extremely low shelter costs ineligible for the allowance.

"(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

"(A) IN GENERAL.—A household containing an elderly or disabled member shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess medical expense deduction for the portion of the actual costs of allowable medical expenses, incurred by the elderly or disabled member, exclusive of special diets, that exceeds $35 per month.

"(B) METHOD OF CLAIMING DEDUCTION.—

"(i) IN GENERAL.—A State agency shall offer an eligible household under subparagraph (A) a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction in lieu of submitting information on, or verification of, actual expenses on a monthly basis.

"(ii) METHOD.—The method described in clause (i) shall—

"(I) be designed to minimize the burden for the eligible elderly or disabled household member choosing to deduct the recurrent medical expenses of the member pursuant to the method;

"(II) rely on reasonable estimates of the expected medical expenses of the member for the certification period (including changes that can be reasonably anticipated based on available information about the medical condition of the member, public or private medical insurance coverage, and the current verified medical expenses incurred by the member); and

"(III) not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period.

"(7) EXCESS SHELTER EXPENSE DEDUCTION.—

"(A) IN GENERAL.—A household shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 percent of monthly household income after all other applicable deductions have been allowed.

"(B) MAXIMUM AMOUNT OF DEDUCTION.—In the case of a household that does not contain an elderly or disabled individual, in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, the excess shelter expense deduction shall not exceed—

"(i) for the period beginning on the date of enactment of this subparagraph and ending on December 31, 1996, $247, $429, $353, $300, and $182 per month, respectively;

"(ii) for the period beginning on January 1, 1997, and ending on September 30, 1998, $250, $434, $357, $304, and $184 per month, respectively;

"(iii) for fiscal years 1999 and 2000, $275, $478, $393, $334, and $203 per month, respectively; and

"(iv) for fiscal year 2001 and each subsequent fiscal year, $300, $521, $429, $364, and $221 per month, respectively.

"(C) STANDARD UTILITY ALLOWANCE.—

"(i) IN GENERAL.—In computing the excess shelter expense deduction, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance that does not fluctuate within a year to reflect seasonal variations.

"(ii) RESTRICTIONS ON HEATING AND COOLING EXPENSES.—An allowance for a heating or cooling expense may not be used in the case of a household that—

"(I) does not incur a heating or cooling expense, as the case may be;

"(II) does incur a heating or cooling expense but is located in a public housing unit that has central utility meters and charges households, with regard to the expense, only for excess utility costs; or

"(III) shares the expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both.

"(iii) MANDATORY ALLOWANCE.—

"(I) IN GENERAL.—A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if—

"(aa) the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling; and

"(bb) the Secretary finds that the standards will not result in an increased cost to the Secretary.

"(II) HOUSEHOLD ELECTION.—A State agency that has not made the use of a standard utility allowance mandatory under subclause (I) shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household.

"(iv) AVAILABILITY OF ALLOWANCE TO RECIPIENTS OF ENERGY ASSISTANCE.—

"(I) IN GENERAL.—Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981

(42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.

"(II) SEPARATE ALLOWANCE.—A State agency may use a separate standard utility allowance for households on behalf of which a payment described in subclause (I) is made, but may not be required to do so.

"(III) STATES NOT ELECTING TO USE SEPARATE ALLOWANCE.—A State agency that does not elect to use a separate allowance but makes a single standard utility allowance available to households incurring heating or cooling expenses (other than a household described in subclause (I) or (II) of clause (ii)) may not be required to reduce the allowance due to the provision (directly or indirectly) of assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

"(IV) PRORATION OF ASSISTANCE.—For the purpose of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) shall be considered to be prorated over the entire heating or cooling season for which the assistance was provided.".

(b) CONFORMING AMENDMENT.—Section 11(e)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(3)) is amended by striking ". Under rules prescribed" and all that follows through "verifies higher expenses".

**SEC. 810. VEHICLE ALLOWANCE.**

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by striking paragraph (2) and inserting the following:

"(2) INCLUDED ASSETS.—

"(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regulations in force as of June 1, 1982 (other than those relating to licensed vehicles and inaccessible resources).

"(B) ADDITIONAL INCLUDED ASSETS.—The Secretary shall include in financial resources—

"(i) any boat, snowmobile, or airplane used for recreational purposes;

"(ii) any vacation home;

"(iii) any mobile home used primarily for vacation purposes;

"(iv) subject to subparagraph (C), any licensed vehicle that is used for household transportation or to obtain or continue employment to the extent that the fair market value of the vehicle exceeds $4,600 through September 30, 1996, and $4,650 beginning October 1, 1996; and

"(v) any savings or retirement account (including an individual account), regardless of whether there is a penalty for early withdrawal.

"(C) EXCLUDED VEHICLES.—A vehicle (and any other property, real or personal, to the extent the property is directly related to the maintenance or use of the vehicle) shall not be included in financial resources under this paragraph if the vehicle is—

"(i) used to produce earned income;

"(ii) necessary for the transportation of a physically disabled household member; or

"(iii) depended on by a household to carry fuel for heating or water for home use and provides the primary source of fuel or water, respectively, for the household.".

**SEC. 811. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.**

Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) is amended—

(1) by striking subparagraph (F); and

(2) by redesignating subparagraphs (G) and (H) as subparagraphs (F) and (G), respectively.

**SEC. 812. SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED.**

Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014), as amended by title I, is amended by adding at the end the following:

"(m) SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED.—

Regulations.

"(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall establish a procedure by which a State may submit a method, designed to not increase Federal costs, for the approval of the Secretary, that the Secretary determines will produce a reasonable estimate of income excluded under subsection (d)(9) in lieu of calculating the actual cost of producing self-employment income.

"(2) INCLUSIVE OF ALL TYPES OF INCOME OR LIMITED TYPES OF INCOME.—The method submitted by a State under paragraph (1) may allow a State to estimate income for all types of self-employment income or may be limited to 1 or more types of self-employment income.

"(3) DIFFERENCES FOR DIFFERENT TYPES OF INCOME.—The method submitted by a State under paragraph (1) may differ for different types of self-employment income.".

**SEC. 813. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.**

Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i), by striking "six months" and inserting "1 year"; and

(2) in clause (ii), by striking "1 year" and inserting "2 years".

**SEC. 814. DISQUALIFICATION OF CONVICTED INDIVIDUALS.**

Section 6(b)(1)(iii) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)(iii)) is amended—

(1) in subclause (II), by striking "or" at the end;

(2) in subclause (III), by striking the period at the end and inserting "; or"; and

(3) by inserting after subclause (III) the following:

"(IV) a conviction of an offense under subsection (b) or (c) of section 15 involving an item covered by subsection (b) or (c) of section 15 having a value of $500 or more.".

**SEC. 815. DISQUALIFICATION.**

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking "(d)(1) Unless otherwise exempted by the provisions" and all that follows through the end of paragraph (1) and inserting the following:

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

"(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

"(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the Secretary;

"(ii) refuses without good cause to participate in an employment and training program established under paragraph (4), to the extent required by the State agency;

"(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

"(I) the applicable Federal or State minimum wage; or

"(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

"(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

"(vi) fails to comply with section 20.

"(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C) DURATION OF INELIGIBILITY.—

"(i) FIRST VIOLATION.—The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 1 month after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

"(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 3 months after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

"(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 6 months after the date the individual became ineligible;

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D) ADMINISTRATION.—

"(i) GOOD CAUSE.—The Secretary shall determine the meaning of good cause for the purpose of this paragraph.

"(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

"(iii) DETERMINATION BY STATE AGENCY.—

"(I) IN GENERAL.—Subject to subclause (II) and clauses (i) and (ii), a State agency shall determine—

"(aa) the meaning of any term used in subparagraph (A);

"(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

"(cc) whether an individual is in compliance with a requirement under subparagraph (A).

"(II) NOT LESS RESTRICTIVE.—A State agency may not use a meaning, procedure, or determination under subclause (I) that is less restrictive on individuals receiving benefits under this Act than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

"(v) SELECTING A HEAD OF HOUSEHOLD.—

"(I) IN GENERAL.—For purposes of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

"(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

"(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

"(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

"(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.".

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is amended by striking "6(d)(1)(i)" and inserting "6(d)(1)(A)(i)".

(2) Section 20 of the Food Stamp Act of 1977 (7 U.S.C. 2029) is amended by striking subsection (f) and inserting the following:

"(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.".

**SEC. 816. CARETAKER EXEMPTION.**

Section 6(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)) is amended by adding at the end the following: "A State that requested a waiver to lower the age specified in subparagraph (B) and had the waiver denied by the Secretary as of August 1, 1996, may, for a period of not more than 3 years, lower the age of a dependent child that qualifies a parent or other member of a household for an exemption under subparagraph (B) to between 1 and 6 years of age.".

**SEC. 817. EMPLOYMENT AND TRAINING.**

(a) IN GENERAL.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

(1) by striking "(4)(A) Not later than April 1, 1987, each" and inserting the following:

"(4) EMPLOYMENT AND TRAINING.—

"(A) IN GENERAL.—

"(i) IMPLEMENTATION.—Each";

(2) in subparagraph (A)—

(A) by inserting "work," after "skills, training,"; and

(B) by adding at the end the following:

"(ii) STATEWIDE WORKFORCE DEVELOPMENT SYSTEM.—Each component of an employment and training program carried out under this paragraph shall be delivered through a statewide workforce development system, unless the component is not available locally through such a system.";

(3) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: ", except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application:";

(B) in clause (i), by striking "with terms and conditions" and all that follows through "time of application"; and

(C) in clause (iv)—

(i) by striking subclauses (I) and (II); and

(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(4) in subparagraph (D)—

(A) in clause (i), by striking "to which the application" and all that follows through "30 days or less";

(B) in clause (ii), by striking "but with respect" and all that follows through "child care"; and

(C) in clause (iii), by striking ", on the basis of" and all that follows through "clause (ii)" and inserting "the exemption continues to be valid";

(5) in subparagraph (E), by striking the third sentence;

(6) in subparagraph (G)—

(A) by striking "(G)(i) The State" and inserting "(G) The State"; and

(B) by striking clause (ii);

(7) in subparagraph (H), by striking "(H)(i) The Secretary" and all that follows through "(ii) Federal funds" and inserting "(H) Federal funds";

(8) in subparagraph (I)(i)(II), by striking ", or was in operation," and all that follows through "Social Security Act" and

inserting the following: "), except that no such payment or reimbursement shall exceed the applicable local market rate";

(9)(A) by striking subparagraphs (K) and (L) and inserting the following:

"(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including funds used to carry out subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.).."; and

(B) by redesignating subparagraphs (M) and (N) as subparagraphs (L) and (M), respectively; and

(10) in subparagraph (L), as so redesignated—

(A) by striking "(L)(i) The Secretary" and inserting "(L) The Secretary"; and

(B) by striking clause (ii).

(b) FUNDING.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and all that follows through the end of paragraph (1) and inserting the following:

"(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

"(1) IN GENERAL.—

"(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—

"(i) for fiscal year 1996, $75,000,000;

"(ii) for fiscal year 1997, $79,000,000;

"(iii) for fiscal year 1998, $81,000,000;

"(iv) for fiscal year 1999, $84,000,000;

"(v) for fiscal year 2000, $86,000,000;

"(vi) for fiscal year 2001, $88,000,000; and

"(vii) for fiscal year 2002, $90,000,000.

"(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that gives consideration to the population in each State affected by section 6(o).

"(C) REALLOCATION.—

"(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

"(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

"(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and train-

ing program shall receive not less than $50,000 for each fiscal year.".

(c) ADDITIONAL MATCHING FUNDS.—Section 16(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(2)) is amended by inserting before the period at the end the following: ", including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work".

(d) REPORTS.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking "(5)(A) The Secretary" and inserting "(5) The Secretary"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

**SEC. 818. FOOD STAMP ELIGIBILITY.**

The third sentence of section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by inserting ", at State option," after "less".

**SEC. 819. COMPARABLE TREATMENT FOR DISQUALIFICATION.**

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by adding at the end the following:

"(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

"(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a means-tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

"(2) RULES AND PROCEDURES.—If a disqualification is imposed under paragraph (1) for a failure of an individual to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to impose the same disqualification under the food stamp program.

"(3) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

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

(2) in paragraph (25), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

"(26) the guidelines the State agency uses in carrying out section 6(i); and".

(c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(A)) is amended by striking "that is comparable to a requirement of paragraph (1)".

**SEC. 820. DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.**

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 819, is amended by adding at the end the following:

"(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.—An individual shall be ineligible to participate in the food stamp program as a member of any household for a 10-year period if the individual is found by a State agency to have made, or is convicted in a Federal or State court of having made, a fraudulent statement or representation with respect to the identity or place of residence of the individual in order to receive multiple benefits simultaneously under the food stamp program.".

**SEC. 821. DISQUALIFICATION OF FLEEING FELONS.**

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 820, is amended by adding at the end the following:

"(k) DISQUALIFICATION OF FLEEING FELONS.—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

"(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the law of the place from which the individual is fleeing, for a crime, or attempt to commit a crime, that is a felony under the law of the place from which the individual is fleeing or that, in the case of New Jersey, is a high misdemeanor under the law of New Jersey; or

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

**SEC. 822. COOPERATION WITH CHILD SUPPORT AGENCIES.**

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 821, is amended by adding at the end the following:

"(l) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as 'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in obtaining support for—

"(i) the child; or

"(ii) the individual and the child.

"(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with standards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. Regulations.

The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(m) NONCUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified noncustodial parent of a child under the age of 18 (referred to in this subsection as 'the individual') shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in providing support for the child.

"(2) REFUSAL TO COOPERATE.—

"(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

"(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(4) PRIVACY.—The State agency shall provide safeguards to restrict the use of information collected by a State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to purposes for which the information is collected.".

**SEC. 823. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.**

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 822, is amended by adding at the end the following:

"(n) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

"(1) IN GENERAL.—At the option of a State agency, no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

"(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

"(A) a court is allowing the individual to delay payment; or

"(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.".

**SEC. 824. WORK REQUIREMENT.**

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 823, is amended by adding at the end the following:

"(o) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

"(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); and

"(C) a program of employment and training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under subsection (d)(4), other than a job search program or a job search training program.

"(2) WORK REQUIREMENT.—Subject to the other provisions of this subsection, no individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 36-month period, the individual received food stamp benefits for not less than 3 months (consecutive or otherwise) during which the individual did not—

"(A) work 20 hours or more per week, averaged monthly;

"(B) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency;

"(C) participate in and comply with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State; or

"(D) receive benefits pursuant to paragraph (3), (4), or (5).

"(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

"(A) under 18 or over 50 years of age;

"(B) medically certified as physically or mentally unfit for employment;

"(C) a parent or other member of a household with responsibility for a dependent child;

"(D) otherwise exempt under subsection (d)(2); or

"(E) a pregnant woman.

"(4) WAIVER.—

"(A) IN GENERAL.—On the request of a State agency, the Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

"(i) has an unemployment rate of over 10 percent; or

"(ii) does not have a sufficient number of jobs to provide employment for the individuals.

"(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(5) SUBSEQUENT ELIGIBILITY.—

"(A) REGAINING ELIGIBILITY.—An individual denied eligibility under paragraph (2) shall regain eligibility to participate in the food stamp program if, during a 30-day period, the individual—

"(i) works 80 or more hours;

"(ii) participates in and complies with the requirements of a work program for 80 or more hours, as determined by a State agency; or

"(iii) participates in and complies with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State.

"(B) MAINTAINING ELIGIBILITY.—An individual who regains eligibility under subparagraph (A) shall remain eligible as long as the individual meets the requirements of subparagraph (A), (B), or (C) of paragraph (2).

"(C) LOSS OF EMPLOYMENT.—

"(i) IN GENERAL.—An individual who regained eligibility under subparagraph (A) and who no longer meets the requirements of subparagraph (A), (B), or (C) of paragraph (2) shall remain eligible for a consecutive 3-month period, beginning on the date the individual first notifies the State agency that the individual no longer meets the requirements of subparagraph (A), (B), or (C) of paragraph (2).

"(ii) LIMITATION.—An individual shall not receive any benefits pursuant to clause (i) for more than a single 3-month period in any 36-month period.

"(6) OTHER PROGRAM RULES.—Nothing in this subsection shall make an individual eligible for benefits under this Act if the individual is not otherwise eligible for benefits under the other provisions of this Act.".

7 USC 2015 note.

(b) TRANSITION PROVISION.—The term "preceding 36-month period" in section 6(o) of the Food Stamp Act of 1977, as added by subsection (a), does not include, with respect to a State, any period before the earlier of—

(1) the date the State notifies recipients of food stamp benefits of the application of section 6(o); or

(2) the date that is 3 months after the date of enactment of this Act.

**SEC. 825. ENCOURAGEMENT OF ELECTRONIC BENEFIT TRANSFER SYSTEMS.**

(a) IN GENERAL.—Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)) is amended—

(1) by striking "(i)(1)(A) Any State" and all that follows through the end of paragraph (1) and inserting the following:

"(i) ELECTRONIC BENEFIT TRANSFERS.—

"(1) IN GENERAL.—

"(A) IMPLEMENTATION.—Not later than October 1, 2002, each State agency shall implement an electronic benefit transfer system under which household benefits determined under section 8(a) or 26 are issued from and stored in a central databank, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

"(B) TIMELY IMPLEMENTATION.—Each State agency is encouraged to implement an electronic benefit transfer system under subparagraph (A) as soon as practicable.

"(C) STATE FLEXIBILITY.—Subject to paragraph (2), a State agency may procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency considers appropriate.

"(D) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

"(i) commercial electronic funds transfer technology;

"(ii) the need to permit interstate operation and law enforcement monitoring; and

"(iii) the need to permit monitoring and investigations by authorized law enforcement agencies.";

(2) in paragraph (2)—

(A) by striking "effective no later than April 1, 1992,";

(B) in subparagraph (A)—

(i) by striking ", in any 1 year,"; and

(ii) by striking "on-line";

(C) by striking subparagraph (D) and inserting the following:

"(D)(i) measures to maximize the security of a system using the most recent technology available that the State agency considers appropriate and cost effective and which may include personal identification numbers, photographic identification on electronic benefit transfer cards, and other measures to protect against fraud and abuse; and

"(ii) effective not later than 2 years after the date of enactment of this clause, to the extent practicable, measures that permit a system to differentiate items of food that may be acquired with an allotment from items of food that may not be acquired with an allotment;"; Effective date.

(D) in subparagraph (G), by striking "and" at the end;

(E) in subparagraph (H), by striking the period at the end and inserting "; and"; and

(F) by adding at the end the following:

"(I) procurement standards."; and

(3) by adding at the end the following:

"(7) REPLACEMENT OF BENEFITS.—Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper-based food stamp issuance system. Regulations.

"(8) REPLACEMENT CARD FEE.—A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

"(9) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

"(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

"(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of

the household or any authorized representative of the household may utilize the card.

"(10) APPLICABLE LAW.—Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.

"(11) APPLICATION OF ANTI-TYING RESTRICTIONS TO ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

"(A) DEFINITIONS.—In this paragraph:

"(i) AFFILIATE.—The term 'affiliate' has the meaning provided the term in section 2(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(k)).

"(ii) COMPANY.—The term 'company' has the meaning provided the term in section 106(a) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1971), but shall not include a bank, a bank holding company, or any subsidiary of a bank holding company.

"(iii) ELECTRONIC BENEFIT TRANSFER SERVICE.—The term 'electronic benefit transfer service' means the processing of electronic transfers of household benefits, determined under section 8(a) or 26, if the benefits are—

"(I) issued from and stored in a central databank;

"(II) electronically accessed by household members at the point of sale; and

"(III) provided by a Federal or State government.

"(iv) POINT-OF-SALE SERVICE.—The term 'point-of-sale service' means any product or service related to the electronic authorization and processing of payments for merchandise at a retail food store, including credit or debit card services, automated teller machines, point-of-sale terminals, or access to on-line systems.

"(B) RESTRICTIONS.—A company may not sell or provide electronic benefit transfer services, or fix or vary the consideration for electronic benefit transfer services, on the condition or requirement that the customer—

"(i) obtain some additional point-of-sale service from the company or an affiliate of the company; or

"(ii) not obtain some additional point-of-sale service from a competitor of the company or competitor of any affiliate of the company.

"(C) CONSULTATION WITH THE FEDERAL RESERVE BOARD.—Before promulgating regulations or interpretations of regulations to carry out this paragraph, the Secretary shall consult with the Board of Governors of the Federal Reserve System.".

(b) SENSE OF CONGRESS.—It is the sense of Congress that a State that operates an electronic benefit transfer system under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) should operate the system in a manner that is compatible with electronic benefit transfer systems operated by other States.

**SEC. 826. VALUE OF MINIMUM ALLOTMENT.**

The proviso in section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking ", and shall be adjusted" and all that follows through "$5".

**SEC. 827. BENEFITS ON RECERTIFICATION.**

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking "of more than one month".

**SEC. 828. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.**

Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended by striking paragraph (3) and inserting the following:

"(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.".

**SEC. 829. FAILURE TO COMPLY WITH OTHER MEANS-TESTED PUBLIC ASSISTANCE PROGRAMS.**

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by striking subsection (d) and inserting the following:

"(d) REDUCTION OF PUBLIC ASSISTANCE BENEFITS.—

"(1) IN GENERAL.—If the benefits of a household are reduced under a Federal, State, or local law relating to a means-tested public assistance program for the failure of a member of the household to perform an action required under the law or program, for the duration of the reduction—

"(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

"(B) the State agency may reduce the allotment of the household by not more than 25 percent.

"(2) RULES AND PROCEDURES.—If the allotment of a household is reduced under this subsection for a failure to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to reduce the allotment under the food stamp program.".

**SEC. 830. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.**

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

"(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.—

"(1) IN GENERAL.—In the case of an individual who resides in a center for the purpose of a drug or alcoholic treatment program described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

"(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

"(B) the individual, if the individual leaves the center.

"(2) DIRECT PAYMENT.—A State agency may require an individual referred to in paragraph (1) to designate the center in which the individual resides as the authorized representative of the individual for the purpose of receiving an allotment.".

**SEC. 831. CONDITION PRECEDENT FOR APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.**

Section 9(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(1)) is amended by adding at the end the following: "No retail food store or wholesale food concern of a type determined by the Secretary, based on factors that include size, location, and type of items sold, shall be approved to be authorized or reauthorized for participation in the food stamp program unless an authorized employee of the Department of Agriculture, a designee of the Secretary, or, if practicable, an official of the State or local government designated by the Secretary has visited the store or concern for the purpose of determining whether the store or concern should be approved or reauthorized, as appropriate.".

**SEC. 832. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.**

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) is amended by adding at the end the following:

"(3) AUTHORIZATION PERIODS.—The Secretary shall establish specific time periods during which authorization to accept and redeem coupons, or to redeem benefits through an electronic benefit transfer system, shall be valid under the food stamp program.".

**SEC. 833. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.**

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended—

(1) in the first sentence, by inserting ", which may include relevant income and sales tax filing documents," after "submit information"; and

(2) by inserting after the first sentence the following: "The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.".

**SEC. 834. WAITING PERIOD FOR STORES THAT FAIL TO MEET AUTHORIZATION CRITERIA.**

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: "A retail food store or wholesale food concern that is denied approval to accept and redeem coupons because the store or concern does not meet criteria for approval established by the Secretary may not, for at least 6 months, submit a new application to participate in the program. The Secretary may establish a longer time period under the preceding sentence, including permanent disqualification, that reflects the severity of the basis of the denial.".

**SEC. 835. OPERATION OF FOOD STAMP OFFICES.**

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020), as amended by sections 809(b) and 819(b), is amended—

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

"(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in areas in which a substantial number of members of low-income households speak a language other than English. Regulations.

"(B) In carrying out subparagraph (A), a State agency—

"(i) shall provide timely, accurate, and fair service to applicants for, and participants in, the food stamp program;

"(ii) shall develop an application containing the information necessary to comply with this Act;

"(iii) shall permit an applicant household to apply to participate in the program on the same day that the household first contacts a food stamp office in person during office hours;

"(iv) shall consider an application that contains the name, address, and signature of the applicant to be filed on the date the applicant submits the application;

"(v) shall require that an adult representative of each applicant household certify in writing, under penalty of perjury, that—

"(I) the information contained in the application is true; and

"(II) all members of the household are citizens or are aliens eligible to receive food stamps under section 6(f);

"(vi) shall provide a method of certifying and issuing coupons to eligible homeless individuals, to ensure that participation in the food stamp program is limited to eligible households; and

"(vii) may establish operating procedures that vary for local food stamp offices to reflect regional and local differences within the State.

"(C) Nothing in this Act shall prohibit the use of signatures provided and maintained electronically, storage of records using automated retrieval systems only, or any other feature of a State agency's application system that does not rely exclusively on the collection and retention of paper applications or other records.

"(D) The signature of any adult under this paragraph shall be considered sufficient to comply with any provision of Federal law requiring a household member to sign an application or statement;";

(B) in paragraph (3)—

(i) by striking "shall—" and all that follows through "provide each" and inserting "shall provide each"; and

(ii) by striking "(B) assist" and all that follows through "representative of the State agency;";

(C) by striking paragraphs (14) and (25);

(D)(i) by redesignating paragraphs (15) through (24) as paragraphs (14) through (23), respectively; and

(ii) by redesignating paragraph (26), as paragraph (24); and

(2) in subsection (i)—

(A) by striking "(i) Notwithstanding" and all that follows through "(2)" and inserting the following:

"(i) APPLICATION AND DENIAL PROCEDURES.—

"(1) APPLICATION PROCEDURES.—Notwithstanding any other provision of law,"; and

(B) by striking "; (3) households" and all that follows through "title IV of the Social Security Act. No" and inserting a period and the following:

"(2) DENIAL AND TERMINATION.—Except in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no".

**SEC. 836. STATE EMPLOYEE AND TRAINING STANDARDS.**

Section 11(e)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(6)) is amended—

(1) by striking "that (A) the" and inserting "that—

"(A) the";

(2) by striking "Act; (B) the" and inserting "Act; and

"(B) the";

(3) in subparagraph (B), by striking "United States Civil Service Commission" and inserting "Office of Personnel Management"; and

(4) by striking subparagraphs (C) through (E).

**SEC. 837. EXCHANGE OF LAW ENFORCEMENT INFORMATION.**

Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking "that (A) such" and inserting the following: "that—

"(A) the";

(2) by striking "law, (B) notwithstanding" and inserting the following: "law;

"(B) notwithstanding";

(3) by striking "Act, and (C) such" and inserting the following: "Act;

"(C) the"; and

(4) by adding at the end the following:

"(D) notwithstanding any other provision of law, the address, social security number, and, if available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with the name of the member and notifies the agency that—

"(i) the member—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

"(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

"(ii) locating or apprehending the member is an official duty; and

"(iii) the request is being made in the proper exercise of an official duty; and

"(E) the safeguards shall not prevent compliance with paragraph (16);".

**SEC. 838. EXPEDITED COUPON SERVICE.**

Section 11(e)(9) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(9)) is amended—

(1) in subparagraph (A), by striking "five days" and inserting "7 days";

(2) by striking subparagraph (B);

(3) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C);

(4) in subparagraph (B), as redesignated by paragraph (3), by striking "five days" and inserting "7 days"; and

(5) in subparagraph (C), as redesignated by paragraph (3), by striking ", (B), or (C)" and inserting "or (B)".

**SEC. 839. WITHDRAWING FAIR HEARING REQUESTS.**

Section 11(e)(10) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(10)) is amended by inserting before the semicolon at the end a period and the following: "At the option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for the fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the withdrawal request and providing the household with an opportunity to request a hearing". Notice.

**SEC. 840. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS.**

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended—

(1) in subsection (e)(18), as redesignated by section 835(1)(D)—

(A) by striking "that information is" and inserting "at the option of the State agency, that information may be"; and

(B) by striking "shall be requested" and inserting "may be requested"; and

(2) by adding at the end the following:

"(p) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, in carrying out the food stamp program, a State agency shall not be required to use an income and eligibility or an immigration status verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b–7).".

**SEC. 841. INVESTIGATIONS.**

Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)) is amended by adding at the end the following: "Regulations issued pursuant to this Act shall provide criteria for the finding of a violation and the suspension or disqualification of a retail food store or wholesale food concern on the basis of evidence that may Regulations.

include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through a transaction report under an electronic benefit transfer system.".

**SEC. 842. DISQUALIFICATION OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.**

Section 12(b) of the Food Stamp Act of 1977 (7 U.S.C. 2021(b)) is amended—

(1) in paragraph (2), by striking "and" at the end;

(2) in paragraph (3), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(4) for a reasonable period of time to be determined by the Secretary, including permanent disqualification, on the knowing submission of an application for the approval or reauthorization to accept and redeem coupons that contains false information about a substantive matter that was a part of the application.".

**SEC. 843. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.**

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end the following:

"(g) DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—

Regulations.

"(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this Act of an approved retail food store or a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

"(2) TERMS.—A disqualification under paragraph (1)—

"(A) shall be for the same length of time as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) notwithstanding section 14, shall not be subject to judicial or administrative review.".

**SEC. 844. COLLECTION OF OVERISSUANCES.**

(a) COLLECTION OF OVERISSUANCES.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

(1) by striking subsection (b) and inserting the following:

"(b) COLLECTION OF OVERISSUANCES.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

"(A) reducing the allotment of the household;

"(B) withholding amounts from unemployment compensation from a member of the household under subsection (c);

"(C) recovering from Federal pay or a Federal income tax refund under subsection (d); or

"(D) any other means.

"(2) COST EFFECTIVENESS.—Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the

Secretary that all of the means referred to in paragraph (1) are not cost effective.

"(3) MAXIMUM REDUCTION ABSENT FRAUD.—If a household received an overissuance of coupons without any member of the household being found ineligible to participate in the program under section 6(b)(1) and a State agency elects to reduce the allotment of the household under paragraph (1)(A), the State agency shall not reduce the monthly allotment of the household under paragraph (1)(A) by an amount in excess of the greater of—

"(A) 10 percent of the monthly allotment of the household; or

"(B) $10.

"(4) PROCEDURES.—A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with the requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment."; and

(2) in subsection (d)—

(A) by striking "as determined under subsection (b) and except for claims arising from an error of the State agency," and inserting ", as determined under subsection (b)(1),"; and

(B) by inserting before the period at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

(b) CONFORMING AMENDMENTS.—Section 11(e)(8)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(C)) is amended—

(1) by striking "and excluding claims" and all that follows through "such section"; and

(2) by inserting before the semicolon at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

(c) RETENTION RATE.—The proviso of the first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "25 percent during the period beginning October 1, 1990" and all that follows through "section 13(b)(2) which arise" and inserting "35 percent of the value of all funds or allotments recovered or collected pursuant to sections 6(b) and 13(c) and 20 percent of the value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise".

**SEC. 845. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.**

Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended—

(1) by redesignating the first through seventeenth sentences as paragraphs (1) through (17), respectively; and

(2) by adding at the end the following:

"(18) SUSPENSION OF STORES PENDING REVIEW.—Notwithstanding any other provision of this subsection, any permanent disqualification of a retail food store or wholesale food concern under paragraph (3) or (4) of section 12(b) shall be effective from the date of receipt of the notice of disqualification. If the disqualification is reversed through administrative or

Effective date.

judicial review, the Secretary shall not be liable for the value of any sales lost during the disqualification period.".

**SEC. 846. EXPANDED CRIMINAL FORFEITURE FOR VIOLATIONS.**

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—The first sentence of section 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by striking "or intended to be furnished".

(b) CRIMINAL FORFEITURE.—Section 15 of the Food Stamp Act of 1977 (7 U.S.C. 2024) is amended by adding at the end the following:

"(h) CRIMINAL FORFEITURE.—

"(1) IN GENERAL.—In imposing a sentence on a person convicted of an offense in violation of subsection (b) or (c), a court shall order, in addition to any other sentence imposed under this section, that the person forfeit to the United States all property described in paragraph (2).

"(2) PROPERTY SUBJECT TO FORFEITURE.—All property, real and personal, used in a transaction or attempted transaction, to commit, or to facilitate the commission of, a violation (other than a misdemeanor) of subsection (b) or (c), or proceeds traceable to a violation of subsection (b) or (c), shall be subject to forfeiture to the United States under paragraph (1).

"(3) INTEREST OF OWNER.—No interest in property shall be forfeited under this subsection as the result of any act or omission established by the owner of the interest to have been committed or omitted without the knowledge or consent of the owner.

"(4) PROCEEDS.—The proceeds from any sale of forfeited property and any monies forfeited under this subsection shall be used—

"(A) first, to reimburse the Department of Justice for the costs incurred by the Department to initiate and complete the forfeiture proceeding;

"(B) second, to reimburse the Department of Agriculture Office of Inspector General for any costs the Office incurred in the law enforcement effort resulting in the forfeiture;

"(C) third, to reimburse any Federal or State law enforcement agency for any costs incurred in the law enforcement effort resulting in the forfeiture; and

"(D) fourth, by the Secretary to carry out the approval, reauthorization, and compliance investigations of retail stores and wholesale food concerns under section 9.".

**SEC. 847. LIMITATION ON FEDERAL MATCH.**

Section 16(a)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)(4)) is amended by inserting after the comma at the end the following: "but not including recruitment activities,".

**SEC. 848. STANDARDS FOR ADMINISTRATION.**

(a) IN GENERAL.—Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by striking "the Secretary's standards for the efficient and effective administration of the program established under section 16(b)(1) or".

(2) Section 16(c)(1)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by striking "pursuant to subsection (b)".

**SEC. 849. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.**

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025), as amended by section 848(a), is amended by inserting after subsection (a) the following:

"(b) WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—

"(1) DEFINITION OF WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—In this subsection, the term 'work supplementation or support program' means a program under which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a public assistance recipient who was not employed by the employer at the time the public assistance recipient entered the program.

"(2) PROGRAM.—A State agency may elect to use an amount equal to the allotment that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, for the purpose of subsidizing or supporting a job under a work supplementation or support program established by the State.

"(3) PROCEDURE.—If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

"(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

"(B) the State agency shall expend the amount received under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

"(C) for purposes of—

"(i) sections 5 and 8(a), the amount received under this subsection shall be excluded from household income and resources; and

"(ii) section 8(b), the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

"(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

"(4) OTHER WORK REQUIREMENTS.—No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 6(d), except during the periods in which the individual is employed under the work supplementation or support program.

"(5) LENGTH OF PARTICIPATION.—A State agency shall provide a description of how the public assistance recipients

in the program shall, within a specific period of time, be moved from supplemented or supported employment to employment that is not supplemented or supported.

"(6) DISPLACEMENT.—A work supplementation or support program shall not displace the employment of individuals who are not supplemented or supported.".

**SEC. 850. WAIVER AUTHORITY.**

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) in subparagraph (A)—

(A) in the first sentence, by striking "benefits to eligible households, including" and inserting the following: "benefits to eligible households, and may waive any requirement of this Act to the extent necessary for the project to be conducted.

"(B) PROJECT REQUIREMENTS.—

"(i) PROGRAM GOAL.—The Secretary may not conduct a project under subparagraph (A) unless—

"(I) the project is consistent with the goal of the food stamp program of providing food assistance to raise levels of nutrition among low-income individuals; and

"(II) the project includes an evaluation to determine the effects of the project.

"(ii) PERMISSIBLE PROJECTS.—The Secretary may conduct a project under subparagraph (A) to—

"(I) improve program administration;

"(II) increase the self-sufficiency of food stamp recipients;

"(III) test innovative welfare reform strategies; or

"(IV) allow greater conformity with the rules of other programs than would be allowed but for this paragraph.

"(iii) RESTRICTIONS ON PERMISSIBLE PROJECTS.—If the Secretary finds that a project under subparagraph (A) would reduce benefits by more than 20 percent for more than 5 percent of households in the area subject to the project (not including any household whose benefits are reduced due to a failure to comply with work or other conduct requirements), the project—

"(I) may not include more than 15 percent of the State's food stamp households; and

"(II) shall continue for not more than 5 years after the date of implementation, unless the Secretary approves an extension requested by the State agency at any time.

"(iv) IMPERMISSIBLE PROJECTS.—The Secretary may not conduct a project under subparagraph (A) that—

"(I) involves the payment of the value of an allotment in the form of cash, unless the project was approved prior to the date of enactment of this subparagraph;

"(II) has the effect of substantially transferring funds made available under this Act to services or benefits provided primarily through another public assistance program, or using the funds for any purpose other than the purchase of food, program administration, or an employment or training program;

"(III) is inconsistent with—

"(aa) the last 2 sentences of section 3(i);

"(bb) the last sentence of section 5(a), insofar as a waiver denies assistance to an otherwise eligible household or individual if the household or individual has not failed to comply with any work, behavioral, or other conduct requirement under this or another program;

"(cc) section 5(c)(2);

"(dd) paragraph (2)(B), (4)(F)(i), or (4)(K) of section 6(d);

"(ee) section 8(b);

"(ff) section 11(e)(2)(B);

"(gg) the time standard under section 11(e)(3);

"(hh) subsection (a), (c), (g), (h)(2), or (h)(3) of section 16;

"(ii) this paragraph; or

"(jj) subsection (a)(1) or (g)(1) of section 20;

"(IV) modifies the operation of section 5 so as to have the effect of—

"(aa) increasing the shelter deduction to households with no out-of-pocket housing costs or housing costs that consume a low percentage of the household's income; or

"(bb) absolving a State from acting with reasonable promptness on substantial reported changes in income or household size (except that this subclause shall not apply with regard to changes related to food stamp deductions);

"(V) is not limited to a specific time period; or

"(VI) waives a provision of section 26.

"(v) ADDITIONAL INCLUDED PROJECTS.—A pilot or experimental project may include";

(B) by striking "to aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "are receiving assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)"; and

(C) by striking "coupons. The Secretary" and all that follows through "Any pilot" and inserting the following: "coupons.

"(vi) CASH PAYMENT PILOT PROJECTS.—Any pilot".

**SEC. 851. RESPONSE TO WAIVERS.**

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)), as amended by section 850, is amended by adding at the end the following:

"(D) RESPONSE TO WAIVERS.—

"(i) RESPONSE.—Not later than 60 days after the date of receiving a request for a waiver under subparagraph (A), the Secretary shall provide a response that—

"(I) approves the waiver request;

"(II) denies the waiver request and describes any modification needed for approval of the waiver request;

"(III) denies the waiver request and describes the grounds for the denial; or

"(IV) requests clarification of the waiver request.

"(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall be considered approved, unless the approval is specifically prohibited by this Act.

"(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver request and a description of the reasons for the denial to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

**SEC. 852. EMPLOYMENT INITIATIVES PROGRAM.**

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (d) and inserting the following:

"(d) EMPLOYMENT INITIATIVES PROGRAM.—

"(1) ELECTION TO PARTICIPATE.—

"(A) IN GENERAL.—Subject to the other provisions of this subsection, a State may elect to carry out an employment initiatives program under this subsection.

"(B) REQUIREMENT.—A State shall be eligible to carry out an employment initiatives program under this subsection only if not less than 50 percent of the households in the State that received food stamp benefits during the summer of 1993 also received benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) during the summer of 1993.

"(2) PROCEDURE.—

"(A) IN GENERAL.—A State that has elected to carry out an employment initiatives program under paragraph (1) may use amounts equal to the food stamp allotments that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, to provide cash benefits in lieu of the food stamp allotments to the household if the household is eligible under paragraph (3).

"(B) PAYMENT.—The Secretary shall pay to each State that has elected to carry out an employment initiatives program under paragraph (1) an amount equal to the value of the allotment that each household participating in the

program in the State would be eligible to receive under this Act but for the operation of this subsection.

"(C) OTHER PROVISIONS.—For purposes of the food stamp program (other than this subsection)—

"(i) cash assistance under this subsection shall be considered to be an allotment; and

"(ii) each household receiving cash benefits under this subsection shall not receive any other food stamp benefit during the period for which the cash assistance is provided.

"(D) ADDITIONAL PAYMENTS.—Each State that has elected to carry out an employment initiatives program under paragraph (1) shall—

"(i) increase the cash benefits provided to each household participating in the program in the State under this subsection to compensate for any State or local sales tax that may be collected on purchases of food by the household, unless the Secretary determines on the basis of information provided by the State that the increase is unnecessary on the basis of the limited nature of the items subject to the State or local sales tax; and

"(ii) pay the cost of any increase in cash benefits required by clause (i).

"(3) ELIGIBILITY.—A household shall be eligible to receive cash benefits under paragraph (2) if an adult member of the household—

"(A) has worked in unsubsidized employment for not less than the preceding 90 days;

"(B) has earned not less than $350 per month from the employment referred to in subparagraph (A) for not less than the preceding 90 days;

"(C)(i) is receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(ii) was receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) at the time the member first received cash benefits under this subsection and is no longer eligible for the State program because of earned income;

"(D) is continuing to earn not less than $350 per month from the employment referred to in subparagraph (A); and

"(E) elects to receive cash benefits in lieu of food stamp benefits under this subsection.

"(4) EVALUATION.—A State that operates a program under this subsection for 2 years shall provide to the Secretary a written evaluation of the impact of cash assistance under this subsection. The State agency, with the concurrence of the Secretary, shall determine the content of the evaluation.".

**SEC. 853. REAUTHORIZATION.**

The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking "1991 through 1997" and inserting "1996 through 2002".

**SEC. 854. SIMPLIFIED FOOD STAMP PROGRAM.**

(a) IN GENERAL.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

7 USC 2035.

**"SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.**

"(a) DEFINITION OF FEDERAL COSTS.—In this section, the term 'Federal costs' does not include any Federal costs incurred under section 17.

"(b) ELECTION.—Subject to subsection (d), a State may elect to carry out a Simplified Food Stamp Program (referred to in this section as a 'Program'), statewide or in a political subdivision of the State, in accordance with this section.

"(c) OPERATION OF PROGRAM.—If a State elects to carry out a Program, within the State or a political subdivision of the State—

"(1) a household in which no members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) may not participate in the Program;

"(2) a household in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall automatically be eligible to participate in the Program;

"(3) if approved by the Secretary, a household in which 1 or more members but not all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) may be eligible to participate in the Program; and

"(4) subject to subsection (f), benefits under the Program shall be determined under rules and procedures established by the State under—

"(A) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(B) the food stamp program; or

"(C) a combination of a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and the food stamp program.

"(d) APPROVAL OF PROGRAM.—

"(1) STATE PLAN.—A State agency may not operate a Program unless the Secretary approves a State plan for the operation of the Program under paragraph (2).

"(2) APPROVAL OF PLAN.—The Secretary shall approve any State plan to carry out a Program if the Secretary determines that the plan—

"(A) complies with this section; and

"(B) contains sufficient documentation that the plan will not increase Federal costs for any fiscal year.

"(e) INCREASED FEDERAL COSTS.—

"(1) DETERMINATION.—

"(A) IN GENERAL.—The Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act.

"(B) NO EXCLUDED HOUSEHOLDS.—In making a determination under subparagraph (A), the Secretary shall not require the State agency to collect or report any information on households not included in the Program.

"(C) ALTERNATIVE ACCOUNTING PERIODS.—The Secretary may approve the request of a State agency to apply

alternative accounting periods to determine if Federal costs do not exceed the Federal costs had the State agency not elected to carry out the Program.

"(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later than 30 days after the Secretary makes the determination under paragraph (1).

"(3) ENFORCEMENT.—

"(A) CORRECTIVE ACTION.—Not later than 90 days after the date of a notification under paragraph (2), the State shall submit a plan for approval by the Secretary for prompt corrective action that is designed to prevent the Program from increasing Federal costs under this Act.

"(B) TERMINATION.—If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State agency operating the Program and the State agency shall be ineligible to operate a future Program.

"(f) RULES AND PROCEDURES.—

"(1) IN GENERAL.—In operating a Program, a State or political subdivision of a State may follow the rules and procedures established by the State or political subdivision under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under the food stamp program.

"(2) STANDARDIZED DEDUCTIONS.—In operating a Program, a State or political subdivision of a State may standardize the deductions provided under section 5(e). In developing the standardized deduction, the State shall consider the work expenses, dependent care costs, and shelter costs of participating households.

"(3) REQUIREMENTS.—In operating a Program, a State or political subdivision shall comply with the requirements of—

"(A) subsections (a) through (g) of section 7;

"(B) section 8(a) (except that the income of a household may be determined under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.));

"(C) subsection (b) and (d) of section 8;

"(D) subsections (a), (c), (d), and (n) of section 11;

"(E) paragraphs (8), (12), (16), (18), (20), (24), and (25) of section 11(e);

"(F) section 11(e)(10) (or a comparable requirement established by the State under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

"(G) section 16.

"(4) LIMITATION ON ELIGIBILITY.—Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by sections 819(b) and 835, is amended by adding at the end the following:

"(25) if a State elects to carry out a Simplified Food Stamp Program under section 26, the plans of the State agency for operating the program, including—

"(A) the rules and procedures to be followed by the State agency to determine food stamp benefits;

"(B) how the State agency will address the needs of households that experience high shelter costs in relation to the incomes of the households; and

"(C) a description of the method by which the State agency will carry out a quality control system under section 16(c).".

(c) CONFORMING AMENDMENTS.—

(1) Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017), as amended by section 830, is amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

(2) Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended—

(A) by striking subsection (i); and

(B) by redesignating subsections (j) through (l) as subsections (i) through (k), respectively.

7 USC 2026 note.

**SEC. 855. STUDY OF THE USE OF FOOD STAMPS TO PURCHASE VITAMINS AND MINERALS.**

(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the National Academy of Sciences and the Center for Disease Control and Prevention, shall conduct a study on the use of food stamps provided under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to purchase vitamins and minerals.

(b) ANALYSIS.—The study shall include—

(1) an analysis of scientific findings on the efficacy of and need for vitamins and minerals, including—

(A) the adequacy of vitamin and mineral intakes in low-income populations, as shown by research and surveys conducted prior to the study; and

(B) the potential value of nutritional supplements in filling nutrient gaps that may exist in the United States population as a whole or in vulnerable subgroups in the population;

(2) the impact of nutritional improvements (including vitamin or mineral supplementation) on the health status and health care costs of women of childbearing age, pregnant or lactating women, and the elderly;

(3) the cost of commercially available vitamin and mineral supplements;

(4) the purchasing habits of low-income populations with regard to vitamins and minerals;

(5) the impact of using food stamps to purchase vitamins and minerals on the food purchases of low-income households; and

(6) the economic impact on the production of agricultural commodities of using food stamps to purchase vitamins and minerals.

(c) REPORT.—Not later than December 15, 1998, the Secretary shall report the results of the study to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

**SEC. 856. DEFICIT REDUCTION.**

It is the sense of the Committee on Agriculture of the House of Representatives that reductions in outlays resulting from this title shall not be taken into account for purposes of section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902).

## Subtitle B—Commodity Distribution Programs

**SEC. 871. EMERGENCY FOOD ASSISTANCE PROGRAM.**

(a) DEFINITIONS.—Section 201A of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended to read as follows:

**"SEC. 201A. DEFINITIONS.**

"In this Act:

"(1) ADDITIONAL COMMODITIES.—The term 'additional commodities' means commodities made available under section 214 in addition to the commodities made available under sections 202 and 203D.

"(2) AVERAGE MONTHLY NUMBER OF UNEMPLOYED PERSONS.—The term 'average monthly number of unemployed persons' means the average monthly number of unemployed persons in each State during the most recent fiscal year for which information concerning the number of unemployed persons is available, as determined by the Bureau of Labor Statistics of the Department of Labor.

"(3) ELIGIBLE RECIPIENT AGENCY.—The term 'eligible recipient agency' means a public or nonprofit organization that—

"(A) administers—

"(i) an emergency feeding organization;

"(ii) a charitable institution (including a hospital and a retirement home, but excluding a penal institution) to the extent that the institution serves needy persons;

"(iii) a summer camp for children, or a child nutrition program providing food service;

"(iv) a nutrition project operating under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.), including a project that operates a congregate nutrition site and a project that provides home-delivered meals; or

"(v) a disaster relief program;

"(B) has been designated by the appropriate State agency, or by the Secretary; and

"(C) has been approved by the Secretary for participation in the program established under this Act.

"(4) EMERGENCY FEEDING ORGANIZATION.—The term 'emergency feeding organization' means a public or nonprofit organization that administers activities and projects (including

the activities and projects of a charitable institution, a food bank, a food pantry, a hunger relief center, a soup kitchen, or a similar public or private nonprofit eligible recipient agency) providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

"(5) FOOD BANK.—The term 'food bank' means a public or charitable institution that maintains an established operation involving the provision of food or edible commodities, or the products of food or edible commodities, to food pantries, soup kitchens, hunger relief centers, or other food or feeding centers that, as an integral part of their normal activities, provide meals or food to feed needy persons on a regular basis.

"(6) FOOD PANTRY.—The term 'food pantry' means a public or private nonprofit organization that distributes food to low-income and unemployed households, including food from sources other than the Department of Agriculture, to relieve situations of emergency and distress.

"(7) POVERTY LINE.—The term 'poverty line' has the meaning provided in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(8) SOUP KITCHEN.—The term 'soup kitchen' means a public or charitable institution that, as an integral part of the normal activities of the institution, maintains an established feeding operation to provide food to needy homeless persons on a regular basis.

"(9) TOTAL VALUE OF ADDITIONAL COMMODITIES.—The term 'total value of additional commodities' means the actual cost of all additional commodities that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).

"(10) VALUE OF ADDITIONAL COMMODITIES ALLOCATED TO EACH STATE.—The term 'value of additional commodities allocated to each State' means the actual cost of additional commodities allocated to each State that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).".

(b) STATE PLAN.—Section 202A of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended to read as follows:

**"SEC. 202A. STATE PLAN.**

"(a) IN GENERAL.—To receive commodities under this Act, a State shall submit a plan of operation and administration every 4 years to the Secretary for approval. The plan may be amended at any time, with the approval of the Secretary.

"(b) REQUIREMENTS.—Each plan shall—

"(1) designate the State agency responsible for distributing the commodities received under this Act;

"(2) set forth a plan of operation and administration to expeditiously distribute commodities under this Act;

"(3) set forth the standards of eligibility for recipient agencies; and

"(4) set forth the standards of eligibility for individual or household recipients of commodities, which shall require—

"(A) individuals or households to be comprised of needy persons; and

"(B) individual or household members to be residing in the geographic location served by the distributing agency at the time of applying for assistance.

"(c) STATE ADVISORY BOARD.—The Secretary shall encourage each State receiving commodities under this Act to establish a State advisory board consisting of representatives of all entities in the State, both public and private, interested in the distribution of commodities received under this Act.".

(c) AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE FUNDS.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) in the first sentence, by striking "for State and local" and all that follows through "under this title" and inserting "to pay for the direct and indirect administrative costs of the States related to the processing, transporting, and distributing to eligible recipient agencies of commodities provided by the Secretary under this Act and commodities secured from other sources"; and

(2) by striking the fourth sentence.

(d) DELIVERY OF COMMODITIES.—Section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) by striking subsections (a) through (e) and (j);

(2) by redesignating subsections (f) through (i) as subsections (a) through (d), respectively;

(3) in subsection (b), as redesignated by paragraph (2)—

(A) in the first sentence, by striking "subsection (f) or subsection (j) if applicable," and inserting "subsection (a),"; and

(B) in the second sentence, by striking "subsection (f)" and inserting "subsection (a)";

(4) by striking subsection (c), as redesignated by paragraph (2), and inserting the following:

"(c) ADMINISTRATION.—

"(1) IN GENERAL.—Commodities made available for each fiscal year under this section shall be delivered at reasonable intervals to States based on the grants calculated under subsection (a), or reallocated under subsection (b), before December 31 of the following fiscal year.

"(2) ENTITLEMENT.—Each State shall be entitled to receive the value of additional commodities determined under subsection (a).'; and

(5) in subsection (d), as redesignated by paragraph (2), by striking "or reduce" and all that follows through "each fiscal year".

(e) TECHNICAL AMENDMENTS.—The Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of section 203B(a), by striking "203 and 203A of this Act" and inserting "203A";

(2) in section 204(a), by striking "title" each place it appears and inserting "Act";

(3) in the first sentence of section 210(e), by striking "(except as otherwise provided for in section 214(j))"; and

(4) by striking section 212.

(f) REPORT ON EFAP.—Section 1571 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 612c note) is repealed.

(g) AVAILABILITY OF COMMODITIES UNDER THE FOOD STAMP PROGRAM.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), as amended by section 854(a), is amended by adding at the end the following:

7 USC 2036.

**"SEC. 27. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.**

"(a) PURCHASE OF COMMODITIES.—From amounts made available to carry out this Act, for each of fiscal years 1997 through 2002, the Secretary shall purchase $100,000,000 of a variety of nutritious and useful commodities of the types that the Secretary has the authority to acquire through the Commodity Credit Corporation or under section 32 of the Act entitled 'An Act to amend the Agricultural Adjustment Act, and for other purposes', approved August 24, 1935 (7 U.S.C. 612c), and distribute the commodities to States for distribution in accordance with section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note).

"(b) BASIS FOR COMMODITY PURCHASES.—In purchasing commodities under subsection (a), the Secretary shall, to the extent practicable and appropriate, make purchases based on—

"(1) agricultural market conditions;

"(2) preferences and needs of States and distributing agencies; and

"(3) preferences of recipients.".

7 USC 612c note.

(h) EFFECTIVE DATE.—The amendments made by subsection (d) shall become effective on October 1, 1996.

**SEC. 872. FOOD BANK DEMONSTRATION PROJECT.**

Section 3 of the Charitable Assistance and Food Bank Act of 1987 (Public Law 100–232; 7 U.S.C. 612c note) is repealed.

**SEC. 873. HUNGER PREVENTION PROGRAMS.**

The Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

(1) by striking section 110;

(2) by striking subtitle C of title II; and

(3) by striking section 502.

**SEC. 874. REPORT ON ENTITLEMENT COMMODITY PROCESSING.**

Section 1773 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 612c note) is amended by striking subsection (f).

## Subtitle C—Electronic Benefit Transfer Systems

**SEC. 891. PROVISIONS TO ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.**

Section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) is amended—

(1) by striking "(d) In the event that" and inserting "(d) APPLICABILITY TO SERVICE PROVIDERS OTHER THAN CERTAIN FINANCIAL INSTITUTIONS.—

"(1) IN GENERAL.—If"; and

(2) by adding at the end the following:

"(2) STATE AND LOCAL GOVERNMENT ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

"(A) DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—In this paragraph, the term 'electronic benefit transfer system'—

"(i) means a system under which a government agency distributes needs-tested benefits by establishing accounts that may be accessed by recipients electronically, such as through automated teller machines or point-of-sale terminals; and

"(ii) does not include employment-related payments, including salaries and pension, retirement, or unemployment benefits established by a Federal, State, or local government agency.

"(B) EXEMPTION GENERALLY.—The disclosures, protections, responsibilities, and remedies established under this title, and any regulation prescribed or order issued by the Board in accordance with this title, shall not apply to any electronic benefit transfer system established under State or local law or administered by a State or local government.

"(C) EXCEPTION FOR DIRECT DEPOSIT INTO RECIPIENT'S ACCOUNT.—Subparagraph (B) shall not apply with respect to any electronic funds transfer under an electronic benefit transfer system for a deposit directly into a consumer account held by the recipient of the benefit.

"(D) RULE OF CONSTRUCTION.—No provision of this paragraph—

"(i) affects or alters the protections otherwise applicable with respect to benefits established by any other provision Federal, State, or local law; or

"(ii) otherwise supersedes the application of any State or local law.".

# TITLE IX—MISCELLANEOUS

**SEC. 901. APPROPRIATION BY STATE LEGISLATURES.** 42 USC 601 note.

(a) IN GENERAL.—Any funds received by a State under the provisions of law specified in subsection (b) shall be subject to appropriation by the State legislature, consistent with the terms and conditions required under such provisions of law.

(b) PROVISIONS OF LAW.—The provisions of law specified in this subsection are the following:

(1) Part A of title IV of the Social Security Act (relating to block grants for temporary assistance for needy families).

(2) The Child Care and Development Block Grant Act of 1990 (relating to block grants for child care).

**SEC. 902. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES.** 21 USC 862b.

Notwithstanding any other provision of law, States shall not be prohibited by the Federal Government from testing welfare recipients for use of controlled substances nor from sanctioning welfare recipients who test positive for use of controlled substances.

**SEC. 903. ELIMINATION OF HOUSING ASSISTANCE WITH RESPECT TO FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.**

(a) ELIGIBILITY FOR ASSISTANCE.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

42 USC 1437d.

(1) in section 6(l)—

(A) in paragraph (5), by striking "and" at the end;

(B) in paragraph (6), by striking the period at the end and inserting "; and"; and

(C) by inserting immediately after paragraph (6) the following new paragraph:

"(7) provide that it shall be cause for immediate termination of the tenancy of a public housing tenant if such tenant—

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

"(2) is violating a condition of probation or parole imposed under Federal or State law."; and

42 USC 1437f.

(2) in section 8(d)(1)(B)—

(A) in clause (iii), by striking "and" at the end;

(B) in clause (iv), by striking the period at the end and inserting "; and"; and

(C) by adding after clause (iv) the following new clause:

"(v) it shall be cause for termination of the tenancy of a tenant if such tenant—

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

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

(b) PROVISION OF INFORMATION TO LAW ENFORCEMENT AGENCIES.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following:

42 USC 1437z.

**"SEC. 27. EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.**

"Notwithstanding any other provision of law, each public housing agency that enters into a contract for assistance under section 6 or 8 of this Act with the Secretary shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of assistance under this Act, if the officer—

"(1) furnishes the public housing agency with the name of the recipient; and

"(2) notifies the agency that—

"(A) such recipient—

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

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

"(iii) has information that is necessary for the officer to conduct the officer's official duties;

"(B) the location or apprehension of the recipient is within such officer's official duties; and

"(C) the request is made in the proper exercise of the officer's official duties.".

**SEC. 904. SENSE OF THE SENATE REGARDING THE INABILITY OF THE NONCUSTODIAL PARENT TO PAY CHILD SUPPORT.**

It is the sense of the Senate that—

(a) States should diligently continue their efforts to enforce child support payments by the non-custodial parent to the custodial parent, regardless of the employment status or location of the non-custodial parent; and

(b) States are encouraged to pursue pilot programs in which the parents of a non-adult, non-custodial parent who refuses to or is unable to pay child support must—

(1) pay or contribute to the child support owed by the non-custodial parent; or

(2) otherwise fulfill all financial obligations and meet all conditions imposed on the non-custodial parent, such as participation in a work program or other related activity.

**SEC. 905. ESTABLISHING NATIONAL GOALS TO PREVENT TEENAGE PREGNANCIES.** 42 USC 710 note.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) preventing out-of-wedlock teenage pregnancies, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

**SEC. 906. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.** 42 USC 14016.

(a) SENSE OF THE SENATE.—It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

(b) JUSTICE DEPARTMENT PROGRAM ON STATUTORY RAPE.—Not later than January 1, 1997, the Attorney General shall establish and implement a program that— Establishment.

(1) studies the linkage between statutory rape and teenage pregnancy, particularly by predatory older men committing repeat offenses; and

(2) educates State and local criminal law enforcement officials on the prevention and prosecution of statutory rape, focusing in particular on the commission of statutory rape by predatory older men committing repeat offenses, and any links to teenage pregnancy.

(c) VIOLENCE AGAINST WOMEN INITIATIVE.—The Attorney General shall ensure that the Department of Justice's Violence Against Women initiative addresses the issue of statutory rape, particularly the commission of statutory rape by predatory older men committing repeat offenses.

**SEC. 907. PROVISIONS TO ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.**

Section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) is amended—

(1) by striking "(d) In the event" and inserting "(d) APPLICABILITY TO SERVICE PROVIDERS OTHER THAN CERTAIN FINANCIAL INSTITUTIONS.—

"(1) IN GENERAL.—In the event"; and

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

"(2) STATE AND LOCAL GOVERNMENT ELECTRONIC BENEFIT TRANSFER PROGRAMS.—

"(A) EXEMPTION GENERALLY.—The disclosures, protections, responsibilities, and remedies established under this title, and any regulation prescribed or order issued by the Board in accordance with this title, shall not apply to any electronic benefit transfer program established under State or local law or administered by a State or local government.

"(B) EXCEPTION FOR DIRECT DEPOSIT INTO RECIPIENT'S ACCOUNT.—Subparagraph (A) shall not apply with respect to any electronic funds transfer under an electronic benefit transfer program for deposits directly into a consumer account held by the recipient of the benefit.

"(C) RULE OF CONSTRUCTION.—No provision of this paragraph may be construed as—

"(i) affecting or altering the protections otherwise applicable with respect to benefits established by Federal, State, or local law; or

"(ii) otherwise superseding the application of any State or local law.

"(D) ELECTRONIC BENEFIT TRANSFER PROGRAM DEFINED.—For purposes of this paragraph, the term 'electronic benefit transfer program'—

"(i) means a program under which a government agency distributes needs-tested benefits by establishing accounts to be accessed by recipients electronically, such as through automated teller machines, or point-of-sale terminals; and

"(ii) does not include employment-related payments, including salaries and pension, retirement, or unemployment benefits established by Federal, State, or local governments.".

**SEC. 908. REDUCTION OF BLOCK GRANTS TO STATES FOR SOCIAL SERVICES; USE OF VOUCHERS.**

(a) REDUCTION OF GRANTS.—Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking "and" at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

"(5) $2,800,000,000 for each of the fiscal years 1990 through 1995;

"(6) $2,381,000,000 for the fiscal year 1996;

"(7) $2,380,000,000 for each of the fiscal years 1997 through 2002; and

"(8) $2,800,000,000 for the fiscal year 2003 and each succeeding fiscal year.".

(b) AUTHORITY TO USE VOUCHERS.—Section 2002 of such Act (42 U.S.C. 1937a) is amended by adding at the end the following: 42 USC 1397a.

"(f) A State may use funds provided under this title to provide vouchers, for services directed at the goals set forth in section 2001, to families, including—

"(1) families who have become ineligible for assistance under a State program funded under part A of title IV by reason of a durational limit on the provision of such assistance; and

"(2) families denied cash assistance under the State program funded under part A of title IV for a child who is born to a member of the family who is—

"(A) a recipient of assistance under the program; or

"(B) a person who received such assistance at any time during the 10-month period ending with the birth of the child.".

**SEC. 909. RULES RELATING TO DENIAL OF EARNED INCOME CREDIT ON BASIS OF DISQUALIFIED INCOME.**

(a) REDUCTION IN DISQUALIFIED INCOME THRESHOLD.—

(1) IN GENERAL.—Paragraph (1) of section 32(i) of the Internal Revenue Code of 1986 (relating to denial of credit for individuals having excessive investment income) is amended by striking "$2,350" and inserting "$2,200".

(2) ADJUSTMENT FOR INFLATION.—Subsection (j) of section 32 of such Code is amended to read as follows:

"(j) INFLATION ADJUSTMENTS.—

"(1) IN GENERAL.—In the case of any taxable year beginning after 1996, each of the dollar amounts in subsections (b)(2) and (i)(1) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof.

"(2) ROUNDING.—

"(A) IN GENERAL.—If any dollar amount in subsection (b)(2), after being increased under paragraph (1), is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.

"(B) DISQUALIFIED INCOME THRESHOLD AMOUNT.—If the dollar amount in subsection (i)(1), after being increased under paragraph (1), is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.".

(3) CONFORMING AMENDMENT.—Paragraph (2) of section 32(b) of such Code is amended to read as follows:

"(2) AMOUNTS.—The earned income amount and the phaseout amount shall be determined as follows:

| In the case of an eligible individual with: | The earned income amount is: | The phaseout amount is: |
|---|---|---|
| 1 qualifying child ..... | $6,330 | $11,610 |
| 2 or more qualifying children. | $8,890 | $11,610 |
| No qualifying children | $4,220 | $ 5,280". |

(b) DEFINITION OF DISQUALIFIED INCOME.—Paragraph (2) of section 32(i) of such Code (defining disqualified income) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting a comma, and by adding at the end the following new subparagraphs:

"(D) the capital gain net income (as defined in section 1222) of the taxpayer for such taxable year, and

"(E) the excess (if any) of—

"(i) the aggregate income from all passive activities for the taxable year (determined without regard to any amount included in earned income under subsection (c)(2) or described in a preceding subparagraph), over

"(ii) the aggregate losses from all passive activities for the taxable year (as so determined).

For purposes of subparagraph (E), the term 'passive activity' has the meaning given such term by section 469.".

26 USC 32 note.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26, 1996, has in effect an earned income eligibility certificate for the individual's taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

**SEC. 910. MODIFICATION OF ADJUSTED GROSS INCOME DEFINITION FOR EARNED INCOME CREDIT.**

(a) IN GENERAL.—Subsections (a)(2)(B), (c)(1)(C), and (f)(2)(B) of section 32 of the Internal Revenue Code of 1986 are each amended by striking "adjusted gross income" each place it appears and inserting "modified adjusted gross income".

(b) MODIFIED ADJUSTED GROSS INCOME DEFINED.—Section 32(c) of such Code (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(5) MODIFIED ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to the amounts described in subparagraph (B).

"(B) CERTAIN AMOUNTS DISREGARDED.—An amount is described in this subparagraph if it is—

"(i) the amount of losses from sales or exchanges of capital assets in excess of gains from such sales

or exchanges to the extent such amount does not exceed the amount under section 1211(b)(1),

"(ii) the net loss from estates and trusts,

"(iii) the excess (if any) of amounts described in subsection (i)(2)(C)(ii) over the amounts described in subsection (i)(2)(C)(i) (relating to nonbusiness rents and royalties), and

"(iv) 50 percent of the net loss from the carrying on of trades or businesses, computed separately with respect to—

"(I) trades or businesses (other than farming) conducted as sole proprietorships,

"(II) trades or businesses of farming conducted as sole proprietorships, and

"(III) other trades or businesses.

For purposes of clause (iv), there shall not be taken into account items which are attributable to a trade or business which consists of the performance of services by the taxpayer as an employee.".

(c) EFFECTIVE DATES.— 26 USC 32 note

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26, 1996, has in effect an earned income eligibility certificate for the individual's taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

**SEC. 911. FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS.** 42 USC 608a.

(a) IN GENERAL.—If an individual's benefits under a Federal, State, or local law relating to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated as a result of a decrease in the income of the individual (determined under the applicable program) attributable to such reduction.

(b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For purposes of subsection (a), the term "means-tested welfare or public assistance program for which Federal funds are appropriated" includes the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any program of public or assisted housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), and any State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

**SEC. 912. ABSTINENCE EDUCATION.**

Title V of the Social Security Act (42 U.S.C. 701 et seq.) is amended by adding at the end the following section:

"SEPARATE PROGRAM FOR ABSTINENCE EDUCATION

"SEC. 510. (a) For the purpose described in subsection (b), the Secretary shall, for fiscal year 1998 and each subsequent fiscal 42 USC 710.

year, allot to each State which has transmitted an application for the fiscal year under section 505(a) an amount equal to the product of—

"(1) the amount appropriated in subsection (d) for the fiscal year; and

"(2) the percentage determined for the State under section 502(c)(1)(B)(ii).

"(b)(1) The purpose of an allotment under subsection (a) to a State is to enable the State to provide abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most likely to bear children out-of-wedlock.

"(2) For purposes of this section, the term 'abstinence education' means an educational or motivational program which—

"(A) has as its exclusive purpose, teaching the social, psychological, and health gains to be realized by abstaining from sexual activity;

"(B) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

"(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

"(D) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

"(E) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

"(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society;

"(G) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

"(H) teaches the importance of attaining self-sufficiency before engaging in sexual activity.

"(c)(1) Sections 503, 507, and 508 apply to allotments under subsection (a) to the same extent and in the same manner as such sections apply to allotments under section 502(c).

"(2) Sections 505 and 506 apply to allotments under subsection (a) to the extent determined by the Secretary to be appropriate.

Appropriation authorization.

Effective date.

"(d) For the purpose of allotments under subsection (a), there is appropriated, out of any money in the Treasury not otherwise appropriated, an additional $50,000,000 for each of the fiscal years 1998 through 2002. The appropriation under the preceding sentence for a fiscal year is made on October 1 of the fiscal year.".

Effective date.

**SEC. 913. CHANGE IN REFERENCE.**

Effective January 1, 1997, the third sentence of section 1902(a) and section 1908(e)(1) of the Social Security Act (42 U.S.C. 1396a(a), 1396g–1(e)(1)) are each amended by striking "The First Church of Christ, Scientist, Boston, Massachusetts" and inserting "The

Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc." each place it appears.

Approved August 22, 1996.

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LEGISLATIVE HISTORY—H.R. 3734 (S. 1956):

HOUSE REPORTS: Nos. 104–651 (Comm. on the Budget) and 104–725 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 142 (1996):

July 17, 18, considered and passed House

July 18, 19, 22, 23, considered and passed Senate, amended, in lieu of S. 1956.

July 31, House agreed to conference report.

Aug 1, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 32 (1996):

Aug 22, Presidential remarks and statement.

○

The CHAIRMAN. Senator Inouye, our vice chairman, did you have a statement?

**STATEMENT OF HON. DANIEL K. INOUYE, U.S. SENATOR FROM HAWAII, VICE CHAIRMAN, COMMITTEE ON INDIAN AFFAIRS**

Senator INOUYE. I want to commend the Chairman for scheduling this hearing, and I join you in welcoming the witnesses this afternoon.

Mr. Chairman, I believe that to better understand what we will be discussing today, it would be helpful to know what has come up before us. When the responsibility for administering Federal programs was turned over to the States through the principal block grants, such as the Maternal and Child Health Block Grant and title XX Block Grant, there was a massive infusion of Federal dollars to the States that accompanied those new responsibilities. This funding, estimated to be in the billions of dollars, was made available to the States so that they could develop the necessary infrastructure, computers, and recordkeeping capabilities. These systems enable the States to have the necessary means of keeping track of the millions of beneficiaries to whom they would now be providing services.

With Federal funds, these systems were developed by the States. So when we began considering the various welfare reform initiatives, we did so with the understanding that the States had comprehensive and sophisticated systems in place that could track the transition of welfare recipients to work settings. But this was not the case for tribal governments. They had not received Federal funding for the development of the necessary infrastructure, and so we knew well before the act was signed into law that there would be problems with the implementation of the act in Indian country. We knew that there was a built-in disincentive for tribes that assumed the responsibilities associated with welfare reform, for in most cases, unless the State was willing to provide that portion of the Federal funding they received for providing services to tribal welfare recipients, the tribal governments would be assuming Federal program responsibilities with only one-half the resources that the Federal Government had needed required to administer these programs.

We knew tribes would need technical assistance in developing a comprehensive infrastructure to administer the welfare-to-work initiative—and, indeed, the need for technical assistance has proven to be great. And perhaps most importantly, we knew that tribal and State governments would have to work closely together. They would have to coordinate their efforts and set up tracking systems that would compliment those efforts, and yet it is my understanding that the funding to enable tribal and State governments to come together has not been forthcoming.

We also understood that tribal governments would initially have higher administrative costs than the States, primarily because we were not providing the resources that had been provided to the States for the development of the necessary infrastructure. Some have suggested that there should be a sliding scale of administrative costs that could, in essence, slide downward as tribes develop the systems necessary to administer the act. Others have placed a

priority on authority to carry over funding from 1 year to the next. And finally, perhaps the highest priority is for adequate funding so that tribal governments can effectively administer the Temporary Assistance for Needy Families initiative.

We continue to hear that the States have large surpluses of Federal funding for welfare-to-work, and we know that tribal governments are woefully underfunded. Perhaps the time has come to shift the resources to where the need is the greatest.

With all of this said, however, our greatest challenge will be to find work, when in most areas of Indian country there simply are no jobs.

Mr. Chairman, I would like to take this opportunity to commend the Tribal Services Division within the Department for doing so much with such limited resources. That Division is headed, as you know, by a former member of the committee staff, Mr. John Bushman.

Mr. Bushman, you continue to make us very proud.

Thank you very much.

The CHAIRMAN. And with that, we will start with our first panel.

I might tell all of the witnesses that we give a little more latitude to the administration and to the members if they are here to testify, but we try to make it equal in the time for people to testify. So any written testimony will be included in the record, and if you would like to abbreviate, we would appreciate that. There is a little light up here that will remind you to abbreviate, too.

With that, Olivia Golden, Assistant Secretary, Administration for Children and Families.

Welcome before this committee, Olivia. You may proceed at your own pace.

**STATEMENT OF OLIVIA GOLDEN, ASSISTANT SECRETARY, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES, WASHINGTON, DC, ACCOMPANIED BY JOHN BUSHMAN, DIRECTOR, TRIBAL SERVICES DIVISION**

Ms. GOLDEN. Mr. Chairman, I will be summarizing more extensive written testimony.

The CHAIRMAN. Fine.

Ms. GOLDEN. Mr. Chairman, Mr. Inouye, members of the committee, I am pleased to be here today to discuss welfare reform, and especially the important new choices in designing welfare, child care, and child support programs that the 1996 welfare reform legislation offers to tribes. I would also like to share our work with tribes to ensure that welfare reform is successful, and to ensure that it is implemented in the full spirit of government-to-government relationships.

Under welfare reform, the Temporary Assistance for Needy Families Program, or TANF, replaces the former AFDC Program. Tribal governments, at their option, may receive direct Federal funding to independently design, administer, and operate the TANF Program, or may choose to allow States to continue providing these services to tribal families.

Further, welfare reform provided tribes with expanded child care funding and broader authority to administer the Child Support

Program. Tribes can enter into new partnerships with States to ensure that tribal families receive the support services needed to become self-sufficient.

Since the President signed welfare reform in 1996, we have approved 19 tribal TANF Programs. These TANF Programs involve 62 Indian tribes and Alaska Native villages, operate in 12 States, and serve over 13,500 individuals. Using the enhanced flexibility provided by the law, tribes have developed a variety of service strategies that respond to the unique circumstances of each community. For example, one tribe with joint funding provided by the TANF Program and the Bureau of Indian Affairs provides a one-stop service center and maintains a toll-free 24-hour voice mail service for recipients living in remote areas.

In the remaining areas of the country, tribal families are served by State TANF Programs and are subject to the same responsibilities and eligible for the same opportunities that a State elects for its population at large. To understand more about the effects that these service design choices are having on tribal families, ACF approved a 5-year research and evaluation project entitled——

Welfare-to-Work: Monitoring the Impact of Welfare Reform on American Indian Families with Children.

I know you will be hearing from the principal investigator of that project, Dr. Eddie Brown, later in the hearing.

Welfare reform also offers tribes significant new flexibility in child support enforcement, a critical part of self-sufficiency efforts. Although tribes are not yet operating programs under the broad direct funding approach the law now allows, we are seeing some promising results from early State-tribal cooperative agreements and tribal demonstration grants. For example, the Navajo Nation collected $500,000 in child support collections in New Mexico in fiscal year 1998, where previously there had been almost no child support collected.

Like child support, child care is a vital supportive service to self-sufficiency. Welfare reform made changes allowing States and tribes to design a comprehensive, integrated service delivery system to meet the needs of low income families. In fiscal year 1999, tribes received $63 million in direct child care funding, double the amount received in fiscal year 1996.

I would now like to briefly turn to ACF's outreach, consultation and technical assistance efforts to work with tribes on these historic legislative changes. Our goals, in keeping with the government-to-government relationship that is central to our work with tribes, are to consult broadly and to provide information that can assist tribes in making the wide range of choices that they face about the most effective ways to assist tribal members in becoming self-sufficient.

With respect to consultation, in the development of the tribal TANF regulations we held dozens of meetings with representatives of tribal, State, and local governments. We intensified these outreach efforts in developing tribal child support program regulations. Six consultations were held in 1998, and we established a toll-free 800 number for comments and questions. We are committed to improving our consultation strategies with tribes as welfare reform evolves.

In addition, we have been involved in providing technical assistance on a number of fronts. For example, we sponsored five Promising Practices National Conferences, together with the Department of Labor, and we included tribal representation. Later in April we are planning a workshop in Denver to bring together States, tribes, and tribal colleges to strengthen the tribes' role in welfare reform.

Our Administration for Native Americans has provided resources as well, including $1.2 million for five grants to develop and disseminate information on TANF. Additional collaborative work among ACF programs is planned for the future.

The Office of Child Support Enforcement has published a guide on tribal child support programs, and is working with its contractor, Native American Management Services, to design technical assistance plans for tribal child support demonstration grantees.

Finally, with respect to child care, we have awarded a contract to establish and operate a tribal child care technical assistance center to provide a range of assistance, including a tribal child care home page, a toll-free information and referral line, and an annual tribal conference.

In conclusion, our goal in welfare reform is enabling families to move to work and to succeed at work over the long haul. We are committed to building on the early steps I have outlined today and working together with our tribal and State partners and the committee to see increasing numbers of tribal members improve their lives and become self-sufficient.

Thank you very much for this opportunity, and I would be happy to answer any questions.

[Prepared statement of Ms. Golden appears in appendix.]

The CHAIRMAN. Thank you, Olivia.

Frankly, to hear you, it sounds like you are off to a good start and doing very well and providing a good service through the TANF Program. I have been made aware, though, that in our committee we have gotten some letters from different tribes who complain about the lack of input and the lack of involvement in the TANF Program. Let me ask you just a couple of quick questions.

Are the TANF funds available for construction of facilities, too?

Ms. GOLDEN. The child care dollars have a specific exception for tribes that makes child care dollars available for construction and renovation.

The CHAIRMAN. Like for child care facilities?

Ms. GOLDEN. That's right. And that's not available for States, but there is a specific provision for tribes.

I don't know of that ability through the TANF dollars, but I can double-check.

[Information follows:]

The Comptroller General of the United States has prohibited the use of Federal funds for the construction or purchase of facilities or buildings unless there is explicit statutory authority permitting Federal grant funds to be used for this purpose. The welfare reform statute is silent on this matter, except for the specific provision for construction and renovation for tribal child care. Therefore, in general States and tribes may not use Federal TANF funds for construction or the purchase of facilities or buildings.

The CHAIRMAN. You talked somewhat about technical assistance, and I appreciate that. As I understand it, States are eligible for

funds that are called the 1115 funds to evaluate the effectiveness of the TANF Programs. Do you have the same kind of process for tribes? And if you do, how much money has been allocated to them?

Ms. GOLDEN. Section 1115 only applies to States. We actually use the 1110 dollars which are for both States and tribes. The support, for example, that we have been able to offer to Dr. Brown in his research work comes out of our 1110 research dollars. Some of our technical assistance efforts—such as an add-on workshop for tribes at the end of our last Promising Practices Conferences, were funded from this source. We have also, as I noted in my testimony, used resources from the administration for Native Americans for technical assistance. So we have used several sources.

I would definitely agree that we have a ways to go to meet all of the needs. We are working hard to use all the resources we have to meet the technical assistance needs, but I definitely don't think we have finished that task.

[Information follows:]

Actually, funding for this purpose is available through funds allocated under section 1110 of the Social Security Act and tribes are eligible to receive such funds for research and evaluation.

In fiscal year 1997, ACF approved a 5-year research and evaluation project [9/30/97-9/29/02] entitled "Welfare to Work: Monitoring the Impact of Welfare Reform on American Indian Families with Children." The overall purpose of this longitudinal study is to monitor and document the implementation, and assess the impact, of welfare reform on American Indian Families and reservations in Arizona resulting from the State and tribal responses to TANF. Extensive demographic, contextual, socio-economic and case-level data will be compiled from a variety of sources, including administrative records, tribal documents, interviews and site visits. A grant in support of the project was awarded to University of Washington [St. Louis]. For the first 2 years of this project, ACF has awarded $234,215 in fiscal year 1997 and $236,802 fiscal year 1998. We intend to continue to support this project in future budget periods.

One of the preliminary findings of the study is that many tribes while interested in self-administration of the program are unsure about the best strategy to follow; they are interested in learning from the experiences of other tribes in order to examine their options. ACF plans to award a short-term contract to develop national-level research information on tribal TANF which would be responsive to these tribal needs as well as other policy questions. Overall, we are in the process of providing an additional $200,000 in fiscal year 1999 to support additional research and evaluation efforts in support of Tribal TANF.

The CHAIRMAN. There is certainly a correlation between families that are in disarray and alcohol and drug problems on reservations, and I am sure you are aware of that, and yet we have all kinds of programs out there—each seeming to be doing its own thing, in many respects—to try to curtail that, as you know.

Would you support an effort by this committee to try to combine some of the drug and alcohol programs into a single program?

Ms. GOLDEN. I guess what I would be best able to speak to would be some of the strategies we've tried to use to provide information and assistance about how to do that at the ground level. I don't know the issues in terms of where the Administration would be on a legislative proposal. But what we have focused on—I think you are absolutely right, that the substance issues are critical to enabling welfare reform to work fully. When we sponsored those Promising Practices Conferences initially, we cosponsored with SAMHSA, with the Substance Abuse and Mental Health Agency at HHS, and we found just what you would expect, that in States—

and I'm sure it's also true in tribes—the people who are experts in the different areas didn't necessarily know each other.

So I would be very strongly supportive and interested in working on efforts to bring people together to disseminate the information. That, I think, is a direction in which we would be very interested in going.

The CHAIRMAN. Okay. I thank you.

Senator Inouye, did you have further questions?

Senator INOUYE. Yes.

Ms. Golden, I would like to commend you and Secretary Shalala for creating this Administration for Children and Families Division of Tribal Services.

Ms. GOLDEN. Thank you.

Senator INOUYE. As you know, in the fiscal year 1998 HHS appropriations act, we encouraged the Department to devote sufficient resources.

Are you devoting sufficient resources to make commitments to the program, to provide services, information, enhancement, and assistance to tribes that are in the planning stage of TANF or that are presently operating a TANF Program or for ongoing monitoring to assist them in keeping current?

Ms. GOLDEN. Well, let me tell you a little bit about what we are doing. What I would say is that we are doing our best. We are using resources from a variety of sources, as I said to Senator Campbell, in order to try to meet the technical assistance needs. We are pooling resources, some of which come on the welfare side—the Section 1115 resources. We have used resources that the Administration for Native Americans can make available, also legitimately. Also we are using, in child care and child support, technical assistance resources there. And in addition, as you have noted, the Division of Tribal Services, led by John Bushman, has been providing extraordinary leadership.

As the committee looks at the administration's budget request for fiscal year 2000, I do want to note that the administration's request there for staffing is really key to our ability to be able to maintain that level of service. As an agency we have shrunk a great deal over the past few years, and we are trying to maintain ourselves in this coming year, because I think it is critical to not only have the support from contractors, but also to be able to use our own staff in that kind of assistance.

So I think what I would say is that I think we are being creative and doing our best. I don't think we're meeting every need yet.

Senator INOUYE. In your creative collection of funds, what is the cumulative dollar value of these?

Ms. GOLDEN. I don't think I have a current total. The Administration for Native Americans grants added up to, I think, $1.2 million. I can't remember if that was 1997 or 1998. We are in the process of making our decisions for 1999, and I don't know the total number, but we could get that to you.

[Information follows:]

We have provided almost $5 million since enactment of welfare reform legislation for a wide range of technical assistance activities for tribes across several programs of the Administration for Children and Families. Child Care, Child Support and our Administration for Native American offices have engaged in visits, meetings, promising practices conferences, workshops, training, information dissemination, strategy

development grants, planning and demonstration grants, and consultation contracts. ACF spent approximately $1.4 million in fiscal year 1997 and $1.6 million in fiscal year 1998. We plan to spend an additional $1.9 million in fiscal year 1999.

In addition to these funds which were specifically targeted to tribes, the Administration for Children and Families spent $2.2 million in fiscal year 1998 and has budgeted $1.55 million for fiscal year 1999 for technical assistance for the TANF program. These funds are used to promote and enhance state and tribal TANF programs.

Senator INOUYE. Is there a ballpark figure?

Ms. GOLDEN. My guess would be between $1 million and $2 million for 1999, but I don't know that figure accurately, and we should get back to you. And that's not the salary side; that's the grants and contracts side. But we should get back to you.

Senator INOUYE. Would you consider that to be devoting sufficient resources?

Ms. GOLDEN. I think that what we are doing is devoting resources to the critical needs and making a big difference to the tribes. I would say that we have—I actually didn't add into that number the child care and child support, which are also considerable dollars. So I would say that it is a major investment in technical assistance in those areas.

Senator INOUYE. I believe that most of us on this committee would believe that close collaboration and cooperation between the States and tribal governments would be absolutely essential. Is anything being done to bring this about?

Ms. GOLDEN. Yes; I am glad that you asked that, because I share the view that it is essential and I really appreciate the committee's commitment.

One of the things we've learned as we've refined our technical assistance strategies is how important it is to have strategies that bring tribes and States together. An example of that would be the session that we are planning in late April of this year in region 8, our Denver region, where we will be bringing tribes, States, and tribal colleges together to plan.

We have also done some things to really push States to come to the table. I mentioned that 9 of the 12 States where there are TANF Programs are contributing matching funds—where there are tribal TANF Programs—are contributing matching funds, and I think one of the reasons is that we have been jawboning on that issue, but also we put out a policy guidance to the States that made clear to them that if they made contributions to the tribal programs, those would count for their State maintenance of effort requirements. So it made it much more appealing to them to invest dollars.

So I really think it's incredibly important to have the State-tribal partnerships. Actually, I have been hearing that from States as well as from tribal members lately, and I just think that we need to keep pushing.

Senator INOUYE. Are you satisfied with the response from the States?

Ms. GOLDEN. I believe we've made some very important steps. I think we have further to go. I was just speaking with one of the gentlemen attending this hearing and he had the sense, as I think is true in a number of places, that States have made first steps, but that the next steps in terms of truly investing in tribal commu-

nities—not every State is equal. I'm going to have a chance to hear some more firsthand. I had the opportunity a few months ago to speak with some of the leaders of the Navajo child support cooperative agreement with New Mexico and heard about their experiences. I'll have a chance to be at the Mille Lac Reservation in Minnesota in a few weeks. So I am really seeking to learn about that.

I guess what I would say is that there have been really important first steps. Dr. Brown's research highlights that, but we need to keep pushing.

Senator INOUYE. I think it is obvious that in order for this welfare reform program to succeed, jobs must be available for TANF recipients. What is your organization doing to ensure that Indian country is aware of economic or job development programs, such as the Urban and Rural Community Economic Development Block Grants and the Job Opportunity for Low Income Individuals Block Grants? Are tribes eligible to participate in these programs?

Ms. GOLDEN. Let me give you a general answer and then I can probably get you the specific answer on the particular programs you mentioned.

I think the broad answer is that, again, I share completely the view that it is critical for tribes—and for States—that are running TANF Programs that reach tribal families to understand about the link to economic development.

One of the things we have been trying to do is make sure that everybody understands how flexible the TANF dollars are, because sometimes people have in their heads that they're like the old AFDC dollars and that they need to be used for welfare cash assistance, but the TANF dollars themselves can be used in job creation strategies, and so can the Department of Labor's welfare-to-work dollars, which also have a set-aside for tribes. So we have been really trying to get people to understand those economic development possibilities.

We have also been working on the links to other economic development programs. As you know, the Division of Tribal Services is organizationally located within our Office of Community Services, which oversees the Job Opportunities Program you mentioned. So we have been trying to make those linkages.

We are also planning that our future technical assistance will make those linkages more fully, so I think you are absolutely right to highlight that issue.

Senator INOUYE. My question was, are tribal governments eligible to participate in these block grant programs that I mentioned?

Ms. GOLDEN. Let me check the answer to that. If we can't get it this minute, I'll get that back to you. Your questions were about the——

Senator INOUYE. Urban and Rural Community Economic Development Block Grants, and the Job Opportunities for Low Income Individuals.

Ms. GOLDEN. We should be able to get you the answer very quickly on the Job Opportunities one, which we administer. The other one, I may need to get back to you on.

[Information follows:]

The Office of Community Services within the Administration for Children and Families administers the Urban and Rural Community Economic Development

[URCED] program and the Job Opportunities for Low-Income Individuals [JOLI] program.

Tribes are eligible to participate in both the URCED and the JOLI programs if they have formed a non-profit organization. For URCED, the tribe would have to be community economic development corporation. To date, no such corporations have been funded under the URCED program. Under JOLI, the tribe would have to be either a community economic development corporation or a community action agency. We have funded two non-profit Native American organizations under the JOLI program, Fairbanks Native Association, Inc. located in Fairbanks, Alaska and Central Maine Indian Community Development Corp.

Senator INOUYE. If they are not eligible, would you like to have an amendment enacted so that Indian governments can be eligible?

Ms. GOLDEN. Let me find the information on them, and then we would be happy to let you know.

Senator INOUYE. Mr. Chairman, can I ask Mr. Bushman a question?

The CHAIRMAN. Sure.

Mr. Bushman, why don't you come up to the table?

Ms. GOLDEN. The Job Opportunities for Low Income Families Program is available—not for tribal governments, but for nonprofit organizations.

Senator INOUYE. But not for tribal governments?

Ms. GOLDEN. That's right.

Senator INOUYE. And the other one is not available at all?

Ms. GOLDEN. I don't think the other one is administered within ACF, so I will try to find the information and we'll get back to you on it—oh, it's the same information, I'm sorry.

Senator INOUYE. Would you like to have it available to tribal governments?

Ms. GOLDEN. If that is a direction in which the committee is interested in going, we would be glad to look into it and offer you information about it. I don't think we have a position at this point.

Senator INOUYE. Thank you.

Mr. Bushman, you have close ties with Indian country. What is your assessment of the welfare reform program? Is it working?

Mr. BUSHMAN. Senator, before I answer that question I would like to just take a brief opportunity to belatedly wish Senator Campbell a happy birthday.

The CHAIRMAN. Would you believe 28 years old? [Laughter.]

Mr. BUSHMAN. As you know, Senator, I worked for this committee for almost 3 years, and oftentimes during the committee hearings—and even during this hearing—hearings often sound to me like academic exercises. But what really is at stake with welfare reform in Indian country, in my estimation, is the future of our most vulnerable citizens: our elderly, our children, our disabled.

I heard it said last week, and I've heard it before and I've heard it recently from tribal TANF recipients on a recent visit to California, that they feel that as a TANF recipient—and prior to that, collecting AFDC, and I've also experienced this in my own family—that they are a "nobody" people from a "nobody" place, and nobody cares about them.

If welfare reform is going to succeed in Indian country, I believe that this legislation provides us with a tremendous opportunity to take care of these most vulnerable people.

Is it working? I think it is too early to tell. I think we have taken some important first steps, but we have a long way to go, and you

will hear from other witnesses that can share their perspective better than I can from the local level. But we are doing everything that we possibly can, given the resources that are available to us and to the tribes, to make this thing work.

Senator INOUYE. Thank you very much.

Thank you, Mr. Chairman.

Thank you, Ms. Golden.

The CHAIRMAN. Thank you

We thank you for appearing. I might just say, the concept of welfare reform is for people to be able to go to work, but you have a whole different set of circumstances on reservations. It's a dead end to say, "Well, we're going to get people off welfare" if there are no jobs. Of course, one of the missions of this committee, particularly with Senator Inouye and me, is to try to find ways in which the atmosphere can be created so that jobs can flourish, without the Government mandating them. The fact is that we can't, unless we just make more Government jobs, and that's not truly in the free enterprise system. We have to create a system by which the business community in America can work cooperative agreements with tribes to create those jobs so that they will be there for Indian people who come off of welfare.

But one thing I might mention before you leave, we have passed numerous bills that Senator Inouye has worked on, and Senator McCain before him, and me now, to try to increase the ability of Indian people to really become self-sufficient. Some of the things we passed are off to good starts. Unfortunately, with some of them, tribes come back after they have been in place for a year or more and tell us that they didn't know about them. We can pass the legislation, but that has to be your agenda from there on, that the tribes are aware of the things that they can avail themselves of, whether it's the TANF Program or whatever.

So I would just encourage you that when things do come out of this committee and we do get it into law and the President does sign it and it is passed over to those folks who are supposed to administer it, that we need to do a lot better job of informing the tribes of the things that they can do, that are available to them.

Ms. GOLDEN. I appreciate that, Senator.

The one thing that I would perhaps ask for your help on along those lines is that I do believe that the flexibility of the TANF dollars and the fact that they are really available for economic development, job creation, strategies that work with businesses—I believe that neither tribes nor States fully understand that, and we're working hard to get the message out and would really welcome any assistance that the members of the committee are able to give us.

The CHAIRMAN. Well, I just point that out because a few years ago we passed legislation to allow the Veterans Administration to give low-interest home loans to Indian veterans living on the reservation. Before that time it hadn't been done, and it was done through that law by letting the Federal Government enter into memorandums of understanding with the tribes.

We went back about 2 years later and checked on the number of individual Indian veterans who had availed themselves of that, and I think there were only six, six people after 2 years, when it could be done with any tribe in the country and could affect lit-

erally thousands of American Indian veterans. So that tells me that we're not doing a very good job of telling them what they can avail themselves of.

We thank you for your appearance.

Ms. GOLDEN. Thank you very much.

The CHAIRMAN. The next panel will be Andrew Grey, Chairman, Sisseton-Wahpeton Sioux Tribal Council; Ron Allen, President, National Congress of American Indians; Dr. Taylor McKenzie, Vice President of the Navajo Nation—and I might add, an honest-to-God Indian pioneer, if I can use that oxymoron, because Dr. McKenzie was the first American Indian surgeon, and we're very proud of him; and Eddie Brown, formerly of the administration—I wondered where you went, Eddie. [Laughter.]

Eddie is now Associate Dean of American Indian Studies program at George Warren Brown University. We are delighted to have you here.

As with the other panels, all of your written testimony will be included in the record, and if you would abbreviate your comments, we would appreciate that.

We will go ahead and start with Chairman Grey.

**STATEMENT OF ANDREW GREY, SR., CHAIRMAN, SISSETON-WAHPETON SIOUX TRIBAL COUNCIL AGENCY VILLAGE, SOUTH DAKOTA**

Mr. GREY. Good afternoon, Mr. Chairman, Mr. Vice Chairman, and members of the committee. My name is Andrew Grey and I am Chairman of the Sisseton-Wahpeton Sioux Tribe. The tribe has an enrollment of 10,227 members, with 45 percent of them living on the reservation or near the reservation. The unemployment rate is approximately 50 percent, but the poverty rate is over 60 percent, according to the 1990 census.

Lack of jobs, basic education, skill training, child care facilities, transportation, and substance abuse are the major barriers to employment for many tribal members.

In March 1994 the tribe started its 477 demonstration project. In October 1997, the Temporary Assistance for Needy Families Program, or TANF, was integrated into the 477 program. In March of this year the tribe embarked on another historic course by entering into a cooperative agreement with the State of South Dakota for child support enforcement services on the Lake Traverse Reservation. Hopefully, this agreement will defray some of the expenses associated with administering a welfare program.

Currently the tribe has integrated 10 programs into 477.

It should be noted that the tribe does not receive State matching funds for TANF. The 477 approach to delivering employment and training services was the main reason behind the tribal council's decision to administer its own welfare programs. Integration has greatly reduced the tribe's administrative burden, thus staff have more time to improve the effectiveness of services.

Additionally, the 477 program has and continues to be the major player in support of tribal economic development. In 1995, 22 of 29 participants entered into employment as a result of the 477 initiative to support tribal economic development. In 1997, the 477 program was able to assist 106 individuals with supportive services,

which enabled them to obtain and retain employment. The end result of this effort was a 22-percent reduction in AFDC caseload.

In October 1998 the tribe began expanding its gaming enterprise. This expansion would create 40 new jobs for tribal members. In December 1998, the 477, in collaboration with the Sisseton-Wahpeton Community College, developed a 120-hour intensive job readiness training course, specifically tailored to welfare recipients, in hotel management. As of April 1, the hotel management has hired 15 TANF recipients who graduated from this training.

Support for economic development would not have happened if the tribe had not had a 477 program. In an average month, four welfare recipients are placed into unsubsidized employment. This success has not reduced the tribe's welfare caseload; the caseload has remained relatively constant. This can be attributed to the following reasons.

No. 1, is the constant influx of new cases.

No. 2, the program has a 45-percent reoccurrence rate among welfare cases.

No. 3, is lack of support from non-custodial parents.

We are in the planning stages of how to best address the problems with child care. Solving child care problems will require a commitment of tribal resources. Additionally, the tribe needs funds to plan and provide services to non-custodial parents. Currently, the 477 program does not have the resources to address all the employment and training needs of custodial parents, as well as the needs of those who are unemployed, underemployed, and economically disadvantaged.

On behalf of the tribal council I would like to make the following recommendations to improve the 477 initiative and better equip the tribes to deal with the impact of welfare reform:

No. 1, that Congress reauthorize the Welfare-to-Work program through 2002, with an increase in the tribal set-aside. Funding for tribal programs should be set at not less than 3 percent of the funds available;

No. 2, if Welfare-to-Work legislation is reauthorized and if a State does not apply for formula funding, the new legislation should provide that the tribe has the right to receive a proportionate share;

No. 3, that the BIA and other Federal agencies provide financial support for the technical assistance efforts of the 477 Tribal Work Group;

No, 4, that the BIA ensure adequate staff resources to properly support the 477; initiative; and

No. 5, that Congress amend the Personal Responsibility Act to allow HHS to modify the TANF reporting requirements. Current reporting requirements place a heavy administrative burden on tribes. The TANF reporting requirements should be based upon tribal circumstances instead of State requirements.

In conclusion, I would like to state that the tribe is very concerned about what will happen between now and the year 2002. Tribal welfare caseloads have not experienced a reduction. It should also be noted that the provision which disregards 1 month's welfare assistance received by an adult living on an Indian reservation with a 50-percent unemployment rate does not apply on the

Lake Traverse Reservation. The tribe sincerely believes that it best knows the needs of its people and can best determine how to address those needs, and it has made a very concerted effort with limited resources to reduce the impact of welfare reform on our reservation. Any reduction in funding will severely hamper the tribe's efforts and have a very negative impact on the poor quality of life now being experienced by many of our tribal members.

With that, Mr. Chairman, I thank you for giving me this opportunity to testify.

[Prepared statement of Mr. Grey appears in appendix.]

The CHAIRMAN. I thank you.

We will go on with Ron Allen.

**STATEMENT OF W. RON ALLEN, PRESIDENT, NATIONAL CONGRESS OF AMERICAN INDIANS, WASHINGTON, DC**

Mr. ALLEN. Thank you, Mr. Chairman, Mr. Vice Chairman. On behalf of the National Congress of American Indians, we are appreciative of the opportunity to be here and testify before this committee on the welfare reform legislation and its implementation.

Without a doubt, this legislation is a critical issue in our communities. Listening to your opening statement and the opening statement of Senator Inouye, it is clear that you understand the problems that tribal governments have with regard to the implementation of this law. When it was originated, the authors did not take into adequate consideration the unique political situation of tribes in their relationships with State governments, and that clearly is a problem. It always has been a problem, and it will be a problem until we can more effectively address it. We have to consider some adjustment to the legislation.

I will get into that a little bit more, but I want to point out that this legislation does treat tribes disproportionately. It does not take into consideration the unique situation of the tribes and their lack of resources, and as a regular observation, the inadequate infrastructure that they have in order to address these problems. The situation, like at Sisseton-Wahpeton, is often very common in Indian country, and we cannot allow Congress or the administration to have a perception that Indian country is doing well because a few tribes are doing well. We are still under a great struggle over advancing our economic development and advancing our industries to create jobs in our communities, and that is with a great deal of difficulty.

We believe that the law did not take into consideration the fact that if the tribes are going to take over these TANF Programs, it is expensive. It is an expensive endeavor. It left them to the will of the States, whether or not the States would actually contribute moneys or contribute technical assistance, or whether or not the administration would provide the kind of technical assistance necessary to gear themselves up.

On a separate track, it also made assumptions that there were going to be plenty of jobs or that there were going to be lots of new opportunities on our reservations, and that simply hasn't been the fact on the majority of our reservations. That is something that the other agencies or departments in this administration haven't risen up to, to assist those tribes in becoming more self-sufficient.

We applaud the options or opportunities that you have been introducing, but they have yet to take seed in any meaningful way to help deal with that kind of problem.

We believe that the act, in terms of being reauthorized or reconsidered, does need to take into consideration the tribes' situation. We do want you to take a look at the requirements of the States and not allow the States to be in a position to dictate to the tribes what kind of conditions that they will be supportive of, for the tribes to serve their communities. That is a major issue.

Another technical issue, one that is simple, is the carry-over moneys, making sure the tribes can carry the money over into the subsequent years that aren't actually used. Most often that's not the case, but when the cases are out there, they should have that authority. Unfortunately, often administrative lawyers will read laws that you guys dictate for policy and read them narrowly in the interest of the tribes, and unfortunately that is to our disadvantage, and that really needs to be addressed.

I think it is important for us to address the consultation process. It has not been adequate. I do understand that the Administration has been trying to reach out to the tribes, but it has not been sufficient. I think that they need to be more thorough and more thoughtful in terms of how they reach out to the tribes.

As you have heard in many of our forums, it is not easy to communicate and coordinate with tribes from Alaska to Florida, but there are ways in which we can work with the administration to achieve that objective so that the consultation and coordination over the implementation of this law and the establishing of the regulations are more thoughtful and more reasonable relative to the tribes' interest. That simply has to be the case.

Another example that is related is the consultation process with regard to tribes under General Assistance. Over in the BIA, that is related to TANF, because if the eligibilities of the TANF Programs exhaust themselves and the tribes become dependent on these limited GA programs that are over in the BIA, then that's a major issue in terms of how you can use it and how you cannot use it. But those regulations were not managed in an effective way.

But we do need to improve that consultation process. We do need to engage in it more effectively and more thoroughly. It is not too late to backtrack a few steps and to consult with the tribes in terms of how to achieve that objective.

So I would urge that this committee would urge the administration to advance an effort here to amend the legislation in a way that is useful. I know it's going to be difficult, but in a way that is more sensitive to the tribes in respect to the tribes' objectives of addressing their communities.

I don't want to end my comments without saying that in my opinion, these obligations are relative to historical, legal, and moral obligations that are in the treaties and so forth. The United States has an obligation to address this issue in a meaningful and thoughtful way, and we urge this committee to assist us in making that happen.

Thank you.

[Prepared statement of Mr. Allen appears in appendix.]

The CHAIRMAN. Okay. Thank you.

Dr. McKenzie.

**STATEMENT OF TAYLOR McKENZIE, M.D., VICE PRESIDENT, NAVAJO NATION, WINDOW ROCK, AZ, ACCOMPANIED BY ALEX YAZZA, DIRECTOR, TANF PROGRAM, NAVAJO NATION**

Dr. McKENZIE. Thank you, Chairman Campbell and honorable members of the committee on Indian Affairs and staff and panelists and honored guests. I am Taylor McKenzie, Vice President of the Navajo Nation. Just a very minor adjustment: I am the first Navajo to have received an M.D. degree and trained as a surgeon. I have with me to assist me in the event that a complicated question comes up, Alex Yazza, who is Director of the TANF Program for the Navajo Nation.

It is an honor to come before you today to give testimony on behalf of the Navajo Nation regarding welfare reform in Indian country. Our request on presentation is fairly simple and straightforward. The Navajo Nation is dissatisfied with the provisions of Public Law 104–193, Section 412, which limits the Navajo Nation to basically no funds available for program administration. The impact of administering a cash assistance program without the same consideration given to the States sets the stage for failure of tribal Temporary Assistance for Needy Families Programs on Indian reservations. Let me give you an example.

Our reservation is situated in three States, Arizona, New Mexico, and Utah. This relationship is complex and challenging. The geographical size of the Navajo Nation and the sparse, rural areas make programming of new services and programs difficult in developing budgets and financing operations.

Section 412 does not offer funding which allows the Navajo Nation to establish the tribal TANF Program effectively. There are no start-up funds, indirect cost funds, contract support costs, nor reimbursable costs associated with starting a new program, nor other incentive funds which are allowed in the administration of State TANF Programs. It is imperative that the Navajo Nation receive these funds in order to properly address the welfare reform initiative.

Historically, the Navajo Nation has administered and operated Indian self-determination programs under Public Law 93–638, as amended. In 1994, Congress amended the law to provide Indian tribes more flexibility and autonomy in designing a program for services to better meet the needs of our Indian people. The Navajo Nation submitted a 638 contract proposal to the Secretary of the Department of Health and Human Services for the TANF Program, but our request was denied. It ended up in Federal District Court in Phoenix, AZ. On March 9, 1999, the Nation was informed of the Judge's decision to dismiss the case, concluding that

> TANF is not a contractible program under 638 because it is not a program which requires the Federal Government to directly provide services to Indian tribes in the event the Indian tribe elects not to apply for the funding itself.

This decision results in a wide discrepancy between the new welfare reform law and the self-determination law. The Navajo Nation intends to further argue and appeal the case and bring an action to overturn this decision in the 9th Circuit Court of Appeals. The Navajo Nation believes that TANF Programs should be contractible

under Public Law 93–638. We believe that Congress should have included provisions to authorize Indian tribes to contract their TANF Programs under Public Law 93–638, as amended.

I address this point to you to emphasize the importance of maintaining the government-to-government relationship that exists through the treaty obligations between the Navajo Nation and the United States Government. The Navajo Nation, along with many Indian tribes across this continent, believes that the new welfare reform law is too lax and does not include the same provisions as given to the States to administer the States' TANF Programs. In fact, the proposed rules and regulations for the tribal TANF Programs are not final, although tribes have responded to the Notice of Proposed Rulemaking in November 1998.

I testify before you today to underscore the fact that the Federal Government has not properly consulted with Indian tribes in developing the tribal TANF provisions under the new law. There is a lack of coordination and cooperation between the Federal Government and the Indian tribes on welfare reform. The tribes are forced to strengthen their relationship with the State TANF administration, which is happening, but not with the Department of Health and Human Services and other Federal agencies as it should.

Finally, the Navajo Nation submits to this committee an appeal to amend the law to include the same provisions that are granted to States, and to make the law more flexible for Indian tribes. Today we join our brothers and sisters to campaign for change in the law which will treat Indian tribes as sovereign nations. We are offering a proposed amendment to 25 USC 450, Section 14, directing funding under a grant for Indian tribes, and it reads,

> Congress authorizes Indian tribes to contract for the Temporary Assistance for Needy Families Program under Public Law 93–638, as amended, the Indian Self-Determination and Education Assistance Act, as otherwise known, and further directs the Secretary of the Department of Health and Human Services to make the tribal TANF funds available to Indian tribes pursuant to Public Law 93–638.

Mr. Chairman and members of the esteemed committee, thank you for this opportunity to address these many important issues on behalf of the Navajo people.

Just one final and perhaps unrelated request——

The CHAIRMAN. Doctor, we're going to have to move on.

[Prepared statement of Dr. McKenzie appears in appendix.]

The CHAIRMAN. Dr. Brown.

**STATEMENT OF EDDIE F. BROWN, ASSOCIATE DEAN, AMERICAN INDIAN STUDIES, GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK, WASHINGTON UNIVERSITY, ST. LOUIS, MO, ACCOMPANIED BY SHANTA PANDEY, ASSOCIATE DIRECTOR OF THE CENTER FOR SOCIAL DEVELOPMENT, WASHINGTON UNIVERSITY**

Mr. BROWN. Mr. Chairman, Mr. Vice Chairman, we want to thank you for the invitation to share some of our early welfare reform research findings. We have submitted for the record a copy of our full testimony, as well as our first year's research findings report, titled "Early Evidence from Arizona."

As noted, my name is Eddie Brown, and I am accompanied today by Shanta Pandey, Associate Director of the Center for Social Development, also of the George Warren Brown School of Social Work,

Washington University. Ms. Pandey has put her knowledge of research and statistical analysis in working with us. She serves as Principal Investigator of our research project, and I serve as co-Principal.

Now, as far as we know, we have the only HHS-funded study in the country engaged in monitoring the impact of TANF services on American Indian reservations. Our goal is to inform the public policy debate on strengths and weaknesses of the 1996 welfare reform legislation as it develops on American Indian reservations.

Our testimony today, that has been submitted for the record, includes secondary data from administrative sources, as well as in-depth telephone interviews and focus groups with tribal and State service providers and tribal welfare recipients. Also, now in our second year of our study, we are currently conducting interviews with individual welfare recipients from three selected reservations in Arizona, and have included a few preliminary findings in this report as well.

Because of the time constraint, we will just briefly highlight, and I am going to highlight some and I want to have Ms. Pandey highlight others.

No. 1, as far as administration, we know that tribes are excited about welfare reform, contrary to some statements that tribes were reluctant. They are excited about it; however, because of the complexity of the legislation—it being new, the multiple funding sources, multiple programs, as well as work requirements, time limits, et cetera—tribes have been very cautious and are taking their time to analyze the situation before jumping in.

Currently, three of the 21 tribes of Arizona administer their own TANF services. However, other Arizona tribes have indicated their interest to submit their tribal plans within the next few years, once their investigations and analyses, as well as negotiations with the State and Federal Governments, are satisfactory.

It should be pointed out that tribal administrators have stated that the legislation fails to treat tribes on a par with the States, and I think this is in three critical ways.

First, States are allowed to keep their unexpended TANF funds for future use, but tribes must return any unexpended Federal funds to the Federal Government within 2 years.

Second, States receive bonuses for reducing out-of-wedlock births and for high performance, as well as supplemental grants for population increases, and they also have access to contingency funds, whereas tribes are not eligible to receive any of these bonuses or incentives.

And third, when PROWA was passed, a limited amount of funding was set aside to evaluate the performance. As a result, not all States received Federal dollars for evaluating their performance. The funding is scarcer at the tribal level. A tribe implementing their own TANF services within that State may not receive any money to evaluate their performance.

Also, tribes administering their own TANF programs may not receive State matching funds. It is important to note that 13 of the 19 tribal communities currently administering TANF services come from States that provide some sort of State matching funds. We be-

lieve that this evidence underscores the importance of providing matching funds to expedite tribal takeover of TANF services.

Also noted, as pointed out by the Navajo Tribe, is that tribes wishing to administer TANF services receive no support costs or start-up money. Tribal leaders and service providers interviewed expressed strong concerns that the devolution of responsibility for TANF administration without commensurate allocation of financial resources to the tribes may severely hinder the legislation's intended effect.

I want to cover a few more, but because of time I also want to turn that over to Shanta Pandey to make one or two statements in regard to——

The CHAIRMAN. That's all right; if you want to continue, we will give her an equal amount of time.

Mr. BROWN. Okay. Well, let me finish this one more thing.

We feel that Arizona's administrators, as well as other States'—and this is a qualifier—who have worked to develop good relationships with the tribes have found that it is advantageous to ensure the coordination and provision of TANF services and related services with tribal governments. In these States that have developed positive relationships with tribes, we find that the legislation has strengthened the coordination and communication and collaboration at all levels among tribal social service providers, between States and tribes, between tribes and the Federal Government. At the tribal level, for instance, coordination, collaboration and communication have increased among the staffs of social services, their employment training, child care, and education.

We believe that this is an early positive effect of TANF legislation, and will assist in improving future tribal efforts to serve families and children in need.

Let me turn the time over now to Ms. Pandey, who will address individual concerns.

The CHAIRMAN. Okay, Ms.. Pandey.

Ms. PANDEY. Mr. Chairman, Senators, and members of the committee, I will highlight the changes at the individual level under the 1996 welfare reform legislation.

Like States, the reservations also experienced a decline in the number of households receiving TANF between 1995 and 1998. But the rate of decline was less rapid on reservations. On reservations, the number of households receiving TANF dropped by 13 percentage points, whereas within the State of Arizona it declined by 41 percent.

It is important to note that not all reservations experienced a decline in the number of households receiving TANF. Four tribes had an increase in the number of households receiving, TANF, and these tribes are Colorado River, Hualapai, Pascua Yaqui, and San Carlos. Six tribes had a decrease in the number of households receiving TANF, and these tribes are Gila River, Hopi, Navajo Nation, Tohono O'odham, and White Mountain Apache. I must note that the Navajo Nation is the Arizona portion of the Navajo Nation; we don't know about the other portion of the Navajo Nation.

Seven tribes are nearly welfare-independent in that there are less than seven households on TANF, and these tribes are Ak Chin,

Cocopah, Fort McDowell, Fort Mojave, Havasupai, Kaibab Paiute, and Yavapai-Apache.

With regards to sanctions, some families on reservations have experienced sanctions. Between January 1998 and January 1999, 623 cases were 25 percent sanctioned, indicating that these cases lost 25 percent of their cash assistance. During the same time period, 517 cases lost 50 percent of their benefit, were sanctioned 50 percent, and 382 cases were closed due to sanctions, resulting in 100 percent loss of their cash benefit.

With regards to time limit, the State of Arizona waived the 2-year time limit for all residences with 50 percent or higher proportion of adults not employed. As a result, a very small proportion of TANF recipients have been removed from TANF Programs due to the 2-year time limit.

To understand how families are faring under the new welfare law, we are in the process of interviewing 400 families. We have not completed interviewing all of them, but we do have some preliminary results, and we wanted to share those briefly with you.

With regards to employment, of the current or former recipients that on whom we have completed interviews, only 14 percent were working at the time of the interview.

With regards to transportation, 30 percent had a vehicle of their own.

With regards to child care, of those women who had children under 13, only 2 percent were using formal child care or day care centers.

With regards to education, only 16 percent had completed high school.

With regards——

The CHAIRMAN. Ms. Pandey, if you would turn all those statistics in, the committee will go over them separately.

Ms. PANDEY. Okay. I'm almost done.

With regards to job experience, only 47 percent had worked, ever, for pay.

Many of them did not have telephones.

At the end I wanted to just say that if we want to see the TANF Programs succeed on the reservations, we not only have to improve the child care facilities, transportation, but also the job opportunities at the same time.

Thank you.

[Joint prepared statement of Mr. Brown and Ms. Pandey appears in appendix.]

The CHAIRMAN. Thank you. Let me ask you a few questions, and I am sure Senator Inouye has some, too.

I will start with Chairman Grey. I am really interested in the business start-ups that you've done on the reservation. As I understand it, there is a hotel and some manufacturing and a casino, is that correct?

Mr. GREY. Right, Mr. Chairman. On the Sisseton-Wahpeton Reservation we do have a plastic bag factory that employs around 40 to 50 people.

The CHAIRMAN. Who do you market to?

Mr. GREY. We are just now getting into McDonalds and that type of thing.

We have three casinos, one in North Dakota and two in South Dakota. One is a gas station and C-store, so we do provide employment there.

The CHAIRMAN. What is the nearest non-Indian community of people that come to use the casino? Is that Sioux Falls? Would that be the closest one?

Mr. GREY. Probably, yes, Sioux Falls and Fargo and Watertown. I think that's a major concern of ours, that if anything happens to gaming, we will have about 400 people unemployed on the reservation, so we are looking at different economic development ventures.

The CHAIRMAN. You mentioned that you have a hotel management training. That's done through your local college, you said?

Mr. GREY. Right.

The CHAIRMAN. Do your most of your trainees end up working in the tribal hotel? Or does that qualify them so that they can go out and get a job in hotels in Sioux Falls or somewhere else?

Mr. GREY. Both.

The CHAIRMAN. They do that? You've had some members who have gone out and used that experience that they've gotten in your college to get jobs in other hotels?

Mr. GREY. Right. It helps them.

The CHAIRMAN. Very good.

You also mentioned that there is a 22-percent reduction in AFDC caseloads. Was that correct?

Mr. GREY. That was, I think, in 1997 when we opened up our big casino. That year we employed 106 people, I think, off our TANF, so it did reduce our welfare caseload that year substantially.

The CHAIRMAN. And last, how many youngsters are in your college?

Mr. GREY. I hesitate to even guess. I don't have those figures, Mr. Chairman.

The CHAIRMAN. Well, there's certainly a correlation between getting jobs and the reduction in AFDC; at least, I think that there is.

I would guess that teen pregnancy, high school dropouts, and so on have also been a big problem within the tribe. Has that situation improved since there have been more job opportunities?

Mr. GREY. I think those statistics are mainly staying the same. They're not improving that much.

The CHAIRMAN. You have a high birth rate in the tribe. I know I've visited some tribes recently where one-fourth of the whole tribal population is under 16 years old.

Mr. GREY. Right. That's the same way with Sisseton-Wahpeton.

The CHAIRMAN. Thank you.

Ron, it's now 3 years since welfare reform was enacted. I said earlier that one of the problems that we face is that we put things in legislation, but the tribes don't seem to hear about it. Do you believe that's one of the problems with the TANF Programs, that they just don't know about them or don't know what they can avail themselves of?

Mr. ALLEN. Without a doubt, Senator. It seems like it's almost a historical problem for us, that a key piece of legislation gets enacted, and the tribes—the issue of how those pieces of legislation address tribal governments is almost dealt with in what I would

call an "afterthought policy." We are often there, interacting with the Senate and the House on these pieces of legislation, but they seem to be moving so fast and they're being driven by the States or those kinds of interests, and when they get around to how do they address the same responsibilities to the tribal governments, they just sort of drive it in there. So it's like trying to push a square peg into a round hole. It doesn't work. We're not the same as the State government, as you well know, so they keep forgetting that our resource and infrastructural base is not the same. This is another great example, where they deliberated on this act and its objectives with regard to Indian country way too late. If it wasn't for work like Mr. Brown and others to show where the deficiencies are, Congress might move along, not realizing that there's a real problem out there in our communities.

We believe we can offer you some good suggestions on how to move it.

The CHAIRMAN. As you know, we're trying to frame up some technical amendments to the legislation, so anything that you can provide to help us, we would be glad to look at.

Mr. ALLEN. One other point administratively that can help is that the Tribal Services Division that HHS has set up to address this, they do need their own budget. They need better resources. And in conjunction with that, we need better technical assistance. I think that all of our witnesses here are in concurrence that even today, 3 years later, we still need a significant amount of technical assistance out there to assist our governments and staff to gear up to deal with this program.

The CHAIRMAN. Okay. I thank you.

Dr. McKenzie, maybe you could tell us, since we're talking a little bit about State-to-tribal relations with the TANF Programs, what's the difference in matching funds provided by different States? You work with four States, or the Navajo Tribe is in four States?

Dr. MCKENZIE. I'm going to ask Alex to answer that.

The CHAIRMAN. Okay. Would you identify your full name for the record, Alex?

Mr. YAZZA. Good afternoon, Mr. Chairman, members of the committee. My name is Alex Yazza. I am the Project Director for the Navajo Nation TANF Project.

To answer your question, Mr. Chairman, we are currently engaged in a dialog with the three States, Arizona, New Mexico, and Utah. Arizona, last year in their legislation, provided a provision for Indian tribes with tribally-approved TANF plans to provide State match funds. So that provision has been made by the State of Arizona.

With the State of New Mexico, quite interestingly, Navajo is the only tribe thus far that has applied for TANF. I think the Zuni Nation is applying. But overall, just in this past New Mexico legislation, submitted a bill to them to consider State match funds for the Navajo Nation. Now, that's still undergoing review, and there's a special session that is coming up the first part of May at which they will discuss that bill.

With the State of Utah, we have a verbal commitment from them that they would provide State match dollars to us, but that hasn't come forth in terms of legislation.

So with all three States combined, it seems to me that we have that opportunity to request the State match dollars from each State.

The CHAIRMAN. The Navajo Nation has petitioned—if either one of you can answer this—has petitioned HHS to contract the TANF Program using self-determination contracts. What's the status of that petition?

Dr. MCKENZIE. Mr. Chairman, it went through the courts in Phoenix, and the last court that deliberated on it dismissed it, and we propose now to appeal that and argue further for reversal of that decision.

The CHAIRMAN. Thank you.

Dr. Brown, you made a number of recommendations in your testimony, and if you would frame those up, if you have some suggested amendments to the present law which would lead to a more effective TANF Program, I would appreciate it if you would do that.

Just in general, since you've been back out there in what I call the "real world" since you left the Government here, what do you consider the greatest barriers to employment of tribal members?

Mr. BROWN. That could be simply no jobs.

The CHAIRMAN. No jobs?

Mr. BROWN. There is no employment out there, and the need—if you look at it, there are three critical elements needed in welfare reform. First, you have to have the training and education. Second, because you're dealing with welfare reform recipients, you have to have those support services to help them transition from welfare to work. But the missing element——

The CHAIRMAN. You've got to have someplace to go.

Mr. BROWN [continuing]. Is economic development and job creation.

The CHAIRMAN. As I understand it, the States are eligible to receive incentives for good performance under TANF Program guidelines, but they often use tribal members to enhance their record. Can tribes do that, too?

Mr. BROWN. No; they do not have access to any of those bonuses——

The CHAIRMAN. How does it happen that the States can——

Mr. BROWN [continuing]. Or grants or funds, but the State can use and benefit from it.

The CHAIRMAN. The awards are available to tribes?

Mr. BROWN. No.

The CHAIRMAN. They're not?

Mr. BROWN. If you look at any of the bonuses, the high performance bonus, as well as grants, it is clear in the law that for any of those, the tribes are not eligible, other than for some of the loan programs. But in the other bonuses and incentives, they are not eligible for them.

The CHAIRMAN. Well, we have to change that, too.

Mr. BROWN. Yes.

The CHAIRMAN. Okay. I thank you.

Senator Inouye, did you have further questions?

Senator INOUYE. Mr. Chairman, I have a whole slew of questions that I would like to submit for response.

The CHAIRMAN. Fine. If we could have you answer those in writing to the committee, to Senator Inouye.

Senator INOUYE. I have just one question I would like to ask at this time.

Much of the publicity nationally is on casinos, and one would get the impression that Indian nations are extremely wealthy. But these statistics just apply to a small handful of Indian tribes, and most of the tribes are still living in Third World conditions. In fact, the average unemployment rate in Indian country is in excess of 50 percent.

Now, there is a provision in this act that says that the limitation for beneficiaries would be 2 years, but if your unemployment on the reservation exceeds 50 percent, then you can extend it. But it doesn't make sense, because most of the tribes are in the 45, 40, 35, 30 percent range. Our national average is less than 5 percent.

What if we set it at 30 percent, which would cover, I would say, over one-half of the tribes? Would you go for that, Mr. President?

Mr. ALLEN. I was thinking more like 15 percent. [Laughter.]

Well, 30 percent, without a doubt——

Senator INOUYE. With Ron Allen, it never fails; I give him 25, he takes 20. [Laughter.]

Mr. ALLEN. Without a doubt, it would help us dramatically. It was unreasonable. It was not logical when they inserted that 50 percent. Clearly it helped some tribes, but a lot of those tribes that fall within that 30 to 50 percent range—and there are a lot of them—they need help, and they have the problems that you've been hearing about. So it would be very helpful.

Senator INOUYE. I think that is one of the amendments that this committee will propose a technical amendment. About 25 percent; how is that?

Mr. ALLEN. Twenty. [Laughter.]

Senator INOUYE. Well, Mr. Chairman I thank you very much.

The CHAIRMAN. I thank this panel for appearing. I would remind you that the record will stay open for 2 weeks; if you have additional comments or any suggested amendments, or technical amendments, we would appreciate it if you could get those in. Senator Inouye and I both have a couple more questions that we will submit in writing. If you could answer those in writing, we would appreciate it.

With that, this hearing is adjourned.

[Whereupon, at 2:58 p.m., the committee was adjourned, to reconvene at the call of the Chair.]

# APPENDIX

## ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

### PREPARED STATEMENT OF OLIVIA GOLDEN, ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Good afternoon Mr. Chairman and members of the committee. I am pleased to be here today to discuss welfare reform, especially as it relates to tribal families. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 [PRWORA] focuses on work and critical supports for work [in particular child care and child support]. It offers tribes a range of important new choices in designing welfare, child care and child support programs that will provide the maximum opportunities to tribal families. We have sought to work closely with tribes as they implement these provisions in the full spirit of government-to-government relationships.

At the Federal, State, tribal and community level, new relationships are being forged. Early findings of research conducted by Dr. Eddie Brown with the Washington University School of Social Work and funded by the Administration for Children and Families indicate that "communication, coordination, and collaboration among tribes, between tribes and States and tribes and the Federal Government has increased." Governments are collaborating with businesses, community organizations, transportation providers, the media and religious leaders to help move families to work. At the Federal level, we are focused on helping tribes, states and communities move families to work, be accountable for results, and develop and share information about effective practices. Together as partners, we must build upon these early efforts to find effective ways to improve the lives of children and families.

Today, I would like to provide an overview of the changes made by welfare reform, child support and child care as they affect tribes and discuss the work we are doing to ensure that welfare reform is successful for tribes and tribal families. While it is too early in the implementation of these programs to provide information on outcomes and results for tribal families, I would also like to use this opportunity to share some promising activities we are hearing, about.

*Statutory Changes*

As I indicated, PRWORA made a number of significant changes that directly affect tribes and tribal families.

First, under welfare reform the Temporary Assistance for Needy Families [TANF] program replaces the former Aid to Families with Dependent Children [AFDC] program and provides States and tribes with unprecedented flexibility to design welfare programs to meet the particular needs of families in moving to work and self-sufficiency. Tribal governments, at their option, may receive direct Federal funding to independently design, administer, and operate the TANF program or may choose to allow States to continue providing these services to tribal families.

In addition to the creation of TANF under this reform legislation, the former Tribal JOBS program was replaced with the Native Employment Works [NEW] program. The NEW program provides funding for tribes and inter-tribal consortia to design and administer tribal work activities that meet the unique employment and

training needs of their populations while allowing States to provide all the other TANF services.

States and tribes that administer their own TANF or NEW programs have the flexibility to design their programs, define who will be eligible, establish what benefits and services will be available, and develop their own strategies for achieving program goals, including how to help recipients become self-sufficient. Further, PRWORA provided tribes with expanded child care funding and broader authority to administer the child support program. Therefore, tribes can enter into new partnerships with States to ensure that tribal families receive the support services necessary to become self-sufficient.

*How Statutory Changes are Affecting Tribal Programs*

**TRIBAL ADMINISTERED TANF AND NEW PROGRAMS**

The new law specifically allows tribes to administer the TANF program and in such cases Federal TANF funds are allocated directly to the tribe. While the law requires that tribes meet certain goals in these programs, it also allows them to negotiate applicable work participation rates with the Secretary, taking into account the limited resources and employment opportunities available in the tribal community.

Since the President signed PRWORA in 1996, we have provided considerable assistance to the tribes and have approved, 19 tribal TANF programs. These TANF programs involve 62 Indian Tribes and Alaska Native Villages, and operate in 12 States. The programs are serving approximately 3,500 families, or over 13,500 individuals. There are an additional 7 plans pending which would involve an additional 78 tribes and villages and affect over 35,000 more people.

Supported by HHS policy, all 12 States in which tribes are operating their own TANF program are providing some form of assistance to the tribes, similar to the maintenance of effort dollars supporting State programs. Nine States are providing supplemental funds [Oregon, Arizona, California, Wyoming, Washington, Alaska, Idaho, Minnesota and Montana]. The remaining three States are providing other resources such as computers, staff training, and connection to their State reporting systems. In addition, several States I have out-stationed State employees to these tribal TANF programs to assist in eligibility assessments of TANF applicants for other State services.

Tribes are afforded even greater flexibility than States in designing their programs and like States are making varied choices to meet their own unique circumstances. Time limits on benefit receipt vary: 17 plans allow for 60 months of benefits, with the remaining 2 months allowing 24 months within an 84 month period. Under the work requirements, participation rates and the number of hours of work required per week also vary from plan to plan. Four tribes adopted the same participation rates the law requires of States [25 percent in the first year, increasing to 50 percent by the fifth year for all families and 75 percent in the first year, increasing to 90 percent in the third year for two-parent families]. These tribes also adopted the same minimum work requirements States are subject to meet. The remaining tribes exercised their option to negotiate different rates of participation and work hours and adopted a fairly wide range of rates.

Tribes have developed a variety of service strategies that respond to the unique circumstances of each community. One tribe used casino revenues to build an "Independent Life Skills Center," to house the Tribal TANF program. This center also provides classrooms, a computer learning lab, a secure records facility, office space, and a children's play area for use by TANF recipients. Another tribe, with joint funding provided by the TANF program and the Bureau of Indian Affairs, provides a "One-Stop" and a "point of contact" service center for applicants requesting assistance and maintains a toll free 24-hour voice mail service which can be utilized by TANF recipients and service providers alike in serving recipients living in remote areas.

Under the NEW program, the statute restricts eligibility to tribes and Alaska Native organizations that were operating JOBS programs in fiscal year 1995. Currently, all 78 eligible tribal grantees are operating NEW programs. Total funding for these programs Is $7.6 million per year with a significant variation in the size of the individual grants [ranging from just over $5,000 to $1.7 million].

In addition, the Welfare-to-Work program administered by the Department of Labor provides grants to Indian tribes to help move long-term, hard to employ welfare recipients into last unsubsidized employment. In fiscal year 1998, 86 tribes received grants totaling $12.3 million. Recognizing the challenges facing Native Americans moving from welfare to work, the President's proposal to reauthorize the Welfare-to-Work programs would increase the amount of WTW formula funds available

for tribes and would allow tribes to apply directly to DOL for WTW competitive grants [currently they must apply in conjunction with other entities].

## STATE ADMINISTERED TANF PROGRAMS

In the remaining areas of the country, tribal families are served by State TANF programs. In these areas, tribal communities and tribal members are subject to the same responsibilities and eligible for the same opportunities that a State elects for its population at large. As we learn more about the effect these service design choices are having on tribal families, we certainly will share this information with the committee. This type of outcome data is particularly important in light of the unique challenges to self-sufficiency faced by tribal families related to high unemployment and lack of transportation and child care assistance.

As a start in gathering this critical data, in fiscal year 1997, ACF approved a 5-year research and evaluation project entitled "Welfare to Work: Monitoring the Impact of Welfare Reform on American Indian Families with Children." The overall purposes of this longitudinal study are to monitor and document the implementation, and assess the impact, of welfare reform on American Indian families and reservations in Arizona resulting from the State and tribal responses to TANF. Extensive demographic, contextual, socio-economic and case-level data will be compiled from a variety of sources, including administrative records, tribal documents, interviews and site visits.

One of the preliminary findings of the study is that many tribes while interested in self-administration of the program, are unsure about the best strategy to follow. They are interested in learning form the experiences of other tribes in order to examine their options and make informed choices.

On another front, a component of HHS's evaluation of the Department of Labor's Welfare to Work Grant program will examine what activities and services tribes provide, and how various tribal programs are coordinated at the local level.

## CHILD SUPPORT ENFORCEMENT AND CHILD CARE

Child support enforcement is an essential part of welfare reform efforts, The child support program locates non-custodial parents, establishes paternity, establishes and enforces support orders, and collects child support payments from those who are legally obligated to pay. Payment of child support can help a family to leave welfare or combined with other income, reduce the need for single parent families and their children to rely on welfare in the first place.

Welfare reform enables tribes to operate their own child support enforcement prorams for the first time. PRWORA authorizes direct funding of tribal child support programs, and with respect to tribes that do not seek this opportunity, includes improvements to facilitate tribal-State agreements that provide for cooperative delivery of child support services in Indian country. This added flexibility provides significant opportunities for tribes and for Indian children and families: tribal governments can choose to plan and implement child support programs that meet the unique needs of tribal communities and improve the delivery of child support services in Indian country.

As I will discuss later in my testimony, we are reviewing the results of an extensive consultation process which will lead to regulations that implement direct tribal child support funding. In the meanwhile, although tribes are not yet operating programs under the broad direct funding approach the law now allows, we are seeing some promising results from early State-tribal cooperative agreements and tribal demonstration grants.

*Cooperative Agreements.* Tribes such as the Navajo Nation and the Sisseton-Wahpeton Sioux Tribe are entering cooperative agreements with their States, enabling them to carry out tribal child support enforcement and receive funding and other support through the States' programs. As a result of their cooperative agreements with the State of New Mexico and Arizona, the Navajo Nation has seen a big shift in child support collections. The Navajo Nation began child support enforcement in New Mexico in 1994. Before then, there had been almost no child support collection on the Navajo Reservation in New Mexico. In 1998, there was $500,000 in child support collections under the tribe's child support program in New Mexico.

*Tribal Demonstrations.* Some tribes are designing child support programs with the support of our planning and demonstration grants—"Section 1115" grants, Special Improvement Project grants, and tribal planning grants. Currently, the Chickasaw Nation, Colville Confederated Tribes, Puyallup Tribe, Lac du Flambeau Band of Chippewa, Central Council of the Tlingit and Haida Indian Tribes, and the State of Wisconsin and Menominee Tribe receive this discretionary grant funding. We are learning from these projects, sharing information, and identifying issues and technical assistance needs, to help ensure that tribes are able to operate successful child

support programs. Other tribes will benefit from the knowledge gained from these special grant programs.

The third programmatic area I will focus on today is child care. Child care is extremely important to the well-being of our Nation's children and to their parents' ability to work and maintain employment. and thus a vital supportive service to welfare reform efforts. The Clinton administration is dedicated to providing support and resources to ensure healthy, safe, affordable child care settings that are so desperately needed to help parents work and help children develop to their-full potential and become ready for school.

The Child Care and Development Block Grant [CCDBG] as amended by PRWORA, assists low-income families and those transitioning off welfare to obtain child care so they can work or attend training/education. PRWORA amended the CCDBG to bring together, for the first time, four Federal child care subsidy programs thereby allowing states and tribes to design a comprehensive, integrated service delivery system to meet the needs of low-income families.

With regard to tribes, the law requires a one to 2 percent tribal set-aside of the acregate funding and allows tribes or tribal organizations to use program funds for construction or renovation purposes as long as it will not result in a decrease in the level of child care services.

The Secretary has allocated 2 percent of CCDBG funds for tribes, doubling the amount of child care funds made available to the tribes since fiscal year 1996. In fiscal year 1999 tribes 10 received $63 million, compared to the $28 million received in fiscal year 1996. In fiscal year 1999, 254 tribal grantees, representing approximately 500 federally recognized Indian Tribes and Alaska Native Villages, were awarded child care grants.

Tribes receive CCDBG funding either directly or through consortia arrangements. According, to preliminary 1997 data, 18,755 children were served by tribal child-care grantees. The majority of these children have working parents [77 percent] or a parent(s) in training or educational programs [19 percent]. The remaining 4 percent were in protective services. Their income levels vary with 63 percent at or below the poverty level, 26 percent above poverty but below 150 percent of poverty, 8 percent above 150 percent, and 3 percent above 200 percent of the poverty level.

I would point out that our efforts to increase the supply and availability of child care are ongoing. The President has unveiled a comprehensive package of child care proposals that includes significant increases in child care funding to help working families. Beyond the tax credits and school-age child care funding in the Departments of Treasury and Education, $10.5 billion in additional funding, over 5 years, is targeted for HHS child care programs:

A 5-year $7.5 billion increase in the subsidy funding for child care which, when combined with funds from welfare reform, will increase the number of children receiving child care assistance by more than I million to a total of 21.4 million. The tribal set-aside provided under law will ensure that this increase in funding serves to benefit State and tribal child care programs alike.

An Early Learning Fund proposed at $3 billion over 5 years which will, for the first time, specifically devote funding to communities to enhance the quality and availability of care, with a focus on promoting school readiness for children through acre five.

I'd like to now turn to ACF's outreach, consultation, and technical assistance efforts to work with tribes on these historic legislative changes

*Outreach, Consultation, and Technical Assistance*

In increasing, the flexibility available to States and tribes to design their own welfare In reform programs, PWRORA changed the Federal role from one of policy approval to one that focuses on hands-on support through outreach, technical assistance, and the dissemination of promising, practices, as well as accountability, research, and evaluation. In this concluding section, I would like to highlight what we have learned and accomplished so far through consultation, outreach, and technical assistance with our tribal partners and offer a few notes about the next steps that lie ahead.

Our goals, in keeping with this new role and with the government-to-government relationship that is central to our work with tribes, are to consult broadly and to provide information that can assist tribes in making the wide range of choices that they face about the most effective ways to assist tribal members in becoming self-sufficient. To help inform these decisions, we have been working with our tribal partners to provide information about the statute, about policy choices, and about promising practices and service delivery strategies. We have also worked to bring people together so that they can share their own expertise, talk about problems and potential solutions, and then develop strategies.

*Outreach and Consultation.*

In the development of the Tribal TANF Notice of Proposed Rulemaking [NPRM], which was published on July 22, 1998, we sought to undertake a broad consultation strategy prior to drafting the proposed rules. To better inform our policymaking efforts, we held I dozens of conferences, consultations and meetings with representatives of tribal, State and local governments, as well as soliciting input through a letter. An extended comment period [through November 20, 1998] was provided on the proposed rule at the request of commenters and as a result a considerable number of comments were received from tribes as well as the National Congress of American Indians. We expect to publish the final rule this fall.

We continue to look for ways to strengthen and improve our consultation process. As we work on development of regulations implementing the tribal child support program, we further intensified our outreach efforts. Six consultations were held in 1998 to obtain tribal input in developing the regulations in Alaska, Oregon, New Mexico, Minnesota, Tennessee, and Washington, DC. Each consultation included an overview of the national CSE program, followed by tribal input on the tribal program and regulations. In addition, we established a toll-free "800" number for comments and questions, and we continue to consult with a resource group of interested and knowledgeable tribal representatives. The input we have received is extremely valuable in helping to inform our rulemaking efforts currently underway. We anticipate publication of the regulations later this year.

We are committed to continuing and improving our consultation with tribes as welfare reform evolves. In addition to our work within ACF, we are coordinating with the broader tribal consultation strategy conducted by HHS, which has included listening sessions nationwide as well as the scheduled appointment of a staff specialist in the Office of the Secretary who will focus exclusively on tribal affairs.

*Technical Assistance and Information Dissemination.*

In addition, we have been involved in providing technical assistance on a number of fronts:

With respect to TANF, we have sponsored along with DOL five Promising Practices National Conferences and there was tribal representation at each. In addition to our programs, these conferences included session on Welfare-to-Work and substance abuse issues. At the Phoenix conference, a representative from the Center for American Indian Studies presented on the plenary panel as well as a workshop, where tribal issues were discussed.

To build on this work, later in April, we are planning a 2-day workshop in Denver to bring together Region VIII States, Tribes and Tribal Community Colleges. This workshop is being designed to share information and best practices, strengthen the Tribes' role in welfare reform, improve State/Tribal working relationships and increase collaboration/networking, between and among States, Tribes, and Tribal Community Colleges.

The administration for Native Americans within ACF has provided resources to support technical assistance, as well. For example, ANA provided $1.2 million for five grants to support efforts to develop and disseminate information on TANF, including, convening workshops and meetings with tribes to inform them about TANF and to give tribes opportunities to share information and expertise about supporting tribal families. Additional collaborative work among ACF programs is planned for the future including comprehensive strategic planning conferences addressing social services and economic development.

The Office of Child Support Enforcement issued briefing packages on the program and legislative changes to tribes to ensure they tribes could be fully engaged in consultation meetings. The office also published and sent to all federally recognized tribes a publication, "Strengthening the Circle: Child Support for Native American Children." This publication describes the new opportunities for tribal CSE programs and intergovernmental partnerships to meet the needs of tribal children and families.

In phase II of its contract with the Native American Management Services, Inc., OCSE and NAMS are designing technical assistance plans for tribal child support demonstration grantees. At an initial meeting with grantees held recently, tribal participants identified problems and areas of need both specific to their tribes as well as problems and areas of need shared by tribes in general. This information will be used to develop technical assistance materials for tribes under cooperative agreements with States and for tribes planning on administering their own child support programs.

With respect to child care, in January 1998, we awarded a 3-year contract to establish and operate a Tribal Child Care Technical Assistance Center [TriTAC]. TriTAC assists tribal grantees in child care capacity building efforts through the fol-

lowing major activities:a tribal child care home page; a toll-free information and referral line, a software package to assist with program reporting, a newsletter, and annual tribal conference. A data base of effective program strategies is also being developed.

In conjunction with TriTAC, we are currently making plans to hold several training sessions across the country for tribal child care grantees. The purpose of this special training is to focus on one or two topic areas that have been identified by tribal grantees, but not covered in depth at the National American Indian/Alaska Native Child Care Conference, or at ACF regional meetings.

Again, we look forward to building on these technical assistance strategies, and we will seek to be responsive as welfare reform evolves and the needs of tribes change over time.

## CONCLUSION

Our goal in welfare reform is enabling, families to move to work and to succeed at work over the long haul. To accomplish this goal, we are eager to continue working with our tribal and State partners to support their design of TANF, child care, and child support programs that will make the most difference to families. We look forward to building on the extraordinary creativity and commitment that tribal leaders have already demonstrated and on the positive first steps that we have already taken together to share information, to consult, and to provide technical assistance and support in the spirit of the government-to-government relationship with tribes. We know that in addition to working internally to coordinate our efforts with the tribes, we also must work with our other Federal partners and the Congress to address the serious economic and social problems faced by tribes. On this front, the Department of Labor's Welfare-to-Work program is a key partner with our efforts. We are committed to building on these early steps and working together to see increasing numbers of tribal members improve their lives and I become self-sufficient.

Thank you Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you or members of the committee may have.

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PREPARED STATEMENT OF ANDREW GREY, TRIBAL CHAIRMAN, SISSETON-WAHPETON SIOUX TRIBE

Good Morning Mr. Chairman and Members of the Committee. My name is Andrew Grey; I am Chairman of the Sisseton-Wahpeton Sioux Tribe of the Lake Traverse Reservation. It is a pleasure to be here to testify about the tribe's involvement with Public Law 102–477, the Indian Employment, Training and Related Services Demonstration Act of 1992 and Welfare Reform.

The Sisseton-Wahpeton Sioux Tribe has been a "477" grantee since 1994 and have found 477 approach to be excellent way of delivering employment and training services on the Lake Traverse Reservation. On behalf of the tribe, I would like to thank this committee and Congress for enacting the "477" law which allows tribes to consolidate employment, training and related services programs into one comprehensive program.

The tribe has an enrollment of 10,227 members with approximately 45 percent of them living on or near the reservation. According to the most recent Bureau of Indian Affairs data, the unemployment rate on the reservation is approximately 50 percent. The poverty rate among Indian people is over 60 percent according to 1990 Census data. The reservation is very rural and contains several communities the largest being the city of Sisseton, which has a population of 2,200. Lack of jobs, basic education, skill training, childcare facilities, transportation, and substance abuses are the major barriers to employment for many tribal members.

In March 1994 the tribe started its 477-demonstration project. In October 1997 the Temporary Assistance for Needy Families Program [TANF] was integrated into 477. In March of this year the tribe embarked on another historic course by entering into a Cooperative Agreement with the State of South Dakota for child support enforcement services on the Lake Traverse Reservation. Hopefully, this agreement will help defray some of the expenses associated with administering a welfare program.

Currently the tribe has integrated the following programs into 477:

B.I.A.: Adult Vocational Training; Direct Employment Assistance; General Assistance; and Tribal Work Experience Program.

D.O.L.: Job Training Partnership Act Title IV–A; Job Training Partnership Act Title II–B; and Summer Youth Welfare to Work.

H.H.S.: Native Employment Works Program; Child Care Development Fund; and Temporary Assistance for Needy Families.

It should be noted that the tribe does not receive State matching funds for TANF. The 477 approach to delivering employment and training services was one the main reasons behind the Tribal Council decision to administer its own welfare program. 477 provides the needed resources to support welfare recipients so they are able engage in TANF work activities.

The primary beneficiary of the tribe's implementation of 477 has been and continues to be clients who are in need of employment/training services. Because TANF and General Assistance have been integrated into 477, these welfare recipients automatically become clients of the program. Integration has greatly reduced the tribe's administrative burden thus staff have more time to improve the effectiveness of services, identity client needs, and develop services to address those needs. Welfare recipients, hard to serve clients with multiple barriers to employment, have benefited most from the additional staff time.

Additionally, the 477 program has and continues to be a major player in support of tribal economic development. In 1995 the tribe decided to relocate and restructure a stagnant tribal enterprise into a more diversified vibrant enterprise. The 477 program was used to give prior training and work experience for an expanded workforce; 22 of 29 participants entered employment as result of this 477 initiative to support tribal economic development. In 1997, the tribe opened a new gaming establishment, which created over 300 jobs for tribal members. The 477 program was able to assist 106 individual with supportive services, which enabled them to obtain and retain employment. The end result of this effort was a 22-percent reduction in the AFDC caseload.

In October 1998, the tribe began expanding its gaming enterprise-the addition of an 80-room hotel. This expansion will create 40 new jobs for tribal members. In December 1998, the 477 in collaboration with the Sisseton-Wahpeton Community College developed a 120-hour intensive Job Readiness Training course specifically tailored to welfare recipients and the hotel management. As of April 1, the hotel management has hired 15 TANF recipients, who graduated from this training. Hopefully, this prior training will reduce startup costs and help assure the success of this enterprise.

The above examples of support for economic development would not have happened if the tribe did not have a 477 program. The flexibility and resources of an integrated program made it possible.

Program data show that on an average month four welfare recipients are placed into unsubsidized employment. However, this success has not reduced the tribe's welfare caseload. The caseload has remained relatively constant. This can be attributed to the following reasons:

No. 1, there has been a constant influx of new cases. The majority of the new cases are young mothers. Young people comprise the highest percentage of the resident tribal population.

No. 2, the program has a 45-percent reoccurrence rate among welfare cases. Cases reopen because a loss of employment [problems with childcare and transportation] and ongoing domestic problems.

No. 3, lack of support from the non-custodial parent.

The tribe will continue to commit the majority of its limited resources for economic development and job creation activities. We are also currently in the planning stages as to how best to address problems with childcare. Solving childcare problems undoubtedly will require a commitment of tribal resources.

The tribe is need of funds to plan and implement strategies to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on reducing teenage pregnancies.

Additionally, the tribe needs funds to plan and provide services to non-custodial parents. The Tiospa Zina Tribal School experiences a high school graduating that is 50 percent in size of the ninth grade class 4 years prior. The graduating class is routinely 70 percent female. Students who dropout are primarily male. Therefore, employability among young adult males on the reservation is extremely low. They are in need of a set of comprehensive employment/training services. Currently, the 477 program does not have the resources to address all the employment and training needs of custodial parents as well as the needs of those who are unemployed, underemployed or economically disadvantaged.

Also, the tribe needs funds to plan and implement transportation services so Indian people who obtain employment will be able to retain their job.

On behalf of the Tribal Council, I would like to make the following recommendations to improve the 477 initiative and better equip tribes to deal with the impact of welfare reform.

No. 1, that Congress reauthorize the Welfare to Work program through 2002 with an increase in the tribal set-aside. Funding for tribal programs should be set at not less than 3 percent of the funds available.

No. 2, if Welfare to Work Legislation is reauthorized and if a State does not apply for formula funding, the new legislation should provide the tribe the right to receive a proportionate share.

No. 3, that B.I.A. and the other Federal agencies provide financial support for the technical assistance efforts of the 477 Tribal Work Group. Welfare reform may force additional tribes to develop a 477 program and include TANF in the integrated program.

No. 4, that B.I.A. insure adequate staff resources to properly support the 477 initiative.

No. 5, that Congress amend the Personal Responsibility Act to allow HHS to modify the TANF reporting requirements. Current reporting requirements place a heavy administrative burden upon tribes. The TANF reporting requirements should be based upon tribal circumstances instead of State requirements.

In conclusion I would like to state that the tribe is very concerned about what will happen between now and the year 2002. Tribal welfare caseloads have not experienced a reduction. It should also be noted that the provision which disregards months welfare assistance received by an adult living on an Indian Reservation with a 50-percent unemployment rate does not apply on the Lake Traverse Reservation. The tribe sincerely believes that it bests knows the needs of its people and can best determine how to address those needs and it has made a very concerted effort, with limited resources to reduce the impact of welfare reform on our reservation. Any reduction of funding will severely hamper the tribe's efforts and will have a very negative impact on the poor quality of life now being experienced by many of our tribal members.

This concludes my prepared statement. I would be please to respond to any questions the committee may have.

Thank you again for the opportunity to testify.

QUESTIONS WITH RESPONSES

*Question 1:* Can you tell us of your experience with the Department of Health and Human Services [HHS] in using "477" program to administer TANF and other HHS programs?

Response: Our experience with HHS has been very positive. HHS has been very supportive of the "477" program. The only area in which HHS has been lacking is in providing funds for training and technical assistance. Funding for training and technical assistance will enable the Tribal Work Group to assist other Tribes to benefit from "477" as well as help current "477" Tribes improve their programs.

*Question 2:* Does the training reduce the startup costs to the businesses and help ensure the business will make a profit?

Response: "477" Job Readiness Training, short-term work experience and supportive services have played a significant role in reducing startup costs. It should be noted that the tribe did not train all the people for the 360 new jobs. The "477" program did not have the resources to train that many people. Training was provided to approximately 80 people and 100 additional people received supportive services, which helped them to obtain and retain employment. It should also be noted that the businesses were businesses that the tribe started and have become profitmaking enterprises. The profits are minimal however the jobs created have given people an opportunity to get off TANF and work toward attaining self sufficiency.

*Question 3:* Is the situation with youth, problems with teen pregnancy and dropping out of school, being turned around with more job opportunities in the last 4 years?

Response: Only in 1998 did the number of teenage pregnancies drop significantly. Whether this can be attributed to increased job opportunities cannot be ascertained at the present time. The level of school dropouts remains the same. The Tribe is in need of funds to determine causes and implement solutions to these problems.

*Question 4:* Do you support the large scale widening of "477" for purposes of services delivery to welfare recipients?

*Response:* Because we are one of the smaller tribes, we have found the "477" Program an excellent method of delivering services to welfare recipients. It should be the Tribes option to decide what programs to place in a "477" integrated program. The larger the list of eligible programs, the greater the opportunity for the tribe to be innovative in accomplishing welfare reform on the reservation.

*Question 5:* Are you supportive of what the National Congress of American Indians [NCAI] has developed in terms of amendments to the Welfare Reform Act?

Response: I have read the proposed amendments developed by NCAI and have shared them with the "477" Program Manager and we do support the proposed amendments.

Thank you for allowing the tribe to submit additional information for the record.

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PREPARED STATEMENT OF KEVIN GOVER, ASSISTANT SECRETARY FOR INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR, WASHINGTON, DC

I appreciate the opportunity to provide a statement for the record on the status of the implementation of welfare reform in Indian country.

**Background**

In 1996, the President signed the bipartisan Personal Responsibility and Work Opportunity Reconciliation Act [Public Law 104–193] [act], dramatically changing the Nation's welfare system into one that requires work in exchange for time-limited assistance. The act replaced the Federal entitlement to Aid to Families with Dependent Children [AFDC] with Temporary Assistance for Needy Families [TANF]. The act also made significant changes in the child care, child support enforcement, and food stamp programs. Public Law 104–193 provides considerable flexibility to States and to tribes to design welfare programs that meet the particular needs of families moving to work and self-sufficiency. TANF provides fixed block grant funding, with most of the funds distributed based upon historic expenditure levels. Tribal governments who choose to operate their own tribal TANF programs receive direct Federal funding, define who will be eligible, and determine what benefits and services families will receive. Alternatively, they may choose to have states continue to serve tribal families.

**Current Status**

The Temporary Assistance for Needy Families [TANF] administered by HHS is the most visible and basic program for providing financial support and employment services to help Indian families find and succeed in employment. Under welfare reform, tribal governments are eligible to operate their own tribal TANF programs and 19 tribes are currently operating their own programs. Additional tribes are in the process of deliberating whether to opt for a tribal TANF program.

The limited data available from States indicate that, to date, welfare caseloads have not declined in Indian country at the same rate experienced by others elsewhere and that therefore, Indians comprise an increasing share of the total caseload in a number of States. Welfare reform policy has been designed to train, support, refer, and equip recipients with the necessary skills to find employment in jobs which for the most part already exist. TANF funds may be used to provide subsidies for the creation of jobs for needy recipients and family members, but by themselves are not sufficient to reduce the high levels of unemployment on Indian reservations.

The Welfare-to-Work program administered by the Department of Labor [DOL] also has significant potential for enhancing employment opportunities for Indians on reservations. The Welfare-to-Work program has provided $30 million [$15 million in each of the fiscal years 1998 and 1999] for grants to Indian tribes. These grants help address the economic development needs of Indian communities by creating job opportunities for long-term, hard-to-employ welfare recipients and non-custodial parents of children on welfare through public or private sector employment. Welfare-to-Work funds may be used for job creation, micro enterprises, and other employment-related activities tailored to meet the particular needs of Indian reservations.

The administration has proposed a reauthorization of the Welfare-to-Work program for fiscal year 2000 that includes several provisions to strengthen the program for Indians. The proposal includes a tripling of the share of the resources under the program that would be allotted to Indian tribes. In addition, the proposal would promote funding to Indian tribes under Welfare-to-Work competitive grants by allowing Indian tribes to apply for such grants directly to the Secretary of Labor. Currently, only Indian organizations, rather than tribes, may apply and may only do so in conjunction with a private industry council and after going through a consultation process with the Governor. The proposal would also eliminate current provisions that require the recapture and use of unobligated Indian grant funds for other Welfare-to-Work program purposes and allow those funds to be retained for an additional year to assist Indian communities. The enactment of this proposal to reauthorize the Welfare-to-Work program would therefore provide Indian tribes with important resources to create meaningful jobs for Indian people.

**The Bureau of Indian Affairs's Role**

The Bureau of Indian Affairs [BIA] social services regulations are currently being revised and general assistance will remain as a safety net program for Indians living on reservations who are unable to qualify for other public assistance programs. Tribes will have flexibility to redesign their BIA general assistance programs to meet unique needs at the reservation level and to adapt welfare reform measures independent of TANF. However, no new additional general assistance funds are provided for redesigns as tribes must meet their program needs within existing general assistance budgeted amounts by the end of their respective fiscal years. Consultation on the BIA's regulations will occur at two separate locations, one in Albuquerque, NM and another in St. Paul, MN. These consultation sessions are expected to solicit significant tribal input which will be used to refine and improve the regulations.

**Conclusion**

While welfare caseloads are down and more people are moving off welfare rolls to jobs across the Nation, data from some States indicates that these trends have not yet been seen in Indian country where significant challenges remain. The BIA, tribes, tribal organizations, and other Federal agencies need to work together on initiatives to improve cooperation and to allow tribes more flexibility and incentives to operate their own public assistance, child support enforcement, and other welfare related programs. We need to work to encourage private economic development, by means including but not limited to the TANF and Welfare-to-Work programs'job creation activities, in order to increase the number of jobs in Indian country and to expand local tribal economies and thereby to enable Indian people to realize the benefits of welfare reform.

Thank you for the opportunity to present the BIA position on the issue of Welfare Reform Implementation as it pertains to Indian country.

**Testimony of W. Ron Allen, President**

**National Congress of American Indians**

**Before the United States Senate Committee on Indian Affairs**

**Regarding the Implementation of Welfare Revisions in Indian Country**

**April 14, 1999**

Good morning Chairman Campbell, Vice Chairman Inouye and distinguished members of the Indian Affairs Committee. I am W. Ron Allen, President of the National Congress of American Indians (NCAI), the oldest and largest Indian advocacy organization in the United States devoted to promoting and protecting the rights of Tribal governments and their citizens. I also serve as Chairman of the Jamestown S'Klallam Tribe. I very much appreciate the opportunity to comment on the impacts of the implementation of welfare revisions in Indian Country. Further, NCAI's testimony contains several proposed changes to the welfare reform law that we ask this Committee to support so that tribes might fully participate in welfare reform and that our citizens have every opportunity to become productive and engaged community members.

**I. Overview**

In the Summer of 1996, the 104th Congress passed, and the President signed into law, the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (Pub. L. 104-193), more commonly referred to as *Welfare Reform*. The following year, the 105th Congress technically amended portions of the welfare reform law and established a Welfare-to-Work (WtW) program, as part of the spending provisions of the historic *Balanced Budget Act of 1997* (Pub. L. 105-33). The result of these laws is an unprecedented and comprehensive change in the way federal welfare assistance is provided to individuals, children and families living in poverty throughout the United States.

These new laws exact broad-sweeping changes in federal entitlements such as: Aid to Families with Dependent Children (AFDC), now a discretionary block grant to states known as Temporary Assistance for Needy Families (TANF) which mandates work participation requirements; Food Stamp eligibility; Medicaid and Medicare program delivery; child care and other children's support programs; and a host of other welfare related assistance programs and services. Devolution of most of these programs to states and often, in turn, to local governments has alleviated the federal government of most of its fiscal and jurisdictional program responsibilities. Federal funding for most of these programs is now discretionary in nature as well, with spending authority block-granted directly to the states.

## II. Welfare Reform and Indian Country

The impacts of welfare reform on this nations' poor are monumental. However, in Indian Country, where tribal communities historically suffer the highest levels of poverty and unemployment in the nation, those impacts are proving to be devastating. Few provisions in the law protect, or even address, the unique status and needs of Indian Country. The treatment afforded to tribal governments under the new law, as compared to that of the states, is extremely disproportionate. And yet, to date, Congress, as well as the Administration, have been compelled to do little, if anything, to help tribes achieve the appropriate economic and community development standards necessary to counter the impacts of these laws and policies on tribal communities.

Many within the Congress and the Administration are quick to assert opportunities afforded to tribal governments under the welfare reform law, such as, the ability to operate their own tribal TANF plan independent of state and local government intervention. However, the unfortunate reality is that the resources necessary to develop the physical, administrative and programmatic infrastructures needed for successful TANF implementation are not available to most tribal governments. For example, under AFDC, states were required to provide matching funds toward their programs equal to a percentage of the federal assistance dollars they received. This requirement, coupled with

more than sixty years of federal subsidies and technical assistance provided to states in developing AFDC program systems, created an excellent foundation for the success of state TANF plans. However, in absence of such federal support for tribal program development similar to what the states have been provided, tribes are at an extreme disadvantage in implementing their own TANF programs.

Under the law, tribes can administer their own welfare assistance programs through the implementation of a U.S. Department of Health and Human Services (DHHS) approved tribal TANF plan. However, states are not required to provide the much-needed state matching funds to those approved tribal TANF plans. This lack of basic support makes it virtually impossible for most tribes to assume welfare assistance program responsibilities without state matching funds. Moreover, the welfare reform law only guarantees tribes the federal dollars expended on those identifiable tribal populations served under the Fiscal Year (FY) 1994 AFDC program. The reality of operating a tribal TANF plan is this: tribes are offered an opportunity to assume highly expensive welfare program responsibilities; to serve a welfare population that is usually larger than the population identified under the state's FY1994 AFDC recipient data; with roughly half of the funding that the states needed to operate those same programs; including little or no technical support from either the states or the federal government. Unless a tribe already has the economic resources necessary to devote to such a program, it makes little fiscal sense for that tribe to assume such costly responsibilities under current statutory and regulatory impediments.

Welfare reform subjects TANF recipients to strict work participation requirements in an effort to force habitual welfare recipients into the workforce. However, compliance with these requirements have caused problems for many tribes. Under federal guidelines, an individual's TANF payments will be provided for a period of not more than two consecutive years, with cumulative lifetime payments capped at a five-year maximum. States can impose even stricter requirements if they choose. There is a tribal provision in the law (PRWORA, § 408) which allows an Indian adult to deduct from their five-year

cumulative limit any time living on an Indian reservation as an unemployed person, so long as that reservation community has a reporting period unemployment rate of at least 50 percent. For tribes that can document a 50 percent unemployment rate throughout the entire reporting period, this is a well-suited provision. Most tribes, however, cannot meet this requirement, showing instead a fluctuating unemployment rate hovering just below 50 percent, due mainly to seasonal or temporary employment on their reservations.

To a single Indian mother with children living on a reservation with a 38 percent or 45 percent unemployment rate, instead of a 50 percent unemployment rate, the difference in the quality of life for her family at any of those slightly varying unemployment levels is negligible. The bottom line is that single mothers with children in their care continue to make up the majority of the unemployed populations on Indian reservations. Without adequate jobs, education, vocational training and family support services, it is impossible for impoverished single mothers to seek and secure employment opportunities, on or off the reservation, without literally abandoning their children.

Welfare reform's current implementation in Indian Country fails to address the underlying cause of unemployment on Indian reservations – **a lack of jobs**. Creating better tribal economic development opportunities, which in turn lead to sustainable economies and the creation of jobs for unemployed Indian parents is the real issue that Congress and the Administration must address more vigorously. Indian parents want the same opportunities as non-Indian parents, including secure employment, freedom from poverty and an improved quality of life for their families. Mr. Chairman, NCAI applauds your commitment to improving the economic conditions in tribal communities as a primary solution to eliminating poverty throughout Indian Country. Moreover, NCAI urges this Committee to support the tribal recommendations discussed below which amend the welfare reform law as an initial step in ensuring that economic opportunities in Indian Country serve to improve the lives of our most impoverished Indian families.

### III. Indian Country's Response to Welfare Reform

Tribal leaders have responded to the enactment of welfare reform with great concern. Throughout several NCAI national gatherings on welfare reform, tribes have accurately depicted the enormous impacts welfare reform is having on their communities, provided substantial anecdotal information on these impacts as well as noted changes in the law that must occur in order to reverse such impacts. Tribal leaders have mandated NCAI to make a top priority of monitoring national legislative and policy developments surrounding welfare reform, as well as be prepared to implant tribal concepts and positions on welfare issues whenever such opportunities arise.

NCAI realizes that the collecting and sharing of information is vital to a better understanding of the true social service needs in Indian Country. NCAI also discovered early on a significant lack of statistical information, both demographic and recipient-related, that identifies the specific social service needs of Native American families. Therefore, in NCAI's effort to address these and other welfare reform issues, we hosted several national tribal welfare reform meetings and forums throughout the United States, including: Phoenix, AZ; Seattle, WA; Washington, D.C.; Portland, OR; Green Bay, WI; and, Myrtle Beach, SC. At each of these events, federal and state agency officials joined with tribal leaders and tribal representatives in formidable discourses over welfare reform's impacts on Indian Country. Throughout these forums many options were identified that the tribes, the states and the federal government should take under consideration to help ensure that tribes are fully included in welfare reform implementation processes. Transcripts and documents associated with these forums have been recorded, developed and made available to the general public as part of NCAI's role as a national information clearinghouse on tribal welfare reform issues. These documents may be reviewed and downloaded from the NCAI web site at: **http://www.ncai.org.**

Using this information, NCAI facilitated the development of a series of proposed Indian amendments to the Welfare Reform Act, which were completed and submitted to Congress in February 1997. While some of the proposed changes were included in the

Balanced Budget Act of 1997, several have yet to be acted upon. It is our contention that these proposals, if enacted, would help facilitate a positive opportunity for tribes to more fully and more meaningfully participate in welfare reform. The following is a brief explanation of each provision included in the initial amendments package, along with highlights of any action taken, either congressionally or administratively. A full text version of the amendments package has been provided as an attachment to this document.

1) Supplemental Funds for Tribal TANF Programs - provides tribes operating TANF plans funding levels equal to those the tribal welfare population received under AFDC.

2) Availability of TANF Loans to Indian Tribes - clarifies current law making Indian tribes with tribal TANF programs eligible for federal welfare program loans. ***This amendment was included in the Balanced Budget Act of 1997 (Pub. L. 105-33).***

3) Tribal Development Fund - establishes a "Tribal Development Fund" providing equal access for tribes to contingency funds, program bonus awards and technical assistance funding, currently available only to states.

4) Disregard of the 60 Month Time Limit on Tribal TANF Benefits - allows time spent by an Indian family, living on a reservation, to be disregarded from the 60-month time limit on TANF benefit eligibility; redefines "Indian Reservation" to include Indian communities in states such as Alaska and Oklahoma; eliminates the "one thousand (1000) person" population requirement of a reservation in order for families enrolled in smaller tribes to qualify for the time limit disregard; and calls for the use of the "best available data" in determining population and unemployment levels a reservation must

experience to qualify as a time limit disregard community. ***This amendment was included in the Balanced Budget Act of 1997 (Pub. L. 105-33).***

5) Tribal Determination of BIA/GA Program Payment Levels - provides tribes with more control and flexibility over the spending levels and spending authority of the BIA's General Assistance (BIA/GA) program to help relieve the impacts of welfare reform on their communities. ***The BIA is currently revising their tribal General Assistance regulations, however, tribes have yet to be assured that such revisions will reflect this change.***

6) Cooperative Agreements with States over Child Support Enforcement Functions - allows tribes an option to enter into cooperative agreements with the states to use state procedures and guidelines to supplement a tribal court system in operating tribal child support enforcement programs. ***This amendment was included in the Balanced Budget Act of 1997 (Pub. L. 105-33).***

7) Direct Funding for Tribal Child Support Enforcement Programs - allows tribes operating Child Support Enforcement (CSE) programs to receive direct funding from the Department of Health and Human Services (DHHS). ***Although this amendment was combined with tribal amendment six and included in the Balanced Budget Act of 1997 (Pub. L. 105-33), the Administration has yet to promulgate regulations and refuses to release such funding until those regulations are in place.***

8) Assurance of Equal Consultation with Tribes over State Plans - assures that tribes receive equal consultation surrounding the design of welfare services under state plans.

9) State Option to Exclude Tribal Work Program Participants - allows states to exclude individuals served by a tribal work program from being calculated in a state's work participation rates. ***This amendment was included in the Balanced Budget Act of 1997 (Pub. L. 105-33).***

10) Reporting Requirements for Tribal TANF Programs - allows the data collection and reporting requirements associated with operating a TANF program to be modified on a case-by-case basis to adapt to a tribe's capabilities.

11) Tribal Inclusion in Secretary's National TANF Program Studies - mandates the Secretary to conduct research on tribal TANF programs as well as state TANF programs, including information on potential benefits, effects, and costs of operating different TANF programs.

12) Tribal Retro Cession - allows a tribe to retro cede a tribal TANF grant back to the Secretary, and discontinue operating a tribal TANF program, if preconditions identified in the tribal TANF plan (i.e., infrastructure improvement, technical assistance, job opportunities) do not exist. ***Language on retro cession of a tribal TANF plan back to state authority and control has been included in the Notice of Proposed Rule Making (NPRM) on tribal TANF/Native Employment Works (NEW) programs set for final promulgation on November 22, 1998.***

13) Equitable Assistance to Indians under State TANF Plans - enforce state requirement to provide equitable services to Indian individuals not receiving assistance from a Tribal TANF Program. ***A few states have complied with the law and provided equitable access to Indian individuals under their state plans. However, this requirement (PRWORA, § 402(A)(5)) carries no enforcement provision under the current law, allowing states to disregard providing equitable assistance to Indian families under state plans.***

14) Tribal Appeals - allows Tribal governments operating TANF programs, access to an appeals process over adverse actions by the Secretary similar to the process available to the states.

As noted, a few of these amendments were included as part of the enacted changes to the welfare reform law during the last Congress. However, most of the proposed tribal amendments were not considered, including those that would have effectuated the most significant welfare reform changes in Indian Country. In addition, since the development of the February 1997 amendments' package, tribes have identified further impediments under the law that require legislative attention. The following is a brief description of these additional issues.

I) ***Ability of Tribes to Retain "Carryover" TANF Funds.*** This is a major issue for all the TANF tribes and tribes considering TANF. It is unlikely that the DHHS will reverse its position taken in the Proposed Rules (based on its legislative interpretation that Congress did not intend to allow tribes to carry over funds even though states are permitted to do so), absent a legislative fix. Such a fix would not require new funding and could be argued as a matter of oversight in drafting the law.

II) ***Reauthorization of the Tribal Funding in the Welfare-to-Work Program, Including an Increase in the Amount of Tribal Set-Aside Funding and a Relaxation of the Rules.*** The Welfare-to-Work (WtW) program was authorized for only two years – FY1998-99. The tribal set-aside is only 1 percent of the total WtW funding. The complexity of the rules and the targeting provisions have made it difficult for tribes to take full advantage of this money, which is the only new source of funding to enable tribes to provide employment services to TANF recipients. The Administration is asking Congress for a one year extension of the Welfare-to-Work program in its FY2000 budget request, with a funding level of $1 billion. Reportedly, the Administration is considering an increase in the tribal set-aside under WtW from 1 percent to 3 percent, thereby increasing the tribal share to $30 million for the upcoming fiscal year. Congress is urged to support this initiative.

III) ***Distribution of Child Support Collections to Tribal TANF Programs.*** This is a major issue for many, if not all, of the 19 TANF grantees. With or without some form of state match, such collections are a potentially important source of support for tribal TANF programs. The issue does not involve any new funding, but may require clear statutory authority to insure that tribes receive such collections from absent parents of tribal TANF clients.

IV) ***Treatment of the Tribal TANF Program as a Pub. L. 93-638 Program for Tribal Contracting Purposes, Including Payment of Contract Support Costs.*** This issue is currently before the Federal District Court in Phoenix as a result of litigation initiated by the Navajo Nation over the DHHS Secretary's initial decision to refuse tribal 638 contracting of TANF. It should be noted that any legislative action on this issue brings with it the potential of raising broader questions about the scope of 638 contracting. Therefore, we ask

that such amendments be narrowly construed to help eliminate the risk of additional changes being offered that may carry unknown consequences.

V) ***BIA's Revision of 25 C.F.R. Part 20, Financial Assistance and Social Service Programs.*** The revision of the BIA social service regulations has not been the BIA's most timely or inclusive effort. In fact, as recently as June 1998, the Bureau stated for the record that they would plan to hold a series of consultation sessions with tribes throughout Indian Country. Tribes asked for more, including the establishment of a tribal working group to help facilitate a true negotiated rule making process (neg./reg.) over the revision of these regulations. To date, no appropriate consultation with tribes has occurred over the proposed revisions to Part 20. The BIA did announce, but then postponed, a planned consultation with tribes. To date, no official rescheduling of that consultation session has occurred, and, although promised much more, tribes will probably have to resort to filing written comments on these revisions during a 30 or 60 day public comment period, as part of a standard regulatory promulgation process. To make matters worse, it is reported that the latest draft of the BIA's proposed social service regulations appear to diminish General Assistance (GA) as a safety-net program of last resort. A proposed provision states that if an individual is sanctioned from a state or tribal TANF plan due to a noncompliance, even noncompliance with state work participation requirements due to a lack of available jobs, he or she may be ineligible for GA.

Mr. Chairman, we urge Congress to consider action on these proposed changes to the welfare reform law. It is in the best interest of all parties – tribal, state and federal – that tribes succeed in the welfare reform process. If the proposed changes to the law are enacted, we feel that welfare reform will move closer to becoming the tool Congress intended in alleviating welfare dependency by improving and expanding workforce development initiatives.

## IV. The Lack of Tribal Consultation

Most social service experts familiar with Indian Country concur that once Indian families reach their TANF eligibility time limits, or exhaust their TANF benefits completely, they will have no choice but to turn to the tribe for support services, including General Assistance (GA), to meet many of their basic needs. Considering the federal government's continued under-funding of the GA program, which in most cases is the only form of cash assistance available directly from the tribe to its members, concerns over the future of poor and needy families in Indian Country take on a whole new urgency. In efforts to address these concerns, the Bureau of Indian Affairs (BIA), in conjunction with the NCAI 1998 Mid-Year Session in Green Bay, WI, held a tribal introductory session on the proposed draft revisions to 25 C.F.R. Part 20 - Financial Assistance and Social Service Programs, which includes the GA regulations. As noted above, the BIA promised tribes at this session that they would plan a series of consultation sessions with tribal governments in the coming months throughout Indian Country.

Per NCAI Resolution EC-99-001 (attached), tribes have concluded that anything short of full consultation with Indian Nations over proposed changes to 25 C.F.R. Part 20, is unacceptable. As a matter of principle, such lack of full and deliberate consultation with tribes violates long accepted government-to-government relations established between the federal trustee and Indian tribes via treaties, statutes and executive orders. Executive Order #13084 further supports this policy by calling on all federal-level departments and their agencies to develop an improved consultation and negotiations process with Indian tribes over the promulgation of federal regulations that effect them.

Indian Country's effort to extend the government-to-government relationship beyond the confines of the BIA and the Indian Health Service (IHS) comes at a critical time when Indian programs and service functions are rapidly expanding within other federal agencies. These newly targeted agencies will undoubtedly look to the BIA as a model to develop their own tribal consultation and negotiation policy. Recognizing this potential

role model status makes the BIA's lack of tribal government consultation over the GA revisions extremely troubling.

NCAI has also developed a set of comments on the tribal Temporary Assistance for Needy Families / Native Employment Works (TANF/NEW) Notice of Proposed Rule Making (NPRM). After incorporating comments from tribes, intertribal and national/regional Indian organizations, a task force comprised of tribal welfare reform and social service experts helped identify issues and draft a comprehensive set of comments which NCAI then finalized and submitted to the DHHS. However, the consultation and negotiation process with tribes by the DHHS on promulgating federal regulations to implement the tribal TANF/NEW laws have been minimal, consisting primarily of:

a) a five-page, Tribal TANF Questionnaire sent to all federally recognized Indian tribes on February 11, 1997, which provided tribes an opportunity to propose suggestions to the ACF on a number of issues, including: i) what types of tribal data sources should be used to determine funding levels for tribal TANF grants; ii) the contents of, and process for, approving tribal TANF plans; iii) the penalty assessment process for tribal TANF plan violations; iv) tribal work participation requirements and time limits; v) tribal data reporting requirements; and vi) the level of consultation and negotiation required by the tribes of the ACF;

b) a guidance document for tribes to use in developing their own TANF plans, also sent to tribes on February 18, 1997;

c) a Data Processing Capacities Questionnaire sent to tribes on March 11, 1997, that was disseminated in an effort to identify the current level of electronic communications and data processing capacities of tribes; and,

d) a tribal TANF/NEW NPRM published in the Federal Register on July 22, 1998, with an original comment deadline of sixty days which was extended an additional sixty days by the DHHS at the urgence of tribes and the NCAI.

Mr. Chairman, the serious lack of tribal consultation by the federal government over such enormous social service changes in Indian Country has directly contributed to the significant lack of participation by tribes in welfare reform programs. The lack of tribal participation in these program functions should raise concerns in Congress as to why such a de minimis level of tribal participation exists. To date, less than twenty tribal TANF plans have been approved and implemented. Of these, the majority serve only a single tribe, with two serving a consortia of tribes. All total, less than one-eighth of the 559 federally recognized tribes are seeking to implement welfare reform on their own.

V. STRENGTHENING GOVERNMENTAL RELATIONS

Improvements in the actual implementation of state and local government welfare reform plans in tribal communities must come from negotiations between state, local and tribal governments over state and local government delivery of welfare reform programs and services in tribal communities. Most tribes are reluctant to enter into negotiations with state and local governments over functions that they deem a part of the federal-tribal trust responsibility. Unfortunately, this current era of devolution does not protect or even recognize such federal responsibilities. Until changes in law and policy reaffirm the responsibility of the federal government over sovereign Indian Nations, it is in the best interest of tribes to negotiate agreements with the states over the implementation of welfare reform in American Indian and Alaska Native communities.

To advance tribal programs with treatment, resources and respect equivalent to state-administered programs, it is our goal to provide Congress with tangible evidence as to the needs of tribes. To help meet these challenges, NCAI has secured grant funding from the W.K. Kellogg Foundation to address, among other things, the strengthening of governmental relations between states and tribes. Importantly, NCAI's efforts under the

Kellogg grant will lead to further identification and improved awareness of issues, create an objective information base that is relevant and useable by a variety of policy stakeholders, and explore ways to engage states, tribes, and the organizations that serve them both in more formidable public policy decision-making processes.

Along with NCAI, other Indian organizations and academic institutions have committed to help strengthen government relations between tribes, states and the federal government, either through the development of data collection and tracking methodologies, or through grassroots networking on common socio-economic issues that affect both tribal and non-tribal populations. The following is a brief highlight of these initiatives.

- The National Indian Council on Aging, who is pioneering the use of Geographic Information System (GIS) mapping technology as a way of better defining elder population demographics, including statistical data on socio-economic and health-related needs. Such technology has enabled a revolution in data management and analysis, allowing disparate data to be interwoven into a graphic map that illustrates how areas (state, county, zip code, block group, et cetera) differ on the basis of selected indices.

- The Kathryn M. Buder Center for American Indian Studies at Washington University in St. Louis, MO, headed by former Assistant Secretary for Indian Affairs, Dr. Eddie Brown, is involved in a five-year study designed to monitor the impacts of welfare reform on low-income families with children living on Indian reservations in Arizona. Findings from this study, based on both primary and secondary data sources, will be extremely helpful in informing the national public policy debate on improving economic opportunities for American Indian parents and providing an adequate standard of living for their children and families facing the most severe impacts of welfare reform in their reservation communities.

- The Rural Institute on Disabilities at the University of Montana is conducting a study on the impacts of welfare reform on disabled populations. This effort focuses on a broad range of welfare reform-related disability concerns including those of American Indians and Alaska Natives, veterans with disabilities, elderly with disabilities, and parents of children with disabilities. Identifying and collecting data on the special needs of disabled persons currently on welfare assistance, especially those surrounding the lack of employment opportunities and social support services for the disabled, will be the primary focus of this study. Once complete, these findings will help to better inform tribes, states and the federal government on the unique needs associated with disabled welfare-dependant populations, along with options to improve employment opportunities and accompanying support services for disabled workers.

Mr. Chairman, efforts such as the ones highlighted above are critical to a better understanding of welfare reform's broad-reaching impacts on Indian Country. Through these efforts, we are beginning to identify common concerns that affect both Indian and non-Indian populations alike. These are the issues that lay the foundation for more productive relations between tribal, state and federal government entities. We urge Congress to support efforts such as these by increasing federal funding sources and improving tribal eligibility requirements for such funding. In this way, Indian Country can expand its efforts of enhancing intergovernmental relations with federal, state and local government entities.

## VI. In Conclusion

In large part, tribes perceive welfare reform as a devolution of federal trust responsibilities to states and local governments without appropriate inclusion and empowerment of tribal governments. Much of their concern is caused by the ambiguity toward the treatment of tribes under the welfare reform laws themselves. The federal government no longer controls most of the allocation of cash assistance, including

eligibility requirements and actual cash disbursements, to Indians. Moreover, many tribes have trust provisions in their treaties which call for health, education, welfare and social service support to be rendered by the federal government. For these tribes, as well as for all of Indian Country, welfare reform constitutes an encroachment upon the government-to-government relationship which exists between tribal governments and the federal government. Considering the issues surrounding welfare reform and the substantial impacts these laws and policies are having on tribal communities, NCAI has intensified its level of advocacy on behalf of Indian Country.

Devolution is a growing trend in the United States, with more localized government control over historically federal functions gaining broad-based support among the voting public. Tribal governments also advocate for more control over federal programs, services and funding. Welfare reform is the first major test case of this devolutionary trend. Of utmost concern to tribes, however, is the protection, improvement and expansion of the government-to-government relations between tribes, states and the federal government under devolution. Federal and state governments on the other hand, persist in their lack of acknowledgment of and respect for the sovereignty of tribal governments. Tribal, state and federal commitments to enhance and strengthen government-to-government relationships must be obtained and upheld if improving the quality of life for impoverished Indian families is to occur.

Mr. Chairman, as we have highlighted today, NCAI's proposed changes to the Welfare Reform Act will help to alleviate some of the concerns identified by tribes under welfare reform. It is the goal of NCAI to see a comprehensive set of tribal amendments to welfare reform introduced in Congress, whether under a single instrument, or categorically separated into more "issue focused" packages. If the foreseen congressional agenda requires the separation of issues as a more appropriate tactic for advancing our tribal welfare reform concerns, NCAI would support such initiatives. In this way, tribally specific positions on a variety of welfare related categories (i.e., TANF, job creation, job training/adult-vocational education, Medicaid, data collection, child care, transportation

and housing, et cetera) will be available for possible inclusion in a number of potential legislative initiatives before the 106th Congress. It is the collective wisdom of tribal leaders and the NCAI that under the current political climate, this approach may prove more successful than trying to get a comprehensive set of amendments adopted as part of a single bill.

NCAI appreciates the Committee's interest in the impacts that many tribes are currently faced with under welfare reform. We urge this Committee to continue working with NCAI, and others, in the introduction of an amendments package this session. Even if only technical in nature, such legislation will go along way in overcoming some of the impediments identified by tribes under the current law in implementing adequate social service delivery programs in their communities.

As the process of implementing and possibly amending welfare reform continues through the Administration and the Congress, NCAI will continue to serve as a lead advocate on eliminating the Welfare Reform Act's disparities toward Indian Country. Mr. Chairman, NCAI looks forward to working with the Senate Indian Affairs Committee to develop such amendments to the welfare reform statutes as a way to ensure the protection and support of tribal sovereign rights aligned with the provision of social service deliveries, including welfare assistance, to its members. Through the directive of tribal leaders, NCAI stands ready to work with all interested parties to ensure that these goals are achieved.

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ATTACHMENTS

**Indian Amendments Package to Pub. L. 104-193**
**"Personal Responsibility and Work Opportunity Reconciliation Act of 1996"**

This 18 page amendments package is provided as an initial response by tribal leaders to amend the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Some of these amendments were made part of the DHHS Secretary's technical amendments package that was enacted as part of the Balanced Budget Act of 1997. Questions or clarification of any of the following materials should be addressed to NCAI at (202) 466-7767.

AMENDMENT #1 - Supplemental Funds for Tribal TANF Programs - ***Providing to tribes the total funding used by the states to provide services to Indian families who will now be served by a tribal program, not just the federal share***
**Proposed Amendment: Below are two options for federal contribution of what would be the state share for tribal TANF programs.**

*(Two) OPTIONS TO PROVIDE SUPPLEMENTAL FUNDS TO TRIBAL TANF PROGRAMS TO REPLACE THE LOSS OF STATE FUNDS*

*Option 1 - Secretary to pay tribes with approved TANF plans both the federal share, and what would have been the state share, of TANF funds (an entitlement).*

Title I of P.L. 104-193, Section 412 (a) (1) (B) is amended to read:

"(a) GRANTS FOR INDIAN TRIBES.-

(1) TRIBAL ASSISTANCE GRANT.-

(A) IN GENERAL.- For each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under subparagraph (B), and shall reduce the grant payable to any state in which lies the service area or areas of the Indian tribe by that portion of the amount so determined that is attributable to **federal** expenditures by the state.

(B) AMOUNT DETERMINED.-

(I) IN GENERAL.- The amount determined under this subparagraph is an amount equal to the total amount of the Federal payments to a state or states under Section 403 ~~(as in effect during such fiscal year) for fiscal year 1994 attributable to expenditures~~ (other than child care expenditures) **and the amount of state expenditures (other than child care) as required in Section 409 (B)** ~~by the State or States under parts A and F (as so in effect) for fiscal year 1994~~ for Indian families residing in the service area or areas identified by the Indian tribe pursuant to Subsection (b) (1) (C) of this Section."

*Explanation*: Nationally, Indian tribes have unemployment and poverty rates far in excess of the national average. Under P.L. 104-193, a tribe which opts to administer a TANF program is not guaranteed of receiving any state supplemental funds. Most tribes are not in a financial situation to provide supplemental TANF funds, especially in light of the fact that they have a service population which is disproportionately in need of TANF services.

If a tribe does not operate TANF, the state must provide TANF services to Indian people in tribal areas. The amendment would require the federal government to provide to tribes with approved TANF plans the amount of state funding (except for child care funds) which would be spent in the tribal areas. Child care funds are not included, because tribes under P.L. 104-193 are now receiving child care funds directly.

*Option 2 - Separate federal authorization for funding to make up for the lack of state TANF funds for tribal TANF programs.*

Section 412. Add:

**"(I). FUNDS FOR TRIBAL TANF PROGRAMS.**
**In addition to the funds provided under (a) (1) of this Section, there shall be appropriated $160 million annually for payments to tribes with approved TANF programs. The Secretary shall report to Congress of distribution of such funds, and the anticipated need for such funds as tribes assume administration of the TANF program. Funding not utilized in any fiscal year shall revert to the Treasury."**

*Explanation*: This provides authority for an appropriation equal to 1% of the $16 billion currently provided to states for TANF to make up to the expected loss of state funds for tribes which administer the TANF program. Also, see explanation above.

**AMENDMENT #2 - Support proposed DHHS Amendment regarding tribal access to loans.** ***(see below)***

4. AVAILABILITY OF TANF LOANS TO INDIAN TRIBES

*Problem: Sec. 412 (f) (1) of the Social Security Act, which specifies that Indian tribes are subject to the penalty under Sec. 409 (a) (6) for failure to repay a loan under Sec. 406, indicates Congress' intent that the tribes be eligible for these loans. However, Sec. 406 speaks only in terms of loan-eligible states. The following amendment to Sec. 406 would provide explicitly for Indian tribes' eligibility for loans:*

**Proposed Amendment:**

( ) AVAILABILITY OF FEDERAL LOANS TO INDIAN TRIBES. – Section 406 (a) is amended by adding after paragraph (2) the following:

"(3) ELIGIBILITY OF INDIAN TRIBES. – For purposes of this Section–

(A) the term 'loan eligibility state' includes an Indian tribe receiving a family assistance grant under Section 412 (a); and

(B) the reference in Subsection (C) to Section 403 (a) shall be considered, in the case of an Indian tribe, to be a reference to Section 412 (a)."

*Additional Explanation to Loan Program Amendment: This provision would make tribes which operate a TANF program eligible for the federal welfare program loans. A specific use of the loan program for states is to meet their needs if Indian people move from tribal service areas to state service areas. There is significant mobility in the Indian population, and tribes would just as likely need loan funds to meet emergency needs for Indian people moving into their service areas.*

The section of the law concerning the tribal TANF programs states in Section 412 (d) that nothing in that section shall preclude an Indian tribe from seeking emergency assistance from any federal loan program or emergency fund. Apparently DHHS does not think this provision is clear with regard to tribal eligibility for the Section 406 loan program.

**AMENDMENT #3 - Make tribes eligible for the Contingency Fund, for bonuses based on a reduction in the rate of out-of-wedlock births, and for funding for establishment of data systems and other programs necessary for child support enforcement and TANF programs.**

Title I, at the end of Section 412, add:

**"(I) TRIBAL DEVELOPMENT FUNDS-**

**(1) ESTABLISHMENT. There is hereby established in the Treasury of the United States a fund which shall be known as the "Tribal Development Fund" (in this section referred to as the "Fund").**

**(2) DEPOSITS INTO THE FUND. Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, 2000, and 2001 such sums as are necessary for payment into the Fund in a total amount not to exceed $150,000,000.**

**(3) GRANTS. The Secretary shall make grants to tribes, taking into account tribal financial resources, unemployment, poverty data, the reduction in out-of-wedlock births, and tribal plans for child support enforcement.**

*Explanation: The Act provides for a $2 billion contingency fund for state welfare programs but not for tribal programs. It also provides bonuses for states, but not tribes, who reduce the rate of out-of-wedlock births. It also provides $400 million to states, but not to tribes, for data systems needed for child support enforcement programs. This amendment would provide the same array of opportunities to tribal governments as is provided to state governments.*

**AMENDMENT #4 - Support the Secretary's amendments on disregard of time limits in certain tribal areas. *(see below)***

8. TIME LIMIT ON BENEFITS: DISREGARD OF CERTAIN ASSISTANCE TO RESERVATION RESIDENTS.

*Problem: In recognition of high jobless rates and lack of employment opportunities in Indian country, Sec. 408 (a) (7) (D) of the Social Security Act provides for disregard, in determining the 60-month time limit on TANF assistance to a family, of assistance to residents of Indian reservations where specified conditions are met. The current statute presents various difficulties:*

*(1) It requires reliance on data that may not be available. Neither the Interior Department's Bureau of Indian Affairs (BIA) nor any other federal agency collects monthly data on the population or labor force status of persons in reservation areas or in Alaska Native villages.*

*(2) It does not apply to TANF programs operated by tribes, but only to state programs.*

*(3) Its narrow reference to "Indian reservation" excludes important areas within the standard definition of Indian country (e.g., former reservation areas in Oklahoma).*

*(4) Its 1,000-person population threshold would have the clearly unintended effect of making the disregard inapplicable to residents of most Alaska Native villages, as well as a large majority of Indian reservation areas, notably many small reservations in remote areas where unemployment is particularly severe.*

Proposed Amendment: (This is the DHHS - program amendment)

( ) TIME LIMIT ON BENEFITS: DISREGARD OF CERTAIN ASSISTANCE TO RESERVATION RESIDENTS.–Section 408 (a) (7) (D) is amended to read as follows:

"(D) DISREGARD OF MONTHS OF ASSISTANCE RECEIVED BY ADULTS WHILE LIVING ON TRIBAL LAND IN INDIAN COUNTRY, OR IN ALASKA NATIVE VILLAGES, WITH 50 PERCENT UNEMPLOYMENT.–

"(i) DISREGARD REQUIREMENT.– In determining the number of months for which an adult has received assistance under the state or tribal program under this part, the state or tribe shall disregard any month during which the adult lived on an Indian reservation, in Indian country occupied by a tribe, or in an Alaska native village, if the most reliable federal data available with respect to such month (or a period including such month) indicate that at least 50 percent of the Indian adults living on such Indian reservation, in Indian country occupied by such tribe, or in such village, were not employed.

"(ii) DEFINITION.– For purposes of this subparagraph, 'Indian country' has the meaning given such term in Section 1151 of Title 18 of the United States Code."

AMENDMENT #5 - Tribal Determination of BIA/GA Program Payment Levels - ***Providing tribes the right to determine the appropriate level of payment under the Bureau of Indian Affairs General Assistance program.***

*Explanation: Under the Act, Bureau of Indian Affairs General Assistance (GA) payments are tied to the level of payments made by the state in its Temporary Assistance for Needy Families (TANF) Block Grant. But, TANF, unlike its predecessor AFDC, is not an assistance program at all. A state could, for instance, emphasize using TANF for job training and transportation, and provide little funding in the form of cash assistance.*

It is likely that state TANF programs will result in decreased benefits, in part because states are required to provide only 75% of the supplemental funds they previously contributed and also because states are authorized to transfer up to 30% of their TANF funds to other programs. The situation will vary from state to state, so there is no definitive answer to the question of how TANF will affect the BIA General Assistance program. It is likely that the new welfare reform law will, at least in some states, place increased pressure on the BIA General Assistance program.

The BIA/GA and the TANF (former AFDC) programs serve different constituencies:

– TANF is for families with dependent children.

– BIA General Assistance is for persons who DO NOT qualify for AFDC – so the BIA/GA program is more likely to serve older people without dependent children.

The fact that the budgetary line-item for the GA program is (as of FY 1996) in the BIA Tribal Priority Allocation budget category appears inconsistent with the Act's requirement that GA payments be tied to the level of payments in the state's TANF program. Also, there is a question as to whether the welfare reform statute's requirement that GA payments be tied to the state payment levels will apply to the BIA-administered GA programs only, or whether it will apply to both BIA and tribally-administered GA programs. The Act states that BIA General Assistance payments shall be made–

"(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

"(2) on and after October 1, 1995, on the basis of standards of need established under the state program funded under part A of Title IV of the Social Security Act, except that where a state ratably reduced its AFDC or state program payments, the Bureau shall reduce General Assistance payments in such state by the same percentage as the state has reduced the AFDC or state program payment."

**Proposed Amendment: Strike the above provision, Title I, Section 110 (k), in P. L.104-193.**

AMENDMENT #6 - ***Child Support Enforcement Amendment - Cooperative Agreements with States. Support proposed DHHS amendment (below):***

**Sec. 375: CSE for Indian Tribes:**

1. COOPERATIVE AGREEMENTS WITH STATES.

*Problems: Sec. 454 (33) of the Social Security Act, as added by Sec. 375 (a) of PRWORA, requires several minor amendments to permit implementation.*

This provision as drafted sets threshold conditions for tribal participation in a cooperative agreement that represents burdensome and unnecessary barriers. This provision requires a tribal court system to have the authority to establish paternity, establish, modify and enforce support orders, and have child support guidelines established by the tribe or tribal organization. Some tribes may have the authority to accomplish some, but not all, of these functions, and may be willing to use state procedures and guidelines. Amendments made by paragraphs (1) and (2) below would permit tribal participation in cooperative agreements without requiring them to provide all services listed and to adopt tribal guidelines.

This provision also requires amendments (made by paragraph (3) and (4) below) to conform terminology to that is used in title IV-D generally.

**Proposed Amendment:**

( ) COOPERATIVE AGREEMENTS BY INDIAN TRIBES AND STATES FOR CSE.– Section 454 (33), as added by Section 375 (a) (3) of PRWORA, is amended–

(1) by striking "and enforce support orders, and" and inserting "or enforce support orders, or";

(2) by striking "guidelines established by such tribe or organization" and inserting "guidelines established or adopted by such tribe or organization";

(3) by striking "funding collected' and inserting "collections"; and

(4) by striking "such funding" and inserting "such collections".

**AMENDMENT #7 - Child Support Enforcement Amendment #2 - Direct Funding to Tribes.**

Title III, Section 375 (b) is amended to read:

**"(b) The Secretary shall make direct payments to an Indian tribe or tribal organization which has an approved child support enforcement plan under this Section. The Secretary shall, in partnership with tribes and tribal organizations and others with expertise in the child support enforcement field in determining guidelines for provision of direct funding to tribes.**

*Explanation: Under the Act, a tribe would have to undertake every single activity required of a state child support enforcement plan in order to receive direct funding to administer their own plan. It is clear from the statements of the Congressional sponsors of the tribal child support enforcement provision that they intended for DHHS to provide flexibility in approving tribal programs. The amendment would remove the word "title" which implies that tribal programs – in order to receive direct DHHS funding – must comply with all state requirements and substitutes the word "Section".*

The amendment would also require the Secretary to work with tribes and others in determining guidelines for direct funding to tribes under the child support enforcement program. Under the Act, the Secretary is directed to consider – in making a determination of whether a tribe may administer its own child support enforcement program – whether a state is providing services to eligible Indian recipients will have the unintended effect of discouraging tribes from working toward development of their own programs.

**AMENDMENT #8 - Section 402. ELIGIBLE STATES; STATE PLAN - Section 402(a)(4) of the Social Security Act is amended --**

( ) by adding the words **"and tribal"**, after the word "local".

*Explanation: This amendment will provide tribes with equal assurance, currently granted to local governments and private organizations, that they:*

(A) have been consulted regarding the plan and design of welfare services in the state so that services are provided in a manner appropriate to local populations; and

(B) have had at least 45 days to submit comments on the plan and the design of such services.

**AMENDMENT #9 - Support Proposed DHHS Amendment Regarding State Option of Tribal Exclusion.** ***(see below)***

5. STATE OPTION TO EXCLUDE INDIVIDUALS SUBJECT TO TRIBAL WORK PROGRAMS FROM STATE PARTICIPATION RATES.

*Problem*: Sec. 407(b)(4) of the Social Security Act gives states the option whether to include, in their work participation rate calculations, individuals receiving assistance under a Tribal TANF plan under Sec. 412(a)(1). States do not have the same flexibility to exclude from their participation rate calculations individuals who are in the state TANF program but are served by a tribal work program under Sec. 412(a)(2).

Under Sec. 412(a)(2), tribes that had JOBS programs in 1994 and 1995 remain eligible for grants for tribal work programs, regardless of whether they operate a TANF program. These tribal work programs are subject to neither the old JOBS rules, nor the new TANF work rules. Because individuals served by tribal work programs may not be participating in work activities at the same rate as those in state programs, and because states will face special obstacles in engaging tribal members in state work programs, it would be reasonable to give states the option to exclude them from the state participation rate calculation.

This amendment would not affect work requirements applicable to individuals.

**Proposed amendment:**

( ) STATE OPTION TO EXCLUDE INDIVIDUALS SUBJECT TO TRIBAL WORK PROGRAMS FROM STATE PARTICIPATION RATES.-- Section 407(b)(4) of the Social Security Act is amended --

( ) in the caption, by inserting "OR WORK PROGRAM" after "FAMILY ASSISTANCE PLAN"; and

(2) by adding "or work program" before "approved under Section 412".

**AMENDMENT #10 - Reporting Requirements for Tribal TANF Programs.**

Section 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES - Section 412(g) of the Social Security Act is amended to read:

"(g) DATA COLLECTION AND REPORTING.– Section 411 shall apply to an Indian tribe with an approved tribal family assistance plan except insofar as the Secretary finds such requirements inappropriate to the tribe's circumstances."

*Explanation*: State governments have operated large cash assistance programs for decades. The federal government has provided financial assistance at a 90% federal share level to assist states to develop sophisticated computerized reporting systems for their programs.

There has been no similar support for the development of tribal Management Information Systems (MIS).

The requirements of Section 411 pose challenges to state MIS systems, even in view of the federal support they have long received. These requirements are virtually impossible for any tribe to meet without the diversion of substantial amounts of the tribe's limited TANF allocation to the creation of a new and very complex MIS capability.
The proposed amendment would enable the Secretary to modify the Section 411 requirements on a case-by-case basis to adapt them to tribal capabilities.
The proposed amendment has no budgetary impact.

**AMENDMENT #11 - Tribal Inclusion in the Secretary's Research, Evaluations, and National Studies of TANF Programs.**

Section 413. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES - Include tribes in more activities.

Section 414. STUDY BY THE CENSUS BUREAU - Include tribes in the Census Bureau's data collection activities.

**Proposed Amendment:**

- **SEC. 413(a) Research.-** is amended by inserting the words **"and Tribal"** after the word State.

- **SEC. 413(b)(1) In General.**- is amended by inserting the words **"and Tribes"** after the word States.

- **SEC. 413(c) Dissemination of Information.**- is amended by inserting after the word State a comma ( , ) followed by the word **"Tribes".**

- **SEC. 413(f) State-Initiated Evaluations.**- - is amended by inserting the words **"or Tribe"** after the word State.

- **SEC. 413(f)(2)** - is amended by inserting the words **"and Tribes;"** after the word States. **SEC. 413(h)(3)(C)** - is amended by inserting by "striking the period" after the word communities., and inserting a comma ( , ) followed by the clause **"including tribal communities."**

- **SEC. 414(a) In General.**- is amended by inserting the words **"and Tribal"** after the word State.

*Explanation*: This amendment will mandate that the Secretary conduct research on tribal TANF programs as well as state TANF programs, including information on potential benefits, effects, and costs of operating different TANF programs. These studies will also include information regarding the development of time limits relating to eligibility for assistance as well as effects that these programs may have on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate.

**AMENDMENT #12 - Tribal Retrocession.**

Section 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES - Section 412 of the Social Security Act is amended by adding:

"(l) TRIBAL RETROCESSION. A tribe administering a tribal assistance plan under this section may, by notifying the Secretary and the state not less than 90 days prior to the beginning of the new fiscal year, choose not to implement that plan for such identified fiscal year."

*Explanation*: This amendment will allow a tribe to retrocede a tribal family assistance grant to the Secretary in the event that preconditions identified in the tribal assistance plan do not exist. Upon notice of retrocession to the Secretary, the Secretary shall withhold amounts otherwise due the tribe under this section and pay such amounts to the appropriate state upon terms and conditions contained in this part.

**AMENDMENT #13 - Amend Title I, Section 402 (A) (5) as follows:**

CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE-A certification by the chief executive office of the state that, during the fiscal year, the state will provide each member of an Indian tribe who is domiciled in the state and is not eligible for assistance under a tribal family assistance plan approved under Section 412 with equitable ~~access to~~ assistance under the state program ~~funded under this part attributable to funds provided by the Federal government~~.

*Explanation*: As currently written, the state is required to provide equitable access to people who are members of Indian tribes (as defined in the Indian Self-Determination Act) whose tribe does not administer a TANF program to services attributable to federal funds. Indian people are citizens of states, and should be eligible for TANF services which are funded through the required state match or other state funds. As a practical matter, states would have a difficult time determining which TANF services are funded through federal verses state funds, as the funds will be co-mingled.

The term "access" with regard to services would be dropped as it is vague and unenforceable. Rather, the state is required to provide equitable services.

**AMENDMENT #14 - Amend Title I, Section 410, by adding:**

" (d) TRIBAL APPEALS.–The Secretary shall establish an appeals process for tribes and tribal organizations of adverse actions under this part which is comparable to that provided for states."

*Explanation*: This amendment will provide tribal governments an appeals process similar to that provided to state governments under this section.

* * * * *

# NATIONAL CONGRESS OF AMERICAN INDIANS

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*Mandan, Hidatsa & Arikara*

Resolution # EC-99-001

**Title: BIA Revision of Social Service Regulations and Tribal Consultation**

WHEREAS, we, the members of the National Congress of American Indians of the United States, invoking the divine blessing of the Creator upon our efforts and purposes, in order to preserve for ourselves and our descendants rights secured under Indian treaties and agreements with the United States, and all other rights and benefits to which we are entitled under the laws and Constitution of the United States to enlighten the public toward a better understanding of the Indian people, to preserve Indian cultural values, and otherwise promote the welfare of the Indian people, do hereby establish and submit the following resolution; and

WHEREAS, the National Congress of American Indians (NCAI) is the oldest and largest national organization established in 1944 and comprised of representatives of and advocates for national, regional, and local Tribal concerns; and

WHEREAS, the health, safety, welfare, education, economic and employment opportunity, and preservation of cultural and natural resources are primary goals and objectives of NCAI

WHEREAS, the Bureau of Indian Affairs (BIA) General Assistance is a program designed to assist tribal members for essential financial needs, and individuals qualify for the BIA General Assistance program because of their status as Tribal members of federally recognized Indian tribes; and

WHEREAS, the Bureau of Indian Affairs (BIA) is proposing to revise the Financial Assistance and Social Services Programs regulations at 25CFR Part 20 restricting effective tribal governmental discretion; and

WHEREAS, the BIA has proposed regulations that require tribes to uphold state/Tribal TANF sanctions by prohibiting tribal members from participating in the BIA General Assistance program and will require all employable general assistance applicants to engage in work activities at the same rate of participation indicated by the applicable TANF (state/tribal) program; and

WHEREAS, the BIA has proposed additional general assistance regulatory conditions that require full time students over the age of 19 to also participate in work activities; and

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**WHEREAS,** the BIA proposed regulations provide for nationally determined payment schedules for burial and emergency assistance which do not reflect local economic and social conditions of Tribal communities and are insensitive to local economic conditions; and

**WHEREAS,** the revising of the BIA social service regulations process has not conformed to President Clinton's Executive Order of May 1998 instructing the Administration and its officials regarding process and protocol in implementing the government-to-government relationship; and

**NOW THEREFORE BE IT RESOLVED,** that the NCAI considers the BIA General Assistance Program to be the last safety net for needy Indian families and strongly opposes the above proposed regulation language.

**BE IT FURTHER RESOLVED,** that NCAI urges BIA to comply with the President's Executive Order of May 1998 requiring a meaningful and effective tribal consultation process whereby tribal decision regarding the regulations will be implemented into the BIA General Assistance Program and that NCAI strongly urges the BIA to consult with the tribes regarding the appropriate implementation and management of this program with the tribal operations.

**BE IT FINALLY RESOLVED,** that NCAI urges the BIA to immediately implement the government-to-government policy and consult with the tribes before revising regulations affecting tribal operations.

**CERTIFICATION**

The foregoing resolution was adopted by the Executive Committee of the National Congress of American Indians, held at the Grand Hyatt Hotel in Washington, D.C. on February 20, 1999 with a quorum present.

W. Ron Allen, President

**ATTEST:**

Lela Kaskalla, Recording Secretary

NATIONAL CONGRESS OF AMERICAN INDIANS

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RESOLUTION # MRB-98-059

**Title: WELFARE REFORM**

**WHEREAS,** we, the members of the National Congress of American Indians of the United States, invoking the divine blessing of the Creator upon our efforts and purposes, in order to preserve for ourselves and our descendants rights secured under Indian treaties and agreements with the United States, and all other rights and benefits to which we are entitled under the laws and Constitution of the United States to enlighten the public toward a better understanding of the Indian people, to preserve Indian cultural values, and otherwise promote the welfare of the Indian people, do hereby establish and submit the following resolution, and

**WHEREAS,** the National Congress of American Indians (NCAI) is the oldest and largest national organization established in 1944 and comprised of representatives of and advocates for national, regional, and local Tribal concerns, and

**WHEREAS,** the health, safety, welfare, education, economic and employment opportunity, and preservation of cultural and natural resources are primary goals and objectives of NCAI, and

**WHEREAS,** NCAI has sponsored a series of Welfare Reform Forums to initiate a dialogue among social service experts who are familiar with Tribal communities and their unique needs surrounding welfare reform and to discuss the solutions to the impacts of welfare reform, and

**WHEREAS,** these forums have resulted in the identification of recommended changes needed in the proposed regulations of P L 104-193 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996), changes or technical amendments to the law; the inclusion of Tribes in associated federal funding opportunities relevant to welfare reform, improved coordination of federal resources for tribes, parity in the provisions, requirements and resources between Tribal and State TANF programs, stronger federal support for Tribal TANF programs, and explicit tribal consultation procedures established with the Department of Health and Human Services, Office of Community Services, Division of Tribal Services

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**WHEREAS,** the proposed regulations should not be more burdensome or require more than what is prescribed by the Act itself as in the proposed requirements at §286 40 which limits administrative costs to 20%; §286.85 and §286 90 requires 20 hours per week of work activity participation rather than allowing Tribes to establish "similar participation requirements,"

**WHEREAS,** the Act itself requires technical amendments found in the proposed regulations at §286.50 does not give tribes "carry-over authority" afforded to States, §286.65(g) applies non-applicable state standard to tribes; §286.140 does not allow a waiver process for tribes even though time frames are not specified in the law; and §286.230 does not consider cultural diversity with the reference to "out-of-wedlock" births; and

**WHEREAS,** there is a need for Tribes to participate in the bonus and incentive provisions and to retain funds for use in succeeding years in a manner comparable to the states, and

**WHEREAS,** Tribes will require funding for planning, start-up expenses, management information system and other infrastructure needs in order to develop an administratively effective Tribal TANF program; and

**WHEREAS,** there is a need for the Administration and Congress to provide access to federal job creation, small business development, entrepreneurial and economic development resources to create 50,000 new jobs that will provide living wages for the 50,000 adult Indians who are unemployed or under-employed based on Tribal JOBS, NEW and G A data, and

**WHEREAS,** there is a need for the United States Department of Health and Human Services to require strict compliance by all states with equitable access and the requirement that a person is exempt from the TANF time limits while living in an area where 50% or more of the adults are not employed; and

**WHEREAS,** upon the expiration of the Welfare to Work Program in fiscal year 1999, there will be a need to continue to provide training and employment services for Tribal TANF recipients at a level of not less than the current $25 million, and

**WHEREAS,** the educational level of Indian TANF recipients is lower than that of the general population there is a need to amend P.L 104-193, to expand the work activity allowance for basic, vocational post-secondary education from the current twelve months period up to twenty-four month period

**NOW THEREFORE BE IT RESOLVED,** that the NCAI recognizes needs and does hereby support these recommendations and deems them necessary to the successful operation and implementation

of Tribal TANF programs and to the successful achievement of self-sufficiency for Indian TANF recipients; and

**BE IT FURTHER RESOLVED,** that in support and recognition of these needs they will authorize the NCAI Welfare Reform Task Force to support, encourage and promote the efforts of the Administration and Congress to take appropriate and necessary action to enable these essential changes.

**BE IT FINALLY RESOLVED,** that full consultation with tribes precede any significant changes to welfare laws and regulations

## CERTIFICATION

The foregoing resolution was adopted at the 1998 55th Annual Session of the National Congress of American Indians, held at the Myrtle Beach Convention Center in Myrtle Beach, South Carolina on October 18-23, 1998 with a quorum present.

W. Ron Allen

W Ron Allen, President

ATTEST:

Lela Kaskalla

Lela Kaskalla, Recording Secretary

Adopted by the General Assembly during the 1998 55th Annual Session held at the Myrtle Beach Convention Center in Myrtle Beach, South Carolina on October 18-23, 1998

# NATIONAL CONGRESS OF AMERICAN INDIANS

May 7, 1999

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*Mandan, Hidatsa & Arikara*

The Honorable Ben Nighthorse Campbell
Chairman
Committee on Indian Affairs
United States Senate
SH-838 Hart Office Building
Washington, D.C. 21510

***Re: Responses to Supplemental Questions on Tribal Welfare Reform***

Dear Chairman Campbell

NCAI appreciates this opportunity to provide further information to the Senate Committee on Indian Affairs' hearing record of April 14, 1999 over the implementation of welfare revisions in Indian Country as posed to us in your letter dated April 22, 1999.

1. ***It is now three years after welfare reform was enacted. Why are so few Indian tribes administering the Temporary Assistance for Needy Families (TANF) block grant?***

In the simplest terms, this is due to a lack of resources, both financial and nonfinancial Moreover, TANF is only a piece of the puzzle to improve the quality of life for Indian people. Significant needs in infrastructure improvement, economic development, job creation, education and training, and technical assistance must all be met if more tribes are expected to develop and maintain the operation of highly sophisticated and expensive welfare assistance, social service and work placement programs As we alluded to in our written statement, unless a tribe can secure supplemental funding over and above what the federal government provides directly to tribes to operate tribal TANF programs, it makes little fiscal sense for many tribes to pursue such an initiative.

In addition, the enormous support services required to move remote reservation populations from welfare assistance into the work force, all within a timely manner in order to maintain the

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TANF recipient's limited eligibility for cash assistance during such transitions, is proving quite difficult for most tribes to achieve. The goal of moving welfare recipients into the work force is a laudable one, supported by many tribal governments. However, without jobs, economic growth, improved transportation services, proper child care, adequate health care, better housing and other necessary programs and services, Indian Country's fight to reverse generations of poverty, even through TANF participation, is not optimistic.

2. ***It looks to me that legislation may be necessary to ensure tribes are able to make welfare reform a success. Do the amendments contained in your testimony reflect the consensus of tribes nationally?***

Yes, Mr. Chairman, we believe they do. Although NCAI is a member organization, when substantial changes in federal law and policy significantly impact tribes, such as welfare reform, NCAI's efforts are inclusive of all tribal participation, as provided through the directive of our member tribes. Soon after the welfare reform law was enacted, tribes met in open meetings in Phoenix, AZ, Seattle, WA and Washington, D.C. to create an official tribal leaders position on welfare reform and to begin crafting an outline of legislative issues. These efforts eventually became the basis for the tribal amendments' package to welfare reform submitted to Congress in February 1997, by NCAI on behalf of Indian Country. As noted in our written testimony, a few of these tribal amendments were included in the Balanced Budget Act as technical corrections to the original law.

Since the original amendments' package was developed, NCAI has facilitated a series of national forums on welfare reform throughout Indian Country. Through these forums, updated information on welfare reform's impacts was gathered and shared, leading to the additional suggestions for change in the law that was made part of our written testimony. Let me stress again that both member and nonmember tribes have consistently participated in NCAI's welfare reform efforts, along with the development of its official positions. The NCAI Welfare Reform Force, created to advise the organization on welfare reform issues, consists of tribal leaders and formidable tribal welfare reform experts from both member and nonmember tribes throughout Indian Country.

3. ***Last year I introduced amendments to the "477" law to allow tribes to use "477" funds for "job creation purposes." Would NCAI support such a bill if it were reintroduced?***

NCAI strongly supports the right of tribes to use their federal resources in more flexible ways. This flexibility is particularly important in dealing with the challenges

of welfare reform. Conventionally narrow, program-specific approaches to serving the needs of Indian tribes are becoming more and more inappropriate. Tribes are developing their own unique concepts to federal program delivery under self-determination initiatives and are moving toward greater self-sufficiency as a result. Tribes operating under "477" plans have experienced some of the greatest success in this area, along with many self-governance compact tribes.

However, since your introduction of S. 1279 in the last Congress, we understand that the "477" tribes themselves have reported to the Committee that the circumstances which gave rise to S. 1279 are no longer prevalent. Therefore, the question may not be one of reintroducing S. 1279 in the current Congress, but rather, one of looking at what the "477" tribes have recently accomplished and exploring whether the concepts behind S. 1279 may be applicable to programs beyond employment and training. In doing so, NCAI urges the Committee to include perspectives from all tribes, well beyond that of just "477" tribes, and that NCAI would be happy to participate with the Committee in such an exploration.

4. ***My staff has compiled an agency-by-agency list of all the programs that are eligible for inclusion into the "477" program. Do you support the large-scale widening of "477" for the purposes of services delivery to welfare recipients?***

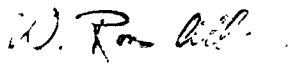
Again, the idea of giving tribes the ability to use their federal resources in more flexible ways is consistent with the principles of self-determination, self-governance and tribal sovereignty. NCAI understands that the tribes participating in "477" have been able to significantly improve many of their own tribal services and further their employment goals, two areas of improvement that are critical to successful welfare reform implementation in Indian Country. NCAI supports each tribe's ability to make its services to its members more effective.

With that said, it is important to understand that tribes have not directed NCAI to support any specific "477" expansion initiatives. This does not mean that the concept of expanding tribal flexibility over federal program authority is not a concept supportable by NCAI. It only means that before NCAI can take such a position, it must wait until tribal leaders have had an opportunity to fully deliberate such a legislative initiative and then direct NCAI as to its official position on the pertinent issues. NCAI would expect tribes to deliberate such an initiative at one of its upcoming sessions, once more information is made available on this proposal by the Committee. NCAI would also be happy to help inform Indian Country as to the particulars of the Committee's "477" program expansion initiative, as well as report back to the Committee any official position developed by tribal leaders.

**Chairman Ben Nighthorse Campbell, Senate Committee on Indian Affairs**
***Re: Responses to Supplemental Questions on Tribal Welfare Reform***
**May 7, 1999 – Page 4 of 4**

NCAI hopes that these responses are satisfactory in providing additional information on the issues raised in your questions. If you have further questions, or require additional information, please do not hesitate to contact me, or JoAnn K. Chase, NCAI Executive Director, at (202) 466-7767.

Sincerely,



W. Ron Allen,
President

# THE NAVAJO NATION
# WRITTEN TESTIMONY
# TO THE
# UNITED STATES SENATE
# COMMITTEE ON INDIAN AFFAIRS

**Presented By: Taylor McKenzie, M.D., Vice-President**
**The Navajo Nation**
**Window Rock, Arizona**

**April 14, 1999**

# THE NAVAJO NATION WRITTEN TESTIMONY ON WELFARE REFORM TO THE UNITED STATES SENATE COMMITTEE ON INDIAN AFFAIRS

April 14, 1999

## BACKGROUND

Section 412 of Public Law 104-193, the Personal Responsibility and Working Opportunity Reconciliation Act of 1996, also known as the Welfare Reform Act, authorizes Indian Tribes to apply for direct block grants to administer a tribal "Temporary Assistance to Needy Families" (TANF) program. This program is the former Aid to Families with Dependent Children (AFDC) currently administered by the states. The Navajo Nation has recognized this opportunity and established the Navajo Nation Welfare Reform Advisory Committee (NNWRAC) in December 1996 to plan and develop the "Navajo Nation TANF Plan" pursuant to the Section 412 application process. The advisory committee has diligently worked on the Tribal Family Assistance Grant for TANF and developed a comprehensive plan that encompasses the administration and services delivery area of the States of Arizona, New Mexico and Utah. However, the Navajo Nation more importantly recognized the issue of tribal sovereignty and self-determination as a basis of developing a TANF program that would allow benefits to TANF recipients.

## FEDERAL TRUST RESPONSIBILITY

The Navajo Nation signed the Treaty of 1868 with the Federal Government that spelled out certain trust responsibilities that the United States government would uphold and carry out for the Navajo people The trust responsibilities of the federal government include: provision of services and goods to meet needs such as, health care, education, law enforcement, social services and other services to sustain our people. However, throughout the past century, the U.S. Congress has passed laws to further oppress the Indian people and the Federal Government has carried out these laws to diminish the human spirit and dignity of the Indian people. The Navajo people have endured and persevered many hardships imposed by these laws. In the 1930's, the Bureau of Indian Affairs (BIA) imposed the Livestock Reduction Act on the Navajo people, whose very lives depended on their livestock. During the 1950's, the federal government again tried to assimilate Indian people through their Relocation Program by relocating Navajo families off the reservations hoping they could mainstream them into the white dominate society. This program was a total failure. And now, within the last twenty years, the federal government is again further oppressing the Indian people by failing to recognize and uphold the trust responsibilities that they had promised to the Indian people, through its "streamlining" of federal programs and services and "balancing" of the federal budget thereby, reducing federal funds for much needed human services programs and services. The Welfare Reform Act, which provides block grants to states and to those Indian tribes who opt to administer their own TANF program, attempts to do this again. Section 412 of the Welfare Reform Act changed the entire perspective of tribal-to-federal government relationships, by imposing the tribal-to-state government relationships, thereby undermining the "government-to-government"

relationships that tribes initially had with the federal government. Indian tribes established this government-to-government relationship through Treaties that were signed with the United States Government long ago. In enacting the Welfare Reform Act, Congress has again failed to recognize the government-to-government relationships that was established through treaties signed with the Federal government. By assigning the administration and implementation of the TANF programs directly to states, Congress has given States "total rein" on the enactment of this law. Once again, as a sovereign nation, the Navajo Nation is forced to work with and through state governments to get what should have been received directly from the Federal government. This process further fragments and diminishes the tribal-to-federal government relationship established and honored through treaties. The Navajo Nation does not have treaties with the states. The Navajo Nation has a signed treaty with the United States Government. Therefore, the Navajo Nation will work directly with Congress, the Senate, and the Federal government agencies to gain the funds necessary to provide services for its own people.

**PUBLIC LAW 93-638, INDIAN SELF-DETERMINATION AND EDUCATION ASSISTANCE ACT**

It is for this very reason, the Navajo Nation has submitted its tribal TANF Plan, pursuant to Public Law 93-638, as amended. Public Law 93-638 is called the "Indian Self-Determination and Education Assistance Act of 1975", and was amended in 1994. This law authorizes Indian tribes to take control of federal programs, such as education, social services, health, law enforcement and other federal programs historically administered by the Bureau of Indian Affairs (BIA) or Indian Health Services (IHS). In the past twenty years, the Navajo Nation has assumed control over a large number of these federally operated programs and services, using the '638 contracting process.

25 CFR Part 900 outlines the '638 contracting process, wherein it states "The Secretary (DHHS) shall, upon request of an Indian tribe or tribal organization and subject to the availability of appropriations, provide technical assistance on a non-reimbursable basis to such Indian tribe or tribal organization to develop a new contract proposal or to provide for the assumption by the Indian tribe or tribal organization of any program, service, function, or activity (or portion thereof) that is contractible under this Act." Thus, it is through this formally established and prescribed process that the Navajo Nation is requesting the Secretary of DHHS to contract the TANF block grant funds to the Navajo Nation, through a Public Law 93-638 contract proposal. The following is a chronology of the Nation's pursuit of the Public Law 93-638 contract:

- October 06, 1997 - The Navajo Nation submitted to the Secretary of Department of Health and Human Services (DHHS) the "Notice of Intent" to contract the Temporary Assistance for Needy Families (TANF) Program pursuant to Public Law 93-638, as amended.

- November 13, 1997 - The Navajo Nation received a fax copy of a letter from DHHS Secretary Donna Shalala informing the Nation of her decision to deny the Nation's Public Law 93-638 TANF contract proposal, citing that "the TANF program is not one that operates for the particular benefits of Indians or for non-Indians, rather the TANF program is intended

to operate for the benefit of needy families without consideration for the status of these families as Indian or non-Indian".

- December 11, 1997 - The Navajo Nation exercised its option to formally appeal the Secretary's decision and submitted the "Notice of Appeal" to the Interior Board of Indian Appeals (IBIA)in Washington, D.C. On December 17, 1997, the IBIA received a motion from the Secretary seeking dismissal of the appeal on the grounds that the Navajo Nation's notice of appeal failed to comply with 25 CFR.

- January 20, 1998 - The IBIA dismissed the Nation's appeal and left the option for the Nation to file a complaint in Federal District Court.

- February 24, 1998 - The Navajo Nation filed a complaint in the United States District Court in Phoenix, Arizona, seeking to reverse the decision of the Secretary, and order the Secretary to enter into a '638 contract.

- May 07, 1998 - The Secretary of DHHS moved to dismiss all claims against her.

- June 30, 1998 - The Secretary of DHHS replied to the Nation's response to her motion to dismiss.

- March 11, 1999 - The Federal District Court Judge dismissed the Nation's lawsuit.

**OPTIONS**

The Navajo Nation is currently reviewing the following options:

1. Appeal the Dismissal
2. Legislative Fix
3. Submit the 412 Application

The Navajo Nation respectfully requests Congress' support and consideration of the Public Law 93-638, contract proposal to administer a tribal TANF program. This process will enable more effective coordination, integrate and strengthen tribal procedures, and allow the Navajo Nation to access funding resources such as, contract support funds, indirect costs funds, pre-award costs funds, and annual operating budgets to fully and successfully implement a Tribal "Family Assistance Grant" TANF Program. The '638 funding process will also allow the Navajo Nation to work with the Bureau of Indian Affairs (BIA) and the Indian Health Services (IHS) in identifying and procuring funds for infrastructure and facilities development. The Navajo Nation further requests that Congress conveys the Navajo Nation's plan to the Secretary of the Department of Health and Human Services.

## NAVAJO NATION TANF PROJECT

The Navajo Nation TANF Project (NNTP) office is established under the Executive Office within the Navajo Division of Social Services (NDSS). NDSS has taken the lead role in establishing the Navajo Tribal TANF Program and chairing the Navajo Nation Welfare Reform Advisory Committee (NNWRAC) as delegated by the Navajo Nation President. The purpose of the TANF Project office is to plan and develop the "Navajo Nation TANF Program", to develop the tribal TANF policy, TANF MIS, facility and infrastructure development, and to create a plan of operation for the new program. Currently, the TANF Project is funded by Navajo Nation General Funds in the amount of $1,516,000 appropriated by the Navajo Nation Council.

The Proposed Navajo Nation TANF Program:

- Will provide family cash assistance to 27,615 needy families on the Navajo Nation and reduce their dependency on public assistance by promoting job preparation, work and family stability through personal responsibility by participating in appropriate social and economic self-sufficiency activities.

- Will serve all eligible Navajo families and individuals who reside on or near the Navajo Nation in defined service delivery area (SDA) in the States of Arizona, New Mexico and Utah in accordance to the AFDC client population in FY 1994 Statistics Data received from the states.

- Will create and establish a workforce development department to provide a collaboration of employment support services to coordinate the Welfare Reform Act services to Navajo families and individuals residing in the Navajo Nation.

- The workforce development department will have ten (10) regional field offices throughout the Navajo Nation creating (110) new positions for the program.

- Will meet and comply with Public Law 104-193, Section 412 provisions, i.e. mandatory work requirements, penalties, data collection, and reporting requirements.

PROPOSED FUNDING

FEDERAL - DHHS

Under Public Law 104-193, Section 412, the Act authorizes the Secretary of the Department of Health and Human Services (DHHS) to appropriate block grant funds to approved tribal TANF programs. It is currently estimated that the Navajo Nation TANF Program will receive an amount equal to the amount the states (Arizona, New Mexico, & Utah) spent in administering it's AFDC and related programs provided in the (Navajo Nation) service delivery area in FY 1994:

FY 1999 - $ 34,552,091
FY 2000 - $ 34,552,091
FY 2001 - $ 34,552,091
FY 2002 - $ 34,552,091
**Total: $ 138,208,364**

PROPOSED NAVAJO NATION TANF IMPLEMENTATION TIMELINE

- PHASE I - Planning and Development
  October 01, 1998 to September 30, 1999
- PHASE II - 3-Month Start-Up
  October 01, 1999 to December 30, 1999
- PHASE III - Partial Implementation
  January 01, 2000 to March 31, 2000
- PHASE IV - Full Implementation
  April 01, 2000 to September 30, 2000

ISSUES FOR THE 106th CONGRESS

Significant Barriers In Producing Positive Outcomes Of Welfare Reform In The Navajo Nation

- There currently exists a non-coordination of federal "welfare-to-work" related services, e.g. Department of Health and Human Services / Department of Labor / Department of Interior and other federal "stakeholders" to coordinate and collaborate with Indian tribes to effectively implement a tribal TANF Program.
- There is a lack of technical assistance and planning guidance for the Navajo Nation and Indian tribes to develop their own comprehensive tribal TANF program.

- Currently, Indian tribes are authorized to receive Bonus grants as allowed to states under Section 403 of the Act to reward high performance in operating a tribal TANF program. Indian tribes should be equally allowed to this same provision.

- Indian tribes should be allowed to request for Contingency funds in Section 403 of the Act.

The Role of the Federal Government vis-a-vis States, Tribal Government, Localities and Private Groups.

- The United States Government and Congress must recognize tribal sovereignty and work directly with Indian Tribes to successfully implement and administer the tribal TANF programs. The Navajo Nation strongly advocates for an effective "government-to-government" relationship with the federal government.

- Federal "partnership" must exist at the national level and this must be conveyed to all Federal Regional Offices, e.g. Region VI - Dallas, Region VII - Denver, & Region IX - San Francisco offices.

Critical Partnership That Must Be Forged

- Welfare Reform forces tribal programs to collaborate and consolidate within the tribal organization, which means reorganizing their family assistance and employment support services to meet the needs to the TANF recipients. Therefore, it is imperative that these collaboration and consolidation efforts happen at the federal level between the Departments of Labor (DOL), Health & Human Services (DHHS), and Interior (DOI). In essence, all federal funding related to employment, training and needed support services must be consolidated under "one administrative umbrella" in order to totally benefit the TANF clientele.

- Internally, the Navajo Nation administration and programs identified to provide the family assistance and employment support services for the proposed Workforce Development Department must coordinate and collaborate to bring together an integrated and consolidated effort for TANF services.

Best Models and Initiatives

- The Navajo Nation continues to advocate for the approval of a Public Law 93-638, as amended, contract proposal, thereby allowing the Nation to effectively administer its own TANF program. The '638 contracting process will allow the Nation to access funding and resources such as Contract Support Funds, Indirect Cost Funds, Pre-Award Costs Funds, and Annual Budget Funds, to fully and successfully implement its TANF program. Finally, the '638 funding method will allow the Nation to work with the Bureau of Indian Affairs and

the Indian Health Services in identifying and procuring funds for infrastructure and facilities development, to further support the implementation of the Navajo Nation TANF program.

- The 1975 Indian Self-Determination and Education Assistance Act gave Indian Tribes the authority to contract with the Federal Government to operate programs serving their tribal members and other eligible persons. In August 1996, the new amendments to Public Law 93-638 became final. The new statute provides expanded contracting opportunities within DHHS and DOI. Consolidated contracts are now permitted which will significantly reduce reporting requirements. The changes also allow for redesign of the program to meet tribal needs and desires.

- More importantly, the Navajo Nation explicitly requests the Federal government pursuant to Indian Self-Determination, Section 102, § 450f., of PUBLIC LAW 93-638, as amended, " That Secretary is directed, upon request of any Indian tribe by tribal resolution, to enter into a self-determination contract or contracts with tribal organization to plan, conduct, and administer programs or portions thereof, including construction programs (E) for the benefit of Indians because of their status as Indians without regard to the agency or office of the Department of Health and Human Services or the Department of the Interior within which it is performed".

PROBLEMS / RECOMMENDATIONS

Public Law 104-193 "Personal Responsibility Working Opportunity Reconciliation Act of 1996"

Summary of Issue: Section 412 of the law authorizes Indian tribes to apply for and administer their own tribal Temporary Assistance to Needy Families (TANF) program has several outstanding issues that affect Indian tribes, in particularly the Navajo Nation.

Recommendation(s):
Funding

- Block grant funding for Indian tribes would be based on the state's (Arizona/New Mexico/Utah) calculation of its expenditures of Federal AFDC funds for Navajo Nation's recipients in FY 1994. The funds is only limited to the cash assistance benefits paid to the recipients and the administration costs for the expenses on tribal TANF recipients. Under Section 412 There is no funding for:

- Start-up costs
- Contract Support Costs
- Indirect Costs
- Pre-award Costs
- Access to BIA or IHS real property, equipment, and housing for TANF program.

Carryover

- There is no provision for tribes to carryover unobligated TANF funds into the succeeding fiscal years. Tribes are required to revert unobligated funds to the federal government while states are allowed to carryover these funds

Tribal to Federal Agencies Consultation

- There still lacks the tribal government to federal agency consultation on tribal TANF development.

Planning Funds

- The Welfare Reform Act provides no funding to plan, develop and implement a comprehensive tribal TANF program including:

  - computer automation development
  - policy manual development
  - infrastructure/facility development
  - other pertinent program development costs.

**Public Law 105-33 Balance Budget Act of 1997**

Summary of Issue: The Balance Budget Act of 1997 helps to achieve the goal by authorizing the U.S. Department of Labor (DOL) to provide "Welfare-to-Work" grants to states and local communities to create additional job opportunities for the hardest-to-employ recipients of TANF. These grants provides many welfare recipients with the job placement services, transitional em,ployment, and other support services they need to make the sucessful progression into long-term unsubsidized employment.

Welfare-to-Work Program

The Navajo Nation received $2.4 Million for Fiscal Year 1998 Welfare-to-Work services. 70% of funds are targeted for TANF recipients who lacks GED/high school diploma, recipients substance abuse treatment and has poor work history. 30% of funds are for school dropout, teen pregnancy, poor work history or non-custodial parents of minors whose custodial parent is a welfare recipient.

Recommendation:

- Congress should reauthorize the 1% set-aside for the tribal Welfare-to-Work (WtW) program funds which expires at the end of Fiscal Year 1999. *This will effect the Navajo Nation which receives $2.4 million for WtW services which serves tribal TANF*

*recipients.*

- Provide some flexibility and widen the client eligibility for services. The navajo nation requests that TANF recipients who are high school / GED graduates with low reading or math be included in the 70% category.

- Increase the 1% set-aside for Indian tribes to 3% level of funding for tribes. The costs of training and educating unskilled and uneducated tribal members are high and the additional appropriation would allow for skill development.

**45 CFR Parts 286 & 287 NPRM**

Summary of Issue: In July 1998, the Administration for Children and Families (ACF), Department of Health and Human Services (DHHS) published a Notice of Proposed Rule making (NPRM) for tribal Temporary Assistance for Needy Families (TANF) and the Native Employment Works (NEW) program with a comment period which was extended to November 20, 1998. The proposed rule is entitled 45 CFR Parts 286 and 287 respectively.

Recommendation:

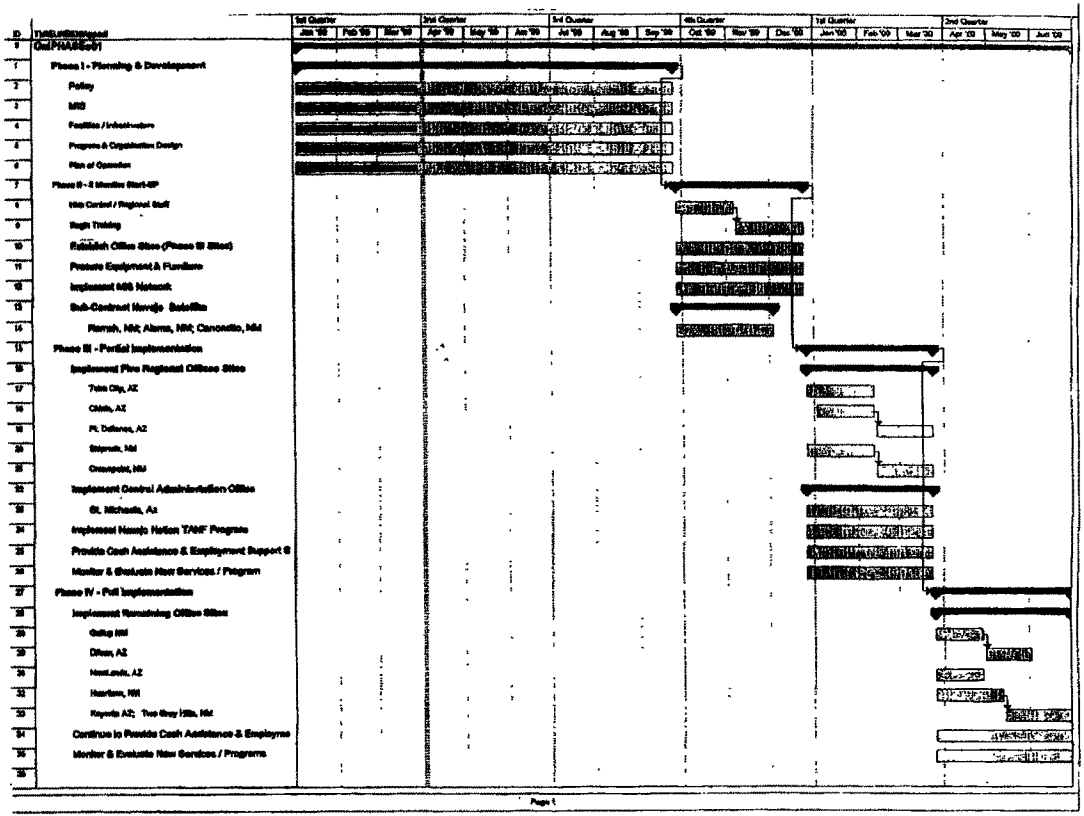
Tribal Consultation

- Promulgation of final rule should be suspended until additional tribal consultation / negotiation is completed.

## NAVAJO NATION
## TANF CASELOAD & PAYMENT STATISTICS
## AS REPORTED BY STATES FOR FY 1994

| State | State Fiscal Year | Average Number of Navajo TANF Cases Per Month | Average Number of Navajo Recipients Per Month | Total Navajo TANF Benefits Paid | Total State Administrative Costs | Total State Program Costs |
|---|---|---|---|---|---|---|
| ARIZONA | 1994 | 4,648 | 14,380 | $ 13,519,158 | $ 2,373,269 | $ 15,892,427 |
| NEW MEXICO | 1994 | 4,177 | 12,531 | $ 14,965,399 | $ 2,072,424 | $ 17,037,823 |
| UTAH | 1994 | 263 | 704 | $ 1,432,641 | $ 189,200 | $ 1,621,841 |
| **TOTALS:** | | **9,088** | **27,615** | **$ 29,917,198** | **$ 4,634,893** | **$ 34,552,091** |

NNTP: 01/27/99


1st Quarter
2nd Quarter
3rd Quarter
4th Quarter
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Jan '00
Feb '00
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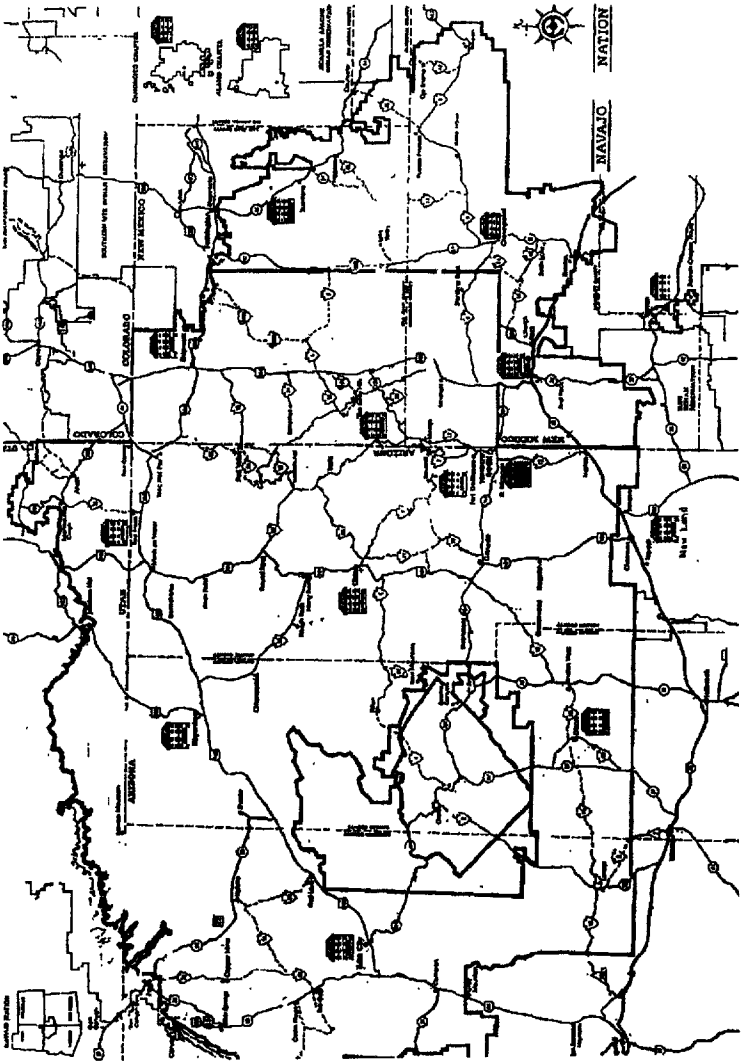
Jun '00
Jul '00
Aug '00
Sep '00
Oct '00
Nov '00
Dec '00
Jan '00
Feb '00
Mar '00
Apr '00
May '00
Jun '00
Phase I - Planning & Development
Policy
MIS
Facilities / Infrastructure
Program & Organization Design
Plan of Operation
Phase II - 2 Months Start-UP
Hub Control / Regional Staff
Begin Training
Establish Office Sites (Phase III Sites)
Procure Equipment & Furniture
Implement MIS Network
Sub-Contract Navajo Satellite
Ramah, NM; Alamo, NM; Canoncito, NM
Phase III - Partial Implementation
Implement Five Regional Offices Sites
Tuba City, AZ
Chinle, AZ
Ft. Defiance, AZ
Shiprock, NM
Crownpoint, NM
Implement Central Administration Office
St. Michaels, Az
Implement Navajo Nation TANF Program
Provide Cash Assistance & Employment Support S
Monitor & Evaluate New Services / Program
Phase IV - Full Implementation
Implement Remaining Office Sites
Gallup NM
Dilcon, AZ
Newtown, AZ
Huerfano, NM
Kayenta AZ; Two Grey Hills, NM
Continue to Provide Cash Assistance & Employme
Monitor & Evaluate New Services / Programs
Page 1


NAVAJO
NATION
COLORADO
NEW MEXICO
UTAH
ARIZONA

HSSCAP-36-99

RESOLUTION OF THE
HEALTH AND SOCIAL SERVICES COMMITTEE
OF THE NAVAJO NATION COUNCIL

Approving Testimony of the Navajo Nation to be Submitted to the United States Senate Committee on Indian Affairs Regarding the Implementation of Welfare Reform and Recommending the Same to the Intergovernmental Relations Committee of the Navajo Nation Council

**WHEREAS:**

1. The Health and Social Services Committee of the Navajo Nation Council is established as a standing committee of the Navajo Nation Council, pursuant to 2 N.N.C. §451; and

2. The Health and Social Services Committee of the Navajo Nation Council addresses health and social problems affecting Navajo people and monitors regulations and delivery of services to abate these problems consistent with and acceptable to the traditional practices and customs of the Navajo people, pursuant to 2 N.N.C. §452; and

3. The Health and Social Services Committee of the Navajo Nation Council represents the Navajo Nation in matters relating to social services and coordinates all social services related activities of the Navajo Nation, pursuant to 2 N.N.C. §451 (B)(1) and (B)(3); and

4. On April 14, 1999, the United States Senate Committee on Indian Affairs is scheduled to conduct an oversight hearing in Washington, D.C. regarding "Welfare Reform Implementation"; and

5. The Navajo Nation has a vested interest in the proceedings and views of the Senate Indian Affairs Committee's regarding welfare reform; and

6. The Navajo Nation has prepared a written statement to be submitted to the Senate Indian Affairs Committee for said hearing, attached hereto as Exhibit "A".

**NOW THEREFORE BE IT RESOLVED THAT:**

The Health and Social Services Committee of the Navajo Nation Council approves the attached testimony of the Navajo Nation to be submitted to the United States Senate Committee on Indian Affairs of the 106th Congress and recommends the same to the Intergovernmental Relations Committee of the Navajo Nation Council.

HSSCAP-36-99

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Health and Social Services Committee of the Navajo Nation Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 6 in favor, 0 opposed and 0 abstained, this 7th day of April, 1999.

Chairperson
Health and Social Services Committee

Motion: Thomas Cody
Second: Harry Hubbard

IGRAP-69-99

**RESOLUTION OF THE**
**INTERGOVERNMENTAL RELATIONS COMMITTEE**
**OF THE NAVAJO NATION COUNCIL**

Approving Testimony of the Navajo Nation To Be Submitted to the United States Senate Committee on Indian Affairs Regarding the Implementation of Welfare Reform

**WHEREAS:**

1. The Intergovernmental Relations Committee of the Navajo Nation Council is established as a standing committee of the Navajo Nation Council, pursuant to 2 N.N.C. §821; and

2. The Intergovernmental Relations Committee of the Navajo Nation Council ensures the presence and voice of the Navajo Nation, pursuant to 2 N.N.C. §822(B); and

3. The Intergovernmental Relations Committee of the Navajo Nation Council coordinates all Navajo appearances and testimony before Congressional committees, pursuant to 2 N.N.C. §824(B)(5); and

4. On April 14, 1999, the United States Senate Committee on Indian Affairs (Chairman Campbell) will conduct an oversight hearing in Washington, D.C. regarding "Welfare Reform Implementation"; and

5. The Navajo Nation has a vested interest in the proceedings and views of the Senate Indian Affairs Committee regarding welfare reform; and

6. The Navajo Nation has prepared a written statement to be submitted to the Senate Indian Affairs Committee for said hearing, attached hereto as Exhibit "A"; and

7. On April 7, 1999, by Resolution HSSCAP-36-99, the Health and Social Services Committee of the Navajo Nation Council approved and recommended approval of the attached testimony, attached hereto as Exhibit "B".

**NOW THEREFORE BE IT RESOLVED THAT:**

The Intergovernmental Relations Committee of the Navajo Nation Council approves the attached testimony of the Navajo Nation to be submitted to the United States Senate Committee on Indian Affairs of the 106th Congress.

IGRAP-69-99

**CERTIFICATION**

I hereby certify that the foregoing resolution was duly considered by the Intergovernmental Relations Committee of the Navajo Nation Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 6 in favor, 0 opposed and 0 abstained, this 9th day of April, 1999.

Edward T. Begay, Chairperson
Intergovernmental Relations Committee

Motion: Alfred Yazzie
Second: David John

**THE NAVAJO NATION**

P O BOX 9000 • WINDOW ROCK, ARIZONA • 86515 • (520) 871-6352

KELSEY A. BEGAYE
PRESIDENT

TAYLOR McKENZIE, M.D.
VICE - PRESIDENT

May 06, 1999

The Honorable Ben Nighthorse Campbell, Chairman
United States Senate Committee on Indian Affairs
838 Hart Senate Office Building
Washington, D.C. 20510-6450

Dear Mr. Chairman.

Thank you very much for the opportunity to testify before the Senate Committee on Indian Affairs on April 14th concerning the impacts of welfare reform in Indian country. As you are aware, the Navajo Nation will apply for the administration of it's own tribal Temporary Assistance to Needy Families (TANF) program and the testimony presented on behalf of the Navajo Nation, reflects on critical issues to fully implement the tribal TANF program In sincerity, we ask that the Committee ponder these facts and to support the Navajo Nation's intent to contract the TANF program pursuant to Public Law 93-638, as amended. The following is our response to your questions raised in your letter dated April 22nd:

1. *The Navajo Nation has petitioned the HHS to contract the TANF program using Self-Determination contracts What is the status of the litigation that has resulted from the denial of the petition?*

On March 11, 1999, Judge Roger Strand, Federal District Court, Phoenix, Arizona, ruled to dismiss the Navajo Nation's declination appeal to contract the tribal TANF program under Public Law 93-638, as amended. This granted the Department of Health and Human Services Secretary Donna Shalala's motion to dismiss the case against her claiming that "...TANF is not a contractible program under Public Law 93-638". The decision leaves the Navajo Nation with three options.

- Appeal the Decision to the 9th Circuit Court of Appeals
- Offer a Legislative "Fix" through the United States Congress.
- Submit a Tribal Family Assistance Grant application under Public Law 104-193, Section 412.

The Navajo Nation will pursue all three options.

2. *Because of its unique geography, Navajo must deal with 3 state governments. What has your experience with these states been as far as implementing welfare reform goes?*

The Welfare Reform Act has forced Indian tribes to work even closer with the state governments. The Navajo Nation is very fortunate to have established a good working relationship with the States of Arizona, New Mexico and Utah. Currently, there are several state administered and federal funded programs in which the Navajo Nation receives services for Navajo clients. Thus, there exists a strong relationship with the states. In January 1997, the Navajo Nation established the Navajo Nation Welfare Reform Task Force (NNWRTF) which immediately began to dialogue with the states. Each state had implemented their state TANF plans and programs which provides statewide cash assistance, food stamp and medical assistance services to welfare recipients, including our Navajo recipients. However, some of these state plans were very punitive, stringent, and not culturally sensitive to tribal issues. Most outstanding was that the state plans did not consider the economic conditions of the Indian reservations regarding work activities. Our task force made the states aware of these and many other issues. As a result, the Navajo Nation and the states established a "transition team" which have addressed several issues and frequently meet to dialogue on the Nation's implementation plan. The Navajo Nation has assured the states to comply with Section 402(5) of the Welfare Reform Act which certifies that the states will provide Indian with equitable access to assistance. On the contrary, the state records have not been too good on other aspects, i e. Title XX and Child Support Enforcement programs, even though the Navajo Nation has mutually entered into agreements with these states.

3. *What is the difference in matching funds provided by the different states that Navajo works with?*

By law, the states are not required to provide any state match funds to tribally approved TANF programs, however, the states we deal with have considered this matter and have enacted state legislation to provide match funds. For example, during the 1998 state legislative session, the State of Arizona approved **Senate Bill 1357**, a bill which contained legislative language to authorize the state to *"...provide (state) matching monies at a rate that is consistent with the applicable fiscal year budget and that is not more than the state matching rate for the Aid to Families with dependent children program as t existed on July 01, 1994" (§ 35.section 46-134 Arizona revised Statutes)* for tribally approved TANF programs. Currently, other Indian tribes administering a tribal TANF programs such as the Pascua Yaqui and White Mountain Apache tribes in Arizona are provided with TANF state match funds. During the 1999 New Mexico State Legislative session, the Navajo Nation introduced and pursued Senate Bill 383 to authorize the state to provide state match funds for tribally approved TANF programs within the state. The state projected that the Navajo Nation would receive about $3.0 million in state match funds, however, this will be determined by the Navajo Nation's service delivery area (SDA). Unfortunately, this bill died during the regular session, however, it will be reintroduced during the state's special session beginning on May 04, 1999 in Santa Fe, NM. The Navajo Nation did not introduce a legislative bill in the State of Utah, however, it received a verbal commitment from the state that it will provide state match funds. The Utah legislative initiative will be addressed during the next state legislative session in the Year 2000, of course, it is critical to get

the state match. Without these funds, the Navajo Nation begins delivery services with less funding to a population previously served by the states. To a real sense, this relieves the state's burden while increasing the tribal burden with fewer resources. However, given the current state of welfare reform, the only way to ensure the receipt of the state match is to convince the state legislatures to appropriate these funds specifically .

4. *My staff has compiled an agency-by-agency list of all the programs that are eligible for inclusion into the "477" program. Do you support the large-scale widening of "477" for purposes of services delivery to welfare recipients?*

Yes. In fact, this is the very reason the Navajo Nation is pushing for a contract approval under Public Law 93-638. Under Public Law 102-477, the "Indian Employment, Training, and Related Services Demonstration Act", Indian programs can integrate all welfare related services under one-single agency, create a single budget, and submit a single report. This concept is very feasible for Indian tribes to "streamline" duplicated efforts, rather than fragmenting services, budgets, and data collection and reporting requirements. If provisions under '477 are expanded, then it would make the program design and service delivery more effective and efficient. Program flexibility is needed to carry out the goals and objectives of TANF and other welfare related services.
The scope of services can clearly be defined and focused to serve the needs of tribal welfare recipients. The measurable outcomes of this type of service delivery is to perform actual services directly to the welfare recipient and their family. Therefore, the Navajo Nation supports the large-scale widening of Public Law 102-477. Of course, it would be significantly more advantageous to use the mechanism of P.L. 93-638 contracting.

5. *Are you supportive of what the National Congress of American Indians has developed in terms of amendments to the Welfare Reform Act?*

Yes. In fact, we have two Navajo individuals representing the Navajo Nation on NCAI's Welfare Reform Task Force. More importantly, I request that you and the committee, support the Navajo Nation's legislative amendments of the Welfare Reform Act.

Mr. Chairman, on behalf of the Navajo Nation, I thank you and the Committee for the opportunity to testify on the impacts of welfare reform in Indian country. We, along with our Native brothers and sisters, urge the Committee to truly understand the issues on our reservations as we continue to strive for self-sufficiency and self-determination. The Navajo Nation clearly extends tribal sovereignty as a means to support the provisions of the law. Again, we respectfully encourage the Congress to strengthen the government-to-government relationship on these and many important issues ahead. Thank you.

Page Four - Letter to the Honorable Ben Nighthorse Campbell, Chairman
United States Senate Committee on Indian Affairs.

Sincerely,

Taylor McKenzie, M.D.
Vice-President
THE NAVAJO NATION

cc Kelsey A. Begaye, President, The Navajo Nation
Ed T. Begay, Speaker, The Navajo Nation Council
Robert Yazzie, Chief Justice, The Navajo Nation Judicial Branch
Cecilia Belone, Executive Director, Navajo Division of Social Services
Alex Yazza, Director, Navajo Nation TANF Project
Thomas Christie, Attorney, Navajo Department of Justice

# IMPLEMENTATION OF THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) ON AMERICAN INDIAN RESERVATIONS. EARLY EVIDENCE FROM ARIZONA

Early experience of TANF implementation on American Indian reservations within Arizona

A testimony by

Eddie F. Brown and Shanta Pandey, George Warren Brown School of Social Work, Washington University, St. Louis

April 14, 1999

We are happy to share with you today some of the findings from our study on the implementation of TANF on American Indian reservations. We are funded by the DHHS to monitor the impacts of the 1996 federal welfare reform legislation on American Indian families with children on reservations. The views offered in this policy testimony are solely those of the authors. As far as we know, we are the only longitudinal study in the country engaged in monitoring the impact of TANF on American Indian reservations. We are funded for five years (1997-2002). We have launched our study on reservations within the state of Arizona. Our goal is to inform the public policy debate on the strengths and weaknesses of the 1996 federal welfare reform legislation as it develops on American Indian reservations.

This testimony is based on the data we have collected since October 1997. It focuses on aspects of the 1996 welfare legislation implementation in Indian communities within Arizona. We analyzed secondary data from administrative sources relevant to the implementation of welfare reform legislation in Indian communities. In addition, we collected and analyzed primary (qualitative and quantitative) data regarding welfare reform options implemented on reservations and their impacts. Primary data are from in-depth telephone interviews with service providers in 15 of the 21 reservations within Arizona. This information was substantiated by two site visits to three reservations where we conducted focus group interviews with state and tribal social service providers and welfare recipients. Finally, with the help of trained tribal interviewers we are currently interviewing current or former welfare recipients from three reservations using a structured questionnaire. We have included a few preliminary findings from the structured questionnaire in this testimony. The following are the early experiences of tribes, as well as early evidence of impacts of TANF implementation on women with children on American Indian reservations within Arizona:

**1. Increased legislative authority to tribes to self-administer welfare policies and services:** As the 1996 welfare law has put an end to AFDC as entitlement to individuals, it has also bestowed power upon tribal governments who wish to administer their own programs. Until now, states have been the principal administrators of AFDC programs, including the administration of AFDC benefits to American Indian families on reservations. Of the 500 tribes and 310 reservations recorded in the country by the 1990

Census (Shumway & Jackson, 1995), only five tribes, all located in Wisconsin,[1] had previously subcontracted with the state to provide AFDC and to determine eligibility requirements for Food Stamp and Medicaid on their reservations. In contrast, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 has given an option to each tribe to either participate in its respective state program or submit its own TANF administration plan to the Secretary of the Department of Health and Human Services (DHHS) to receive direct funds to administer the block grant.[2] Tribal plans can be different from the federal mandate in that the law allows tribes the flexibility to determine: (a) their own service populations, (b) their definitions of "family," (c) the scope of assistance, (d) job participation rates, and (e) variations in time limitations (see section 412 of the PRWORA) (U.S. Congress, 1996).

There is much interest among tribes in Arizona, as well as in tribes in other states, to utilize this new option and exercise authority over the administration of TANF. Nationally, as of January 1999, 22 Indian Tribal Organizations had submitted their own tribal TANF administration plans to the DHHS. So far, the DHHS has approved the plans of 18 tribes and one consortium (see table 1). In comparison with other Indian communities, the Indian communities with approved plans are generally smaller and have lower levels of unemployment. Three of the 19 Indian Organizations are in Arizona (Pascua Yaqui, Salt River and White Mountain). In general, state plans tend to be more stringent than federal requirements, whereas the tribal plans tend to be more generous than state requirements. For instance, Arizona's Department of Economic Security (DES) institutes a two-year time limit[3] on benefit receipt within the first five years of receiving benefit, whereas the Pascua Yaqui Tribe (in Arizona) waives the two-year time limit for adult recipients who are meeting the work activity requirement.

Several other Arizona tribes expect to have a self-administration plan developed within the next few years. Tribes that have elected to stay with the state-administered TANF program are either gathering information so they may position themselves to self-administer TANF, or are disinterested as they are nearly "welfare independent" and have very few TANF households. Seven tribes (Ak-Chin, Cocopah, Fort McDowell, Fort Mojave, Havasupai, Kaibab Paiute and Yavapai Apache) (see table 2) have less than seven households receiving TANF. Five tribes (Ak-Chin, Cocopah, Fort McDowell, Fort Mojave and Yavapai Prescott) have either employment opportunities (due to economic development opportunities within or near reservations) or tribal per capita payments, which disqualify families for receipt of other welfare assistance (e.g., TANF, Tribal General Assistance).

**2. Limitations of the 1996 federal welfare legislation on tribal administration of TANF**: The option for tribes to administer their own TANF programs has been praised as

[1] Red Cliff, the Bad River Indian Band of Lake Superior, Lac du Flambeau, Oneida and Stockbridge Munsee.

[2] Tribes may lose their portions of state matching funds if this option is chosen; however, Arizona has passed legislation that will allow tribes to retain state matching funds.

[3] In Arizona, the adult portion of the benefit is eliminated after a family reaches the two-year time limit within the first five years, but cash assistance for the children in the family is continued for the full five years. The two-year time limit began on November 1, 1995 and the 60-month lifetime limit began on October 1, 1996.

an example of the "government-to-government" relationship between tribes and the federal government. However, as tribes begin to develop plans for self-administration of TANF programs, they are also noticing the legislation's limitations. For instance, the 1996 federal welfare legislation fails to treat them on par with the states. This is especially evident in three areas: unexpended TANF funds, funds to evaluate their performance, and federal rewards for "successful" work. In the first area, unexpended TANF funds, states are allowed to keep these funds for future (unlimited time) use, but tribes must return any unexpended federal funds to the federal government within two years. In regards to the second area, performance evaluation funds, states receive additional money to evaluate their performance, whereas tribes that implement TANF independently do not receive evaluation money. Finally, with respect to the third area, federal rewards for "successful" work, states receive incentives for reducing caseloads, unwed births and teen pregnancies, whereas tribes do not receive any incentives, even when they are able to make reductions in the same areas.

Also noteworthy is that tribes administering their own TANF programs may not receive state matching funds, support costs and start-up money. As such, tribal leaders and service providers are concerned that devolution of responsibility for TANF administration without commensurate allocation of financial resources to the tribes may render the policy ineffective. Currently, we are aware of only nine states in the nation (Alaska, Arizona, California, Idaho, Minnesota, Montana, Oregon, Washington and Wyoming) that have agreed to provide state matching funds to tribes that administer their own TANF services (U.S. DHHS, 1998). It is important to note that, 13 of the 19 Indian communities that are currently self-administering TANF come from these nine states that provide matching funds. This evidence underscores the importance of providing matching funds to expedite tribal takeover of TANF programs.

**3. The 1996 federal welfare legislation's impact on enhancing organizational coordination, communication and collaboration:** According to state and tribal social service administrators, under the 1996 welfare legislation both states and tribes find it advantageous to ensure the coordination and provision of TANF and related services. The legislation has strengthened coordination, communication and collaboration at all levels--among tribal social service providers, between tribes, between tribes and states, and between tribes and the federal government. At the tribal level, for instance, coordination, collaboration and communication have increased among the staffs of social services, employment training, childcare and education, as well as between the staffs of other social service units. Increased coordination, communication and collaboration is an early positive effect of TANF legislation and may improve tribes' efforts to serve families with children in need in the future.

**4. Changes at the community level under the 1996 federal welfare legislation:** Like states, reservations also experienced a decline in the number of households and individuals (13 percent change) receiving TANF from January 1995 to January 1998 (see table 2), but for reservations the rate of decline was less rapid. During the same period, households and individuals among non-reservation TANF recipients within Arizona declined by 44 percent while the state of Arizona, which includes reservation and non-reservation TANF recipients, experienced a decline of 41 percent.

With regards to sanctions, some families on reservations in Arizona have experienced sanctions (see table 3). Between January of 1998 and January of 1999, 623 cases or 9.03 percent of Arizona's total reservation based TANF cases (as of January 1998) were sanctioned 25 percent, indicating that these cases lost 25 percent of their cash assistance. During the same time, a total of 517 cases (7.50 percent) were sanctioned 50 percent, losing 50 percent of their cash benefit while 382 cases (5.54 percent) were closed due to sanctions resulting in a 100 percent loss of the cash benefit.

With regards to time limit, the state of Arizona waived the two-year EMPOWER time limit for all reservations with 50 percent or higher proportion of adults not employed.[4] As a result, a very small proportion of the TANF recipients (193 adult recipients) from reservations has been removed from the TANF program due to a two-year EMPOWER time limit between January of 1998 and January of 1999 (see table 3) These recipients (193 adult recipients) make up less than one percent of the total TANF recipients on reservations as of January 1998. Ninety percent of these recipients were from reservations that were ineligible for a two-year EMPOWER time limit waiver (i e., these reservations had at least 50 percent adults employed). The remaining 10 percent of recipients were from reservations that were eligible for a waiver (i.e., these reservations had less than 50 percent adults employed).

**5. Barriers to employment:** American Indian families with children on reservations experience employment barriers similar to those of their counterparts across the country. These are: a shortage of employment opportunities at the lower rungs of the economic order, a lack of transportation and childcare facilities, and low levels of education and job experience. Preliminary evidence suggests that these barriers are magnified on reservations. Poor families in Indian communities face additional barriers to employment because of their geographic isolation, lack of access to basic necessities (like telephones), individual and family problems, and stereotypes and discrimination by employers due to gender issues, ethnicity, or personal/family histories.

**6. Families' survival strategies**: Since Arizona began implementing its version of welfare reform in 1995, there has been evidence of increased efforts to participate in work and training activities by former and current welfare recipients. Waiting lists for job training and childcare programs have increased over the last two years. There is also evidence that families are living under extreme financial hardship--lacking the ability to purchase basic household supplies including food, fuel and clothing.

[4] The state of Arizona used the Bureau of Indian Affairs' 1995 estimate of the percentage of adult American Indians on reservations that are not employed to waive two-year EMPOWER time limit.

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# IMPLEMENTATION OF THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) ON AMERICAN INDIAN RESERVATIONS: EARLY EVIDENCE FROM ARIZONA

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## OVERVIEW

This study is aimed at monitoring the impact of the 1996 federal welfare legislation on American Indian families with children on reservations within the state of Arizona over five years (1997-2002). Our goal is to inform the public policy debate on how to improve the social and economic opportunities for low-income families with children on reservations. This report is based on our first year (October 1, 1997-September 30,1998) of work, which focused on aspects of reform implementation and short-term and potential long-term outcomes. We analyzed secondary data from administrative sources relevant to the implementation of welfare legislation in Indian communities. In addition, we collected and analyzed primary (qualitative) data regarding welfare reform options implemented on reservations and their potential impacts. Primary data were collected from in-depth telephone interviews with service providers of 15 of the 21 reservations in Arizona. This information was substantiated by two site visits to three reservations where we conducted focus groups with current and former welfare recipients and state and tribal social service providers.

## EXECUTIVE SUMMARY

Early feedback on the effects of the 1996 federal welfare legislation supports the following conclusions:

1. **Increased Legislation Granting Tribes Authority to Self-Administer Welfare Policies and Services:** Recent federal legislation (including the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193) has granted more independence and flexibility to tribes to design and implement their own social service programs on reservations. There is much interest among tribes in Arizona, as well as in tribes in other states, to utilize this new option and exercise authority over the administration of TANF. Nationally, as of January 1999, 22 Indian Tribal Organizations had submitted their own tribal TANF administration plans to the DHHS. So far, the DHHS has approved the plans of 19 Indian Tribal Organizations. In comparison with other Indian communities, the Indian communities with approved plans are generally smaller and have lower levels of unemployment. Three of the 19 Indian Tribal Organizations with approved Plans are in Arizona. Several other Arizona tribes expect to have a self-administration plan developed within the next few years. Tribes that have elected to stay with the state-administered TANF program are either gathering information so they may position themselves to self-administer TANF, or are disinterested as they are nearly "welfare independent" and have very few TANF households. These tribes have either employment opportunities (due to economic development opportunities within or near reservations) or tribal per capita payments, which disqualify families for receipt of other welfare assistance (e.g., TANF, Tribal General Assistance).

2. **Limitations of the 1996 Federal Welfare Legislation on Tribal Administration of TANF:** The option for tribes to administer their own TANF programs has been praised as an example of the "government-to-government" relationship between tribes and the federal government. However, as tribes begin to develop plans for self-administration of TANF programs, they are also noticing the legislation's limitations. For instance, the 1996 federal welfare legislation fails to treat them on par with the states. This is especially evident in three areas· unexpended TANF funds, funds to evaluate their performance, and federal rewards for "successful" work. In the first area, unexpended TANF funds, states are allowed to keep these funds for future (unlimited time) use, but tribes must return any unexpended federal funds to the federal government within two years. In regards to the second area, performance evaluation funds, states receive additional money to evaluate their performance, whereas tribes that implement TANF independently do not receive evaluation money. Finally, with respect to the third area, federal rewards for "successful" work, states receive incentives for reducing caseloads, unwed births and teen pregnancies, whereas tribes do not receive any incentives, even when they are able to make reductions in the same areas. Also noteworthy is that tribes administering their own TANF programs may not receive state matching funds, support costs and start-up money. As such, tribal leaders and service providers are concerned that devolution of responsibility for TANF administration without commensurate allocation of financial resources to the tribes may render the policy ineffective. Currently, we are aware of only nine states in the nation that have agreed to provide state matching funds to tribes that administer their own TANF services. It is important to note that, 13 of the 19 Indian

communities that are currently self-administering TANF come from these nine states that provide matching funds. This evidence underscores the importance of providing matching funds to expedite tribal takeover of TANF programs.

3. **The 1996 Federal Welfare Legislation's Impact on Enhancing Organizational Coordination, Communication and Collaboration:** According to state and tribal social service administrators, under the 1996 welfare legislation, both states and tribes find it advantageous to enter into intergovernmental agreements to ensure the coordination and provision of TANF and related services. The legislation has strengthened coordination, communication and collaboration at all levels--among tribal social service providers, between tribes, tribes and states, and tribes and the federal government--that are interested in examining issues around TANF implementation on reservations. At the tribal level, for instance, coordination, collaboration, and communication have increased between staff of social services, employment training, childcare, education and other departments. An increase in coordination, communication, and collaboration is a positive early effect of TANF legislation and may improve the tribe's efforts to serve families with children in need in the future.

4. **Changes at the Community Level Under the 1996 Federal Welfare Legislation:** Like states, reservations also experienced a decline in the number of households and individuals (13 percent change) receiving TANF from January 1995 to January 1998, but for reservations the rate of decline was less rapid. During the same period, households and individuals among non-reservation TANF recipients within Arizona declined by 44 percent while the state of Arizona, which includes reservation and non-reservation TANF recipients, experienced a decline of 41 percent. With regards to sanctions, some families on reservations in Arizona have experienced sanctions, losing 25 percent to 100 percent of their cash benefit. With regards to time limit, a very small proportion of the TANF recipients from reservations has been removed from the TANF program due to a two-year EMPOWER time limit between January of 1998 and January of 1999.

5. **Barriers to Employment:** American Indian families with children on reservations experience similar barriers when trying to move from welfare to work as do their counterparts across the country. These are: a shortage of employment opportunities at the lower rungs of the economic order, a lack of transportation and childcare facilities, and low levels of education and job experience. These barriers are magnified on reservations. Poor families in Indian communities face additional barriers to employment because of their geographic isolation, lack of access to basic necessities (like telephones), individual and family problems, and stereotypes and discrimination by employers due to gender issues, ethnicity, or personal/family histories.

6. **Survival Strategies of Families**: Since Arizona began implementing its version of welfare reform in 1995, there has been evidence of increased efforts to participate in work and training activities by former and current welfare recipients. Waiting lists for job training and childcare programs have increased over the last two years. There is also evidence that families are living under extreme financial hardship--lacking the ability to purchase basic household supplies including food, fuel and clothing.

# IMPLEMENTATION OF THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) ON AMERICAN INDIAN RESERVATIONS: EARLY EVIDENCE FROM ARIZONA

## I. INTRODUCTION

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (Public Law 104-193) brought an end to Aid to Families with Dependent Children (AFDC) as an entitlement to individuals. The PRWORA reflects the public sentiment that the able-bodied poor who are of working age should change their reproductive and parenting behavior in order to engage in productive employment. The 1996 federal welfare legislation replaced AFDC, emergency assistance, and the Job Opportunities and Basic Skills (JOBS) programs[1] with the Temporary Assistance for Needy Families (TANF) block grant. According to this law, adults can receive cash assistance for a maximum of five[2] cumulative years in their lifetimes[3] (or less at state option) and must start working[4] after two years of receiving assistance. States may require participants to begin community service as early as after two months on public assistance. The law also requires that states put 40 percent (50 percent by FY 2002) of single parents receiving cash assistance in work programs for at least 30 hours per week[5] by FY 2000.

States can opt for a shorter lifetime limit and demand more stringent work requirements, but they must not be less stringent than the federal requirements. All states were required to begin the implementation of the new law by July 1, 1997. The state of Arizona received a waiver from the federal government and began implementing its version of welfare reform, the *EMPOWER* (Employing and Moving People Off Welfare and Encouraging Responsibility) program, as part of its TANF block grant on November 1, 1995. Also, Arizona has opted to provide benefits to adults for a maximum of 24 months within the first 60 months and to waive the 24-month time limit for adults residing on reservations with 50 percent or higher

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[1] However, JOBS funding will continue (under the Native Employment Works JOBS program) on American Indian reservations where JOBS programs have previously been administered.

[2] The PRWORA of 1996 has exempted adults residing on reservations with populations of at least 1,000 and unemployment rates of at least 50 percent from the five-year life time limit. The federal Balanced Budget Act, passed on August 5, 1997, has modified the PRWORA of 1996 by removing the requirement of "population of at least 1,000" and has exempted adults residing on reservations of any size with 50 percent or higher unemployment rates from the five-year life time limit (The U.S. Congress, 1997).

[3] States may exempt up to 20% of their caseloads from the five-year life time benefit limitation in addition to the five-year benefit limitation exemption of American Indians residing on reservations with 50 percent or higher unemployment rates.

[4] Work activities recognized under the legislation include subsidized and unsubsidized employment, community service, job search and job readiness program participation, jobs skills training, on-the-job training, secondary school education, and vocational education for up to 12 months.

[5] Twenty hours per week for single parents with a child under age six

unemployment rates.[6] While Arizona continues to use the required 60-month lifetime limit, an adult recipient has to collect these benefits over a period of at least 11 years (a maximum of 24 months of benefit within the first five years, 24 months of benefits in the following five years and 12 months of benefits in the 11th or last year).

According to the U.S. Department of Health and Human Services (1998) welfare caseloads have dropped dramatically both nationally and at the state level (see Tables 1-3). Under the 1996 federal welfare legislation, states can sanction adults who do not comply with TANF requirements and drop them off the welfare rolls at any time. Across the U.S., TANF caseloads have been dropping not solely as a result of people finding work, but also due to noncompliance with welfare requirements. The Washington Post reports that "in some states, sanctions have become a significant part of declining caseloads. More than half of the 14,248 cases closed in Indiana in a three-month period last year, for example, were a result not of people finding work but of sanctions" (Vobejda & Havemann, March 23, 1998, p. A01). The same Washington Post article reports that of the 148,000 Florida cases closed in the second half of 1997, 27 percent were closed due to sanctions (Vobejda & Havemann, March 23, 1998, p. A01). In Arizona, sanctions may be imposed for TANF recipients who fail to comply with certain program requirements, which for adults who receive assistance, include the following: active pursuance of employment (e.g. sending out at least three job applications per month and obtaining at least three signatures from the potential employers contacted through the applications; enrollment of children in school; and up-to-date immunizations of children. TANF recipients must also be cooperative in the process of establishing paternity for their children. In addition, an adult TANF recipient must show up for appointments with his/her Department of Economic Security caseworker. Failure to comply with any of these requirements may result in sanctions.

Aside from the issue of sanctions, diminishing welfare caseloads in Arizona are attributable to ineligibility. For instance, a teenage mother living without an adult family member in the house, children born while the mother is on welfare, and individuals with criminal records (those convicted after 1985, drug abusers and those fleeing prosecution) are ineligible for TANF. In essence, the 1996 federal welfare legislation, and its implementation in the state of Arizona, emphasizes changes in personal and work behavior, parenting behavior, and the reproductive behavior of adult recipients.

Another dimension of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 is that Section 412 of this legislation has bestowed power upon Tribal Governments that wish to administer their own public assistance programs (U.S. Congress, 1996). The legislation authorizes the Department of Health and Human Services (DHHS) to provide direct funding to tribes intending to design and implement their own TANF services. Under the 1996 legislation, tribes can negotiate directly with the Secretary of the DHHS in order to design and implement TANF services to fit their own unique conditions. Many tribes see this

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[6] Arizona used the Bureau of Indian Affair's 1995 Labor Statistics to determine the unemployment rate by looking at the percentage of persons not employed in the potential labor force on reservations and has exempted from the two-year time limits all adults residing on Navajo, White Mountain, Hopi, Tohona O' Odham, San Carlos, San Juan Paiute, Camp Verde and Havasupai reservations. The list of tribes eligible for 24-months time limit exemptions may change when BIA releases its new unemployment statistics.

as an opportunity to protect tribal families with children by shifting the focus of social services from temporary and rehabilitative to long-term and development-oriented. As a result, there is a growing interest among tribes to administer TANF services on their own instead of allowing states to administer the services on reservations. Still, the impact of the 1996 welfare legislation on families with children is likely to vary depending upon who administers the services—the state or the tribe

Arizona is home to 21 reservations[7] of which, according to the 1990 census, one reservation (Quechan Tribe) owns land in Arizona but no Native Americans reside in Arizona portion of the reservation. In Arizona, as in other states, American Indian communities vary tremendously in terms of size, extent of geographic isolation, availability of economic opportunities, levels of welfare dependency, and structure of available social services. For instance, some reservations have better employment opportunities on or near their reservations (with few residents receiving welfare), whereas others are not only geographically isolated, but also economically depressed (i.e. very high poverty rates). Due to these differences, the impact of the 1996 welfare legislation on families with children will vary significantly by reservation and must be tracked over an extended period of time. Also, because the 1996 federal welfare legislation is aimed at changing behavior and attitudes of people, only a longitudinal study can document whether or not the law will meet this goal. As such, the aim of this study is to monitor the impacts of welfare reform on both families with children and the delivery of social services on reservations in the state of Arizona, over a period of five years (September 1997-August, 2002). In the end, our study seeks to estimate the downstream effects of the 1996 federal welfare legislation and inform the public policy debate on how to improve social and economic opportunities for low-income families with children on reservations.

Our study focuses on the following research questions:

1. What are the demographic, social, and economic characteristics of American Indian families with children who are current or former welfare recipients? How are noncompliants (sanctioned parents) different or similar to former or current welfare recipients?

2. To what extent are current or former welfare recipients receiving public assistance in areas like child care, health care, and transportation, and how does this assistance affect parents' participation in work activities or in education and training programs?

3. What are the characteristics of recipients who find work, and what is the nature of that work?

[7]The 21 reservations are as follows: Ak-Chin Indian Community, Maricopa; Cocopah Tribe, Somerton; Colorado River Tribe, Parker; Fort McDowell Indian Community, Fountain Hills; Fort Mojave Tribe, Needles, CA: Gila River Indian Community, Sacaton; Havasupai Tribe, Supai; Hopi Tribe, Kykotsmovi, Second Mesa; Hualapai Tribe, Peach Springs; Kaibab-Paiute Tribe, Fredonia; Navajo Nation, Window Rock; Pascua Yaqui Tribe, Tucson; Quechan Tribe, Yuma; Salt River Puma Maricopa Indian Community, Scottsdale; San Carlos Apache Tribe, San Carlos; San Juan Southern Paiute Tribe, Tuba City; Tonto Apache Tribe of Payson; Tohono O' Odham, Nation Sells; White Mountain Apache Tribe, White River; Yavapai Apache Tribe, Camp Verde; and Yavapi-Prescott Indian Community, Prescott.

4. What is the range of basic and job-related skills of American Indian parents who are current or former welfare recipients? What type of employment and training related programs are currently available to them (e.g., Native Employment Works JOBS programs)? How relevant are these training programs to providing the skills required in job markets on or near reservations?

5. What are the reservation-based or individual-level barriers to raising the skills and employment potential of American Indian parents who are current or former welfare recipients?

6. How have Tribal Councils prepared themselves to face the consequences of welfare reform? As for those tribes who plan to administer TANF independently, how have they positioned themselves to undertake a task of this magnitude? What sort of administrative and evaluative infrastructures do they have in place? How will they coordinate with the state and other service providers in determining Medicaid and Food Stamp eligibility, and in ensuring child support enforcement, job creation, and job development?

7. Will the benefits and outcomes for families vary significantly depending upon whether a tribe participates in a state program or administers its own plan? What measures will the state of Arizona undertake to ensure equitable access of eligible tribal residents to services under the state's TANF block grant?

8. What strategies are parents, whom are sanctioned or impacted by time limits and work requirements, using to attain economic independence? Do they change their strategies over time?

9. How will other tribal support programs be affected by TANF? What proportion of the population losing TANF eligibility will shift to tribal General Assistance programs? How will changes in Medicaid eligibility affect service provision by the Indian Health Service? What other changes will occur in the next five years in the provision of social services at the tribal level?

10. How will the social and economic conditions on reservations change as welfare reform progresses? Will rates of social problems like poverty, malnutrition, crime, child abuse and neglect, addictions, and teen pregnancy go up in the next five years, and if so, by how much?

Because reservations are often geographically isolated (Sandefur & Scott, 1983) and economic opportunities on reservations are limited (Vinje, 1996), the impact of the new welfare policy on families with children living on reservations requires close monitoring. Through a series of academic reports and articles over a period of five years, we expect to document the unique impacts of the 1996 welfare legislation on reservations. This report is the result of our first year of study (October 1, 1997-September 30, 1998) in which we performed the following:

1. Reviewed the social and economic conditions of reservation-based American Indian communities.

2. Reviewed the history of welfare policies in American Indian communities.

3. Presented qualitative data from interviews with service providers and current or former welfare recipients regarding the impacts of welfare reform. This data addresses the following questions:

   a. What is the response of tribes to the devolution of authority to administer TANF services from federal and state governments to Tribal Governments?
   b. How have Tribal Councils prepared themselves to face the consequences of the 1996 federal welfare legislation?
   c How have tribes who plan to administer TANF services positioned themselves to undertake a task of this magnitude?
   d. What are the barriers to tribal administration of TANF services? How can these barriers be reduced?
   e. How are tribal women with children preparing themselves to face the consequences of welfare reform?
   f. What are short-term and potential long-term outcomes of reform implementation on families with children on reservations?
   g. What are the reservation-based or individual-level barriers to increasing the skills and employment potential of American Indian parents who are current or former welfare recipients?

## II. SOCIAL AND ECONOMIC CONDITIONS OF AMERICAN INDIAN COMMUNITIES

Most reservation-based families with children are economically vulnerable. While unemployment rates have fallen to their lowest levels across the country, poverty and unemployment rates in many Indian communities in Arizona remain high. This suggests that residents of reservations are untouched or isolated from national and regional economic upturns.

The vulnerability of American Indians is a product of several factors: geographic isolation of reservations (Sandefur & Scott, 1983), limited economic opportunities on reservations (Vinje, 1996), low levels of human capital (in the form of health, mental health, education and work experience), growth in the number of single parent (female-headed) families, lack of adequate support programs, and reductions in public assistance. Nationally, 41 percent of the poor are children under the age of 18 (Blank, 1997). On reservations this figure is higher, due in part to higher fertility rates on reservations (Hodgkinson, 1990) and higher levels of overall poverty (U.S. Department of Commerce, 1993). In 1990, 55 percent of the children living on reservations lived below the poverty level (U.S. Bureau of the Census, 1990). Compared to a national birthrate of 15.6 per 1,000 population in 1986, American Indians had a birthrate of 27.5 per 1,000 population, with fertility rates reaching their highest levels on reservations (Hodgkinson, 1990). In terms of poverty, both the 1980 and 1990 Censuses indicate that the poverty rate for American Indians is considerably higher than that of the total population. For example, in 1989, 31 percent of American Indians both on and off reservations lived below the poverty level, compared to 13 percent of the total U.S. population (Paisano, 1990). On reservations, poverty is even more prevalent. In 1990, 51 percent of reservation residents lived below the poverty level (U.S. Bureau of the Census, 1990).

Higher rates of poverty are especially evident for female-headed families, and these families are more prevalent among American Indians than among the U.S. population overall. For example, in 1990, 27 percent of American Indian families both on and off reservations were headed by a female householder compared to a national figure of 17 percent (U.S. Department of Commerce, 1993; U.S. Bureau of the Census, 1990). Single-parent families are more likely to be poor; this is especially true for American Indian families. In 1989, 50 percent of American Indian families maintained by females with no husband present lived in poverty, compared to 31 percent of all families maintained by women without husbands in the U.S. (U.S. Department of Commerce, 1993). The median income in 1990 for American Indian families headed by women was only $10,742, or 62 percent of the median income ($17,414) for all families headed by women without husbands in the U.S. (U.S. Department of Commerce, 1993). On reservations, the 1989 median income for year-round, full-time female workers was $14,800, but the median income for all females with any income (ages 15 and over) was only $5,308 (U.S. Bureau of the Census, 1990). Of 30,953 female-headed households on American Indian reservations, 55 percent have an income of less than $10,000.

In general, most families on public assistance have low levels of human capital and experience other personal and family problems, such as substance abuse, or having children with chronic medical conditions or serious disabilities (Olson & Pavetti, 1996). These barriers to employment also apply to American Indian families with children on reservations. In terms of human capital, the educational attainment levels of American Indians lag far behind those of the overall population. In 1990, 66 percent of American Indians 25 years old and over were high school graduates (but on reservations this number was reduced to 53.8 percent), compared to 75

percent of the total population. American Indians were also less likely than the entire U.S. population to complete a bachelor's degree or higher, with nine percent of American Indians earning four-year degrees (but on reservations this number was reduced to 3.9 percent) compared to 20 percent of the total population (Paisano, 1990). Census data indicate that 46 percent of females (aged 25 and over) residing on reservations in 1990 had less than a high school diploma (U.S. Bureau of the Census, 1990). Moreover, many who live on reservations are often less prepared for the labor force because they lack job-related skills and training. Other barriers to their economic success are a lack of adequate technology and support programs (such as telephones, child care, health care, and transportation), which is due, in part, to the geographic isolation of reservations and other tribal lands (Sandefur & Scott, 1983). According to the 1990 Census, 34 percent of households on reservations lacked telephones, while 17 percent lacked access to a working vehicle (U.S. Bureau of the Census, 1990). Lack of vehicles and phones increases the difficulty of finding work because on the one hand, a lack of communication and transportation hinders job-searching efforts by potential employees, and on the other hand, employers are reluctant to hire individuals without these basic amenities. Although economic opportunities are more favorable in urban areas, moving to these areas may mean the loss of cultural identification and social support, as well as the loss of services available on reservations (Shumway & Jackson, 1995). If American Indians then, cannot gain employment due to a lack of resources (phone or vehicle), or because of fear of the loss of cultural support and identification, their choices are limited to available jobs on tribal land, which vary by number and type from reservation to reservation. Most employment opportunities available on reservations are created within Tribal Governments, the service sector and retail. A few tribes have development activities (gaming and recreational activities such as holiday resorts). Even on reservations with employment opportunities though, the available work is generally not substantial enough to employ an entire tribe. Thus, if American Indians cannot gain employment on or off reservations, fulfilling TANF work requirements is impossible and sanctions are inevitable.

Most of the public assistance recipients who are directly impacted by TANF (required to enter the labor force) are women. For example, of the 6,664 TANF recipients in the state of Arizona who were slated to be impacted by time limits[8], 98 percent were women (Arizona Department of Economic Security, 1997). In terms of work force participation, American Indian women have a slightly lower labor force participation rate (55 percent) than the general population of American women (57 percent) (U.S. Department of Commerce, 1993). Employment rates overall, in tandem with employment opportunities, vary by reservation. For example, on reservations in the state of Arizona in 1990, unemployment rates ranged from 35 percent at the White Mountain Apache reservation to 10 percent at the Yavapai-Prescott reservation (U.S. Bureau of the Census, 1990). Nationally, the unemployment rates on reservations averaged 26 percent (U.S. Bureau of the Census, 1990).

Because of high unemployment on many Indian reservations, public assistance may be a more dependable source of income for residents than employment (Cebula & Belton, 1994). Cebula and Belton (1994) found that Native Americans' migration decisions are influenced by geographic public assistance differentials (Cebula & Belton, 1994). Considering the impacts of high unemployment, higher fertility rates, and the younger median age of the American Indian population on reservations (which is 22 years, compared to the median age of 33 for the total U.S. population) (U.S. Department of Commerce, 1993), it is reasonable to expect that a higher

[8] On November 1, 1997.

proportion of single parent (mostly female-headed) families with children on reservations rely on public assistance. On Arizona reservations alone, 43,406 individuals,[9] the majority of which are children, received AFDC benefits, and 62,292 individuals received Food Stamps in 1994 (Inter Tribal Council of Arizona, 1997). Nationally, approximately 23 percent of households on reservations receive some form of public assistance (U.S. Bureau of the Census, 1990). Therefore, since single parent families, the majority of which are female-headed, are already subjected to higher rates of poverty, it is reasonable to expect that American Indian women with children who live on reservations will be more severely impacted by the 1996 welfare reform legislation than any other racial or ethnic group in the U.S.

[9] Of which 12,874 were adults and 30,640 were children.

## III. A HISTORICAL OVERVIEW OF THE ADMINISTRATION OF SOCIAL SERVICES TO AMERICAN INDIANS

A discussion on the current administration of social services for American Indians requires an understanding of the historical relationship between the Indian Nations and the U.S. government. American Indians are different from other U.S. citizens in that they have citizenship status with the federal and state governments, yet as tribal members they also have a unique federal-Indian relationship ("federal trust responsibility") based upon treaties, acts of Congress, and presidential directives, which recognize tribes as sovereign entities. This dual relationship complicates policy making for American Indian social services .

Prior to the 1920s, social services for American Indians were based solely on their trust relationship with the federal government. In 1924, American Indians were granted U.S. citizenship, and as they became citizens of the states in which they resided, they became entitled to general services provided for other citizens of the state. However, since the U.S. Constitution explicitly granted authority for the responsibility of the American Indians to the federal government, states did not view Indians as their responsibility and historically have often denied them rights to state-administered services. Due, then, to this unsteady and highly complex relationship between the federal government, the states and the Indian Nations, an historical perspective is important. Through an historical perspective, one can appreciate the current situation American Indians and tribal governments face regarding the administration and delivery of public assistance and social services.

### A. Destruction of Tribal Social Service Systems

Early relations between the United States government and the American Indian Nations were based on treaties that recognized and respected tribes as sovereign nations. Federal assistance consisted of goods and services offered in exchange for land and friendship. These goods and services included clothing, farming equipment, technology and educational services. This early relationship between sovereign nations and the United States government came to an end as the American Army was strengthened and the colonialists' need for allies and friendship was thereby reduced. The end of the treaty period resulted in a change in perspective towards American Indians and in a simultaneous effort to assimilate them into the dominant Western culture. In 1832, Chief Justice John Marshall declared American Indian tribes as sovereign nations who were nonetheless under the "superior power from the federal government" (Deloria and Lytle, 1983 p. 4).

Fear of losing of land and culture led the Indian Nations to cede large tracts of land formerly occupied by them in return for land specifically reserved for them (reservations). Indians agreed to occupy reservations in an effort to isolate themselves from the encroaching Western culture. Essentially, they ceded land in exchange for a promise of protection of their new land, as well as to preserve the remains of a tribal existence that depended, in part, on that land.

Although American Indians had bargained for their own legally recognized land, reservation life was, in fact, traumatic for Indian culture The traditional survival strategies of American Indians were ill suited for the lands on which the U.S. government placed American Indians. For example, the Shawnee Tribe was placed on the arid plains of Kansas even though they were forest dwellers; the Cherokees, traditionally from the Smokey Mountains, were placed in Oklahoma (O'Brien, 1989). The disruption of survival techniques that followed from the

displacement of tribes devastated the traditional social networks of American Indians. Tribal members traditionally relied on other members, as well as on family, in times of need. The reservation setting changed this dynamic, forcing tribal members to rely on outside forces for help. Because reservations did not provide adequate resources for self-sufficiency, tribes became dependent on the federal government for food, education, clothing, shelter, health care, and other services. This period in Indian history marked the beginning of food rations, surplus food supplies from army forts, provided by the U.S. government. During this same period, the federal government expanded the number of off-reservation boarding schools, removing American Indian children from their families. Thus, education, through off-reservation boarding schools, became a major initiative of the federal government. The objective of the U.S. was to control and assimilate Indians. The assimilation of Indians was facilitated by transferring responsibility for the provision of social services (i.e., food, clothing and shelter) from the tribes to the Bureau of Indian Affairs (BIA).

In 1887, the U.S. government, in another attempt to assimilate American Indians into the dominant culture, began a land allotment program, offering land to individual American Indian families. This program resulted in a reduction of American Indian owned land, as well as in a continuing pattern of weakening Tribal Governments. Once situated on land acquired through the land allotment program, Indian families were not provided with the technology required to farm. Not only was the lack of technology a problem for Indian families, but they were also unaccustomed to the notion of private property. Since owning and farming land were unfamiliar to American Indians, many of the families eventually sold the land allotted to them. As a result of the land allotment program, American Indians lost two thirds of their 150 million acres of land (Tyler, 1973). With the loss of land and disruption of tribal life, the dwindling authority of Tribal Governments was inevitable. The structure of the program was such that the BIA provided goods and services directly to individual Indian families, ignoring existing tribal governmental structures. This period was extremely destructive to the American Indian way of life, creating a landless group of poor Indians, and increasing American Indians' dependency on the federal government for goods and services.

The plight of the American Indians led Congress to call for assistance in the form of emergency food and shelter. Through the early 1900's, the services of the BIA were expanded. Due to this dependency of tribes on the federal government, during this period, American Indians were not viewed as citizens but "wards" of the federal government.

**B. Federal Reconciliation and the Development of New Social Service Programs**

The increased provision of federal social services for American Indians was not explicitly explained in U.S. law. The role of the BIA in the provision of social services was determined under a variety of treaties and acts, and each reservation had different sources of funds. The lack of a uniform policy for American Indian social services created confusion about the role of the BIA. This ambiguity changed in 1921 with the Snyder Act, which placed all federal Indian services under the BIA. This act "institutionalized" social services for American Indians and became the basis for the provision of all social, health, and educational services for the Indian Nations.

Even with the provision of increased services though, American Indians were not granted even the basic right of citizenship. Instead, the right to citizenship was not acquired until after American Indians voluntarily participated in World War I. Rewarding the American Indians for their participation, in 1924 the U.S. government granted them citizenship (Tyler, 1973; O'Brien, 1989). Gaining citizenship placed American Indians under the rights of the 14th Amendment.

They were considered citizens of the state in which they resided; and thus, they were allowed the right to the same social services as other state citizens. Historically, states have been reluctant to recognize that American Indians, as state citizens, have rights to certain benefits. This reluctance was due to the traditional federal responsibility for dealing with the Indians, the location of many governmental functions at the state level, and the constantly changing polices regarding the individual status of American Indians (Deloria and Lytle, 1983). However, the granting of citizenship did not necessarily improve conditions for American Indians. That is, though American Indian were legally considered citizens of the states in which they resided, states did not readily acknowledge this right and continued to view them as outcasts.

It was not until 1954 that the courts finally enforced tribal member rights as "equal to those enjoyed by all other citizens and residents of the state" (Deloria and Lytle, 1983, p. 245). Today, American Indians residing on or off reservations are as eligible as other state residents to receive state social services, as long as they meet the eligibility requirements. Even still, the relationship between the Tribal Governments, their members and their respective states, is not perfect; many Tribal Governments and their members continue to meet with political resistance from states.

Structural reform of federal funding as a result of the Snyder Act of 1921 and the granting of citizenship did not radically improve the situation of American Indians. Out of concern for the American Indian situation, the Meriam Commission of 1928 reported on the deplorable social conditions of American Indians and the inadequacy of government programs to address their conditions. Specifically, the Meriam Report admitted the failure of the land allotment program and reported that the BIA control on reservations prevented Indians from attaining self-sufficiency (Deloria and Lytle, 1983). This report led to the Indian Reorganization Act of 1934, which reestablished the rights of American Indians to their own governments. This act formally ended the allotment program, prevented the transfer of land to anyone but the tribe itself, allowed Tribal Councils to negotiate directly with the federal, state and local governments, and reduced the power of the BIA. The act also enabled the development of Tribal Governments by providing official tribal recognition, increasing services and funding, and creating an economic development program specifically for tribes. From this point forward, Tribal Governments began developing public work programs in health, education and welfare.

With the onset of World War II, American Indians, once again, were willing to protect America. In contrast to the honor and respect received after their contributions to World War I however, American Indians returned home to dilapidated reservations after WWII. There were no jobs, no financial assistance, and few educational services available to them. The federal government decided to deal with Indians as they did with poor rural residents: they relocated them to urban areas to find employment. Through this Indian Relocation Program, Indians who wished to seek employment opportunities away from the reservation were assisted with financial support and job placement services. The federal government wanted to cut back on special social service programs for American Indians and to incorporate them into the social programs for other citizens. As part of this initiative, the federal government passed legislation in 1953 both to terminate the federal trust responsibility for those tribes qualified to manage their own affairs and to facilitate the transition of full jurisdiction over tribes to the states (Tyler, 1973). American Indians did not tolerate this solution, however, and, eventually, through a strongly organized coalition of Tribal Governments, were able to successfully work for the repeal of this legislation. In essence, it was decided that the federal government had a responsibility to reservations and

could not, as a policy solution, relocate American Indians to urban areas or abolish the social programs created specifically for them.

**C. Impact of Indian Self-Determination on Tribal Social Services**

The Civil Rights movement of the 1960s paved the way for the introduction of self-determination as a major goal of Indian policy and increased federal funding for tribal social services. With this renewed recognition of Indian reservations as governmental entities, tribes became eligible for a variety of programs, not as beneficiaries of the federal government's trust responsibility, but as political units with the same eligibility for funding as state and local governments. As such, Indian Nations began receiving direct funding from a variety of government agencies. The Department of Health and Human Services was responsible for health care; the Department of Commerce was responsible for economic development; the Department of Housing and Urban Development provided housing grants, and the Department of Labor provided job-training grants (O'Brien, 1989). At the same time, American Indians, as U.S. citizens, were eligible for services from other social welfare programs, including Aid to Families with Dependent Children (AFDC), Food Stamps, and Medicaid. Thus, the role of the BIA changed from sole provider of social services to "provider of last resort," assisting only those American Indians not eligible for aid from the state or local government (Taylor, 1984)

The "Great Society" programs, such as Food Stamps and Medicaid (mentioned above), had the purpose of strengthening the reservations economically, governmentally, and socially. Additional legislation created to this end included the Elementary and Secondary Education Act, the Vocation Education Act, the Higher Education Act, and the Economic Opportunity Act (Taylor, 1984). During the 1970s, the number of federal programs and funds directed to Tribal Governments dramatically increased. A review of a 1991 report by the Congressional Research Service revealed that eleven federal departments funded approximately 198 different programs and services for which American Indian governments could apply.

Another way to study shifts in federal programs and funds directed towards Tribal Governments, is to focus on presidential administrations. For example, the Johnson and Nixon administrations both supported policy initiatives which aimed to improve the quality of reservation life without diminishing the powers of tribal governments. As part of these initiatives, Congress passed the Indian Self-Determination Act in 1975. This act confirmed the federal government's commitment to transferring administrative control of services to Indian Nations through the contracting of BIA-administered services to the tribes. The act also supported tribal autonomy by allowing tribes to tailor their social service programs to the unique needs and special circumstances of their communities (Walke, 1991). Also during this period, the Indian Child Welfare Act and the Health Care Improvement Act were passed. Like the policy initiatives and other acts mentioned, these acts were enacted with the intention of improving reservation life while recognizing tribal autonomy (O'Brien, 1989).

Like the Johnson and Nixon administrations, the Reagan administration encouraged tribal autonomy. To do so, the Reagan administration supported federally administered block grants. However, the results of the block grants were contradictory. That is, while block grants gave tribal and state governments more autonomy, they also led to decreased funding for social and economic programs. In examining federal expenditures in terms of constant dollars, from 1981 to 1988, Stuart (1990) found a negative 34 percent change in Indian Education grants and a 28 percent decline in job training expenditures. Undoubtedly, these reductions in spending have impacted American Indian parents of young children (as well as the overall population) living on Indian reservations. This decline in federal program monies correlates with the rate of labor

force participation on reservations, which declined from 67 percent of the working age population in 1980 to 53 percent in 1990 (Vinje, 1996).

In more recent years, the Bush and Clinton administrations have also impacted American Indian life. Following the Reagan administration, the Bush administration strengthened policies which fostered Indian self-governance through the development of a self-governance compact, which allowed for block grants of existing BIA and Indian Health Services funds to tribal governments. The Clinton administration has further strengthened the "government to government" relationship with tribes by maintaining support for the development of self-governance compacts. In general, the self-governance compacts have allowed tribes greater flexibility in designing programs to meet the needs of tribal members.

**D. Current Tribal Administration of Social Services**

Currently, tribal governments administer a variety of social service programs through various funding structures. Federal funding for these programs is channeled to tribal governments through two basic conduits : 1) direct federal funding to tribes, which includes self-determination contracts (e.g. General Assistance), block grants (e.g. Child Care Development), and special initiative grants (e.g. Domestic Violence); and 2) federal funds channeled to the state and "passed through" to tribal governments via state/tribal agreements (e.g. Title IV-E Foster Care).

As tribal governments have labored to accommodate these various funding structures, the common approach has been to view the different funding streams as individual "program" funds and to develop independent administrative structures for each funding source. The individualization of funds has resulted in the creation of a complex web of bureaucratic regulations and reporting requirements at the tribal level. The complexity of the current system is underscored by the sheer number of funding sources for different programs. For instance, funding for employment and training programs comes from a variety of departments: the Job Training Partnership Act and Welfare to Work services funded by the Department of Labor; the Native Employment Works Job Opportunity and Basic Skill (NEW JOBS) initiative funded by the Department of Health and Human Services; and the Tribal Work Experience and Employment Assistance Program funded by the Department of Interior. Funding sources for assistance to families and children include the Department of Interior (which funds General Assistance), the Department of Agriculture (which administers Commodity Food Distribution), and the Department of Health and Human Services (which funds childcare services). All of the above funding sources dictate different service regulations and reporting requirements.

**E. Legislation Granting Tribal Independence and Strengthening State-Tribal Relationships**

Critics of Tribal Governments have stated that, as presently funded and organized, tribal programs are not structured to provide responsive and efficient services capable of meeting the social and economic needs of their communities (O'Brien, 1989). Tribal Governments, as well as their state counterparts, will face a major challenge in adapting their programs and funding patterns to accommodate the recent welfare reform legislation. Although state governments have historically tried to exert control over tribal communities and have resisted providing social services to tribal members, several pieces of federal legislation, in addition to Section 412 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193), have granted more independence to tribes to design and implement social service programs on reservations. Under these laws, both states and tribes may find it advantageous to enter into

intergovernmental agreements to ensure the coordination and provision of TANF and related services. These laws are briefly discussed below.

1. The 1992 Indian Employment, Training, and Related Services Demonstration Act (P.L. 102-477) was intended to reduce paperwork and other administrative burdens placed upon Tribal Governments. Under this legislation, Tribal Governments may develop one plan to obtain funds from multiple federal agencies for the provision of a range of employment and job training services. Simply put, they may combine the grants they receive into one funding stream. Also, under P.L. 102-477, tribes may write one financial report reflecting the entire budget and are only required to report to a single federal agency, the Bureau of Indian Affairs (BIA). Then, under this legislation, responsibility for the disbursement of reports falls to the BIA, which shares the reports with other federal agencies. Programs that can be combined under P.L 102-477 are JTPA-IV-A, Summer Youth Program-II-B and Welfare to Work from the Department of Labor; NEW JOBS, the Child Care Development Fund and TANF from the Department of Health and Human Services; and Tribal Work Experience, AVT, Direct Employment, Adult Education and Higher Education from the BIA.

2. The Indian Self-Determination and Education Assistance Act of 1975 (P.L. 93-638) and C.F.R. Part 900, as amended by P.L. 103-413, P.L. 103-435, and P.L. 103-437 on October 1994 and November 2, 1994, assures "maximum Indian participation in the direction of educational as well as other federal services to Indian communities so as to render such services more responsive to the needs and desires of those communities" (P.L. 93-638). This amendment gives freedom to American Indians on reservations to develop and implement their own educational and social programs. Some tribes have taken advantage of this amendment and have designed and implemented a wide variety of programs. The federal government covers support costs (which include start-up costs, pre-award costs and technical and administrative costs), as well as the costs of the programs that are contracted under P.L. 93-638. With this regulation, the tribes are familiar with tribal takeover of financing and administration. Tribes such as Navajo Nation originally proposed to administer TANF under P.L. 93-638 because under this law the federal government provides support costs of program administration. On the other hand, the 1996 federal welfare legislation does not require the federal government to cover the support costs of implementing TANF by tribes. Once the tribes secure funding (program costs plus support costs) from different federal agencies under the P.L., 93-638, they may combine these funds under P.L. 102-477 and report to a single agency.

## IV. DATA SOURCES

The state of Arizona has been implementing the EMPOWER program as a part of its TANF block grant since November 1, 1995. In order to gain early feedback on the impact of the 1996 federal welfare legislation, we collected data from six main sources: 1) The Department of Health and Human Services web sites; 2) The U.S. Bureau of the Census and other national data sources; 3) Administrative data on welfare recipients by reservations from the state of Arizona, beginning in January 1995; 4) The Bureau of Indian Affairs (BIA) and Tribal Social Services (aggregate data); 5) Tribes and the Inter-Tribal Council of Arizona (ITCA), with supplementary information gathered through site visits and service provider interviews (documentation regarding information on TANF options and implementation); and 6) Focus group interviews with welfare recipients and former recipients on the three reservations selected as focus sites. The data sources, with a description of data provided by each source, are outlined below:

1) **The Department of Health and Human Services (DHHS).** We obtained the status of welfare caseloads by state electronically from the web sites of the DHHS (see tables 1-3). In addition, we obtained the status of all Tribal TANF Plans and their characteristics from this source (see Tables 8-9).

2) **U.S. Bureau of the Census and other national level data.** The U.S. Bureau of the Census provided us with data specific to each reservation for the year of 1990.[10] We entered this data for all reservations in Arizona. This data has allowed us to compare and contrast Indian communities within Arizona. We will also compare how aggregate information on reservations changes between 1990 and the year 2000. We report several important social and economic indicators for these communities (using the 1990 census) in Tables 4-7.

3) **The Department of Economic Security (DES), Phoenix, Arizona.** The DES provided us with administrative data on welfare recipients by reservations beginning January 1995 (see Tables 10-11).

4) **The Bureau of Indian Affairs (BIA), Phoenix, and Tribal Social Services.** The Bureau of Indian Affairs (BIA) provided us with aggregate data, including annual data on crime, child abuse and neglect, as well as Tribal General Assistance (GA) caseloads and expenditures by reservation.[11]

5) **Tribes and the Inter Tribal Council of Arizona (ITCA).** Tribes and the ITCA provided us with two types of information. First, many tribes provided us with statistical reports of services and assistance in their communities in aggregate format, which we have used to gain a clearer picture of their particular situations. Second, tribes and the ITCA provided us with documentation regarding information on TANF

[10] We hope to receive 1999 Census data by reservation electronically so we can compare change over the decade.

[11] This data is incomplete in that we are still updating our database with information from several tribes within Arizona. This report, therefore, does not include analysis of these data.

options and implementation. In regards to the latter, we have received some documentation from tribes and the ITCA about the developmental process of administration of TANF programs (three tribes). However, most of our information in this area has been gathered through interviews (phone or on-site) with tribal service providers and state Department of Economic Security (DES) administrators responsible for the coordination of services on or near reservation communities. These telephone interviews were conducted between October and December of 1997.

6) **Focus group interviews.** Perhaps some of the best sources of information allowing us to form an accurate picture of the early impacts of welfare reform on American Indian families with children have been the focus group interviews with TANF recipients and other former welfare recipients. Demographic profiles of these recipients are documented in the endnote[1].

We had originally requested ITCA staff in Arizona to help us contact all the tribes in Arizona and explore their interest in participating in this study. Of all the tribes in Arizona, three tribes (Salt River, San Carlos and Navajo Nation) demonstrated a particular interest in being part of this study. As a result, we chose these three tribes as our focus tribes for this study. In addition, two tribes (Hopi and White Mountain) invited us to visit their reservations. As planned, we visited these five reservations (Salt River, San Carlos, Hopi, Navajo Nation and White Mountain) for two weeks in January of 1998 and group interviewed tribal and state service providers on four reservations (Salt River, San Carlos, Hopi, and Navajo Nation). During that same visit we conducted focus group interviews with current and former welfare recipients residing on three focus reservations (Salt River, San Carlos and Navajo Nation). For one week in May 1998, then, we made a follow-up visit to each of the three focus reservations. During these visits, we group interviewed with the same group of tribal service providers and conducted follow-up focus group interviews with welfare recipients.

The in-depth group interviews we completed with tribal service providers and welfare recipients have been a valuable source of information about the early impacts of welfare reform. We reviewed and analyzed information collected from multiple sources using a qualitative, story format. To maintain confidentiality, we do not identify individuals, offices they are associated with or the tribal names in any of the findings of this study. Tribal names are mentioned only if the information is public, derived mainly from secondary data, and is exemplary in nature.[12] Findings of this study are presented below.

[12] Comments of tribal members and employees of ITCA, BIA and the Arizona Department of Economic Security were incorporated before making this report public.

## V. FINDINGS

### A. Tribal administration of TANF

Though the 1996 welfare law brought an end to entitlements for families with children, it has bestowed power upon tribal governments wishing to administer their own programs. Until now, states have been the principal administrators of AFDC programs, including the administration of AFDC benefits to American Indian families on reservations. Of the 500 tribes and 310 reservations recorded in the country by the 1990 Census (Shumway & Jackson, 1995), only five tribes in Wisconsin[13] subcontracted with the state to provide AFDC and to determine eligibility requirements for Food Stamp and Medicaid on their reservations. In contrast, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 provides each tribe with two options. Tribes may either participate in their respective state programs or submit their own TANF Plans to the Secretary of the Department of Health and Human Services (DHSS). The latter choice will allow tribes to receive funding in the form of a block grant.[14] However, states will continue to determine Medicaid and Food Stamp eligibility on reservations and will also continue to administer these programs.[15]

Tribal Plans can be different from the federal mandate in that the law allows tribes the flexibility to determine: (a) their own service populations (e.g., whether to cover all registered members or only those members residing on reservations.), (b) their definitions of "family" (e g., how to define "Indian" and "Non-Indian" families), (c) the scope of assistance (e.g., whether to include childcare or not), (d) job participation rates, and (e) variations in time limitations.

Nationally, as of April 1999, 22 Indian Tribal Organizations had submitted their own formal plans[16] for tribal TANF programs (see Tables 8 & 9), of which the DHHS had approved 19 plans (DHHS, 1998). As shown in Table 8, these 19 TANF plans are located in the following states: four in Wisconsin, three in Arizona (Pascua Yaqui, Salt River and White Mountain), two each in Oregon and Washington, and one each in Oklahoma, South Dakota, Wyoming, California, Idaho, Minnesota, Montana and Alaska. These 19 Indian Tribal Organizations with approved plans are generally smaller (see Table 9) and have lower levels of unemployment compared to other tribes. Many of them have modeled their tribal TANF administration plans after their state plans, making only slight modifications in terms of time limits and work requirements (see Table 9). In general, state plans tend to be more stringent than federal requirements, whereas the tribal plans tend to be more generous than state requirements. For instance, Arizona's Department of Economic Security (DES) has instituted a two-year time

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[13] Red Cliff, the Bad River Indian Band of Lake Superior, Lac du Flambeau, Oneida and Stockbridge Munsee.

[14] Tribes may loser their portions of state matches if this option is chosen, however, Arizona has passed legislation that will allow tribes to retain state matching funds.

[15] However, the Arizona state legislature has recently authorized the state DFS to request a federal waiver from the DHHS that permits those tribal governments that perform eligibility determinations for TANF to also perform the Medicaid and Food Stamp eligibility determinations. The state of Arizona will provide state matching monies for the administrative costs associated with the Medicaid and Food Stamp eligibility based on federal guidelines.

[16] Known as Tribal Family Assistance Grant applications.

limit[17] on benefit receipt within the first five years of receiving benefit, whereas the Pascua Yaqui tribe (in Arizona) will waive the two-year time limit for adult recipients who are meeting the work activity requirement.

Based on recommendations made by Indian leaders at the National Tribal Leaders Conference on Welfare Reform,[18] the Inter-Tribal Council of Arizona (ITCA) outlined five different options a tribe may consider in implementing welfare reform. These options include. (1) leaving TANF program administration completely to the state, (2) subcontracting to provide a state-administered TANF program, (3) completely administering TANF at the tribal level, (4) allowing the state to subcontract in providing a tribal-administered TANF program, and (5) subcontracting with a private organization for the provision of a tribal-administered TANF program. In other words, the options the tribes select may vary. For example, of the five options, the Arizona tribes with approved tribal plans have selected two different plans Salt River has chosen option three whereas the other two tribes, Pasqua Yaqui and White Mountain, have chosen the fourth option.

For those tribes selecting option four, there is even more variance. This variance is a result of the impossibility of predicting the exact nature of the subcontract agreement between tribes and the state. For instance, the Pasqua Yaqui tribe has subcontracted with the state to determine TANF eligibility, issue payments and generate monthly reports, while White Mountain is relying on the state to determine TANF eligibility, implement job placement activities and generate monthly reports.

In addition to the three tribes with approved tribal TANF Plans (Pasqua Yaqui, Salt River and White Mountain), several other tribes in Arizona are also making efforts to develop their own TANF programs. For example, the Navajo Nation plan is being reviewed by the District court; and two additional tribes expect to develop plans at some point in the future. The remaining 14 Arizona tribes have elected to stay with the state-administered TANF program, either through a deliberate decision-making process, or through "default"— by not formally considering the option at this time. Several of these tribes that have not yet formally considered implementing tribal TANF deliberately chose not to because they are small communities comprised of few TANF-receiving-residents. Thus, these tribes feel that administering their own program would not be worthwhile. For example, seven of these 14 tribes (Ak-Chin, Cocopah, Fort McDowell, Fort Mojave, Havasupai, Kaibab Paiute and Yavapai Apache) have less than seven households receiving TANF (see Table 10). Five tribes (Ak-Chin, Cocopah, Fort McDowell, Fort Mojave and Yavapai Prescott) have either employment opportunities (due to economic development opportunities within or near reservations) or tribal per capita payments, which disqualify families for receipt of other welfare assistance (e.g., TANF, Tribal General Assistance).

Two smaller tribes, in order to compensate for tribal size, are considering the option of collaboration with other tribes to develop and implement joint TANF programs – one tribe is considering working with a number of other small tribes, and the other tribe is considering working with a large tribe that has already submitted a TANF proposal. Lastly, five larger tribes have adopted a "wait and see" approach before developing their own TANF program. They are

[17] In Arizona, the adult portion of the benefit is eliminated after a family reaches the two-year time limit within the first five years, but cash assistance for the children in the family is continued for the five years. The two-year time limit began on November 1, 1995 and the 60-month lifetime limit began on October 1, 1996.

[18] Held in Seattle, Washington, from October 29 through October 31, 1996.

hoping to learn from the experiences of those tribes which are in the process of implementing tribal TANF and want to make sure that they have "all the facts regarding their options." These tribes, electing to remain with the state TANF program, felt that they lacked the infrastructure necessary for the administration of a public assistance program, such as facilities for service delivery, and computer hardware and software for information management systems. For these more hesitant tribes, lack of staff and staff training were also perceived as potential setbacks for the implementation of a TANF program.

In making future decisions about TANF, many tribes are networking with one another (either on their own initiative or through the ITCA) to continue their decision-making and plan development process.[19] By May of 1998 four tribes had formed task forces to perform in-depth studies on issues of welfare reform. Most of these task forces included social service administrators, as well as other service providers and frontline staff. One task force included the local DES staff. Some task forces included subcommittees in areas such as economic development, child support and education. In one community, the Tribal Vice Chair initiated a review of the TANF legislation and engaged social service staff in forecasting the impact of welfare reform on tribal members. In general, formal decisions were made after task forces or social service staff made their recommendations to the Tribal Chair, the Tribal Council, or a committee of the Tribal Council. Final decisions were then voted upon and made by Tribal Councils.

These task forces have been instrumental in expediting TANF implementation decisions on reservations. For instance, between our last meeting in January and our follow up visit in May 1998, the Salt River tribe had created a task force that met every other week for three months. As a result of these task-force-meetings, this tribe arrived at the decision to implement its own TANF program. The task force decided it would like to have a proposal ready so that it could begin a tribal TANF program by July. In order to arrive at the July deadline, the task force began meeting in February to prepare a proposal for the Tribal Council. Two months later the Tribal Council received and approved the proposal, which was then sent to the federal government for approval.

In general, tribes had similar motives for administering their own tribal TANF programs. For the tribes which have either submitted TANF plans or plan to do so in the near future, the main reasons service providers asserted for wanting to implement tribal TANF programs are.

**1) To give their community members greater flexibility in regards to the enforcement of work requirements and time limits.** The need for flexibility in the enforcement of work requirements and time limits is underscored by the concerns of many social service providers who fear that the lack of employment opportunities on or near reservations will make it impossible for some recipients to meet all the deadlines under the state plan Local DES staff are aware of these factors in the decision-making process. One DES staff member said, "The major reason they decided to do tribal TANF was to help the people who would have been sanctioned."

[19] Some efforts at developing TANF strategies have "slacked off" or slowed down due to the impact of waivers for reservations with unemployment rates over 50 percent. As one social services manager said, "The waiver has taken the gun away from our temples. We will be allowed to move at a slower pace."

Flexibility was also a motive for another tribe which decided to develop its own plan. This tribe was interested in formulating its own plan because doing so allowed for mobility in the selection of program requirements, while still enabling the tribe to use the state as its service provider. As the Tribal Social Services Director said, "The state made it simple to do TANF on our own. They offered the state matching funds and agreed to subcontract to provide the services. We felt it would benefit community members because we would have flexibility and be able to protect recipients from time limits."

As expected, greater flexibility has permitted tribes to develop a variety of distinct TANF plans, differing both from the federal mandate and from one another. For instance, the Navajo Nation has proposed to require only five percent of adult participants (ages 18 to 60) to comply with work requirements in the first two years, with a minimum of 10 hours per week for the first and second years.[20]

**2) To maintain minimum benefit payments to families with children.** The DES in Arizona recently agreed to endow private companies with the right to administer TANF on reservations. This concession has presented tribal members with a new concern. That is, tribes fear that private companies may make compliance with welfare requirements and living conditions under welfare even more difficult than they were under state supervision. For example, private companies may lower benefits to families, as well as advocate for even stricter time limits and work requirements. Substantiating the validity of this concern, service providers of a tribal community in which TANF services may be privatized in the future indicated that the proposed plan under privatization is not only more stringent in its suggested time limits and work requirements than is the state plan, but also that the privatized plan would cap benefit levels for families, regardless of family size.

**3) To develop programs that are culturally appropriate.** In general, tribes are concerned about maintaining culturally appropriate programs. Privatization is one area in which the fear of the potential loss of culturally appropriate programs is manifested. Tribes are concerned that the private companies may lack cultural sensitivity to Indian communities. As one social service provider stated, "The private companies may not be sensitive to cultural aspects of our Indian Community." One tribal TANF coordinator said, "We have a lot of confidence in our tribal capabilities. Tribes have struggled under bureaucracies before. We don't want to work like that with the state. We want a government-to-government agreement." He also stressed that this was the opportunity to design something that "truly reflected" their cultural values and traditions: "Ideas about welfare reform apply mostly to urban areas. Our community is unique. We have a unique lifestyle, and our plan is designed to fit our unique needs."

Similar desires to protect tribal sovereignty and culture were articulated by other tribes intending to develop their own TANF plans in the future. A service provider for one of these tribes stated.

> "We have a support system that is centuries old. Traditionally, the kinship and clan systems have provided assistance for their members. If we do our own program, we have to structure TANF to build on what's already there. We have to protect the tribal system of people helping each other. We need to 'massage' government regulations so they fit

[20] Ten percent of all families on the third year and thereafter.

what is here. We have a totally different philosophy from other tribes, and we don't want to undermine our culture."

Tribes are concerned that private companies may not appreciate the cultural differences in Indian community. This concern is reflected in the comment of a Tribal Social Service Provider who said, "They do not appreciate our past and our history." The social service provider's concern is corroborated by evidence showing that American Indians experience discrimination in employment agencies, a circumstance which may be better addressed by a tribe than a private company. A such, most service providers indicated that as privatization proceeds, tribes will have additional impetus for administering their own plan.

**4) To use TANF programming as an opportunity to restructure and coordinate tribal welfare systems.** Tribes that are considering the possibility of implementing their own TANF program have concluded that they are better positioned to develop services that are flexible, generous and culturally appropriate. An additional incentive for tribal TANF programming, specific to Arizona, is the agreement of the state of Arizona to provide state matching funds[21] to the tribes. Yet, tribal members are aware that even with state matching funds, if they administer their own TANF program, they will have fewer funds than if they continue with the state program. Also, they recognize that the monies provided by the state for social services is inadequate. Still, tribes think they will be able to assist more families with fewer funds than the state or a private company could because, as stated by a Tribal Social Service Provider, tribes generally feel that "as a community, we know our own people better."

To adjust to the new changes, especially to save costs, tribes are consolidating their programs and services. For instance, a Tribal Social Service Provider from the Salt River tribe indicated that his tribe is consolidating different programs to "create a new Division of Family Assistance where we will merge together GA (Tribal General Assistance), JTPA (Job Training and Partnership Act), TANF, NEW JOBS (Native Employment Works and Job Opportunity and Basic Skills) and Welfare-to-Work." Additionally, this tribe has discussed the possibility of coordinating support systems such as childcare and transportation. To facilitate some of these changes, this tribe created a Coordinating Committee so that, according to a Tribal Social Service Provider, when "an individual comes in who needs mental health services, transportation and childcare, the tribal Coordinating Committee can decide how all the programs in the community will assist the individual. This is a better system than simply referring individuals to different departments." The tribe is concerned, however, about consolidating departments under Public Law 477. Concern about PL-477 arises primarily from the threat of budget cuts once funds are pooled into one source.

As tribes implement their own TANF services some Tribal Governments may put additional dollars into these services if they see the connection between welfare reform implementation and tribal social and economic development. A tribal member hoped "that the tribal government will be involved in this initiative to implement a tribal welfare system." For the Salt River tribe, for example, interest and participation from Tribal Governments has increased as a result of the creation of a tribal administration system. Tribal service providers indicated that the tribe will submit a request to their Tribal Council to assist in funding the

[21] Nine states--Alaska, Arizona, California, Idaho, Minnesota, Montana, Oregon, Washington and Wyoming– have agreed to provide state matching funds. Arizona will provide 80% of the state money that it spent on AFDC recipients on reservations in 1994.

tribally administered welfare program. The service providers on this reservation estimate that they will need over one million dollars for the program, with over half of the money allocated to start-up costs, which will provide for the purchase of buildings, furniture and computers.

**B. Cooperation, collaboration, and communication**

Coordination, communication and collaboration regarding the implementation of social programs and services have increased since the passage of the PRWORA in the following ways: 1) tribes are communicating directly with the federal government; 2) tribes are coordinating with state social service administrators; and 3) collaboration and communication is occurring on a regular basis between tribes, as well as among service providers and administrators within each tribe.

Under the PRWORA, both states and tribes find it advantageous to ensure the coordination and provision of TANF and related services. On this topic, one Tribal Social Service Director stated, "This is an exciting time. We are coming to the table to talk with state workers. We are tapping resources not previously available and working to 'know the other side.'" Also to this end, another Tribal Social Service Director said, "The Vice Chair was interested in tribal TANF all along, and the state made it simple to do our own. They offered the state match and agreed to subcontract to provide the services."

Overall, state DES staff have cooperated with tribes and assisted them in making decisions regarding TANF. In addition, many DES staff are supportive of tribal efforts to administer their own plans. A DES administrator, commenting on a tribe considering tribal administration of TANF in the future, had this to say on the subject:

> "I think the tribe(s) will eventually move forward with their own TANF plans. That's the way to go. The tribe(s) will have more flexibility, and the family cap is waived. Plus they do not have a huge caseload. They could also contract back with DES."

During the TANF decision-making process, state DES staff (including staff from the Intergovernmental Relations office) met with tribal staff to provide information and resource materials, especially to those tribal staff members interested in developing their own TANF plans. In addition, local DES staff also provided assistance to five tribes while they were making their TANF decisions. A DES District Program Manager commented that one of the tribes electing to utilize their own plan "looked at all the options carefully and did a thorough job gathering information." She added that this same tribe has a "strong social services department."

Even with so much support however, most tribes lack the technical skills and the infrastructures required to administer TANF services. As a result, even the two tribes in Arizona that have received approval from DHHS to run their own TANF programs have subcontracted with the state to implement different components of TANF. In other words, TANF money will flow from the federal government to the tribe, and then to the state. As such, tribes will enjoy the freedom to design culturally sensitive programs while the state will provide the technical skills needed to implement the program. For the first time, Tribal Governments and service providers are negotiating with the state in the bargaining process. So far, the relationship between the tribes and the state appears to be a productive one. Thus, it is possible that welfare recipients will truly benefit from such state-tribal relationships.

At the tribal level, the 1996 welfare legislation has also led to increased communication, collaboration and coordination. Among Tribal Social Service Providers, the legislation has

afforded them an opportunity to convene for the assessment of the services and needs of their respective communities. Improvements in this area were noticeable even between our January and May visits to reservations in 1998. A Tribal Social Service Provider indicated that the idea of integration and consolidation of existing programs is "embedded in peoples' [Tribal Social Service Providers] minds and has become a must and a necessity." Another Tribal Social Service Provider, alluding to the idea that welfare reform is not only focused on social services and social welfare, but also on departments of employment, childcare, transportation, education and training, stated: "we're getting to the point where we have the key programs, components and collaboration between departments to make TANF work."

As a result of increased communication among Tribal Social Service Providers, several tribes have recognized the need to restructure already existing services. By doing so, tribes feel they will be better equipped to meet the needs of their communities. For example, in order to improve coordination, one community combined its health and social service departments into one administrative entity. Also seeking to facilitate greater coordination and communication, other communities have initiated long-range planning processes to integrate economic development, job training and educational staff.

Despite these efforts to increase cooperation, collaboration and communication, refinements continue to be necessary. One area in need of improvement stems from the necessity of guidance in tribal attempts to implement the TANF program. One Tribal Social Service Provider noted, "There are no rules or guidelines in place to direct us on how to develop our own program. We have to interpret the law as we see fit, so we are drawing from other program guidelines and public laws [such as 412, 477 and 638]." So far, the federal government has not contributed to tribal efforts to integrate existing programs. The state, on the other hand, has provided useful technical assistance by meeting with tribes and creating "transition teams," i.e. teams representing both state and Tribal Social Service Providers which examine ways that tribes can take over responsibility for TANF implementation. Additionally, the Tribal Task Forces, composed of experts from different departments, have been crucial in developing TANF programs. Still, expressing a common sentiment among tribes, one Tribal Social Service Provider stated, tribes feel that they "need greater understanding about the need for resources at the congressional level - this is a long term commitment from the Federal government."

Implicit in the efforts to improve cooperation, collaboration and communication between tribes, is the notion that such progress, will simplify the administration of tribal TANF. For example, a tribal member stated:

> "If a recipient moves off the reservation to find employment in a nearby city, she still participates in tribal programs to meet her work requirements, but the state is not aware of it. Therefore, the state notifies the recipient that she must participate in the state JOBS program. The recipient then has to contact the tribe, who has to straighten it out with the state."

**C. Tribal challenges to self-administer TANF**

There are challenges associated with tribal attempts to self-administer TANF that need to be met. Some of these challenges are listed below:

**1. State match**

Under the 1996 federal welfare legislation tribes will receive varying levels of support for TANF administration from their respective states. This discrepancy may affect a tribe's ability to administer TANF. The 1996 federal welfare legislation does not require states to support tribes that wish to implement TANF independently. In other words, tribes are only entitled to federal dollars, not state dollars. Thus far, we are aware of only nine states in the nation (e.g., Alabama, Arizona, Oregon, California, Idaho, Montana, Minnesota, Washington and Wyoming) that have agreed to provide state matching funds (DHHS, 1998), all of which may or may not provide the state match at the 1994 expenditure level. That is, states that are matching tribal expenditures may choose to give tribes varying percentages of the 1994 state match (e.g. some states may provide 80% while others will choose to provide higher or lower percentages). In order to compensate for this loss, tribes must make up the remaining percentages either through caseload reductions or cut in program expenditures. Both the 1994 expenditure level, as well as the option to provide varying percentages of the state match, apply even if the number of welfare recipients in a given tribe rose after 1994.[22]

**2. Support costs**

As indicated earlier, tribes are encouraged to develop TANF administration plans under P.L. 102-477, the law which allows them to combine funds from different sources into one funding stream. Of the 19 Indian communities with approved TANF plans, two communities have structured their plans to meet the requirements of P.L. 102-477.[23] However, it appears that tribes may not be able to use P.L. 93-638, the Indian Self-Determination and Education Assistance Act of 1975, to administer TANF services. As stated earlier, P.L. 93-638 allows tribes the freedom to develop and implement their own social programs and facilitates this process through the provision of start-up costs. If this law is not applicable to TANF implementation, tribes opting to administer their own TANF programs must secure their own start-up costs. Included in these costs is money to strengthen infrastructure, as well as money to hire and train additional caseworkers. This is a concern for all the tribes we interviewed. In Arizona, Navajo Nation, attempting to secure support costs, originally applied to DHHS to administer TANF under the (P.L. 93-638). The Secretary of the DHHS has rejected the Navajo Nation proposal to administer TANF under P.L., 93-638, but recently the Navajo Nation has appealed that decision in the Federal District Court in Phoenix. Other tribes are waiting to hear how the Navajo Nation's application will be decided so they can prepare their TANF administration application using either P.L. 93-638 or P.L. 102-477.

Also, the Navajo Nation has experience with the administration of several programs (e.g., GA, NEW JOBS, JTPA, Welfare-to-Work, childcare, transportation, Women Infant and Children (WIC) program and food stamp distribution) and hopes to create an employment-oriented TANF program. However, the tribe needs additional funds to integrate these programs. So far, the tribe has received general funds (supplemental dollars) from the Tribal Council in the amount of $1.4 million for (TANF) start-up costs. According to a Tribal Social Service Provider, "This is only a drop in the bucket, but it is something that we, as a nation, have understood that we would have

[22] According to the Department of Economic Security of Arizona four tribes have experienced an increase in the number of households receiving TANF (Colorado River, Hualapai, Pasqua Yaqui and San Carlos) between January 1995 and January 1998.

[23] They are Confederated tribes of Siletz Indians, Oregon and Sisseton-Wahpeton Sioux tribe, South Dakota.

to provide some seed money to get a program such as this [TANF] off the ground." Additional funds are needed from the federal government and the state to replenish funds the tribe has spent on TANF.

**3. State and tribal governments are not treated equally**

The 1996 federal legislation has strengthened the "government-to-government" relationship between the federal government and tribes by allowing tribes greater flexibility in the design and administration of welfare programs on reservations. However, tribes are not treated on par with states in at least three areas. First, states are allowed to keep unexpended TANF funds for future (unlimited time) use, but tribes must return any unexpended federal funds to the federal government within two years. Second, states receive additional money to evaluate their performance, whereas tribes that implement TANF independently do not receive evaluation money. Third, states receive incentives for reducing caseloads, unwed births, and teen pregnancies, whereas tribes which are able to make reductions in the same areas do not receive incentives

**4. Discrepancy in federal and state fiscal years**

Federal and state awards may follow separate fiscal years. For example, in Arizona, a tribe that takes over the responsibility of implementing TANF will receive both federal and state funds, but federal and state awards follow separate fiscal years (the state fiscal year runs from July to June, but the federal fiscal year runs from October to September). Tribal Administrators did not mention this as a major problem, but it does make administrative tasks more complex.

**5. Technical expertise**

As indicated earlier, most tribes lack the technical skills and the infrastructures required to administer TANF programs. This is a big concern for tribes that wish to self-administer TANF. Lack of technical expertise means that tribes will have to either subcontract with the state or a private organization. By doing so, tribes lose employment opportunities on reservations. Currently, tribes within Arizona seem to prefer to subcontract with the state rather than with a private organization. Two of the three tribes in Arizona that have received approval from DHHS to run their own TANF programs have subcontracted with the state to implement different aspects of TANF.

**D. Tribal response to assist TANF recipients**

Tribes are aware that it is a challenge to employ poor women on public assistance, simply because many reservations are geographically isolated, have high unemployment rates, and have welfare populations that lack child care, transportation, education and employment skills. Tribal members are concerned about their ability to move these families from welfare to work with a shrunken budget.

Tribes generally feel that TANF must be an investment from the federal government, i.e. it is not tribes' responsibility to commit their funds directly for TANF. They think that the federal government must provide funds to tribes because of their historic trust responsibility to tribes. A Tribal Social Service Provider indicated that every time a budget related to TANF services is proposed, "the tribal leadership reminds us of the trust responsibility and that this is what solidifies the government to government relationship."

Indirectly, however, Tribal Governments have committed funds through programs already in existence at the tribal level, which will contribute to TANF services. The tribes consider these indirect funds as "third party, in-kind contributions" for the development of TANF services. On one reservation, Tribal Social Service Providers indicated that their economic development department had started introducing some employment initiatives "to focus on those coming off the welfare roles." Recognizing the low employment skills of many welfare recipients, the department began developing low-skill jobs. In addition, some chapters on this reservation have begun their own initiatives to encourage economic development targeted to increase the employment of welfare recipients.

Tribal members of another reservation noted that it is harder to find employment for welfare recipients than it is to motivate them to look for work. They indicated that many welfare recipients struggled with finding long-term employment. Through the Job Training and Partnership Act (JTPA) program, recipients are placed in a job for 1,000 hours (which amounts to about six months of work) in order to receive work experience. One recipient worked in a data entry job while another cooked for a senior citizens home in her community. Both recipients worked 40 hours per week, earned the minimum wage or slightly above, and enjoyed their jobs. Although most employers seek employees with work experience, several focus group participants indicated that JTPA did not provide the experience that they needed to find long-term employment. One of the recipients had finished her 1,000 hours during our May 1998 focus group interview. She did not find a long-term job after her JTPA training, even though she sent out 15 applications: "Right now I am looking for volunteer work at my previous work experience job." The other JTPA participant had not finished her 1,000 hours, but nonetheless was aware that her employer would not hire her, and therefore was seeking employment to begin after her job training ended. She sent out four applications, but had "not heard news from them." During our May visit, we spoke with a focus group participant who had recently reapplied for welfare after her JTPA training ended because she was not able to find employment. She had not received a welfare check yet. She was distressed about receiving TANF: "TANF is too much for me. It costs a lot of money to get the paper work together and to drive to the office." To be eligible for TANF, she must provide proof that she is seeking employment. This requirement is especially difficult because she lives 55 miles away (one way) from the nearest welfare office.

Most employers are reluctant to hire welfare recipients after the 1,000 hours have been exhausted. As a result, recipients are trapped in a "vicious six-month cycle of work experience and TANF participation." This issue of employers wishing to employ individuals for the 1,000 hours job training period, but not after this period ends, is a problem on reservations. To end this cycle, one of the tribes recognizes the importance of encouraging both private and tribal employers to view welfare recipients as long-term investments and to provide them with training and experience that they are looking for in an employee. On this particular reservation, there is a movement to develop "an agreement with personnel departments that once a position becomes available, the employer will give the welfare recipient a shot at the job."

**E. Changes in Attitudes and Behavior**

According to Tribal Social Service Providers and DES staff, there is evidence of parents' increased work activity (consisting of forms signed by local employers), changes in attitudes toward welfare and greater interest in education and training. To this end, the Director of JTPA for one tribe said:

> "A lot of our TANF recipients are looking for employment and participating in job search activities. Clients are coming in more. Many have found employment, for example, in entry-level jobs in retail, although some of it is seasonal. Also, the state JOBS office steers many of them toward jobs."

In addition, one state JTPA Coordinator said, "A lot of tribal members are going to work. They see that [the federal government] is serious about work. Most welfare recipients are complying. This is a positive impact."

Overall, one tribe has noticed more compliance among welfare recipients to participate in job search activities. The quota for reducing the welfare roles has not been achieved, but, according to at least one Tribal Social Service Provider, a change in culture and attitudes towards welfare has occurred· "Everyone is wondering what is going to happen." However, adjustments are still needed in order to support former recipients once they find employment. For example, according to another Tribal Social Service Provider, "If a recipient finds a job at the minimum wage she is dropped from childcare support. A more effective program would provide assistance for at least a year while the recipient is getting on her feet. We need to develop a transitional section in our plan."

Focus group members attested to the increase in work activities by describing their own efforts to meet TANF requirements. Five focus group members living in a community located near an urban center felt that changes in welfare were positive. They noted behavioral changes in others as well, as is indicated by one focus group member's comment: "Since welfare reform began, younger people are coming out now. More people are riding the [commuter] van in the morning. There are more people working." However, these perceptions were not necessarily shared by focus group participants living on more isolated, rural reservations.

The number of referrals to education and job training programs has increased, which, according to Tribal Social Service Providers, is "very important." A local DES staff member, who is also a member of the tribe she serves, commented that "TANF is opening people's eyes. It's going to change the way we think as Indian people." According to her, recipients are "reading and asking questions about what is going to happen and what is happening." One DES staff person said that welfare reform "woke up a lot of people. Many recipients went into GED programs. Welfare reform has had a significant psychological impact." He also commented that the impact would be negative if people return to complacency because of the work requirement/time limit waiver granted to tribes with an unemployment rate of 50 percent or higher.

The Director of Social Services for one tribe stated, "Welfare reform has made women realize they need to do something. Many were scared they would get cut off when they received the general letter from the state informing them of changes. They came in to the tribal offices and were told they wouldn't be cut off [because the tribe is implementing its own program]." Another Tribal Social Service Provider said, "People realize they need to be trained for work, but the jobs may not be there. Welfare reform has created psychological stress. It will require a different lifestyle for people who receive assistance." One Director of JTPA for a tribe noted that while more TANF recipients were requesting services, many recipients were still "afraid of change." Also to this end, a Tribal Social Service Provider said recipients were "afraid of getting cut off." This anxiety about new TANF requirements can lead to other adverse effects. Substantiating this claim, one DES worker noted that "A lot of people get depressed. They want to drink [alcohol] if they lose their welfare or lose their job" In addition, a focus group

participant expressed anxiety about TANF when she said, "The money goes too fast. People don't live like we do [in remote areas]. They don't understand what I'm going through. . . The world's going to change. Soon there won't be any assistance."

In addition to welfare recipients, Tribal Social Service Providers are also reexamining their roles as a result of the 1996 federal welfare legislation. One Tribal Social Service Provider stated, "It is the expectation of people that the tribe has got to do something, especially the people who have assumed the dependency role. They expect the Tribal Government to help them. Reality hasn't registered that public assistance is no longer an entitlement." Another Tribal Social Service Provider stated, "We have to change people's habits. People haven't seen the necessity of getting out of the rut. Minimum wage pays less than public assistance [when food stamps and Medicaid are included], but getting jobs will help other problems." Also on this subject, a Tribal Social Service Manager stated, "We have to redefine what employment is. Our people think of work as ranching, farming, crafts, and building homes. It is not full-time, but people work [sporadically] as work is available."

**F. Sanctions, Relocations and Opting Out of the System**

As indicated earlier, Arizona has opted to provide benefits to adults for a maximum of 24 months within the first 60 months and to waive the 24-month time limit for adults residing on reservations with 50 percent or higher unemployment rates. Many of the immediate impacts of the 1996 welfare legislation, in regards to terminations or sanctions, have been delayed for reservations with waivers. In general, waivers have stifled some of the initial urgency tribes felt while developing and implementing their TANF plans. Tribal Social Service Providers and DES staff were aware of only a few terminations or sanctions in the various communities. Due to the granting of waivers in many reservations with high unemployment,[24] sanctions that have been given are the result of recipients not complying with the job readiness training, immunization, school enrollment or child support requirements. Such sanctions have motivated recipients to actively prepare for and seek employment. Sanctions increase incrementally, beginning at 25 percent of benefits, then rising to 50 percent and 100 percent, if noncompliance with program requirements continues.

Speaking about one reservation which did not receive a waiver, a DES Office Manager reported that due to noncompliance with child support and work requirements, approximately 40 people had been sanctioned in the past six months. On another reservation, of the 27 parents that have had their TANF checks held due to noncompliance with the employment program attendance policy, only seven of these parents returned to the employment program. The tribe has not followed the remaining 20 parents to determine what strategies they are employing to survive. One question that needs to be asked is: Have they found employment or have they moved in with relatives who receive other public assistance such as GA (Tribal General Assistance) or SSI (Supplemental Security Income)? The tribe is certain, however, that the parents are not receiving GA instead of TANF because persons who leave TANF voluntarily are not eligible for GA.

Tribal Social Service Providers on two reservations, speculating on how parents are surviving without TANF or employment, thought that women might be relocating to more urban areas in order to find work. Some of these women are leaving their children with relatives on the reservation. One focus group member who was encountering difficulty with meeting work

[24] The state does not remove recipients who have exhausted the 24-month time limit from TANF grant if they reside on reservations with 50 percent or higher unemployment rate.

activity requirements, as well as with finding adequate childcare and a stable place to live, reported placing her younger daughter in a boarding school. Other Tribal Social Service Providers felt that women who have been sanctioned might be moving back in with relatives.

Also, reports from current and former welfare recipients and Tribal Social Service Providers suggest that many women have simply been opting out of the system since welfare reform began. Tribal Social Service Providers believe that recipients opt out of the system because there are too many requirements to receive TANF (in terms of paper work) and the welfare offices are too far away for recipients in isolated communities.

One focus group participant said she got off welfare because "it was more of a hindrance than a help. I couldn't meet the appointment and got cut off. I didn't reapply because it was too much of a hassle." Another woman was on welfare but hasn't reapplied because she was "embarrassed to be on aid." She missed an appointment due to school, and she said DES staff were "rude" to her. She stated, "They gave me a hard time because I live with my mom. They asked about my mom's income and said that she should be the one taking care of me."

A manager for a tribal department of employment and training said that his office had sent letters to 150 TANF recipients to inform them of an informational session on JTPA, as well as other options available for meeting work requirements. Only 47 of the 150 showed up. Many of the welfare recipients he works with have asked to see the law for themselves. He reports that many women agree with the comment made by one woman who said: "It looks like a lot of requirements. We don't want to reveal all that information." In addition, he commented that other women agree with the words of a tribal member who said, "Go ahead and sanction me."

**G. Employment Opportunities**

One of the greatest barriers faced by American Indian communities in implementing welfare to work is the shortage of employment opportunities on or near reservations. Such shortages were mentioned by Tribal Social Service Providers and DES staff alike during both of our visits in January and May of 1998. One Tribal Social Service Provider said, "Even if we trained everyone we wanted, we don't have enough jobs." Another Tribal Social Service Provider echoed this thought:

> "The big concern is that we can train people until we turn blue, but if we don't have the jobs, where will we put these people once they're trained? There is no way we can employ another 6,000 people. It doesn't just take Tribal Government to create jobs, but also churches, employers, and all members of society."

Job opportunities are limited because reservations are isolated from towns and urban areas. As one Tribal Planner commented, "We have no access to the urban employment market" due to transportation difficulties [a topic which will be discussed in a later section] and other barriers."

A few tribes that are not geographically isolated have a lower unemployment rate and their emphasis under welfare reform may be different from those tribes that are isolated. For instance, the Salt River tribe, located in the outskirts of Phoenix, has attracted private business investors. In addition, this tribe opened a casino in May of 1998. In the next five years, this tribe expects to have even more development on the reservation. A private company is developing a resort hotel, a golf course, a casino and a restaurant. Tribal Social Service Providers project that the casino itself will provide as many as 400 jobs for skilled and

experienced employees. This tribe, however, is concerned about the mismatch between the skills employers desire and the skills that potential tribal employees actually possess. In order to overcome this barrier, the tribe wishes to emphasize the Indian Preference Act[25] to encourage employers to hire American Indians. Additionally, the tribe would like to encourage employers to, in the words of a Tribal Social Service Provider, "rewrite their job descriptions and hire individuals who may not have the skills or education needed but require them to obtain the skills or education within a specified period." Along with the efforts to change employer behavior, the tribe is concentrating on ensuring that every welfare recipient has at least a GED.

One of the predicted impacts of welfare reform is that it will, as one Tribal Planner suggested, "force the tribes to quit being lackadaisical about economic development." Another Tribal Planner stated, "Welfare reform will not work in rural areas without the economic development piece. However, we may be faced with taking capital from other (tribal) economic development efforts if we have to 'make work' for TANF recipients." A staff member for the economic development department of another tribe reported that the reservation community needed large employers, because "without big companies and operations that pay, it doesn't do any good to have small businesses – they wouldn't survive." Ideas for economic development that tribes are currently exploring are tourism, environmental restoration, arts and crafts, and in-home businesses. In one community, they are renovating an old plant to become a cabinet-making facility. The project will create jobs, providing potential employees with opportunities to make cabinets for homes built by the Tribal Housing Authority. At least one tribe is beginning to explore the idea of tax breaks for employers who hire reservation members.

Other tribes have mixed feelings about private development by outsiders in their communities. Some feel this development is necessary and will provide employment to tribal members, while others do not agree. According to one Tribal Social Service Provider:

> "The tribe has a natural resources based economy. We are not willing to open up our reservation to development by outsiders. Some of our most successful projects have been environmental restoration programs. These programs have captured the ideas of our youth. These projects fit in with the culture and environment of our people. They reconnect our youth to the land."

This Tribal Social Service Provider envisions creating a community service corps (using a WPA-like model) to provide work for TANF recipients and believes that the federal government should provide incentives for tribes to put their resources into work development.

Tribal Social Service Providers in three communities said a growing number of construction jobs were being made available, including jobs for women. Respondents from several reservations also mentioned that more community members were turning to entrepreneurial activities to make money, including selling baked goods and lunches. Two Tribal Social Service Providers noted that, while towns near their reservations had a variety of tourist and service industry (fast food) jobs available, these jobs were low-paying and far away (due to

[25] The policy of giving American Indians preference for employment in the BIA and HIS is based upon Section 12 of the Indian Reorganization Act of 1934 which was further expanded in 1972 based upon Commissioner Louis Bruce's recommendation. The new policy states that a qualified Indian candidate will be given preference for initial employment in newly created positions, to fill a vacancy, for reinstatement, for training opportunities in preparation for advancement, and for promotions (Lyman, 1973).

lack of transportation). For at least four tribes, the tribe itself was the largest employer. To meet the work requirements in communities where jobs are scarce, recipients are performing job search activities, which involve little more than going to three local employers every month and obtaining forms signed by potential employers stating that there are no jobs available.

**H. Support Services**

Transportation. Lack of support services, such as for transportation and childcare, is a barrier to employment and training on reservations. On virtually every reservation where a representative was interviewed, transportation was mentioned as one of the main barriers in employing TANF recipients. One Tribal Social Service Provider's statement spoke for everyone when he said that transportation "was and will be one of the main barriers" reservations face in employing their participants. This is especially true for reservations in remote rural areas. As one DES office manager reported.

> "The biggest problem is that people tend to live far out from the nearest town. There is no public transportation. People in remote areas are very isolated. If they need assistance to get to the DES office, the tribe owns a bus, but there's nothing to help people get to jobs. Their available transportation is not adequate for maintaining employment."

A TANF recipient on another reservation said:

> "My transportation is definitely not adequate. My truck is always broken down. The further I go with my education and training, the harder it is. I'm not close enough to town and not close enough to stores. My aunt has to take me shopping. I have to go 30 miles for gas."

A Tribal Social Service Provider stated, "Our transportation problems are shocking. We're close to the city yet we are still isolated. It's like there is a big wall around the community."

One participant was making payments on a vehicle which she considered reliable, but car payments of $700 per month were an economic burden for her family: "It takes a large chunk out of what I get from the state." Another participant owns an unreliable vehicle. Yet another participant had to hitchhike to and from her workplace three days per week. On the other two days, her sister drove her to work. She hopes to buy her own vehicle as soon as she can afford it.

Most of the communities do not receive state assistance to provide transportation for people on a daily basis. One tribe has a transit system, but it operates on a limited route, making stops at few stations. Another tribe provides a van service, but faces similar limitations. Though the vans operate weekdays between 5 a.m. and 5 p.m., they do not have designated stops but instead pick riders up at their homes. In order to utilize this service, a rider must schedule a time. In addition, people in need of the service for transportation to and from their employment sites, benefit only after transportation is afforded to, for example, those in need of medical help, who receive first priority. Though medical emergencies are an understandable priority, jobs may be jeopardized because of the lack of transportation during these situations. Also, the van system is "overburdened" and limited in how far it can travel. On two reservations, people reported that road conditions were another serious barrier. Because roads may be unpaved, even tribes with

access to some form of transportation may be disadvantaged due to rain and snow, which make driving on these roads impossible.

Without public transportation, or ownership of their own vehicles, Tribal Social Service Providers and focus group members reported that most people walk (in the few places where this is possible), borrow cars from friends and family or get rides from them, or hitchhike in order to arrive at appointments, training or jobs. In one community, a TANF recipient reported hitchhiking eight miles to a GED class every day. Fortunately, a classmate gives her a ride home. Another recipient reported that she hitchhikes 50 miles to her GED class three times a week.

One reservation provides transportation for "adult GED students to education programs." This tribe is also considering a wheels-to-work program, similar to the plan that the state of Arizona has established. Through this tribe's program, welfare recipients will be able to lease a car from a used car company for $20 a month. Once the recipient finds employment, she will have the option to keep the car, which the company will be able to use as a tax write-off.

Childcare. Both service providers and focus group participants agreed that it would be difficult to move families from welfare to work because support services are not adequate enough to encourage employment. Childcare, in particular, is a problem on all reservations we visited. A focus group participant said: "People can't find childcare for their children while they're at work or training. Now the agencies have a long waiting list." Still, all but the smallest tribes had access to some form of childcare, whether the state, a county or the tribe provided the services itself. While three communities had childcare facilities on site, by far the preferred type of care was in-home care, otherwise known as family care. Family members, including grandparents, and in-home caregivers are eligible for state reimbursement for providing care if their homes are certified for childcare. Several focus group respondents indicated that their relatives were not refunded for childcare services because these participants did not apply for childcare reimbursement, nor were the homes of these relatives certified for childcare.

There is also a lack of trust toward child care providers. Many focus group participants indicated that they preferred family care because they knew their children would be well cared for; they didn't trust daycare facilities and "didn't want strangers taking care of their children." Many of them relied on relatives (grandparents, sisters, aunts, etc.). At least one focus group participant relied on an older sibling to take care of a younger sibling. One respondent has a chronically ill child who needs in-home care. Currently she relies on her unemployed sons to watch this child "and make sure he takes his medication." But she cannot always depend on them. She stated, "I never had a problem with childcare before because I was always there."

Most communities reported increasing demands for childcare in the last several years. Demand for childcare had increased even between our January and May visits in 1998. In one community, the Childcare Director reported the demand had doubled in the last two years. Several tribes maintain long waiting lists for services. For example, in January 1998 in one community, there were 60 children on the waiting list, with only 80 total childcare slots in existence. By May the wait list had grown "substantially" on this reservation. In another community, there were over 100 children on a waiting list for 100 already-filled slots in agencies on the reservation. In at least one community, the waiting list was prioritized, with low-income parents who are working, going to school, or participating in job training receiving first priority. The available services were limited in a number of ways. For example, most providers only care for children from 7 a.m. to 5 or 6 p.m., weekdays only. While a few casinos provide childcare

services to employees, even these services were only available during the daytime (although casinos are open 24 hours). Some programs place restrictions on the children they will care for. For example, one facility did not accept children under the age of five. All the service providers who were asked stated that childcare services were not adequate in meeting the needs of their communities. They attribute the shortage of services to the shortage of funding.

**I. Education and Job Experience**

Other significant barriers to employment include low levels of education and a lack of job experience In one tribal program, 50 percent of the participants had an eighth grade education or less; some participants had only a third grade education. Some JTPA programs require applicants to have GEDs before they can even participate in the program; other JTPA programs offer GED classes. One problem however, noted by several Tribal Social Service Providers is that communities do not have enough GED slots to meet the need. An employment training coordinator said that most TANF recipients who apply for his programs need extensive assistance with reading, writing and basic math. Only two of the educational and vocational training staff persons that we interviewed indicated that the educational services available to tribal members were "adequate." All of the other staff persons described their available educational services as "inadequate." They said that they are having a difficult time meeting the increased demands for services, because "a lot of the individuals referred to us are hard to serve. They need the most basic skills."

Regarding job experience, several focus group members had never held paid positions outside of Job Corps or similar programs. Focus group members were also aware of the importance of experience: "The employers I see each month [to sign her work activity form] tell me the same thing: You need a GED and you need job experience. Although I would have to apply for their jobs if there are openings, I know they won't pick me because I don't have experience."

To address the lack of job experience and training, the Inter Tribal Council of Arizona (ITCA) and six tribes[26] (of which we visited three) in Arizona have received Welfare-to-Work (WtW) funding.[27] This funding is made available to boost unsubsidized employment of hard-to-employ[28] welfare recipients. This money is available to tribes to provide the transitional employment-related assistance (e.g., transportation, childcare, skill development and creation of job opportunities) needed to move hard-to-employ welfare recipients from welfare to unsubsidized work. Unlike states, Indian communities are not required to come up with matching funds in order to receive WtW grants. In addition to TANF and WtW funds, tribes are

[26] The six Arizona tribes that received WtW funding are: Cocopah, Gila River, Hualapai tribe, Salt River Pima-Maricopa Indian Community, The Navajo Nation, and White Mountain Apache Tribe.

[27] Only those Indian communities that are operating their own TANF or NEW JOBS programs or are operating employment programs funded through other sources under which "substantial services" are provided to welfare recipients are eligible for WtW grants (Department of Labor, 1998).

[28] Individuals who have been on TANF or AFDC for at least 30 months, lack access to childcare and transportation, those who require substance abuse treatment for employment, and those who have a low human capital (in the form of health, mental health, education and employment experience).

eligible for funding the Native Employment Works (NEW) JOBS program, the Child Care and Development Fund, Child Support Enforcement, Tribal Job Training Partnership Act (JTPA), and the Bureau of Indian Affairs (BIA) Adult and Vocational Training Programs.

Four of the tribes we visited indicated they had NEW (Native Employment Works) JOBS programs. Of these tribes, three received WtW grants. However, the majority of tribes in Arizona did not have NEW JOBS programs and did not receive WtW funding. Some communities have access to state and local employment assistance programs. The majority of communities also had access to JTPA programs, which were either operated by the state or by the tribe. However, one Tribal Social Service Provider said the JTPA program on his reservation was "not receptive to TANF recipients." In another community, a DES administrator reported that "participating in JTPA is the preferred way of meeting the work requirements." Other communities reported a high demand for JTPA services. As one JTPA Director said, "We have very limited funding. We are trying to meet increased demand with the same level of funding." He reported they have more than 30 individuals on their waiting list each quarter.

In general, American Indians on reservations have traditionally "been resistant to education because they have not seen educated Indians receive benefits from their efforts." The attitude of welfare recipients toward education seems to have changed since the passage of the 1996 welfare legislation. Enrollment in tribal schools and colleges has increased. According to reports from residents and Tribal Social Service Providers, TANF recipients are anxiously looking to enroll in education and training programs. All focus group participants indicated that they wanted or needed more education and training. On all reservations we visited, there were waiting lists of women wanting to get into GED programs and/or JTPA training programs (which include training in basic skills, GED preparation, a six-month work experience, referrals to vocational training and other education). Once they are enrolled in these programs, a big problem is solved for TANF recipients, at least for the next six months. Those who have completed training or are on waiting lists for training must document that they are actively looking for employment by collecting signatures from local employers.

Of those participants who had completed the training, two felt that the training they received from JTPA was not enough. In fact, one respondent indicated that she basically taught herself skills: "They didn't train me the way they should." Two respondents were actively planning strategies to gain more training either through night school (so that they can work and attend school concurrently) or through applying for scholarships from the tribe. One participant was taking classes at a four-year college off the reservation to earn credits toward her Associates degree in pre-professional education. She has completed 60 credits toward her degree and hopes to teach computer science.

To further assist welfare recipients, one reservation (Salt River) is emphasizing innovative educational and fund raising strategies. This tribe has a strong vocational training program (e.g., training persons in different trades, such as carpentry, construction and electrical trades) which, according to one Tribal Social Service Provider, "has been successful in placing trainees in jobs." Also according to this same Provider, "Some trainees earn an annual salary of $40,000. There is such great interest in the trade program that there is a need for more instructors, more facilities for training, and more tools and equipment." The education department on this reservation provides services for infants to adults, with a special focus on educating individuals for employment. According to a Tribal Social Service Provider, "We have been gearing up for welfare-to-work for a few years now by developing a school-to-work program." Their "school-to-work" program focuses on education and is accompanied by

additional on-the-job training and mentoring. Education services on the reservation are "low cost, relying on resources within the community." To strengthen their educational services, they are seeking funding from other sources For example, the tribe's education department is currently applying for a grant to begin a program called Even Start, which is a five-year program to provide adult education to low-income families. The program will provide training in parenting skills and childcare. Also, the department has assigned staff to locate Request for Proposals (RFPs) on the Internet and to submit proposals for funding. This tribe also recognizes that partnerships with outside funding sources are crucial: "Partnerships between departments is key for education grants and this is happening in the tribe, which will help us get the grants we need."

On this same reservation, Salt River tribe, JTPA programs focus on preparing individuals for specific job openings in the community. JTPA is closely involved with different employers across the reservation to target permanent jobs for welfare recipients. For instance, since enrollment in the tribal schools has increased, the education department is seeking teacher assistants and support staff for all educational levels, i.e. staff for the high school level, the child care level and the Head Start level. JTPA will begin working with the education department to target recent JTPA graduates for such positions. JTPA is also working with the transportation department to hire bus drivers. The programs have been successful in placing graduates in employment. According to one Tribal Social Service Provider, "They are finding jobs right away. The problem is that we need to make supportive services available such as childcare, transportation and providing work clothing, so that they can maintain their employment." JTPA hopes that working with the Coordinating Committee will help make support services accessible for new workers. One example of greater accessibility is that departments will be more aware of which services each department provides. Tribal Social Service Providers also want to ensure that recipients find employment that will lift them out of poverty: "The last thing we want is to place clients in minimum wage jobs where they have no place to go beyond that."

One of the focus group participants was working at a tribal childcare agency on one of the reservations. She worked 40 hours per week at a wage of seven dollars per hour, with the exception of limited overtime for which she received time and a half She had been working at the childcare agency for a month, but the position was temporary. A permanent position has opened up though, and she is applying for that position. As to this opportunity, the focus group participant stated, "I have a good shot at this position because I am already there." Once she becomes a permanent employee she is eligible for employee benefits. She received her current job while training through JTPA to be a travel agent. She is pleased to currently work with children, however she may look into a job as a travel agent in the future.

Another participant faced significant barriers to finding work experience. She has health problems that made employers wary about hiring her. According to this participant, due to a variety of health problems, "a lot of which were stress-related," there was a "gap between her training and work experience." She also stated that her original work experience placement employer "got scared or something. They didn't want to continue my contract." However, she recently received placement through JTPA at the Health and Human Services office on her reservation. She will receive seven dollars per hour, which is paid by JTPA. According to her, she "enjoys working in the health field and has a lot of experience", and is pleased with her placement. Her job requires her to drive so she is currently reapplying for her driver's license. The JTPA service provider noted that "this position will open for a permanent position as well. We always ask if a permanent position will open for the client."

One of the participants was trying to enhance her basic skills so she can eventually go to school at a community college. She is attending Basic English and math modules. Her employer encourages her education by allowing four hours of paid leave, once she is a permanent employee, to attend her modules. The training center and her workplace are a few minutes away from each other by bus, which further encourages her education. The education department pays her $50 for each module she completes, which is yet another incentive. This participant hopes to eventually receive an Associates degree in child development.

Another participant was currently attending JTPA for training. She once attended college to receive a Law degree, but her education was disrupted by family problems. She is interested in Law because she would like to work with the Indian Community to counteract injustice towards Indians.

**J. Basic necessities**

Another barrier to work faced by reservation residents is the lack of basic necessities (e.g., telephones, food, fuel and clothing). Of all the focus group participants interviewed, only a few had telephones. Participants expressed the dilemma this posed when potential employers asked them to provide, not only their own phone numbers, but also the phone numbers of references on job applications. Potential employers request three reference letters or three names of people with telephones whom they can contact for references. They also ask for the telephone number of the applicant. Employers are reluctant to hire people they cannot reach by phone.

Although data on income was not collected, focus group participants provided anecdotal information regarding the economic hardships they experienced. Most of them reported lacking basic household supplies at the end of each month, including food, fuel and clothing. Most participants reported never buying anything for themselves, only for their children. One woman said, "I haven't bought clothes for myself in three or four years." Another woman said her parents still bought her clothes. Many reported that their children wear "hand-me-downs." In some communities, residents still rely on wood-fuel for heating their homes. One woman reported, "The money I get from welfare is not enough to cover rent and butane. My fuel runs out and we have to sit in the house with blankets over us." Lack of basic necessities makes it incredibly difficult for recipients to care for their families and effectively pursue employment at the same time.

**K. Individual and family problems**

Some focus group members reported having children with health and behavioral problems, hardships which make it difficult to work and find childcare. Two focus group participants were grandmothers caring for their daughters' children because their daughters were no longer living in the home. In addition, according to both Tribal Social Service Providers and focus group participants, alcoholism is a problem in many of the communities. As one Tribal Social Service Provider said, "Alcohol abuse is a big problem here. It impacts employment, parenting, violence, suicides, crime, and other things." One focus group participant expressed her problems with alcohol and employment: "For 12 years I was employed by this tribe. I had everything. But alcoholism took its toll and landed me on my knees. I lost my house, I lost my car, and I almost lost my children due to neglect." She later received treatment through the tribe's behavioral health service program and reports that she is now in her third year of sobriety. Problems reported by focus groups provide a glimpse of the nature of problems poor families with children face on reservations.

**L. Stereotypes and discrimination**

In some communities, Tribal Social Service Providers and focus group participants were aware that due to gender issues, ethnicity, or personal and family histories, TANF recipients were often discriminated against by employers. Many focus group participants felt that employers discriminate against women, especially single mothers One respondent said, "Women have the right to work – single women and mothers included." Another respondent said that employers think "women are too much trouble " Many respondents perceived these attitudes in employers on and off reservations In towns and cities outside the reservations, Tribal Social Service Providers and focus group participants perceived that American Indians were stereotyped and discriminated against by some employers. One Tribal Social Service Provider said that in the nearest town many fast food managers did not want to hire American Indians. According to this Provider, "They think we don't know responsibility, commitment, or the work ethic. They think we always have emergencies that take us away from work." A Tribal Social Service provider in another community said, "It's like we have a wall around us. Do TANF recipients have their best chance to find jobs within the Indian community? Perhaps that would be the ideal. It would be less stressful than working outside in the dominant society."

Within communities, personal or family histories of alcoholism were also reported to be barriers to employment. A Tribal Social Service Director said, "Discrimination is a problem here. Once you're labeled as an alcoholic, you have a stigma for life People who know the background of individuals won't hire them. That's the weakness of trying to work within the community." In one of the focus groups, a participant indicated that she was having great difficulties finding a job: "It's because of my background is why they're rejecting me. Because of my name. People think all my family are alcoholics. My father died of alcoholism." Another woman had a similar story: "I've been sober for three years, but no one will hire me because I used to be an alcoholic I'm trying to get back with the rest of the world, but I have been labeled as an alcoholic." She experienced discrimination while seeking employment both on and off the reservation Off the reservation, employers did not believe her transportation was reliable enough because she lived 70 miles away (she had her own vehicle, however, which she felt was reliable). On the reservation, her past experience with substance abuse made many employers refuse to hire her: "It is really hard to climb out of this hole."

**M. Survival strategies and success stories**

Welfare recipients indicated that many employers are prejudiced against women on welfare due to their minimal education and job experience, lack of telephones, transportation and reliable childcare, and individual or family histories of substance abuse. However, anecdotal evidence suggests that employers who have hired welfare recipients generally have positive experiences working with them. In one community, Tribal Social Service Providers reported success with hiring a welfare recipient for a position in a tribal childcare program. Other Tribal Social Service Providers had hired approximately six TANF recipients. The childcare director in this community hired four TANF recipients as contract workers, but then gave them permanent positions because they performed so well on the job. Two of these former welfare recipients have been working for her for approximately one year The other two have been working for approximately seven to eight months. For all four of these individuals, these positions were their first jobs ever. One of these women had been on public assistance for more than 13 years

Focus group participants also had success stories to share. For example, in one group, four of the five women were no longer receiving welfare. One woman said she had been on

welfare "for a long time" and decided to go off about two months ago due to the changes in TANF requirements. Another woman was on AFDC/TANF, but she was cut off last year after not renewing her application. She reports that she was too busy with school and work to reapply. She reported earning more money at work than she got with welfare. To this end, this woman stated, "I want to give my kids someone to look up to. People should work if they can. I was embarrassed being on welfare. People think you're lazy. I wanted to better my future. I'm looking forward to the day I start working. I don't depend on my family. I'm an independent woman." At the time of this statement, she had graduated from a JTPA program and was a finalist for a facilities maintenance job that paid well over minimum wage.

One respondent feels she has "bettered" herself since she found a job. With encouragement from a family member, she has been able to save money. She opened a savings and checking account and began to cut back on unnecessary expenses. According to her, "I am saving a little bit at a time." She feels that her ability to save money would have happened whether or not welfare reform occurred. With the money she has saved, she would like to eventually buy a trailer home.

Another participant who had recently found a job considered herself "more responsible and independent" than when she was on welfare. She was recently separated from her husband and she was struggling as a single parent: "I have been trying to adjust to this for quite some time. It is especially hard with my kids as a single parent." She felt independent, however, by ending a destructive relationship. She earns more than when she was on welfare: "On welfare I got $440 a month, now I get close to $900 a month." This has allowed her to change her spending patterns so that she can better provide for her family. In particular, she noted that she is currently able to buy food and shoes, as well as pay other household bills with less worry than before. Her long-term goals are either to earn a degree in vocational training or move to a nearby city that has greater employment opportunities. Her children perceive her positively since she has been earning her own income through work experience. They also perceive themselves more positively. According to her, "I can see a lot more self-esteem in them." She is preparing her older child for work by enrolling him in a summer youth program.

Another participant has been "just living from month to month." Because the TANF assistance she receives is not adequate, she sacrifices her own well-being so that her children "won't look poor." For example, she saved for some dental work she needed but then her children wanted to attend an end-of-the-year field trip: "It took a long time to save that money. I was sad at first when I gave it to them for the trip, but then when they came home and I saw their happy faces, I knew I did the right thing." Purchasing shoes for her children is a struggle as well. One of her children had holes in the bottom of his shoes. At the time she could not afford new shoes for him. Eventually, she found a pair of shoes for six ($6) dollars. She fears most that her struggles impact her children negatively. She would like to move out of her community because "access is hard and gas is expensive." To change her current situation, she feels she needs "a good job. I don't want to be on welfare but it is hard to get off because your rent will rise and everything else will cost more." Overall, she is happier today because she is sober (recovering from alcohol abuse), but she is financially worse off because TANF does not provide as much as it did before. Her greatest achievement was to receive a tuition scholarship from a four-year college: "That was really a plus."

A participant is experiencing difficulties in convincing her husband that he, as well as she, must actively seek employment or participation in education and training in order to maintain their benefits. "My husband won't take part in what I want him to do. I want him to

work. Instead I'm the one that's doing it." This misunderstanding has led to many arguments between her and her husband. He refuses to seek work or attend training. The State will sanction her benefits by 25 percent (and 50, 75 and 100 percent as times goes on) if he does not comply with the welfare regulations. This is not an isolated occurrence. Service providers have noticed that "many American Indian women receiving AFDC-UP are more aggressive than their husbands in adhering to the work requirements because they worry about their children. This may result in separating a family" This participant is hoping to move to a nearby city for the summer to find employment. She plans to take her children with her.

The other respondent had to put school on hold in order to be with her grandchildren while their parents were going through a divorce. "I am just now getting back on my feet, but the kids demand more from me now that I am at home." She was studying to become a lawyer, yet has since entered the health field. She misses school a lot: "I was really happy in school. It was a fun time. I'd like to go back." Currently, she is having a hard time making ends meet: "I was doing fine before. I was paying my own bills and everything. Once I took over my home [returned home to take care of my grandchildren] and got only $173 a month, I haven't been able to make it. I need one of my sons to get a job and help me out."

**N. Change in Community Social Conditions**

To understand change in community social conditions under welfare reform we relied on the individual perceptions and comments of focus group participants, as well as on aggregate data. Focus group participants indicated that they noticed an increase in the numbers of persons seeking employment on the reservation, but not necessarily the number of persons finding employment: "There is a lack of jobs." According to a focus group participant, drinking and drug abuse have been on the rise among welfare recipients, youth and elderly. There has also been an increase in the presence of drugs at local schools. All in all, participants felt that welfare reform will only exacerbate these conditions on reservations. One participant noted that, in the long run, it is necessary to have support services that compliment welfare reform, otherwise it will not succeed: "If you have people who are willing and able to help, then things will get better, and this is the responsibility of the government. We need government support because they are the ones making the changes."

Focus group participants have noticed various problems in their communities which need to be addressed. One such area is police protection for vandalism and other crimes, such as spray paint, broken windows, fires, and stolen cars. There is frustration with the slow response by the police to such incidences. Drug and alcohol abuse are problems as well. Sniffing paint and other drug use has become especially popular among younger children. At least one focus group participant noted that "it's really bad."

We also retrieved and analyzed social and economic data at the community level using the census 1990, BIA data and the aggregate data obtained from the DES. While much of the aggregate data obtained from the BIA have yet to be analyzed, we have information on census 1990 (see Tables 4-7) and the TANF enrollment (see Tables 10-11) from tribes within Arizona. Even though nearly a decade old, the census data provide an overview of the social and economic conditions of these tribes. The TANF enrollment data, on the other hand, are more recent and document the welfare trends on reservations.

**Trends in TANF enrollment by reservations**

In order to monitor trends in TANF program use by reservation, we analyzed data obtained from the state Department of Economic Security, Phoenix for 17 reservations. For

these reservations we obtained the following data: number of households and number of individuals receiving TANF between January 1995 and January 1998 (see Table 10).

We looked at the percentage changes between the number of households and individuals receiving TANF in January of 1995 and in January of 1998. Like the states, reservations within Arizona also experienced a decline in the number of households and individuals (13 percent change) receiving TANF from January 1995 to January 1998 (see table 10), but for reservations the rate of decline was less rapid. During the same period, households and individuals among non-reservation TANF recipients within Arizona declined by 44 percent while the state of Arizona, which includes reservation and non-reservation TANF recipients, experienced a decline of 41 percent.

This data shows that seven tribes are nearly welfare independent. The TANF households of these seven tribes range from zero to six (Ak-Chin, Cocopah, Fort McDowell, Fort Mojave, Havasupai, Kaibab Paiute, and Yavapai Apache). It is important to note that for tribes with smaller numbers of households and individuals receiving TANF, percentage changes are not an informative measure.

Four tribes had an increase in the number of households receiving TANF: Colorado River (235 percent), Hualapai (127 percent), Pasqua Yaqui (74 percent) and San Carlos (9 percent) between January 1995 and January 1998. Colorado River had a substantial increase (235 percent)— from 23 households in January of 1995 to 77 households in January of 1998.

The remaining six tribes had decreases in both the number of households and number of individuals receiving TANF: Gila River, Hopi, Navajo Nation, Tohono O'Odham and White Mountain Apache. Substantial decreases were experienced by two tribes: Gila River (from 631 households and 1,916 individuals in January 1995 to 343 households and 1,099 individuals in January 1998) and Tohono O'odham (from 612 households and 1,693 individuals in January 1995 to 474 households and 1,402 individuals January 1998).

With regards to sanctions, some families on reservations in Arizona have experienced sanctions (see table 11). Between January of 1998 and January of 1999, 623 cases or 9.03 percent of Arizona's total reservation based TANF cases (as of January 1998) were sanctioned 25 percent, indicating that these cases lost 25 percent of their cash assistance. During the same time, a total of 517 cases (7.50 percent) were sanctioned 50 percent, losing 50 percent of their cash benefit while 382 cases (5.54 percent) were closed due to sanctions resulting in a 100 percent loss of the cash benefit.

With regards to time limit, the state of Arizona waived the two-year EMPOWER time limit for all reservations with 50 percent or higher proportion of adults not employed.[29] As a result, a very small proportion of the TANF recipients (193 adult recipients) from reservations has been removed from the TANF program due to a two-year EMPOWER time limit between January of 1998 and January of 1999 (see table 11). These recipients (193 adult recipients) make up less than one percent of the total TANF recipients on reservations as of January 1998. Ninety percent of these recipients were from reservations that were ineligible for a two-year EMPOWER time limit waiver (i.e., these reservations had at least 50 percent adults employed). The remaining 10 percent of recipients were from reservations that were eligible for a waiver (i.e., these reservations had less than 50 percent adults employed).

[29] The state of Arizona used the Bureau of Indian Affairs' 1995 estimate of the percentage of adult American Indians on reservations that are not employed to waive two-year EMPOWER time limit.

## ANALYSIS

Throughout the 1990s, devolution--or entrusting local levels of government to reflect their own attitudes, imagination and insight in the design and administration of social welfare services--has gained increasing attention. In 1996 the 104th Congress devolved TANF programmatic authority from the federal government to the states. Supporters of devolution argue that governmental units that are closer to the people (whether state or local) are more knowledgeable about the tribes. As a result, these governmental units are positioned to respond to people's needs and challenges with greater imagination and insight (Borut, 1996; Buckley, 1996; Kingsley, 1996). The federal government is perceived as bureaucratic, inefficient and distant in terms of providing the welfare needs of people. Those who oppose devolution contend that block granting of welfare programs to states is based on inaccurate premises and will hurt the poor and the nation at large (Caraley, 1996; 1998; Donahue, 1997; Goldberg, 1996; Kuttner, 1995; Steuerle & Mermin, 1997; Weaver, 1996). Still others have mixed views regarding the merits of devolution of welfare programs to the states (Gold, 1996; Nathan, 1997; The Economist, January 3, 1998).

In this report, however, we take the stand that devolution of power from federal and state to tribal governments is advantageous—not because we concur with the arguments used by supporters of devolution, but because it is in line with tribal self-rule (see also Pandey et al , in press). Historically, tribes have consistently sought to gain tribal sovereignty in the administration of social services. Also, in the current political climate, the federal government is unlikely to reverse the block grant approach or enlarge poverty alleviation programs at the federal level in the near future. In other words, devolution of administrative authority from federal government to states and tribal governments is here to stay for the time being. The tribes, witnessing devolution at the tribal level, are taking it seriously. Navajo Nation, for example, recently passed the Local Governance Act of 1998, which gives tribal chapters the authority to take action within their chapters to make welfare reform work. With this act, chapters may focus on economic development within their own community.

Incremental changes that will cure some of the deficiencies in the existing policies are likely to occur. Within this context we highlight some of the weaknesses of the current legislation and suggest remedies within the current policy framework. We conclude this section indicating that the 1996 welfare legislation has indeed increased communication, cooperation, and collaboration within tribes, among tribes, between tribes and states and between tribes and the federal government.

### Challenges to Development through Devolution

The 1996 welfare reform legislation was based on the assumption that states are better positioned than the federal government to understand local conditions and to respond to local needs with innovative strategies, greater imagination and insight (Corbett, 1997) If devolution of power from the federal to the state level is a more effective means of delivering public assistance, then it is only logical to think that tribal governments situated closer to the problems are better positioned to understand and respond to tribal challenges Tribal governments are, thus, better positioned to design suitable programs for their needy populations than the state. To this effect, tribes have begun examining issues that they need to address under welfare reform. Priorities may vary from one reservation to the next. For instance, a critical issue for tribal members of the San Carlos reservation, which has a high unemployment rate, was job

development, whereas at Salt River (located in the outskirts of Phoenix) issues of job placement and retention were more important.

Welfare reform has given Tribal Social Service Providers new opportunities to examine federal and state policy. This opportunity allows them to make their own decisions about what is best for their communities. The federal government has also given flexibility to tribes so that each tribe can determine its own service populations, definitions of family, types of assistance, job participation rates and time limitations. Developing TANF services that are sensitive to the cultural values and practices of their tribes has been a top priority for Tribal Social Service Providers. Because welfare reform gives tribes the option to run their own programs for the first time, it represents a fresh opportunity to design culturally appropriate welfare-to-work programs. Also, under PRWORA tribes are shifting their attention from rehabilitation to long-term development.

Tribes may design innovative poverty alleviation programs and respond to local challenges with greater imagination and insight. Some programs may even become models for other tribes in the nation. It is in the interest of the state and the federal government to remove tribal constraints against self-governance. The states and the federal government can promote tribal self-governance by easing some of their constraints as follows:

**Federal support**

Tribes are aware that flexibility to design and administer a tribal TANF program involves the responsibility to alleviate poverty and change behavior of current or former welfare recipients. Not all tribes within Arizona are positioned to undertake a task of this magnitude. Most Tribal Governments lack technical expertise and financial resources. Devolution, in the true sense of the word, does not necessarily mean that lower-level governments should do more work with less money. However, this is how the block granting of welfare services is currently set up. Providing financial and technical resources to those tribes with plans to self-administer TANF will not only reduce tribes' constraints to administer TANF, but it may also enhance job opportunities and skills among tribal members. Otherwise, "flexibility without resources may not be flexibility at all" (Corbett, 1997, p. 5).

If the intent is to help tribes become self-reliant, then perhaps funds should be made available to encourage their self-reliance not only at the individual level, but also at the institutional level. One way to build tribal institutional structures is to provide support costs so that tribes can gain experience in service implementation. Navajo Nation's TANF administration proposal creatively requests support costs to administer TANF within the framework of existing federal law (U.S. Congress, 1975, P.L. 93-638).

**State-match**

Providing state matching funds to tribes with TANF plans that are approved by DHHS is a step in the right direction. State matching funds promote the devolution of power from states to tribes. Yet, as noted earlier, only a few states in the nation have agreed to do so. Further, as noted elsewhere (Pandey et al., 1998), tribal welfare recipients face barriers to employment that are difficult to remove. States should reward tribes that are willing to undertake a task of such enormity with generous matching funds.

**Incentives for "positive " outcomes**

If it is good policy to encourage states to reduce welfare caseloads, unwed births and teen pregnancies, perhaps the same logic should be applied to tribes who administer their own TANF programs. In other words, tribes should also be rewarded for "good" outcomes, just like the states.

**Coordination, collaboration, and communication**

Under the 1996 federal welfare legislation, both states and tribes find it advantageous to enter into intergovernmental agreements to ensure the coordination and provision of TANF and related services. The legislation has strengthened coordination, communication and collaboration at all levels—among Tribal Social Service Providers, among tribes, between tribes and states, and between tribes and the federal government. At the tribal level, for instance, coordination, collaboration, and communication have increased between staff of social services, employment training, childcare, education and other departments. An increase in coordination, communication, and collaboration is a positive early effect of TANF legislation and may, in the future, improve tribes' efforts to serve families with children.

**Decline in Welfare Caseloads**

Nationwide, welfare caseloads have been declining rapidly. The rate of caseload decline on reservations in Arizona is slower than the national rate. A decline in the number of families on welfare may result in a budget surplus at the state or tribal level. At the same time, poverty and hardship at the individual or family level may be rising (Dodson, Joshi, McDonald, 1998; Sherman, Amey, Duffield, Ebb, Weinstein, 1998; Stromwall, Brzuzy, Sharp, Andersen, 1998). A longitudinal study is needed to understand the survival strategies of low-income women with children on reservations.

**Barriers to employment and training**

Many women residing on Arizona's reservations and receiving public assistance have been waived, for the time being, from some of the requirements of the TANF block grant. Waivers have been granted due to high unemployment rates. Still, there is evidence that the new federal welfare policy has motivated many women on reservations to quit the welfare program, or to find training and employment that they hope will lead to better economic security for their families in the future. Demand for educational and training services has increased since Arizona began implementing the EMPOWER program as a part of its TANF block grant in 1995. Demand for support services (e.g., childcare and transportation) has also increased. Welfare reform may give some women the opportunity to increase their human capital, but it will only do so if childcare and educational/training programs are adequate. Barriers to employment on reservations are similar to the barriers to employment nationally. However, these barriers are magnified on reservations.

**Support services**

Transportation is a major problem in rural America, especially on reservations. Most women we interviewed did not own a car. Those who owned vehicles did not own reliable vehicles. One woman who owns a car said that it "just went out, for the fourth time." Most participants reported borrowing their relatives' or friends' vehicles and paying for gas. While some tribes have community transportation systems, due to restricted routes and distant

destinations, these systems do not appear to be adequate for regular employment. In addition, except for emergency medical purposes, oftentimes these transportation systems run at certain times and not at others.

Childcare services are severely inadequate and under-funded in meeting the needs of welfare recipients on most reservations within the state of Arizona. This finding is consistent with the findings of interviews with welfare recipients and low-wage workers not living on reservations (Edin & Lein, 1997). An inadequate supply of childcare slots for children of different age groups is compounded by the nonstandard work schedules of mothers on welfare (Porterfield & McBride, 1997; Presser & Cox, 1997; Smith, 1995). The General Accounting Office (GAO) reports that in sites they studied, only 12 to 35 percent of childcare providers offered services during nonstandard hours (U.S. GAO, 1997: 15).

Under the 1996 federal welfare legislation, tribes may receive up to two percent of the Child Care Development Fund at the discretion of the secretary of the Department of Health and Human Services (DHHS). Even though two percent of the total fund may sound like a substantial amount of money for the nation's reservation population of .32 percent (total reservation population according to 1990 Census = 808,163), when one considers the magnitude of the problem, it is not. At the tribal level, the lack of childcare is a major problem. One community has 80 childcare slots and 60 on the waiting list. All focus group participants relied on family, friends and neighbors for childcare support. Such network support is likely to be more effective if the need is intermittent. However, this support is likely to subside under the new welfare reform, since these women must have access to regular childcare service in order to participate in employment.

**Basic necessities**

Basic necessities such as access to communication networks (e.g., telephone and fax), as well as the possession of decent clothing, are necessary to find and retain a job. Most welfare mothers on reservations did not have access to a telephone or a fax machine. This problem is not likely to be solved immediately. Most tribes do not have the resources and infrastructure to provide these services to all families on reservations. Something will have to be done to resolve this deficiency. One option might be to provide resources to tribes to install and maintain community telecommunication systems, i.e. shared telephones and fax machines for a community of 10 households. Lack of food, fuel and clothing is probably an easier problem to resolve, and may be resolved once the adult member of a family is employed.

**Education and job experience**

Low levels of education and a lack of work experience are barriers to employment on reservations. These barriers are consistent with those experienced by many welfare mothers nationally (Pavetti, 1997; Pavetti & Acs, 1997; Sandefur & Cook, 1997). Compared to urban areas, rural areas in general will have more difficulty implementing welfare-to-work programs. (Goetz & Freshwater, 1997). In addition, reservations have an even bigger challenge due to high poverty rates and severe shortages of employment opportunities at the lower rungs of the economic order. Even though Tribal Social Service Providers have noted an increase in the demand for education and vocational training programs, especially from individuals that have very limited job related skills, they are not hopeful that these women will find jobs on reservations. Also, funding is inadequate for the introduction of economic development programs and for training and job preparation (e.g., GED preparation).

**Employment opportunities**

It is important to note that the economic conditions of Indian communities across the nation vary greatly. Within Arizona alone, several tribes are essentially welfare independent. These tribes have economic opportunities (e.g., casinos, resorts or other developments) within or near the reservations. In contrast, there are other tribes with extremely high unemployment rates, with very few job possibilities and few support services. The shortage of employment opportunities is the biggest problem on reservations. Reducing dependency on public assistance by promoting training and employment will be a difficult task in communities without strong economic development components and support systems (for childcare and transportation).

To increase employment opportunities on reservations, tribal members will have to attract not only federal and state monies, but private monies as well. Even though tribes have mixed feelings about private development in their communities, this is an area worth investigating, especially at a time when federal responsibility for local development is dwindling.

**Individual and family problems**

Nationally, recent studies of welfare-to-work programs have indicated that a significant proportion of recipients experience individual and family problems (e.g., mental health problems, substance abuse, domestic violence, poor child health, child behavior problems and legal problems) (DeParle, 1997; Holcomb, Pavetti, Ratchiffe, and Riedinger, 1998; Pavetti, 1997; Pavetti & Acs, 1997). These problems can interfere with their ability to find or retain jobs or participate in training activities. Many poor families on reservations share the same challenges (e.g., alcohol and substance abuse, mental illness). These families need programs that address these challenges. Funding is inadequate for not only training and job preparation, but also for substance abuse treatment programs.

## VII. CONCLUSION

The 1996 federal welfare legislation is designed to reduce welfare dependency and poverty simultaneously by emphasizing the devolution of welfare implementation from federal to local governmental units, and by emphasizing changes in the behavior and attitudes of poor families with children. This report provides some initial evidence of the impact of the 1996 welfare law on reservations. It also reveals how American Indian families are surviving. We document some of the initial accomplishments of the 1996 federal welfare legislation.

A historical review of social welfare polices and services to American Indians indicate that American Indians are different from other U.S. citizens in that they have citizenship status with the federal and state governments, yet as tribal members, they also share in a unique federal-Indian relationship. The federal-Indian relationship is based upon treaties, acts of Congress, and presidential directives, which recognize tribes as sovereign entities. This dual relationship complicates policy making for American Indian social services because American Indians have rights based both on their citizenship and the special "federal trust responsibility." Although state governments have historically tried to exert control over tribal communities, recent federal legislation, including the PRWORA, have granted more independence and flexibility. With this new freedom, tribes can design and implement their own social service programs on reservations. The option for tribes to administer their own TANF programs has been praised as an example of the "government-to-government" relationship between tribes and the federal government.

There is a lot of interest among tribes in Arizona as well as in tribes in other states to self-administer TANF. Thus far, the DHHS has approved the Plans of 19 Indian Tribal Organizations. Three of these 19 Tribal Organizations are in Arizona. Several other Arizona tribes expect to have a plan developed within the next few years. Tribes that have elected to stay with the state-administered TANF program are either gathering information relevant to positioning themselves to self-administer TANF, or are disinterested because they are nearly "welfare independent," i.e. that have very few welfare recipients. Also, as a result of this legislation, communication, collaboration and cooperation among different units, i.e. within tribes, between tribes, between tribes and states and between tribes and the federal government, have increased.

However, as tribes begin to develop plans for self-administration of TANF programs, they are noticing the legislation's limitations. In particular, they are noticing the lack of state matching funds, support costs, start-up money and federal rewards for "successful" work. Tribal leaders and Social Service Providers are concerned that the devolution of responsibility for TANF administration without commensurate allocation of financial resources to the tribes may render the policy ineffective. Above all, this concern has slowed tribal takeover of TANF programs.

Like states, reservations in Arizona have experienced a decline in the welfare caseload, but at a slower rate. Generally, all of the women and Tribal Social Service Providers whom we interviewed agreed that women on welfare prefer to work. A few reservations within Arizona are nearly welfare independent. For these reservations, independence is due to economic opportunities on or near reservations. It is important to note that the economic success of families depends greatly on the geographic location of the reservation, the condition of its roadways and the employment opportunities that residents can access. In remote areas, the lack of jobs, paved roads, transportation and communication make it impossible for many residents to

get to work. This creates a great amount of stress and anguish for many women who want to provide a decent way of life for their children. On some reservations we may begin to notice a greater level of disruption of these families' lives, primarily because lack of transportation and communication will force many people to leave the tribal land to be closer to urban areas with jobs.

We anticipate that the impact of the 1996 federal welfare legislation on families with children will vary depending upon a wide variety of individual, family and structural factors. Families' survival strategies will also vary over time and must be studied to understand the occurrence of any tangential conditions such as malnutrition and other health hazards among women and children. Finally, it is important to understand the extent to which policies, such as the 1996 welfare legislation, designed to emphasize work, and changes in reproductive and parenting behavior, will help families attain these goals on reservations.

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[i] We conducted focus group interviews with residents of three Indian communities (Navajo, Salt River and San Carlos Apache) who were current or former TANF recipients. There were 19 respondents altogether: nine (47 percent) from the Navajo tribe, six (32 percent) from the Salt River tribe, and four (21 percent) from the San Carlos Apache tribe. The average age of the respondents was 32. The lowest age reported was 20, and the highest was 45. Two respondents were divorced (11 percent), two were living with a partner (11 percent), four were married (22 percent), four were separated (22 percent), and six were single (33 percent). One respondent did not provide her marital status. The average number of years completed in school was 11. The highest number of years completed in school was 16; this respondent had completed a college degree. Two respondents had only completed eight years of schooling (the lowest number of grades completed). Respondents reported an average of four children. Many respondents had one child only. One respondent had 14 children, the highest number reported. The reported ages of the women's children ranged from one to 20, with an average age of nine. Respondents reported an average of five people living in their households. The average number of persons over 18 years of age was two per household. The average length of time reportedly spent on welfare was five years. Two respondents reported spending one year on welfare (the shortest time period reported). One respondent reported spending 18 years on welfare. Two

respondents did not provide this information. In summary, these women tended to have low levels of education and young children at home. There was a lot of variability in the number of years they had received public assistance.

At our second visit (May,1998) four (out of nine) recipients who participated in the January focus group were unable to participate in the May focus group. One recipient graduated from the Arizona Institute of Business and Technology with an Associates degree and was working for the Division of Youth and Community Services. Her job was temporary, but she received a salary of 20,000 dollars. Another, who had one been a long term TANF recipient, had finished her basic education classes and had found employment at a restaurant working 40 hours per week at minimum wage. Although she has a GED, she would like more training. She currently lives with relatives because she cannot find stable housing. Another recipient missed her ride to the training center where the focus group was held. "She lives in a remote area where transportation is a barrier." Usually she hitchhikes to get to her basic education class. She is currently unemployed. Finally, one recipient had a conflicting schedule that prohibited her from attending the focus group. This recipient attends GED classes, to which her parents drive her.

Table 1. Total AFDC/TANF families and recipients in the United States, 1993-1998

| | Jan.93 | Jan.94 | Jan.95 | Jan.96 | Jan.97 | Jun.98 | Percent (93-98) |
|---|---|---|---|---|---|---|---|
| | *(thousands)* | | | | | | |
| Families | 4.963 | 5.053 | 4.963 | 4.628 | 4.114 | 3.031 | -39% |
| | ***1,932,000 fewer families*** | | | | | | |
| Recipients | 14.115 | 14.276 | 13.931 | 12.877 | 11.423 | 8.380 | -41% |
| | ***5,735,000 fewer recipients*** | | | | | | |

***Source:***
Change in Welfare Caseloads as of June 1998
U.S. Dept. of Health and Human Services
Administration for Children and Families
August 1998
Available http://www.acf.dhhs.gov/news/caseload.htm
*Contact: ACF Office of Public Affairs*
*Phone: 202-401-9215*

**Table 2. Total AFDC/TANF recipients by State, 1993-1998**

| STATE | Jan 93 | Jan 94 | Jan 95 | Jan 96 | Jan 97 | Jun 98 | Percent (93-98) |
|---|---|---|---|---|---|---|---|
| Alabama | 141,746 | 135,096 | 121,837 | 108,269 | 91,723 | 54,751 | -61% |
| Alaska | 34,951 | 37,505 | 37,264 | 35,432 | 36,189 | 30,660 | -12% |
| Arizona | 194,119 | 202,350 | 195,082 | 171,617 | 151,526 | 100,425 | -48% |
| Arkansas | 73,982 | 70,563 | 65,325 | 59,223 | 54,879 | 32,073 | -57% |
| California | 2,415,121 | 2,621,383 | 2,692,202 | 2,648,772 | 2,476,564 | 2,019,702 | -16% |
| Colorado | 123,308 | 118,081 | 110,742 | 99,739 | 87,434 | 54,605 | -56% |
| Connecticut | 160,102 | 164,265 | 170,719 | 161,736 | 155,701 | 108,377 | -32% |
| Delaware | 27,652 | 29,286 | 26,314 | 23,153 | 23,141 | 17,191 | -38% |
| Dist. of Col. | 65,860 | 72,330 | 72,330 | 70,082 | 67,871 | 55,722 | -15% |
| Florida | 701,842 | 689,135 | 657,313 | 575,553 | 478,329 | 254,042 | -64% |
| Georgia | 402,228 | 396,736 | 388,913 | 367,656 | 306,625 | 180,195 | -54% |
| Guam | 5,087 | 6,651 | 7,630 | 7,634 | 7,370 | 6,582 | 29% |
| Hawaii | 54,511 | 60,975 | 65,207 | 66,690 | 65,312 | 75,889 | 39% |
| Idaho | 21,116 | 23,342 | 24,050 | 23,547 | 19,812 | 4,101 | -81% |
| Illinois | 685,508 | 709,969 | 710,032 | 663,212 | 601,854 | 482,650 | -30% |
| Indiana | 209,882 | 218,061 | 197,225 | 147,083 | 121,974 | 117,237 | -44% |
| Iowa | 100,943 | 110,639 | 103,108 | 91,727 | 78,275 | 65,809 | -31% |
| Kansas | 87,525 | 87,433 | 81,504 | 70,758 | 57,528 | 33,321 | -62% |
| Kentucky | 227,879 | 208,710 | 193,722 | 176,601 | 162,730 | 119,199 | -48% |
| Louisiana | 263,338 | 252,860 | 258,180 | 239,247 | 206,582 | 125,805 | -52.9% |
| Maine | 67,836 | 65,006 | 60,973 | 56,319 | 51,178 | 40,055 | -41% |
| Maryland | 221,338 | 219,863 | 227,887 | 207,800 | 169,723 | 120,806 | -45% |
| Massachusetts | 332,044 | 311,732 | 286,175 | 242,572 | 214,014 | 165,062 | -50% |
| Michigan | 686,356 | 672,760 | 612,224 | 535,704 | 462,291 | 334,844 | -51% |
| Minnesota | 191,526 | 189,615 | 180,490 | 171,916 | 160,167 | 146,529 | -23% |
| Mississippi | 174,093 | 161,724 | 146,319 | 133,029 | 109,097 | 51,261 | -71% |
| Missouri | 259,039 | 262,073 | 259,595 | 238,052 | 208,132 | 144,675 | -44% |
| Montana | 34,848 | 35,415 | 34,313 | 32,557 | 28,138 | 21,550 | -38% |
| Nebraska | 48,055 | 46,034 | 42,038 | 38,653 | 36,535 | 36,645 | -24% |
| Nevada | 34,943 | 37,908 | 41,846 | 40,491 | 28,973 | 25,515 | -27% |
| New Hampshire | 28,972 | 30,386 | 28,671 | 24,519 | 20,627 | 14,880 | -49% |
| New Jersey | 349,902 | 334,780 | 321,151 | 293,833 | 256,064 | 202,691 | -42% |
| New Mexico | 94,836 | 101,676 | 105,114 | 102,648 | 89,814 | 72,695 | -23% |
| New York | 1,179,522 | 1,241,639 | 1,266,350 | 1,200,847 | 1,074,189 | 888,725 | -25% |
| North Carolina | 331,633 | 334,451 | 317,836 | 282,086 | 253,286 | 162,149 | -51% |
| North Dakota | 18,774 | 16,785 | 14,920 | 13,652 | 11,964 | 8,486 | -55% |
| Ohio | 720,476 | 691,099 | 629,719 | 552,304 | 518,595 | 341,839 | -53% |
| Oklahoma | 146,454 | 133,152 | 127,336 | 110,498 | 87,312 | 59,744 | -59% |
| Oregon | 117,656 | 116,390 | 107,610 | 92,182 | 66,919 | 45,898 | -61% |
| Pennsylvania | 604,701 | 615,581 | 611,215 | 553,148 | 484,321 | 360,667 | -40% |
| Puerto Rico | 191,261 | 184,626 | 171,932 | 156,805 | 145,749 | 122,310 | -36% |
| Rhode Island | 61,116 | 62,737 | 62,407 | 60,654 | 54,809 | 53,712 | -12% |
| South Carolina | 151,026 | 143,883 | 133,567 | 121,703 | 98,077 | 59,995 | -60% |
| South Dakota | 20,254 | 19,413 | 17,652 | 16,821 | 14,091 | 9,791 | -52% |
| Tennessee | 320,709 | 302,608 | 281,982 | 265,320 | 195,891 | 147,171 | -54% |
| Texas | 785,271 | 796,348 | 765,460 | 714,523 | 626,617 | 363,809 | -54% |
| Utah | 53,172 | 50,657 | 47,472 | 41,145 | 35,493 | 28,320 | -47% |
| Vermont | 28,961 | 28,095 | 27,716 | 25,865 | 23,570 | 19,620 | -32% |
| Virgin Islands | 3,763 | 3,767 | 4,345 | 5,075 | 4,712 | 4,078 | 8% |
| Virginia | 194,212 | 194,959 | 189,493 | 166,012 | 136,053 | 98,409 | -49% |
| Washington | 286,258 | 292,608 | 290,940 | 276,018 | 263,792 | 207,647 | -27% |
| West Virginia | 119,916 | 115,376 | 107,668 | 98,439 | 98,690 | 36,958 | -69% |
| Wisconsin | 241,098 | 230,621 | 214,404 | 184,209 | 132,383 | 42,671 | -82% |
| Wyoming | 18,271 | 16,740 | 15,434 | 13,531 | 10,322 | 2,946 | -84% |
| | | | | | | | |
| U.S. TOTAL | 14,114,992 | 14,275,877 | 13,930,953 | 12,876,661 | 11,423,007 | 8,380,449 | -41% |

***Note:*** *as of July 1, 1997, all states changed their reporting system from AFDC to TANF*

***Source:***

Change in Welfare Caseloads as of June 1998
U.S. Dept. of Health and Human Services
Administration for Children and Families
August 1998

**Available** http://www.acf.dhhs.gov/news/caseload.htm
***Contact:*** ***ACF Office of Public Affairs***
***Phone: 202-401-9215***

**Table 3. Total AFDC/TANF families by State, 1993-1998**

| States | Jan 93 | Jan 94 | Jan 95 | Jan 96 | Jan 97 | Jan 98 | Percent (93-98) |
|---|---|---|---|---|---|---|---|
| Alabama | 51,910 | 51,181 | 47,376 | 43,396 | 37,972 | 22,662 | -56% |
| Alaska | 11,626 | 12,578 | 12,518 | 11,979 | 12,224 | 10,089 | -13% |
| Arizona | 68,982 | 72,160 | 71,110 | 64,442 | 56,250 | 37,008 | -46% |
| Arkansas | 26,897 | 26,398 | 24,930 | 23,140 | 21,549 | 12,905 | -52% |
| California | 844,494 | 902,900 | 925,585 | 904,940 | 839,860 | 689,440 | -18% |
| Colorado | 42,445 | 41,616 | 39,115 | 35,661 | 31,288 | 19,824 | -53% |
| Connecticut | 56,759 | 58,453 | 60,927 | 58,124 | 56,095 | 40,990 | -28% |
| Delaware | 11,315 | 11,739 | 11,306 | 10,266 | 10,104 | 6,747 | -40% |
| Dist. of Col. | 24,628 | 26,624 | 26,624 | 25,717 | 24,752 | 20,454 | -17% |
| Florida | 256,145 | 254,032 | 241,193 | 215,512 | 182,075 | 98,671 | -61% |
| Georgia | 142,040 | 142,459 | 141,284 | 135,274 | 115,490 | 69,777 | -51% |
| Guam | 1,406 | 1,840 | 2,124 | 2,097 | 2,349 | 1,947 | 38% |
| Hawaii | 17,869 | 20,104 | 21,523 | 22,075 | 21,469 | 23,570 | 32% |
| Idaho | 7,838 | 8,677 | 9,097 | 9,211 | 7,922 | 1,832 | -77% |
| Illinois | 229,308 | 238,967 | 240,013 | 225,796 | 206,316 | 164,177 | -28% |
| Indiana | 73,115 | 74,169 | 68,195 | 52,254 | 46,215 | 38,540 | -47% |
| Iowa | 36,515 | 39,623 | 37,298 | 33,559 | 28,931 | 24,219 | -34% |
| Kansas | 29,818 | 30,247 | 28,770 | 25,811 | 21,732 | 12,942 | -56% |
| Kentucky | 83,320 | 79,437 | 76,471 | 72,131 | 67,679 | 49,630 | -40% |
| Louisiana | 89,931 | 88,168 | 81,587 | 72,104 | 60,226 | 48,441 | -46% |
| Maine | 23,903 | 23,074 | 22,010 | 20,472 | 19,037 | 15,226 | -36% |
| Maryland | 80,256 | 79,772 | 81,115 | 75,573 | 61,730 | 45,985 | -43% |
| Massachusetts | 113,571 | 112,955 | 104,956 | 90,107 | 80,675 | 63,501 | -44% |
| Michigan | 228,377 | 225,671 | 207,089 | 180,790 | 156,077 | 115,410 | -49% |
| Minnesota | 63,995 | 63,552 | 61,373 | 58,510 | 54,608 | 48,684 | -24% |
| Mississippi | 60,520 | 57,689 | 53,104 | 49,185 | 40,919 | 20,778 | -66% |
| Missouri | 88,744 | 91,598 | 91,378 | 84,534 | 75,459 | 57,028 | -36% |
| Montana | 11,793 | 12,080 | 11,732 | 11,276 | 9,644 | 7,369 | -38% |
| Nebraska | 16,637 | 16,145 | 14,968 | 14,136 | 13,492 | 13,266 | -20% |
| Nevada | 12,892 | 14,077 | 16,039 | 15,824 | 11,742 | 9,862 | -24% |
| New Hampshire | 10,805 | 11,427 | 11,018 | 9,648 | 8,293 | 6,123 | -43% |
| New Jersey | 126,179 | 121,361 | 120,099 | 113,399 | 102,378 | 76,789 | -39% |
| New Mexico | 31,103 | 33,376 | 34,789 | 34,368 | 29,984 | 22,709 | -27% |
| New York | 428,191 | 449,978 | 461,006 | 437,694 | 393,424 | 324,828 | -24% |
| North Carolina | 128,946 | 131,288 | 127,069 | 114,449 | 103,300 | 68,020 | -47% |
| North Dakota | 6,577 | 6,002 | 5,374 | 4,976 | 4,416 | 3,191 | -51% |
| Ohio | 257,665 | 251,037 | 232,574 | 209,830 | 192,747 | 131,350 | -49% |
| Oklahoma | 50,955 | 47,475 | 45,936 | 40,692 | 32,942 | 22,269 | -56% |
| Oregon | 42,409 | 42,695 | 40,323 | 35,421 | 25,874 | 18,382 | -57% |
| Pennsylvania | 204,216 | 208,260 | 208,899 | 192,952 | 170,831 | 129,383 | -37% |
| Puerto Rico | 60,950 | 59,425 | 55,902 | 51,370 | 48,359 | 40,863 | -33% |
| Rhode Island | 21,900 | 22,592 | 22,559 | 21,775 | 20,112 | 18,992 | -13% |
| South Carolina | 54,599 | 53,178 | 50,389 | 46,772 | 37,342 | 23,253 | -57% |
| South Dakota | 7,262 | 7,027 | 6,482 | 6,189 | 5,324 | 3,734 | -49% |
| Tennessee | 112,159 | 111,946 | 105,948 | 100,884 | 74,820 | 57,059 | -49% |
| Texas | 279,002 | 285,680 | 279,911 | 265,233 | 228,882 | 132,549 | -52% |
| Utah | 18,606 | 18,063 | 17,195 | 15,072 | 12,864 | 10,488 | -44% |
| Vermont | 10,081 | 9,917 | 9,789 | 9,210 | 8,451 | 7,155 | -29% |
| Virgin Islands | 1,073 | 1,090 | 1,264 | 1,437 | 1,335 | 1,174 | 9% |
| Virginia | 73,446 | 74,717 | 73,920 | 66,244 | 56,018 | 40,791 | -44% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Washington | 100,568 | 103,068 | 103,179 | 99,395 | 95,982 | 74,969 | -25% |
| West Virginia | 41,525 | 40,869 | 39,231 | 36,674 | 36,805 | 13,374 | -68% |
| Wisconsin | 81,291 | 78,507 | 73,962 | 65,386 | 45,586 | 11,276 | -86% |
| Wyoming | 6,493 | 5,891 | 5,443 | 4,975 | 3,825 | 1,282 | -80% |
| | | | | | | | |
| U.S. TOTAL | 4,963,050 | 5,052,854 | 4,963,071 | 4,627,941 | 4,113,775 | 3,031,039 | -39% |

*Source:* Change in Welfare Caseloads as of June 1998
U S Dept of Health and Human Services,
Administration for Children and Families, August 1998

Available http://www.acf.dhhs.gov/news/caseload.htm
*Contact: ACF Office of Public Affairs*
*Phone: 202-401-9215*

Table 4. Demographics and educational attainment by reservations in Arizona, 1990

| Tribe | Population (1990 census)[1] | number Native American (% Native American) | % persons under 18 with two parents | # single, female householder - children under 18 | # single, female householder - children under 6 | of persons 25 & over, % high school grad or higher | of persons 25 & over, % bachelor's degree or higher |
|---|---|---|---|---|---|---|---|
| All areas[2] | 808,070 | 437,771 (54.2) | 49.7 | 61,033 | 32,140 | 53.8 | 3.9 |
| Ak-Chin[3] | 450 | 411 (91.3) | 63.1 | 2 | 2 | 33.3 | 3.2 |
| Cocopah Tribe | 584 | 549 (94) | 20.9 | 25 | 15 | 31.1 | N/A[4] |
| Colorado River Tribe | 6846 | 2362(34.5) | 48.4 | 106 | 42 | 61.6 | 4.3 |
| Fort McDowell Indian Com | 628 | 568 (90.4) | 34.8 | 31 | 17 | 62.4 | 3.1 |
| Fort Mojave Tribe | 432 | 333 (77.1) | 35.8 | 22 | 19 | 57.4 | 0.8 |
| Gila River Indian Comm | 9578 | 9101 (95) | 39.9 | 454 | 304 | 37.3 | 1.3 |
| Havasupai Tribe | 433 | 416 (96.1) | 76.1 | 10 | 2 | 38.1 | N/A |
| Hopi Tribe | 7215 | 7002 (97) | 47.8 | 273 | 130 | 62.6 | 3.3 |
| Hualapai Tribe | 833 | 812 (97.5) | 55.8 | 39 | 27 | 53.9 | 1.3 |
| Kaibab-Paiute Tribe | 120 | 65 (54.2) | 76 | N/A | N/A | 56.3 | N/A |
| Navajo Nation | 90,763 | 87,502 (96.4) | 59 | 2949 | 1468 | 41.5 | 3.2 |
| Pascua Yaqui Tribe | 2406 | 2270 (94.3) | 43 | 146 | 66 | 28.5 | 2.3 |
| Salt River Pima Maricopa | 4856 | 3547 (73) | 41.8 | 162 | 77 | 52.9 | 1.4 |
| San Carlos Apache Tribe | 7239 | 7060 (97.5) | 58.9 | 261 | 155 | 49.4 | 2 |
| San Juan So. Paiute[5] | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Tohono O'odham[6] | | | | | | | |
| Papago | 8587 | 8490 (98.9) | 27.5 | 511 | 211 | 47.3 | 0.4 |
| San Xavier | 1129 | 1087 (96.3) | 27.2 | 65 | 10 | 42.1 | |
| Tonto Apache[7] | 103 | 103 (100) | 100 | N/A | N/A | N/A | N/A |
| White Mountain Apache[8] | 10,506 | 9902 (94.3) | 64.1 | 277 | 132 | 48.3 | 1.3 |
| Yavapai Apache Tribe[9] | 624 | 574 (92) | 48.2 | 37 | 11 | 51.4 | 3.7 |
| Yavapai-Prescott Indian | 193 | 151 (78.2) | 58.3 | 15 | 6 | 71.2 | 15.2 |
| United States | 248,709,873 | 2,015,143 | | | | | |

Source: U.S. Bureau of Census (1990). Social and Economic Characteristics: American Indian and Alaskan Native Areas. Washington, D.C.: Bureau of the Census

[1] First two columns include all persons on the reservation; rest of table includes Native American population only.
[2] All areas includes all tribal areas in the United States.
[3] The Ak-Chin Community is listed as Maricopa in the 1990 U.S. Census.
[4] N/A means that the 1990 U.S. census did not have data on these columns.
[5] Data on the San Juan Southern Paiute Tribe is included in data on the Navajo Nation in the 1990 U.S. Census.
[6] The Tohono O'odham Nation is listed in the 1990 U.S. Census as two separate tribes: Papago and San Xavier.
[7] The Tonto Apache Tribe is listed in the 1990 U.S. Census as Payson.
[8] The White Mountain Apache Tribe is listed in the 1990 U.S. Census as Fort Apache.
[9] The Yavapai Apache Tribe is listed in the 1990 U.S. Census as Camp Verde.

Table 5. Poverty statistics by reservations in Arizona, 1990

| Tribe | % in poverty all ages | % in poverty under 18 | % of Families Below Poverty Level | # Female Householders w/ No Husband Present Below Poverty Level | # Families Below Poverty Level w/ Public Assistance Income | # Female Householders w/ No Husband Present w/ Public Assistance Income |
|---|---|---|---|---|---|---|
| All areas[1] | 50.7 | 55.3 | 47.3 | 18,920 | 21,422 | 11,329 |
| Ak-Chin[2] | 46.4 | 54.3 | 39.3 | 9 | 2 | 2 |
| Cocopah Tribe | 56.7 | 65.1 | 50.4 | 24 | 27 | 9 |
| Colorado River | 37.5 | 40.5 | 39.3 | 130 | 67 | 54 |
| Fort McDowell | 30.8 | 33.1 | 23.7 | 23 | 5 | 5 |
| Fort Mojave Tribe | 52.3 | 56.8 | 48.4 | 18 | 10 | 11 |
| Gila River | 64.4 | 71.3 | 62.8 | 590 | 470 | 256 |
| Havasupai Tribe | 31.3 | 35.8 | 27.9 | 5 | 10 | 1 |
| Hopi Tribe | 49.4 | 53.8 | 47.7 | 280 | 215 | 98 |
| Hualapai Tribe | 56.1 | 59.9 | 53.1 | 46 | 43 | 25 |
| Kaibab-Paiute | 41.5 | 44 | 42.9 | N/A[3] | 4 | N/A |
| Navajo Nation | 56.1 | 57.7 | 53.7 | 3092 | 4737 | 1855 |
| Pascua Yaqui | 62.6 | 68.4 | 64.2 | 131 | 185 | 98 |
| Salt River | 52.7 | 58.6 | 50.5 | 227 | 181 | 128 |
| San Carlos Apache | 62.5 | 63.2 | 59.8 | 320 | 392 | 207 |
| San Juan Southern paiute[4] | N/A | N/A | N/A | N/A | N/A | N/A |
| Tohono O'odham[5] | | | | | | |
| Papago | 65.7 | 66.4 | 62.8 | 530 | 653 | 350 |
| San Xavier | 64.4 | 67.4 | 59.4 | 53 | 29 | 14 |
| Tonto Apache[6] | 12.6 | N/A | N/A | N/A | N/A | N/A |
| White Mountain Apache[7] | 52.7 | 55.7 | 49.9 | 405 | 449 | 284 |
| Yavapai Apache[8] | 61.9 | 67.7 | 56.9 | 41 | 19 | 15 |
| Yavapai-Prescott | 20.5 | 23.3 | 17.3 | 5 | N/A | N/A |

Source: U.S. Bureau of Census (1990). Social and Economic Characteristics: American Indian and Alaskan Native Areas. Washington, D.C.: Bureau of the Census.

[1] All areas include all tribal areas in the United States.
[2] The Ak-Chin Indian Community is listed as Maricopa in the 1990 U.S. Census
[3] N/A means that the 1990 U.S. Census did not have data on these columns.
[4] Data on the San Juan Southern Paiute Tribe is included in data on the Navajo Nation in the 1990 U.S. Census.
[5] The Tohono O'odham Nation is listed in the 1990 U.S. Census as two separate tribes: Papago and San Xavier.
[6] The Tonto Apache Tribe is listed in the 1990 U.S. Census as Payson.
[7] The White Mountain Apache Tribe is listed in the 1990 U.S. Census as Fort Apache.
[8] The Yavapai Apache Tribe is listed in the 1990 U.S. Census as Camp Verde.

Table 6 – Income by reservations in Arizona, 1990

| Tribe | median household income | Median family income | Median Income of Families w/ Own Children Under 18 yrs | Median Income of Families w/ Own Children Under 6 yrs | per capita income | median income of males who work full-time | median income of females who work full-time | Median Female Income for 15+ yrs old w/ income | Median Income of Female Householder w/ No Husband Present | Median Income of Female Householder No Husband Present Own Child. Under 18 yrs | Median Income of Female Householder No Husband Present Own Child. Under 6 yrs |
|---|---|---|---|---|---|---|---|---|---|---|---|
| All areas[1] | 12,459 | 13,489 | 13,352 | 11,387 | 4478 | 17,832 | 14,800 | 5308 | 8585 | 7504 | 5708 |
| Ak-Chin Indian Com[2] | 14,886 | 16,023 | 15,781 | 13,281 | 3991 | 11,204 | 11,705 | 5658 | 15,833 | 13,750 | N/A[3] |
| Cocopah Tribe | 12,279 | 11,979 | 17,813 | 7788 | 4641 | 20,938 | 20,625 | 6667 | 15,536 | 8447 | N/A |
| Colorado River Tribe | 16,573 | 18,125 | 16,500 | 13,393 | 5959 | 20,781 | 14,734 | 9975 | 7109 | 5000 | 5000 |
| Fort McDowell Indian Com | 15,982 | 17,083 | 16,750 | 17,045 | 5610 | 16,250 | 15,000 | 9318 | 11,071 | 10,250 | 12,188 |
| Fort Mojave Tribe | 14,167 | 11,250 | 10,625 | 9407 | 3942 | 17,500 | 12,500 | 5268 | 5714 | 5714 | 11,250 |
| Gila River Indian Com | 9379 | 9516 | 9711 | 7189 | 3176 | 13,371 | 12,793 | 4176 | 5508 | 5000 | 5000 |
| Havasupai Tribe | 15,938 | 20,179 | 15,000 | 18,750 | 4112 | 7321 | 16,250 | 5625 | 13,750 | 11,250 | 5360 |
| Hopi Tribe | 13,418 | 13,917 | 12,902 | 9771 | 4566 | 16,818 | 13,851 | 4952 | 11,411 | 6254 | 15,515 |
| Hualupai Tribe | 10,956 | 11,731 | 11,964 | 10,500 | 3630 | 13,438 | 16,641 | 4187 | 5000 | 5000 | 5000 |
| Kaibab-Paiute Tribe | 21,250 | 21,250 | 17,500 | 11,250 | 5245 | 18,750 | 8750 | 4375 | 21,250 | N/A | N/A |
| Navajo Nation | 9769 | 11,524 | 13,015 | 10,981 | 3802 | 19,993 | 14,855 | 4326 | 7167 | 7118 | 6029 |
| Pascua Yaqui Tribe | 10,907 | 10,066 | 8780 | 8347 | 3135 | 19,844 | 15,521 | 4460 | 5300 | 5000 | 5000 |
| Salt River Pima Maricopa | 12,396 | 13,068 | 14,297 | 12,393 | 4215 | 15,517 | 14,399 | 4517 | 5836 | 5000 | 5000 |
| San Carlos Apache Tribe | 8360 | 9457 | 9929 | 7599 | 3173 | 14,806 | 14,120 | 4758 | 6143 | 5333 | 5000 |
| San Juan So. Paiute[4] | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Tohono O'odham[5] | | | | | | | | | | | |
| Papago | 8552 | 7688 | 9645 | 7856 | 3113 | 14,688 | 15,575 | 4339 | 6830 | 7876 | 11,648 |
| San Xavier | 6066 | 6227 | 5000 | 5317 | 2735 | 11,989 | 12,000 | 4098 | 7452 | 5000 | N/A |
| Tonto Apache Tribe[6] | 28,750 | 55,030 | 28,750 | N/A | 10,724 | 20,096 | 11,250 | 6250 | N/A | N/A | N/A |
| White Mountain Apache[7] | 12,403 | 13,169 | 13,737 | 13,681 | 3805 | 15,253 | 11,839 | 4647 | 7080 | 5000 | 5000 |
| Yavapai Apache Tribe[8] | 12,426 | 11,776 | 10,167 | 7827 | 3270 | 15,729 | 11,389 | 6538 | 9556 | 9542 | 5000 |
| Yavapai-Prescott | 25,000 | 25,556 | 27,143 | 31,563 | 6499 | 18,750 | 18,750 | 8750 | 26,458 | 26,563 | 21,250 |

U.S. Bureau of Census (1990). Social and Economic Characteristics: American Indian and Alaskan Native Areas. Washington, D.C.: Bureau of the Census.

[1] All areas includes all tribal areas in the United States.

[2] The Ak-Chin Indian Community is listed as Maricopa in the 1990 U.S. Census.

[3] N/A means the 1990 U.S. census did not have data on these columns.

[4] Data on the San Juan Southern Paiute Tribe is included in data on the Navajo Nation in the 1990 U.S. Census.

[5] The Tohono O'odham Nation is listed in the 1990 U.S. Census as two separate tribes: Papago and San Xavier.

[6] The Tonto Apache Tribe is listed in the 1990 U.S. Census as Payson.

[7] The White Mountain Apache Tribe is listed in the 1990 U.S. Census as Fort Apache.

[8] The Yavapai Apache Tribe is listed in the 1990 U.S. Census as Camp Verde.

Table 7 - Labor force statistics by reservations in Arizona, 1990

| Tribe | % persons 16 and over in labor force | % male 16 and over in labor force | % female 16 and over in labor force | % female in labor force with own children under 6 | % of persons worked 35 hours or more in refer. week | % females worked 35 hours or more in ref. week | % Unemployed U.S. census (% not employed BIA) | # Persons 16 & over, Not in Labor Force | # Families w/ No Workers | # Female Householder w/ No Husband and No Worker | mean travel time to work (minutes) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| All areas[1] | 51.1 | 57.7 | 45.1 | 50.1 | 76.7 | 73.9 | 25.6 | 130,427 | 20,674 | 10,043 | 20.1 |
| Ak-Chin Indian Com.[2] | 52.2 | 67.6 | 40.3 | 35 | 86.3 | 76.8 | 12 (6) | 122 | 2 | 2 | 12.6 |
| Cocopah Tribe | 55.5 | 61.1 | 50 | 100 | 78.3 | 78.9 | 23.1 (45) | 149 | 16 | N/A[3] | 16.3 |
| Colorado River Tribe | 54.5 | 59.1 | 51.1 | 56.7 | 78.5 | 78.1 | 12.4 (25) | 660 | 99 | 46 | 12.5 |
| Fort McDowell Indian Com | 52 | 52.4 | 51.6 | 50 | 75.7 | 70.1 | 14 (8) | 159 | 5 | 5 | 19.9 |
| Fort Mojave Tribe | 60 | 68.9 | 55 | 63.2 | 74.4 | 62.7 | 15.7 (72) | 68 | 13 | 11 | 15.1 |
| Gila River Indian Com. | 44.7 | 55.3 | 35.5 | 37.9 | 77.1 | 75.9 | 30.6 (27) | 3154 | 605 | 402 | 21.4 |
| Havasupai Tribe | 59.9 | 57.5 | 62.7 | 78.6 | 81.6 | 73 | 17.2 (75) | 101 | 11 | 2 | 19.5 |
| Hopi Tribe | 48 | 51.3 | 44.8 | 62.1 | 79.9 | 78.3 | 26.8 (55) | 2352 | 265 | 114 | 18 |
| Hualapai Tribe | 58.6 | 61.6 | 55.7 | 75.9 | 79.2 | 79.6 | 32.4 (37) | 201 | 33 | 19 | 12.6 |
| Kaibab-Paiute Tribe | 59.1 | 61.5 | 55.6 | 75 | 44.4 | 25 | 30.8 (N/A) | 18 | N/A | N/A | 11.3 |
| Navajo Nation | 43 | 48.6 | 37.8 | 47.8 | 82.3 | 80.5 | 30.4 (52) | 29,855 | 5156 | 1891 | 23.1 |
| Pascua Yaqui Tribe | 50.4 | 67.2 | 37.1 | 22.6 | 67.6 | 58.8 | 33.2 (N/A) | 595 | 171 | 95 | 22.8 |
| Salt River Pima Maricopa | 58.4 | 65.3 | 52.4 | 61.2 | 74.3 | 73 | 17.3 (28) | 886 | 128 | 95 | 17.4 |
| San Carlos Apache Tribe | 43 | 58.1 | 29.4 | 32 | 83.5 | 81.3 | 31 (58) | 2409 | 358 | 204 | 17.9 |
| San Juan So. Paiute[4] | N/A | N/A | N/A | N/A | N/A | N/A | N/A (91) | N/A | N/A | N/A | N/A |
| Tohono O'odham[5] | | | | | | | | | | | |
| Papago | 36.1 | 40.1 | 32.7 | 35.2 | 70.3 | 75 | 23.4 (79) | 3425 | 656 | 322 | 20.4 |
| San Xavier | 49.6 | 59.1 | 41.6 | 61.3 | 64.5 | 53.6 | 18.6 | 350 | 63 | 33 | 23.8 |
| Tonto Apache Tribe[6] | 100 | 100 | 100 | N/A | 83.1 | 50 | N/A (24) | N/A | N/A | N/A | 2.8 |
| White Mountain Apache[7] | 54.9 | 64.6 | 45.7 | 48 | 78 | 80.5 | 35.3 (58) | 2583 | 333 | 190 | 19 |
| Yavapai Apache Tribe[8] | 50.9 | 62.3 | 42.3 | 48.1 | 75.4 | 73.1 | 14.3 (56) | 157 | 22 | 15 | 20.8 |
| Yavapai-Prescott | 71.9 | 63.8 | 79.6 | 75 | 82.3 | 75 | 10.1 (33) | 27 | 4 | N/A | 8.5 |

U.S. Bureau of Census (1990). Social and Economic Characteristics: American Indian and Alaskan Native Areas. Washington, D.C.: Bureau of the Census.
U.S. Department of the Interior Bureau of Indian Affairs (1995). Indian Service Population and Labor Force Estimates. Washington, D.C.: U.S. Department of the Interior.

[1] All areas include all tribal areas in the United States.
[2] The Ak-Chin Indian Community is listed as Maricopa in the 1990 U.S. Census
[3] N/A means that the 1990 U.S. Census or the 1995 Bureau of Indian Affairs report did not have data on these columns.
[4] Data on the San Juan Southern Paiute Tribe is included in data on the Navajo Nation in the 1990 U.S. Census.
[5] The Tohono O'Odham Nation is listed in the 1990 U.S. Census as two separate tribes: Papago and San Xavier.
[6] The Tonto Apache Tribe is listed in the 1990 U.S. Census as Payson.
[7] The White Mountain Apache Tribe is listed in the 1990 U.S. Census as Fort Apache.
[8] The Yavapai Apache Tribe is listed in the 1990 U.S. Census as Camp Verde.

Table 8. Status of Tribal TANF Plans

| State | Tribe | State Match | Approval date | Implementation date |
|---|---|---|---|---|
| | **Approved Plans** | | | |
| Alaska | Tanana Chiefs Conference | Yes | 9/17/98 | 10/1/98 |
| Arizona | Salt River Pima - Maricopa Indian Community | $355,170 | 12/14/98 | 4/1/99 |
| Arizona | White Mountain Apache | Yes | 10/24/97 | 11/1/97 |
| Arizona | Pascua Yaqui Tribe | Yes | 10/21/97 | 11/1/97 |
| California | Southern California Tribal Chairman Association[1] | Yes | 2/24/98 | 3/1/98 |
| Idaho | Nez Perce Tribe | $215,000 | 12/14/98 | 1/1/99 |
| Minnesota | Mille Lacs Band of Ojibwa Indians | Expected 40% match of Federal grant | 12/14/98 | 1/1/99 |
| Montana | Confederated Salish & Kootenai Tribes | Minimum of $40,000 during the state fiscal year 1999 contingent on compliance with the requirements | 12/14/98 | 1/1/99 |
| Oregon | Confederated Tribes of Siletz Indians | Yes | 9/29/97 | 10/1/97 |
| Oregon | Klamath Tribes | Yes | 5/15/97 | 7/1/97 |
| Oklahoma | Osage Tribe | No | 4/3/98 | 5/4/98 |
| South Dakota | Sisseton-Wahpeton Sioux Tribe[2] | No, but the state is providing transition funds and training to Tribal staff and may provide access to the state's electronic system | 9/29/97 | 10/1/97 |
| Washington | Lower Elwah Klallam | Yes | 9/17/98 | 10/1/98 |
| Washington | Port Gamble S'Klallam | Yes | 9/17/98 | 10/1/98 |
| Wisconsin | Forest County Potawatomi Community | No, but the tribe will provide 100% in matching funds. | 6/30/97 | 7/1/97 |
| Wisconsin | Sokaogon Chippewa Community | No | 9/29/97 | 10/1/97 |
| Wisconsin | Stockbridge-Munsee Band of Mohican Indians | No | 9/29/97 | 10/1/97 |
| Wisconsin | Red Cliff Band of Lake Superior Chippewa Indians | No, but the tribe will absorb some admin. Program cost | 9/29/97 | 10/1/97 |
| Wyoming | Northern Arapaho Tribe | Yes | 6/3//98 | 7/1/98 |
| | **Pending Plans** | | | |
| Alaska | Association of Village Council Presidents | | | |
| Alaska | Central Council Tlingit and Haida Indian Tribe | | | |
| Alaska | Cook Inlet | | | |

[1] Consortium of eight Tribes in San Diego County and one Tribe in Santa Barbara County.

[2] This Tribe will consolidate its Tribal TANF program into a Public Law 102-477 plan.

Source: Administration for Children and Families, U.S. Department of Health and Human Services

**Internet source: http://www.dhhs.gov/programs/dts/track.htm**

**Table 9: Characteristics of Tribal TANF Plans**

| STATE | TRIBE | PROJECTED # OF FAMILIES | SERVICE AREA | SERVICE POPULATION | TIME LIMIT | WORK ACTIVITIES | WORK PART RATES | WORK PART HRS/WEEK |
|---|---|---|---|---|---|---|---|---|
| AK | Tanana Chiefs Conference[1] (37 Village Consortium) | 450-500 | Tanana Chiefs Conference, Inc. Region, as established in ANCSA | Families in which the head of the assistance unit is an enrolled member of, or eligible for membership in, a federally-recognized tribe | 60 months | Basic Education; Job search; Assessment; Job readiness; OJT; Vocational education training (36 months max); Job sampling; work experience; Approved subsistence hunting, fishing, gathering; Approved community work service;<br>Job skills development;<br>Sheltered/supported work;<br>Subsidized and unsubsidized employment;<br>Providing childcare for ASAP clients | All families:<br>FY 99: 25%<br>FY 2000: 30%<br>FY 2001: 35% | All families:<br>FY 99: 20<br>FY 2000: 25<br>FY 2001: 30 |
| AZ | Pascua Yaqui Tribe of Arizona[1] | 250 | Maricopa and Pima Counties | Indian families on the reservation & Tribal member families in Maricopa and Pima Counties | 60 months | Same as section 407(d) | One-parent:<br>FY 98&99: 15%<br>FY 2000 & 2001: 30%<br><br>Two-parent:<br>FY 98: 30%<br>FY 99: 45%<br>FY 2000 & 2001: 60% | One-parent:<br>FY 98 & 99: 20<br>FY 2000 & 2001: 25<br><br>Two-parent:<br>FY 98: 30 hour<br>FY 99, 2000, & 2001: 35 hour> |
| AZ | Salt River Pima-Maricopa Indian Community | 277 | Only within the boundaries of the Reservation. | Only needy, eligible, and enrolled Community member families. | 60 months within the adult life-time of a client | Unsubsidized employment, subsidized private sector employment, subsidized public sector employment, work experience, on-the-job readiness assistance, community service programs, vocation education training, job skills training directly related to employment, education directly related to employment, satisfactory attendance at secondary school, the provision of child care services | Single Parent Families: First Year - 15%<br>Second Year - 20%<br>Third Year - 25%<br><br>Two Parent Families:<br>First Year - 15%<br>Second Year - 20%<br>Third Year - 25% | Single Parent Families: 20 Hours<br><br>Two Parent Families: 40 Hours |
| AZ | White Mountain | 630 | Reservation | All families (Indian and Non-Indian) | 60 months | Same as section 407(d) | All families:<br>FY 98: 15% | All families:<br>FY 98 - 2001: |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Apache Tribe | | | | | | FY 99: 20%<br>FY 2000 & 2001: 25% | 16% |
| CA | Southern[7] California Tribal Chairman's Association[1] | 160 | Reservations of member Tribes | Indian families | 60 months | Same as section 407(d), with the addition of participation in a NEW program activity | One-parent<br>FY 98: 25%<br>FY 99: 30%<br>FY 2000 & 2001: 50%<br><br>Two-parent:<br>FY 98: 35%<br>FY 99, 2000, & 2001: 50% | One-parent:<br>FY 98: 16<br>FY 99: 24<br>FY 2000 & 2001: 30<br><br>Two-parent:<br>FY 98: 24<br>FY 99: 32<br>FY 2000 & 2001: 35 |
| ID | Nez Perce | 133 | On or near Nez Perce Reservation. Near includes Lewiston, Kendrick, Grangeville and Cottonwood | Enrolled members of the Nez Perce Tribe | 60 months | Barrier removal, subsidized and unsubsidized employment, work experience, OJT, job search, job readiness, self employment, subsistence gathering, job skills, employment related education, GED, child care, teaching cultural activities, internships, reasonable transportation | All Families:<br>1999 = 15% to 2001 = 35% | 20 hours per week |
| MN | Mille Lacs Band of Ojibwa Indians | 130 | Reservation and Six Minnesota Counties near Reservation | Families with at least one adult that is an enrolled member, a descendant of enrolled member; or recognized in the community as a member as determined by the Band | 60 months | Subsidized & unsubsidized employment, work experience, OJT, job search, pre-employment activities, job skills training, self-employment, community service, vocational education, high school completion activities. | All families:<br>1999: 25%<br>2000: 30%<br>2001: 35%<br><br>Two-parent:<br>1999: 40%<br>2000: 45%<br>2001: 50% | All families:<br>25 hour/week;<br>Two-Parent families 30 hours/week for one parent, combined 50 hours/week for both parents |
| MT | Confederated Salish and Kootenai (CSKT) | 185-195 | Exterior Boundaries of the Flathead Reservation | All enrolled CSKT members residing or intending to reside, all is currently defined by the State of Montana, on the Flathead Reservation. | 60 months | Basic Education; Job search; Limited parenting and family strengthening activities; Job skills training; On the job training; Sheltered/supported work; Unpaid work experience; Paid work experience; Vocational education; Post secondary education; Approved community service or cultural activities; Other activities that lead to family self sufficiency. | 1999: 15%<br>2000: 15%<br>2001: 20% | 1999: 20 per week<br>2000: 20 hours per week<br>2001: 30 hours per week for all families |
| OK | Osage Tribe | 60-75 | Osage County | Indian families | 60 months | Unsubsidized employment; Subsidized employment; Work experience; OJT; Job search/job readiness; Job skills training; Vocational education (12 month limit). | All families:<br>FY 98: 15%<br>FY 99: 20%<br>FY 2000-2001 | All families:<br>FY 98-2002:<br>20 hours |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Community service; | 30%<br><br>Two-parent:<br>FY 98: 30%<br>FY 99: 45%<br>FY 2000 & 2001: 60% | Two-parent:<br>FY 98-2002:<br>35 hours |
| OR | Confederated Tribes of Siletz Indians | 70 - 90 | Counties of Benton, Clackamas, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington and Yamhill | Tribal member families | 24 months within an 84 month period (similar to Oregon's time limit) | Job search/Job readiness; Job skills training; OJT; Sheltered/supported work; Work experience; Subsidized public/private employment; | All families:<br>FY 98: 15%<br>FY 99: 20%<br>FY 2000: 25%<br><br>Two-parent:<br>FY 98: 30%<br>FY 99: 35%<br>FY 2000: 40% | All families:<br>20 hours |
| OR | Klamath Tribes | 70 - 90 | Klamath County | Indian families | 24 months within an 84 month period (similar to Oregon's time limit) | Basic education; Job search/job readiness; Job skills training; OJT; Sheltered/supported work; Work experience; | All families:<br>FY 97: 15%<br>FY 98: 20%<br>FY 99: 25%<br>FY 2000: 30%<br><br>Two-parent:<br>FY 97: 35%<br>FY 98: 40%<br>FY 99: 45%<br>FY 2000: 50% | All families:<br>FY 97-2002:<br>20 hours<br><br>Two parent:<br>FY 97-2002:<br>25 hours |
| SD | Sisseton Wahpeton Sioux Tribe | 150 | Day, Marshall and Roberts County | Tribal members families - one-parent families only. Two parent families (avg. of 1/year) served by BIA GA | 60 months | Unsubsidized employment; Work experience; Subsidized private sector employment, Teen parents in school, Child care providers for TANF recipients | One-parent:<br>FY 98: 15%<br>FY 99: 20%<br>FY 2000: 25% | One-parent:<br>FY 98 & 99:<br>20<br>FY 2000: 25 |
| WA | Lower Elwha Klallam Tribe | 120 | BIA Service Area: From the Hoko River on the west to Morse Creek on the east and from Strait of Juan de Fuca to the northern boundary of the Olympic NP. | All eligible American Indians and Alaska Natives residing in the designated service area | 60 months | Subsidized and unsubsidized employment; Work experience; OJT; Job search; Job readiness; Self employment; Traditional subsistence activities; Vocational training; Job skills training; Employment related education; GED/High school; Child care for TANF; Teaching cultural activities; Internships; Barrier removal including counseling; Chemical dependency treatment | All families:<br>FY 99: 15%<br>FY 2000: 20%<br>FY 2001: 25% | 20 hr. per week |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| WA | Port Gamble S'Klallam Tribe | 125 | Kitsap County (within which lies the Port Gamble Reservation | All American Indians living on the Port Gamble Reservation and Port Gamble enrolled members living off reservation in Kitsap County | Up to 24 consecutive months within a 60 months life time limit | Subsidized and unsubsidized employment; Work experience; OJT; Job search; Job readiness; Self employment; Traditional subsistence activities; Vocational training; Job skills training; Employment related education; GED/high school; Child care for TANF; Teaching cultural activities; Internships; Barrier removal including counseling; Chemical dependency treatment | All families: FY 99: 15% FY 2000: 20% FY 2001: 25% | All Adults: 20 hr. per week |
| WI | Forest County Potawatomi Community[3] | 20 | Forest County | Tribal member families | 60 months | Basic education; Job search/job readiness; Job skills training; Vocational education (12 month limit); Community service | Same as section 407(a)[1] | Same as section 407(c) |
| WI | Red Cliff Band of Lake Superior Chippewa Indians | 50 | Bayfield County | All families (Indian and non-Indian) on the reservation & Tribal member families in Bayfield County | 60 months | OJT; Job search/job readiness; Vocational training (12 month limit); Subsidized/unsubsidized employment; Work experience; Community service employment; Job skills training related to employment; Education related to employment; | Same as section 407(a) | Same as section 407(c) |
| WI | Sokaogon Chippewa Community, Mole Lake Band | 10-Aug | Reservation | Tribal member families | 60 months | Same as section 407(d) | Same as section 407(a) | Same as section 407(c) |
| WI | Stockbridge-Munsee Band of Mohican Indians | 25 | Reservation | Tribal member families | 60 months | Same as section 407(d) | Same as section 407(a) | Same as section 407(c) |
| WY | Northern Arapaho Business Council[1] | 250 | Reservation(/Fremont and Hot Springs Counties) | Enrolled Northern Arapaho families | 60 months | Unsubsidized employment; Work experience; Subsidized private sector employment; Satisfactory attendance in secondary school or GED program; Child care for participants | | |

[1]All statutory references are to the Social Security Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act.
[2]Consortium of 8 Tribes in San Diego County and 1 Tribe in Santa Barbara County.
[3]Indicates Tribe having a Native Employment Works (NEW) program, the work activities program authorized by section 412(a)(2) of the Act. In the case of Southern California Tribal Chairman's Association, some of the member Tribes are participants in the NEW program administered through the California Indian Manpower Consortium.

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Table 10. TANF cases and recipients on reservations in Arizona, January 1995 – January 1998

| Tribe | Jan 95 cases | Jan 96 cases | Jan 97 cases | Jan 98 cases | % change 95-98 | Jan 95 recipients | Jan 96 recipients | Jan 97 recipients | Jan 98 recipients | % change 95-98 |
|---|---|---|---|---|---|---|---|---|---|---|
| Ak-Chin | 11 | 8 | 5 | 1 | -91% | 46 | 28 | 17 | 3 | -93% |
| Cocopah | 1 | 0 | 0 | 1 | 0% | 4 | 0 | 0 | 3 | -25% |
| Colorado River | 23 | 20 | 18 | 77 | 235% | 86 | 69 | 70 | 218 | 153% |
| Ft McDowell | 5 | 4 | 1 | 1 | -80% | 11 | 7 | 2 | 2 | -82% |
| Fort Mojave | 1 | 1 | 1 | 1 | 0% | 4 | 6 | 5 | 4 | 0% |
| Gila River | 631 | 456 | 451 | 343 | -46% | 1,916 | 1,361 | 1,406 | 1,099 | -43% |
| Havasupai | 3 | 0 | 6 | 6 | 100% | 8 | 0 | 13 | 12 | 50% |
| Hopi | 230 | 190 | 187 | 164 | -29% | 660 | 553 | 541 | 487 | -26% |
| Hualapai | 26 | 22 | 61 | 59 | 127% | 80 | 68 | 171 | 163 | 104% |
| Kaibab Paiute | 0 | 0 | 0 | 1 | | 0 | 0 | 0 | 5 | |
| Navajo Nation[a] | 4,583 | 4,454 | 4,282 | 3,920 | -14% | 14,225 | 14,034 | 13,407 | 12,620 | -11% |
| Pasqua Yaqui | 220 | 186 | 150 | 382 | 74% | 740 | 603 | 500 | 684 | -7% |
| Salt River | 234 | 216 | 181 | 170 | -27% | 736 | 692 | 556 | 543 | -26% |
| San Carlos | 571 | 653 | 635 | 621 | 9% | 1,551 | 1,935 | 1,883 | 1,723 | 11% |
| Tohono O'odham | 612 | 593 | 590 | 474 | -23% | 1,693 | 1,625 | 1,600 | 1,402 | -17% |
| White Mountain | 760 | 785 | 745 | 675 | -11% | 2,052 | 2,132 | 1,968 | 1,802 | -12% |
| Yavapai Apache | 9 | 8 | 7 | 2 | -78% | 26 | 16 | 15 | 6 | -77% |
| Reservation total, AZ | 7,920 | 7,596 | 7,320 | 6,898 | -13% | 23,838 | 23,129 | 22,154 | 20,776 | -13% |
| Total non-reservation, AZ | 65,702 | 58,147 | 51,558 | 36,851 | -44% | 178,043 | 155,202 | 136,532 | 99,027 | -44% |
| State total | 73,622 | 65,743 | 58,878 | 43,749 | -41% | 201,881 | 178,331 | 158,686 | 119,803 | -41% |
| U.S. total | 4,963,071 | 4,627,941 | 4,113,775 | 3,031,039[b] | -39% | 13,930,953 | 12,876,661 | 11,423,007 | 8,380,449 | -41%[b] |

Note: Data for San Juan Southern Paiute is included in Navajo Nation data. Tonto Apache and Yavapai-Prescott Tribes either do not have TANF cases or are included in Arizona data. TANF data for three tribes: Colorado River, Kaibab, and Yavapai Prescott may be under reported and may be included under non-reservation state data.

[a] Data includes only the Arizona portion of Navajo Nation.

[b] U.S. totals are for June 1998.

Source: Arizona Department of Economic Security, Phoenix; U.S. Department of Health and Human Services

Table 11. Total cases sanctioned by tribes in Arizona, 1998-1999.

| Tribe | Total cases sanctioned 25% between January 1998 and January 1999 | Total cases sanctioned 50% between January 1998 and January 1999 | Total cases closed due to sanctions between January 1998 and January 1999 | Total recipients removed from the grant due to two-year EMPOWER time limit between January 1998 and January 1999 |
|---|---|---|---|---|
| Ak Chin | 0 | 0 | 0 | 0 |
| Cocopah | 0 | 0 | 0 | 0 |
| Colorado River | 21 | 25 | 29 | 13 |
| Fort McDowell | 0 | 0 | 0 | 1 |
| Fort Mojave | 0 | 0 | 0 | 1 |
| Gila River | 51 | 33 | 39 | 83 |
| Havasupai | 0 | 0 | 0 | 1 |
| Hopi | 11 | 8 | 3 | 1 |
| Hualapai | 1 | 1 | 0 | 19 |
| Kaibab | 0 | 0 | 0 | 0 |
| Navajo Nation[a] | 284 | 167 | 115 | 9 |
| Pascua Yaqui | 30 | 22 | 6 | 14 |
| Salt River | 22 | 18 | 12 | 44 |
| San Carlos | 52 | 42 | 39 | 2 |
| Tohono O'odham | 115 | 94 | 88 | 5 |
| White Mountain | 35 | 107 | 51 | 0 |
| Yavapai-Apache | 1 | 0 | 0 | 0 |
| Total on reservations[b] | 623 (9.03%)[b] | 517 (7.50%)[b] | 382 (5.54%)[b] | 193 |
| Total on non-reservations | 10,659 | 8,115 | 7,551 | 5,325 |
| Total in Arizona | 11,282 | 8,632 | 7,933 | 5,518 |

[a]Data includes only the Arizona portion of Navajo Nation.

[b]The denominator used to calculate the percentage of those who have been sanctioned is the total reservation based TANF cases in January 1998 within Arizona.

Note: Data for San Juan Southern Paiute, Tonto Apache and Yavapai-Prescott Tribes were not available.

Source: Arizona Department of Economic Security, Phoenix.

Washington
WASHINGTON·UNIVERSITY·IN·ST·LOUIS
George Warren Brown School of Social Work

May 6, 1999

Senator, Ben Nighthorse Campbell, Chairman
United States Senate
Committee on Indian Affairs
Washington, DC 20510-6450

Dear Mr. Chariman:

Our research team has reviewed the questions in your letter dated April 22, 1999. Attached, please find our responses to each query. We are delighted to be a part of this debate. Please do not hesitate to contact us should you have any additional questions.

Sincerely,

Eddie Brown, Director and Associate Dean, Buder Center for American Indian Studies

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**Question 1.** As I understand it, states are eligible to receive incentives for good performance under TANF grant guidelines, but often use tribal numbers to enhance their award. Can you explain how this happens? Are these awards available to tribes?

**Response**: Under the current TANF grant guidelines, when states receive incentives for good performance (reducing caseloads, unwed births, and teen pregnancies), they are not required to share the incentives with tribes with good performance records within their states. Also, on their own, tribes with good performance records are not eligible for any incentives from the federal government or the state. With regards to states benefiting through the use of tribal numbers, hypothetically, states may be rewarded when tribes reduce their TANF caseload. This may happen in two ways where the state is rewarded but the tribes do not benefit:

a. Should tribal governments reduce TANF caseload by introducing economic development activities on their reservations and increasing employment of TANF recipients, a state's TANF recipients employment figures will look better. This could theoretically improve a state's chances of receiving incentives. But the tribes that worked hard to train and employ TANF recipients are not eligible to share any portion of that award. It is important to remember that if a tribe's TANF caseload remains the same or increases then it could have a reverse effect on a state's caseload.

b. If a tribe makes per capita payments from economic development activities at a level that disqualifies its members from TANF benefits, then essentially that tribe's total TANF caseload drops. This drop in the TANF caseload on a reservation in turn reflects as a drop in TANF caseload at the state level thereby contributing to award eligibility at the state level. But the tribe that absorbed welfare caseload by making higher per capita payments is not qualified to receive any portion of an award to the state. Several tribes within Arizona are nearly TANF independent with very few TANF cases on their reservations. For example, as of January 1998, seven tribes in Arizona (Ak-Chin, Cocopah, Fort McDowell, Fort Mojave, Havasupai, Kaibab Paiute and Yavapai Apache) have less than seven households receiving TANF. Five tribes (Ak-Chin, Cocopah, Fort McDowell, Fort Mojave and Yavapai Prescott) have either employment opportunities or tribal per capita payments (due to economic development opportunities within or near reservations), which disqualify families for receipt of other welfare assistance (e.g., TANF, Tribal General Assistance).

**Question 2.** What recommendations do you have for amendments to the present law which would lead to more effective TANF programs for tribes?

We recommend that Section 412 of PRWORA be amended to encompass the following:

a. Legislation to promote economic development on reservations. Exit from TANF and economic independence of families on reservations depends greatly upon the geographic location of a reservation, the condition of its roadways and the employment opportunities that residents can access. Many TANF recipients live on isolated reservations with high unemployment rates and few jobs in the lower rungs

of the economic ladder. On these reservations, the success of TANF relies upon tribes' ability to create jobs. Under PRWORA, funds have not been set aside for job creation. While some TANF dollars may be used for economic development activities, it would be impossible to shift TANF monies for economic development on reservations where welfare caseloads have remained the same or increased. Legislation encouraging private investment on reservations through tax incentives (federal, state, or both) is crucial for promoting the economic development and job creation on reservations. Currently, investors receive Employment Tax Credit for every tribal member employed. This is a step in the right direction, but needs more expansion. A generous federal tax cut to those companies who start or relocate businesses on reservations would attract private investors to explore investment options on reservations and potentially create much needed job opportunities on reservations. Also, an expansion of current Empowerment Zone Law addressing the needs of tribes would strengthen economic development on reservations.

b. Provide additional funding for support services and job preparation. There is a severe lack of support services (transportation, childcare and job training) for poor families on reservations (see Pandey, et al, 1999). Under the 1996 federal welfare legislation, tribes may receive up to two percent of the Child Care Development Fund at the discretion of the secretary of the Department of Health and Human Services (DHHS). Even though two percent of the total fund may sound like a substantial amount of money for the nation's reservation population of 0.32 percent (total reservation population according to 1990 Census = 808,163), when one considers the magnitude of the gap in childcare, it is not. Most poor families rely on family, friends and neighbors for childcare support. Such network support is effective if the need is intermittent. However, this support is being strained under the new welfare reform, since these women must have access to regular childcare service in order to participate in employment. Further, only 30 percent of women on welfare own a vehicle. A substantial percentage of TANF recipients do not have a high school degree (84 percent) nor have ever worked for pay (53 percent). Therefore, for TANF to succeed on reservations, additional funding for support services and job preparation is critical.

c. Provide state matching grants to tribes. We think that state matching grants are critical for tribes to self-administer TANF services. As we point out in our study, of the 19 Indian Organizations that are self-administering TANF, 13 are within states that have volunteered to pay state matching funds (see Pandey, et al, 1999). The other tribes have a smaller number of recipients (20-75 families receiving TANF). If the states are reluctant to provide matching funds, federal government should provide an equivalent of the state matching funds.

d. Provide start-up funds to tribes who apply for Tribal Family Assistance Grant. Tribes need start up funds to strengthen their infrastructure to self-administer TANF services. Without start up funds it is organizationally impossible, especially for larger tribes, to self-administer TANF services. We think that tribes should be allowed to

use P.L. 93-638 (which entitle tribes to receive program support funds) to administer TANF services.

e. Allow tribes to keep unexpended TANF funds for future use. Currently, states are allowed to keep unexpended TANF funds for future (unlimited time) use, but tribes must return any unexpended federal funds to the federal government within two years. Tribes should be able to save and use the unexpended funds for future emergencies.

f. Provide funds to evaluate performance. When PRWORA was passed, a limited amount of funding was set aside to evaluate the performance. As a result, not all states have received federal dollars for evaluating their performance. This funding is scarce at the tribal level. Tribes implementing their own TANF services within a state may not receive any money to evaluate their performance. We suggest that money for performance evaluation be made available to tribes so they can assess their program effectiveness.

g. Provide federal rewards for "successful" work. States receive incentives for reducing caseloads, unwed births and teen pregnancies, whereas tribes do not receive any incentives, even when they are able to make reductions in the same areas. If it is good policy to encourage states to reduce welfare caseloads, unwed births, and teen pregnancies, perhaps the same logic should be applied to tribes who administer their own TANF programs. In other words, tribes should also be rewarded for positive outcomes, just like the states.

**Question 3.** My staff has compiled an agency-by-agency list of all the programs that are eligible for inclusion into the "477" program. Do you support the large-scale widening of "477" for purposes of services delivery to welfare recipients?

**Response:** Yes, we support widening of "P.L. 102-477." Developing TANF administration plans under P.L. 102-477 allows tribes to combine funds from different sources (training, education and social services) into one funding stream. This will save paper work and administrative costs to tribes.

**Question 4.** Are you supportive of what the National Congress of American Indians has developed in terms of amendments to the Welfare Reform Act?

**Response:** Of the 14 amendments the NCAI had proposed, the following amendments have been included in the Balanced Budget Act of 1997 (P.L. 105-33):

2. Availability of TANF loans to Indian Tribes
4. Disregard of the 60-month time limit on Tribal TANF benefits
6. Cooperative agreements with states over Child Support Enforcement
7. Direct Funding for Tribal Child Support Enforcement Programs
9. State Option to Exclude Tribal Work Program Participants
12. Tribal Retro Cession

In the following, we provide our views on the proposed amendments that have yet to be addressed:

1. Supplemental Funds for Tribal TANF programs: We support this amendment (see our responses to Question 2). Currently, reservations within states that do not provide state-matching funds and receive less funds to operate tribal TANF plans compared to the amount the state spent on the same population under AFDC.

3. Tribal Development Fund: We testified in support of this amendment (See our responses to Question 2).

5. Tribal Determination of BIA/GA program payment levels: We agree with the proposed amendment. The BIA/GA services are the last safety net for poor families on reservations. Local flexibility falls within the current framework of devolution of power, and should be strengthened so that tribes can better serve those tribal members who are unable, through no fault of their own, to meet TANF requirements.

7. Direct Funding of Tribal Child Support Enforcement Programs: We did not address this issue in our testimony. However, we strongly support this legislative action and encourage quick promulgation of regulations and release of funds.

8. Assurance of Equal Consultation with Tribes over State Plans: The current law requires comment period (45 days) for a state plan. However, specific strategies are not in place to ensure that tribes receive, review and provide their comments on such plans during the comment period. As a result, tribes are often left out of this process. We believe strategies to enhance tribal input would be useful given that tribal governments must determine whether to administer TANF services.

10. Reporting Requirements for Tribal TANF Programs: This amendment will provide flexibility to tribal governments that do not have necessary infrastructure needed for expedited reporting systems. Another option is to provide additional funding to strengthen tribes' infrastructure so that they can meet their reporting requirements.

11. Tribal Inclusion in Secretary's National TANF Program Studies: This is a very important amendment (See responses to Question 2 above). We included in our testimony and we support research funding for tribes.

13. Equitable Assistance to Indians under State TANF Plans: This amendment will help ensure that the tribes are equitably served. A monitoring procedure should be in place to ensure that Indian individuals are equitably served.

14. Tribal Appeals: If the appeals process over adverse actions by the Secretary is available to the states, then it should also be provided for tribes.

California Indian Manpower Consortium, Inc.

CALIFORNIA INDIAN MANPOWER CONSORTIUM, INC.
THE IMPLEMENTATION OF WELFARE REFORM IN INDIAN COUNTRY
AND
RECOMMENDATIONS FOR AMENDMENTS

TO THE UNITED STATES SENATE COMMITTEE ON INDIAN AFFAIRS

APRIL 26, 1999

The California Indian Manpower Consortium, Inc. (CIMC) is pleased to have this opportunity to provide comments for consideration by the Senate Committee on Indian Affairs. Included in this testimony are our observations regarding the effects of welfare reform in Indian Country as well as recommendations for changes in the welfare laws that we feel are essential if welfare programs are to work for Indian people in this country.

CIMC is a private, nonprofit organization that was established in 1978. Through its programs, CIMC strives for the social welfare, educational and economic advancement of its member tribes, groups, organizations, Indians, and other Native Americans living in the State of California.

Under a grant through the Administration for Native Americans in the U.S. Department of Health and Human Services, CIMC has been providing information dissemination and strategy development regarding tribal TANF programs to the tribes in California, Arizona, and Nevada since late 1997. Valuable information has been provided to tribes in the three states and opportunities have been afforded for tribes and states to discuss and coordinate around the welfare reform legislation. CIMC also has participated in national tribal welfare reform forums.

In addition, CIMC has been an operator of a Tribal Native Employment Works (NEW) Program, formerly the Tribal Job Opportunities and Basic Skills (JOBS) Program on behalf of fifty-two tribes in California. More recently, CIMC became an Indian and Native American Welfare-to-Work (INA WtW) Grant Program operator, currently operating on behalf of 83 tribes in the state.

Thus, CIMC has had considerable experience in the welfare reform arena and has had great opportunity to see the effects of the welfare reform legislation enacted in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) and the subsequent amendments enacted in the Balanced Budget Act of 1997 (P.L. 105-33). Based on these experiences, we offer the following comments and observations.

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California Indian Manpower Consortium, Inc.
April 26, 1999

**TRIBAL TANF PROGRAMS**

When the welfare reform legislation was enacted, tribes were offered for the first time the opportunity to operate their own TANF programs. While this was a major step for tribes, many resulting issues have overshadowed that opportunity.

Critical in the determination of whether a tribe should operate a tribal TANF program are a number of factors. The most critical factors include: employment opportunities on and near the tribe's service area, the tribe's experience operating similar programs combined with stringent administrative requirements of the welfare program, funding levels based on FY94 activity with no required state match, and current welfare/cash assistance needs of families in the tribe's service area.

First and foremost if the outcomes desired by welfare reform are to be met is the issue of economic development and job creation. Economic development activity is prohibited under many federal grant programs operated by tribes. Yet the need for economic development in Indian Country is extensive if tribal members and others in the tribes' service areas are to become gainfully employed, self-sufficient, and productive members of the community. Without attention being paid to the development of good, sustained, well-paying jobs, no welfare program (whether operated by the tribe or not) can be successful.

The issue of a tribe's previous experience operating similar programs is important for a number of reasons. The timely, smooth transition of welfare recipients from the state to a tribal program will be affected by the tribe's preparation for such an undertaking. If a tribe has had little or no experience with such programs, the time and funding necessary to develop the infrastructure and train staff are critical. Given the fact that tribes have been prohibited in the past from operating such welfare programs, any tribe that chooses to implement a Tribal TANF program will naturally face increased start-up costs as the program is implemented. States have years of experience at operating such programs; it is unfair to penalize tribes for lack of established administrative structures when they have not been allowed to operate these programs in the past.

The funding level, then, becomes a major issue. Inasmuch as the legislation does not mandate state matching funds, many tribes are faced with the decision to operate their tribal TANF programs on funding levels that pale in comparison to the funds available to state programs. Further, although the economy has taken great strides in recent years, this has not been the case on many reservations. Unemployment levels in Indian Country continue to exceed by far the national levels and, without the requisite economic development, the needs of Indian people for assistance through the welfare programs continue.

California Indian Manpower Consortium, Inc.
April 26, 1999

Other issues related to funding of tribal TANF programs must be addressed as well. While tribes have access to loans for their TANF programs, they still do not have access to contingency funds, bonuses, or funds for technical assistance to develop and enhance their programs. Also, tribes that operate a Tribal TANF program should be allowed the same unlimited carry-over authority provided to states. In fact, it is essential that Tribal TANF programs have such authority, to be available when caseloads increase due to changes in the economy. At a minimum, tribes operating Tribal TANF programs should be allowed to carry over unobligated TANF funds into the succeeding fiscal year. The Administration for Children and Families has a narrow interpretation of what the law allows. Therefore, a technical amendment is essential to give tribes the same ability to reserve grant funds paid in any fiscal year for the purpose of providing TANF assistance without fiscal year limitation.

Given the stringent administrative and operational requirements associated with the tribal TANF program, many tribes are forced to the decision to leave the operation of the TANF program with the state. This leads to other potential problems. Operating a tribal TANF program would allow the tribe to negotiate specific provisions in its plan to meet the tribe's needs and circumstances regarding such issues as work requirements and amount and time limitations on cash assistance payments. When the operation of the TANF program is left with the state, the state TANF requirements must be met by tribal members.

Another important issue is raised in this discussion regarding welfare reform, that of the trust responsibility of the federal government to tribes to meet the health, education, welfare, and social services needs of tribal members. It is no secret that not all tribes have positive relationships with their state governments and state agencies. Tribes that are unable to operate their own TANF program, for whatever reason, are forced to work with the state program to insure that the needs of its members are being addressed and that there is equitable access to the state program provided to tribal members.

It is recommended that consideration be given to the enactment of legislation specific to tribal TANF programs that would provide full funding to such programs, separate and apart from the funding of state welfare programs, at the option of each and every tribe. Such legislation would recognize the federal government's trust responsibility to tribes. It also would enable the tribes to negotiate and operate their own welfare programs at funding levels that meet their needs and circumstances, with adequate and appropriate technical assistance and oversight to move tribal communities to sustained, healthy economies.

The fact that there has been less than 15% of all eligible tribes and Alaska Native villages choosing to implement a tribal TANF program should lead to further investigation into the reasons for such minimal participation. The federal government's trust responsibility to tribes to

insure the well-being of tribal members dictates such review to determine the reason for tribes' lack of participation in the TANF program and to insure that the welfare and related social services needs of tribal members are being met.

**INDIAN AND NATIVE AMERICAN WELFARE-TO-WORK GRANT PROGRAM**

Implementation Issues

The implementation of the WtW program has required WtW grantees (both INA WtW grantees and Private Industry Councils/Service Delivery Areas) to negotiate a memorandum of understanding with the State TANF agency, since the WtW program services are to be provided to TANF recipients. Tribes and tribal organizations that had operated a Tribal Job Opportunities and Basic Skills (JOBS) Program had the advantage of having already established relationships with the state welfare agency. However, there were additional terms that had to be included in the new MOUs (e.g., verification of long-term receipt of welfare, coordination with welfare agency staff on issues related to work requirements). Tribes and tribal organizations that had not operated Tribal JOBS Programs had to start from scratch on the negotiation process.

As negotiations began with welfare agencies, those same agencies were in the midst of changing from AFDC to TANF operations. Further, they were being approached by PIC/SDA programs to negotiate agreements related to their WtW programs. Thus, the difficulties faced in finalizing MOUs between the various partners were compounded.

For the Indian and Native American (INA) WtW grantees in states such as California, the negotiation of MOUs required that we approach each individual county welfare department. In the case of the CIMC INA WtW Program, in addition to the twenty-two counties in which CIMC operated the Tribal JOBS Program, CIMC had to approach seven counties in which the INA WtW program would be operated as a result of the approval of tribes under the "substantial services" funding. Even with years of experience coordinating with the county welfare departments, the negotiation of the revised MOUs proved a challenge. There still remain counties that are processing the MOU through their county process.

Funding Issues

Historically, there has been insufficient funding for Indian and Native American programs; this has continued with the INA WtW Grant Program. The INA WtW Grant Program is intended to meet the employment and training needs of the hardest-to-serve welfare recipients. When compared with other INA and mainstream employment and training/workforce development programs, costs associated with serving this population naturally would be higher on a per person basis. The

training that must be provided as post-employment/job retention services to welfare recipients eligible for the WtW program in general and the INA WtW program in particular will take longer and cost more than for other workforce development program populations.

We are pleased with and fully support the Department of Labor's recommendation that the set-aside for the INA WtW Grant Programs for Fiscal Year 2000 be increased from the current 1% to 3% of the overall funding.

Issues Related to Client Eligibility Criteria

The identification of clients who meet the stringent eligibility requirements of the WtW program has proved difficult. Many individuals who have high school diplomas still have low reading and/or math skills. Considering the high incidence of "social promotions" in elementary and secondary schools, this is not surprising. However, the fact that a recipient has been awarded a high school diploma automatically disqualifies the recipient from qualifying under this criterion.

Therefore, unless the recipient has an as-yet-untreated substance abuse issue, the recipient cannot qualify for services from the WtW program under the hardest-to-serve (70%) category. Unless the recipient is placed in the category of recipient with characteristics associated with long-term welfare dependence (30%), services cannot be provided. With the stringent limitations on dollars that can be spent on the 30% category, INA WtW programs may be faced with refusing services to these recipients, even though they are in dire need of and could most benefit from the program services.

The amendments to client eligibility criteria proposed by DOL will serve to ease restrictions and to allow services to be provided to increased numbers of needy clients.

Work Requirement Issues

It is difficult enough to place recipients in employment positions when jobs that require minimal skills are available. The difficulty securing paid employment for clients is compounded in reservation areas where few employment opportunities exist to start with. Although limited, there still are more opportunities available to place clients initially in non-paid positions at public and private work sites to get the client back into the work environment. If non-paid positions do not qualify as "employment" for purposes of allowing post-employment (i.e., basic skills or job skills training) services to be provided, then many needy clients may go unserved.

It is critical that non-paid as well as paid placements be considered employment, thus enabling post-employment services to be provided to clients to prepare them for paid employment

positions and subsequent job retention.

Issues of Remoteness

Even in highly populated states such as California, the recipients to be served by the INA WtW Program are located in some of the most remote areas of the state. The majority of the counties in which the participating tribes are located are rural, with unique issues that must be addressed.

Already discussed is the issue of employment opportunities. In addition, barriers arise related to transportation, child care, training opportunities, and economic development on reservations.

Most urban and suburban areas have ample, adequate public transportation systems. This is not the case in the primarily rural areas where the TANF recipients to be served by the INA WtW Program are located. Most of the recipients do not have personal transportation, to say nothing of reliable personal transportation. They must rely on other means of transportation. In areas where the public transit includes the rural areas, it is most normally very limited service, and not responsive to the work schedules of the passengers. In other areas public transportation is nonexistent.

In remote areas the issues surrounding child care relate primarily to a lack of good, reliable child care providers. When parents do not have adequate child care, their work attendance and performance can suffer.

As discussed, many INA WtW Program clients need to receive basic skills and job skills training as post-employment services. In rural areas there is a notable lack of training opportunities; this is especially true in reservation areas. Therefore, clients need to travel to the nearest training sites, with associated problems related to transportation and child care that must be met.

Finally, as discussed in the previous section regarding the tribal TANF program, the issue of economic development on the reservations in the program service area needs is critical. If support for job creation/economic development activity is not provided, employment opportunities will continue to be limited and the cycle of dependence on welfare programs will not be broken.

Other Issues

Consideration needs to be given to the provision of INA WtW Program services to Indian and Native American TANF recipients in areas where there are no reservation areas. There are many

states and/or counties in which there is no reservation but there is a substantial Native American population on TANF.

Set-asides from other funding sources (e.g., Job Training Partnership Act and Community Services Block Grant Programs) allow for the provision of services to the off-reservation Indian and Native American population within the programs' assigned geographic service areas, including states and counties without reservation lands. Such programs still require that the recipients of program services provide documentation of Indian or Alaska Native heritage.

Therefore, during this discussion surrounding the reauthorization of the Welfare-to-Work Grant Program, it is strongly recommended and requested that consideration be given to allowing INA WtW Program services to be provided to Indian and Native American TANF recipients throughout the entire country, rather than limiting eligibility to tribal members in tribes' service areas. Further, it is strongly recommended and requested that the INA WtW Program funding level be increased so that eligibility to receive INA WtW funds can be extended to Indian and Native American organizations in off-reservation areas.

Applicability of Amendments

It is strongly recommended and urged that any amendment made to the Welfare-to-Work legislation, particularly amendments that pertain to client eligibility for program services, apply to all "live" funds that are held by a WtW Grant Program operator. This includes all currently unobligated funds from Fiscal Years 1998 and 1999. To ease eligibility restrictions for only Fiscal Year 2000 funds would not serve to improve the implementation and operation under FY98 & 99 funding.

**TRIBAL NATIVE EMPLOYMENT WORKS PROGRAM**

It is imperative that the requirement be withdrawn for unobligated fiscal year funds to be returned to the federal government. The restriction that has been placed on tribal JOBS programs in the past and now on tribal NEW programs is unnecessarily restrictive and burdensome. It causes tribes unnecessary difficulty in administering grant funds and encourages poor financial management procedures. Further, it is contrary to rules that apply to other employment and training programs operated by the tribes.

ACF has a narrow interpretation of what the law allows in terms of unobligated funds remaining at the end of the fiscal year. Therefore, a technical amendment is needed to give tribes the ability to reserve grant funds awarded in one fiscal year to be used in the subsequent fiscal year. This will enable tribes to plan and operate their NEW programs in a sound and prudent fiscal manner.

Testimony of

Steven Ginnis, President
Tanana Chiefs Conference, Inc.

Before the United States Senate Committee on Indian Affairs

On

**Regarding the Implementation of Welfare Revisions In Indian Country**

April 14, 1999

My name is Steve Ginnis, President of Tanana Chiefs Conference, Inc., a regional Native non-profit corporation comprised of 37 Interior Alaska Native tribes. I wish to thank Chairman Campbell, Vice-Chairman Inouye and the members of the Committee for holding this oversight hearing on welfare reform in Indian Country.

**TCC's ASAP Program - Overview & Accomplishments**

Tanana Chiefs Conference, Inc. (TCC) currently operates the Athabascan Self-Sufficiency Assistance Partnership (ASAP), which is the largest tribally administered TANF program in the nation from the perspective of funding, clients served, participating tribes and area served. There are currently 19 Tribal Temporary Assistance to Needy Families (TANF) programs serving 62 tribes nationally. TCC's ASAP program serves thirty-seven (37) or 60% of all nationally participating tribes. The service area covers an area of 235,000 square miles (a service area slightly smaller than the State of Texas). The program includes 45 separate communities, including Fairbanks, Alaska's second largest city. The ASAP program has a current caseload of 502 tribal families, with approximately 50% of the caseload living in Fairbanks. The remaining 50% are dispersed throughout the region in small isolated tribal communities, the majority of which are not accessible by road. We have a central staff of five full-time employees centered in Fairbanks, and have developed partnerships with our member tribes to base 38 half-time Tribal Workforce Development Specialists (TWDS) in our participating tribal communities. As part of our collaborative partnership design, three full-time State employees are out-stationed in the TCC central office to coordinate Medicaid and Food Stamp benefits for ASAP clients. The tribal ASAP workers are linked to, and work closely with TCC's comprehensive service system, which includes TCC and tribally operated health and social services programs, offering a wide array of family support services, and welfare-to-work, job placement, education and vocational assistance services. In the truest sense of the word, TCC's ASAP program, linked as it is with the full array of TCC services, provides a culturally appropriate, community based, comprehensive one-stop services to the TANF families throughout our vast region.

TCC began operation of ASAP in October 1998 under a transition plan developed with the existing Alaska State Alaska Temporary Assistance Program, the State TANF. In January, TCC assumed sole operation of the program. Prior to tribal assumption of this program, the State TANF program had:

- zero percent (0%) overall participation rate in approved work activities for the TCC village based TANF recipients;
- No employment/education placement program workers in rural tribal communities; and
- Few Native program workers.

The Athabascan people, especially our elders, strongly believe that the traditional welfare system, which operated in our region since Statehood, had eroded the traditional Athabascan work ethic, disrupted family cohesion, and undermined community values and efforts to combat substance abuse and other social ills that have been introduced into our communities in recent years. In a series of regional and tribal meetings, our tribal leaders developed a Welfare Reform program and designed a TANF program that was markedly different than that operated by the State. The tribally developed plan differed from the State plan by providing for:

- 5% reduction in benefit payment levels, to further encourage recipients to move from welfare to work;
- one-stop service centers every tribal community in the region, interfacing TANF, General Assistance, employment, welfare-to-work and education programs;
- mandated alcohol and substance abuse screening, and participation in evaluation and treatment;
- encouraged counseling for domestic violence victims, and mandated counseling for perpetrators;
- incentives for parents to participate in parent-teacher conferences;
- mandated health screening for recipients and their children;
- stronger sanctions for non-compliance with program mandates;
- maintenance of benefits and mandated work requirements during summer periods for two parent families; and
- child caretaker rules reflecting tribal customs, tribal law and recognizing extended family practice.

Unfortunately, we were not able to implement all the reforms called for by our villages because of restrictions associated with the State match needed to operate the program, which we hope to address through State legislation. We also experienced problems that need to be addressed by federal legislation. Despite these significant barriers, TCC's tribally administered ASAP program has been able to demonstrate accomplishments never before experienced under the State's TANF program. Within the first six months of operation of ASAP, we have experienced:

- 95% overall participation rate in approved work activities for all Tribal TANF clients;
- 18% permanent placement in paid employment for total tribal TANF caseload;
- 100% Native hire for all 44 staff positions, including recruitment and hire of former TANF recipients;
- Successful transition of 430 cases from State to tribal management in a 2 ½ month period;
- Creation of rural one-stop service centers in 37 remote rural tribal communities; and
- Establishment of shared case files and data systems with State operated Medicaid and Food Stamp programs.

TCC anticipates continued future success of its welfare reform efforts. However, statutory amendments and supportive regulatory guidance at both state and federal level are critically needed if we are to experience continued development and long-range program success.

## I. AMENDMENTS ARE NEEDED TO ADDESSS CHILD SUPPORT ISSUES IN THE CONTEXT OF TRIBAL TANF'S

The current most pressing issue for the TCC TANF program relates to the coordination with child support enforcement efforts. TANF benefits are generally linked to child support collection efforts under Title IV-D of the Social Security Act. *See* 42 U.S.C. § 651 et seq. Title IV-A requires clients of state TANF programs to assign child support to the State as a condition for receiving TANF benefits. 42 U.S.C. § 608. Although, the statute does not specifically impose a similar requirement on Tribal TANF clients, ACF has determined that tribes can impose such a requirement. In Alaska, special rules apply (see below) which require "comparability" between tribal and state TANF's. *See* 42 U.S.C. § 612(i)(1). After extended negotiation on the matter, Alaskan tribal organizations and the State agreed that tribal TANF's must also require assignments from tribal TANF clients to the tribal organization as a condition of comparability. The Secretary has adopted such a requirement for Tribal TANF's under the legislation's comparability requirements. As a result, TCC is required to obtain client assignments for the benefit of TCC in our plan.

The federal government provides states funding under Title IV-D, including incentive payments to make collections of such assignments that benefit the States. Additionally, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) allows tribes, for the first time, to also operate Title IV-D programs. *See* 42 U.S.C. §

655(f). However, the Office of Child Support Enforcement has not made funds generally available to tribes to operate such programs. As a result, in Alaska, TCC cannot operate a Title IV-D program, and is dependent upon the State Title IV-D program.[1] Oddly enough, under current law, there is no requirement for a Title IV-D agency to make collections for tribal TANF's. More importantly, current OCSE directives interpret Sec. 458 of Title 42, Title IV-D, to mean that State collections for tribal TANF cases are treated as non-TANF collections for the purposes of computing incentive payments to the State Title IV-D agency. The result is that there is a substantial financial disincentive for State Title IV-D agencies to collect assignments to tribal TANF's.

Additionally, OCSE policy directives raise substantial problems with the distribution of such collections if a State elects to act upon the tribal assignments. In particular, OCSE interprets Title IV-D, 42 U.S.C. § 457, to provide that collections made under assignments from tribal TANF recipients are to be treated as collections on behalf of families formerly receiving state assistance or families that never received state assistance. The result is that States making such collections under assignments to tribes must distribute such collections for current support to the families, rather than the tribes. In turn, the tribes must reduce the families TANF benefits to adjust for the paid child support. The result is a circle of payments, which simply increase state and tribal bureaucracy and add confusion to the system.

TCC has a different legal interpretation of the law respecting distributions. Specifically, Secs. 454(33) and 457 of Title 42 would seem to require if the State and the tribes have entered into agreement on such distributions, those agreement s should control such distributions. The Act is silent with regard to what is to be done in the absence of such an agreement.

1) 42 U.S.C. § 457 (Title IV-D) Should Be Amended To Clarify Distribution Rules For Collections Under Assignments From Current And Former Tribal TANF Recipients.

Congress should enact clarifying amendments respecting the distribution of collections under assignments from current and former tribal TANF recipients. Specifically, if a State or Tribal Title IV-D agency makes such collections, and a tribal-state agreement is in place to govern

[1] Of course, there is a continuing controversy in Alaska respecting the extent of Indian country in the State. Although the recent decision of the US Supreme Court in Alaska v Native Village of Venetie, 118 S.Ct. 948, 953n. 2 (1998) confirmed that Native allotments and other lands in Alaska constitute Indian country, there is continuing conflict between the State and tribes respecting the authority of tribal and state courts over tribal communities. This issue is, at present, theoretical in the Title IV-D context.

the distribution, the agreement should be followed. Where no agreement is in place, the distributions should be made to the tribal TANF.

There are substantial reasons for this approach. Any tribal-state agreement respecting the distribution of child support collections would, most likely, be negotiated in connection with tribal-state discussions on state match. For example, Alaska provides a match to federal funding to the tribal TANF. It is logical that the State would receive a ratio of such distributions in proportion to its state match. On the other hand, six tribal TANF's operate without any state match, and TCC seriously considered the option when State match from Alaska seemed unlikely. In such cases, revenue from such collections might be very critical in making up the shortfall occasioned by state match. Finally, this provision may provide some states an incentive to provide state match, where they might not otherwise do so, if they understand that they may recover a portion of the match through such distributions of assigned child support collections. We would urge the committee to advance this amendment. (See below at page 12.)

2) 42 U.S.C. § 458 (Title IV-D) Should Be Amended To Treat Collections Under Tribal TANF Assignments As TANF Collections For The Purposes Of Computing Incentive Payments To Title IV-D Agencies.

Congress should amend Sec. 458 of Title 42 to treat collections under tribal TANF assignments as TANF collections for the purposes of computing incentive payments to state and tribal Title IV-D agencies. This policy would extend to Indian country the long-standing national policy to provide Title IV-D agencies incentives to make collections under child support assignments from welfare recipients. It would also foster more productive tribal-state relations in the area of child support, which has been an area of long-standing controversy. Such a proposal would provide Title IV-D agencies an incentive to make collections on behalf of the tribal TANF's which does not now exist.

## II. CONGRESS SHOULD REPEAL THE ALASKA ONLY PROVISIONS OF PRWORA.

There are two sections of PRWORA which treat Alaska Native tribes differently than the tribes in the other States. First, Sec. 419(4)(B) provides a special definition of Indian tribe for Alaska to include only the 12 regional non-profit corporations, including Tanana Chiefs Conference, Inc. *See* 42 U.S.C. § 619(4)(B). Second, Sec. 412(h) requires that tribal TANF programs in Alaska shall be "comparable" to the state operated TANF program. *See* 42 U.S.C. § 612(i). Neither provision has proven needed, and unduly restricts design of tribal programming.

1) Designation of Regional Non-Profit Corporations As Tribes

The definition in Sec. 419(4)(B) of PRWORA, 42 U.S.C. § 619(4)(B), was originally premised upon the view that tribes in Alaska were smaller than lower '48 tribes and would require large centrally operated tribal TANF's to be efficient. This policy is premised upon mistakes of fact. Moreover, experience now tells us that the assumptions respecting efficiency were not correct.

Alaskan tribes are not necessarily smaller than tribes in the Lower '48, and the experience of the Lower '48 tribes clearly demonstrates that small tribes can successfully operate TANF programs, either directly or in consortium with other tribes. For example, three of the current tribal TANF's have less than 25 cases. Particularly in California and in other states as well, many of the tribes are roughly the same size or smaller than the average Alaska Native tribes. In this case, tribes voluntarily banded together to form a consortium for operation of a single TANF. Clearly, small tribes have the capacity to assess the relative economy-of-scale of their programs and form service systems that meet their needs in a responsible manner. Indeed, TCC is such a tribal organization, which was voluntarily formed by its member tribes, and operates the majority of its programs under "voluntary" delegations of authority from its member tribes. Both the experiences in California and in Alaska demonstrate that many Alaskan tribes are of comparable size to Lower '48 tribes operating TANF. Moreover, tribes in all states have demonstrated that they can responsibly exercise their prerogatives to cooperate with other tribes without federal mandates from a distant Washington DC forcing cooperative action.

Moreover, there are serious problems that can develop from forced inter-tribal consortiums. Different regions have different needs and organize service delivery systems differently. For example, the backbone of the TCC ASAP plan is tribal operation of the local one-stop offices. TCC could not have accomplished its successes if the tribes did not assume major responsibilities in the operation of the program. In essence, TCC's plan works with the tribes to place local services in the village, where it is needed. Thus, regardless of the law, cooperation of local tribal councils is the only mechanism available to inject services at the local level. The federal mandate for regional programming cannot countermand this practical imperative.

The provision removes from consideration options respecting the use of other regional and sub-regional consortium or tribal vehicles where appropriate. TCC is one of the few regional non-profits to have a single regional '638 contractor for health and BIA programs. The majority of Alaskan regions have two regional non-profits: one operating

BIA and related programs and the second operating IHS health programs. Most regions have separate housing authorities, and in the past most regions have operated the former CETA program as a separate consortium. Moreover, even in the TCC region, many tribes contract for direct operation of such programs outside of TCC. There are pros and cons to each alternative, and the better choice is often dependent upon geographic, demographic and financial reasons.

For example, a single regional entity may have lower administrative costs than its member tribes. However, this is not always the case. As this committee is aware, State and non-BIA/non-IHS agencies are reluctant to pay contract support costs mandated by law for '638 contractors. Indeed, current proposed ACF regulations propose administrative cost limits below some regional '638 contractor rates in Alaska. On the other hand, a large portion of TANF costs should be administered under "pass-through" indirect rates, which may be unnecessarily high for some '638 regional contractors. Indeed, some village-based tribes in Alaska have lower "pass through" indirect rates than their regional non-profit counterparts. In some regions, it may make more sense to have the regional health corporation operate the TANF rather than the non-profit named in the Act, because the non-profit does not contract on behalf of the tribe, while the health corporation does. Finally, some Alaskan regions are fairly small, and may wish to form trans-regional consortia. On the other hand, some villages in Alaska have larger caseloads than some of the smaller regions. From a financial and administrative standpoint, arbitrarily forced TANF consortia in Alaska are not necessarily the best alternative available in every case.

A good case in point is my village of Fort Yukon. Fort Yukon is a mature '638 compactor operating several BIA programs on its own. The TANF caseload in Fort Yukon is larger than some lower '48 tribes currently operating TANF programs, and is larger than some regions in Alaska, if they were to operate the program. Fort Yukon administers its own BIA general assistance program. There is no reason why the tribe could not administer its own TANF program. To some degree, having Fort Yukon operate its own TANF might actually benefit the overall TCC TANF program, because it would allow TCC to focus its efforts on smaller villages, and Fort Yukon could provide greater focus on the Fort Yukon caseload. This option is not available under the current law, and it is simply unwise to unnecessarily restrict programming options, which maybe more beneficial.

2) Comparability Requirement.

On the second point, Section 412(h) of PRWORA requires "comparability" between Alaskan tribal TANF's and the State TANF. *See*

42 U.S.C. § 612(i). The problem with this concept is that the current State TANF system has been a failure in rural Alaska. There are substantial differences between TCC's and the State's TANF program. The State's policy has been to simply make cash payments to our people and offer them little or no services to transition them from welfare to work. Indeed, the State TANF plan focuses efforts in urban Alaska, and proposes no meaningful reforms for rural Alaska. The State TANF plan assumed that it could meet federal standards for work participation if efforts were focused primarily on the larger urban centers. Penalties which the State will incur this year for not meeting the federal work participation requirements reflects an inability to tailor TANF programming to Alaska's tribal communities, whose dynamics require flexibility in the use of TANF funding. It is illogical to assume that successful tribal TANF should be measured for comparability against failed state programs.

The original idea behind the 'comparability' provision was that the State did not want to see Native clients paid at one rate, and non-Native clients paid at another. Simply providing equal cash payments is not a measure of a program's ability to promote meaningful welfare reform. Tribes believe that if their members are to receive services of the same quality of those offered to other citizens of the State, they must have the ability to allocate available funds to provide expanded welfare to work transition services, instead of mere equal cash benefits. The comparability requirement limits tribes' ability to tailor services to client needs, and we urge the Congress to repeal this requirement.

## III. GENERAL COMMENTS.

### 1) Need To Increase Federal Funding For The Division of Tribal Services Technical Assistance Efforts To Expand Tribal TANF's

There are only 19 tribal TANF's covering 62 tribes in the nation. It is premature to characterize the overall success of tribally operated TANF's nationally. However, TCC has clearly demonstrated that tribal TANF's can improve service delivery to tribal communities and begin to reverse the historical destructive effects of welfare in Native communities. But tribal operation of these programs is the exception, rather than the norm in Indian country.

Many tribes are cautious about embracing tribal operation of TANF, and this is a wise course of action. The program is difficult to operate. However, we believe that the lack of support in ACF for the tribal programs is a major impediment to tribes assuming greater control over welfare programs in tribal communities. The Tribal Services

Division's technical assistance efforts at ACF have been excellent, but are very limited. As a result, Indian Country has severely criticized the ACF for the lack of tribal consultation, the lack of technical assistance in program development, and the lack of support for tribal program operations. ACF has estimated that the total value of technical assistance to tribes nationally on TANF is slightly more than a million dollars. We believe that the lack of funding of training and technical assistance for tribes is a major impediment to tribal assumption of TANF programs.

2) Need To Maintain Incentives For States To Provide Match Funding.

A second major impediment to tribal assumption of TANF programs is the lack of State match. Early draft versions of PRWORA included a straight set-aside for Tribal programs amounting to between 1 ½ to 3 percent of federal TANF appropriations. Congress rejected those proposals in favor of the current law, which provided tribes the federal share of expenditures for the benefit of Indians in their service areas in 1994.

For many states, such as Alaska, where federal funds amount to only 50% of total program costs, the result was to require states to provide match to federal funds, unless the tribes could commit tribal funds to make up the difference. States have been slow to enact legislation where needed, or otherwise provide the needed match. The critical nature of this issue is demonstrated by the fact that 1/3 of the tribal TANF's in the nation operate with no state assistance.[2] Of the four pending plans, two of which are in Alaska, State match issues must be resolved before the plans can proceed forward.

The current law provides several incentives to encourage States to provide the match, including credit for state match to a State's required maintenance of effort, tribal flexibility in determining service population, and the State option to disregard/include tribal TANF numbers in achieving TANF targets. We support continuance of these incentives to the States.

3) Support Parity Between State and Tribes On Incentives, Loans and Bonuses.

The current law excludes tribes from federal support available to States in a grossly unfair manner. Tribes are subject to many of the

[2] Of the 19 tribal TANF's currently in existence, 13 do not receive any state matching funds.

same penalties to which States are subject, but they are not eligible for incentives, loans and bonuses provided to States. These programs in the current law are intended to help states who experience short term problems, and reward States which succeed in addressing the issues Congress sought to address in welfare reform. The law's message is clear to tribes: the Federal government will not help if you experience problems, and will not reward tribes if they succeed.

We believe that tribal exclusion from these elements of welfare reform was inadvertent; a product of Congressional attention to the enormous task of overhauling the welfare system. However, the Act is now three years old and the continuing lack of parity between states and tribes on these issues can no longer be explained by inadvertence. We would urge this Committee to advance amendments that would make tribes eligible for the incentives, loans and bonuses available to the States.

4) Support For NCAI Recommendations.

TCC has had an opportunity to review and participate in the development of the NCAI recommendations to this committee. We direct the Committee's attention to those recommendations and express our support for the positions set out in that testimony. In particular, we wish to highlight NCAI's proposal to allow carry-over of TANF funding, and reauthorization of the Tribal Welfare-to-Work program. Carry over of funding is more consistent with the underlying philosophy of welfare reforms, which was to block-grant federal payments and end the AFDC entitlements. These funds are now capped and sound management must anticipate years where demand for assistance will fluctuate and the possibility of disasters. Prudent fiscal management would require that program savings in relatively good economic periods be carried forward to address future poor economic conditions. Moreover, continuation of tribal welfare-to-work programs merely reflects the well-known economic conditions on Indian reservations, and the greater barriers to employment in tribal communities.

5) Need For Economic Development In Tribal Communities.

The reality is that true welfare reform requires economic development. The national economy is currently in the longest period of growth since World War II. But every Indian community does not participate in this expanding national economy. In Alaska, the decline in the price of oil has resulted in oil field work force layoffs. Many of those laid off are Natives who only recently entered those jobs. Moreover, we are expecting major reductions in State spending in rural Alaska due to a

decline in State oil revenues, which will soon result in loss of work opportunity for our people. As has so often noted, Indian people are the "miner canaries" of the general society – the first to suffer economic downturns and the last to reap the benefit of economic good times. TCC's TANF demonstrates that Indian society prefers work to welfare. It is our culture. In order to put this cultural mandate into practice, we need jobs in Indian country. We would urge the Committee to consider pending legislation targeting economic development in tribal communities in this context.

Thank-you for your consideration of these comments.

**Amendments Proposed by Tanana Chiefs Conference, Inc.**

Amendment # 1
Child Support Collections Distribution

Section 457(a)(4) [42 U.S.C.A. 657(a)(4)] is repealed and reenacted to read:

(4) FAMILIES UNDER CERTAIN AGREEMENTS- Notwithstanding any provision of this section, in the case of a family receiving assistance from an Indian tribe under Section 412 of this Act requiring an assignment of child support as a condition for receipt of such assistance, the support collected shall be distributed pursuant to such assignment to the tribe, except in such cases where the state and tribe have entered into an agreement pursuant to a State plan under section 454(33), or other tribal-state agreement respecting distribution of such collections, the support collected shall be distributed as provided by such agreement.

Amendment # 2
Child Support Collections Distribution

Section 458(b)(1)(A) is amended to insert after the word "title" and before the word "(with" the following:

or to an Indian tribe operating a program authorized by section 412 of this title

**Prepared Testimony of**
**Judge David L. Harding, Juvenile and Family Court Judge,**
**Coeur d'Alene Tribe, Plummer, Idaho and Chief Judge,**
**Northwestern Band of the Shoshoni Nation, Malad, Idaho**

**Submitted to the United States Senate Committee on Indian Affairs**
**Oversight Hearing on the 1996 Personal Responsibility and**
**Work Opportunity Reconciliation Act, Public Law 104-193, August 22, 1996,**
**as amended by The Balanced Budget Act, Public Law 105-33, August 25, 1997**

**April 14, 1999**

***Introduction***

Chairman Campbell, and distinguished members of the Committee, I am pleased to address the Committee about child support and enforcement services for the children most in need, American Indian children.

My testimony is drawn from my experience as a facilitator for the development of tribal child support programs and from my 19 years experience as a tribal judge familiar with the need for tribal child support services.

***Needs of American Indian Children***

This Nation's American Indian children have the greatest need for child support services. Census statistics on poverty and families nationwide show:

- 34.2% of American Indian children are under 18 compared to 25.6% of the total population;
- 27.2% of American Indian families live in poverty compared to 10% of the total population;
- 45.6% of American Indian families have only a female parent and 15.5% have only a male parent in the home compared to 18.8% and 4.0%, respectively in the total population; and
- The average family income for an American Indian household is $21,619 compared to $35,225 for the total population.

Labor force statistics for American Indians on reservations, from the Department of Interior, Bureau of Indian Affairs (BIA) show that in 1995:

- 35% of the total labor force was employed; and
- only 29% of those employed between the ages of 16 and 64 earned $9,048 or more.

These statistics show you that on reservation children are in great need of assistance through the development of tribal child support services.

Tribes are the units of government most in touch with their children's needs and the most motivated to meet those needs, including that of financial well being. Tribes have authority to act where the state either cannot or will not cooperate with tribal governments to collect child support for tribal children. Tribes have the knowledge to provide for that support in a cultural and practical way based on their specific and unique community norms.

Tribes only lack the funding and technical assistance to meet our children's child support needs. States have had funding for about 25 years to start up and maintain comprehensive programs but often lack understanding of jurisdictional limits over tribal members and land.

PRWORA and other legislation address this need by mandating full faith and credit for child support orders, authorizing the direct funding for tribal child support programs, and securing a voice for tribes in the implementation of such legislation.

***A Brief Legislative History***

First, Congress recognized American Indian children should have the same right to support as non-native children and that tribes have jurisdiction over many support matters when it mandated full faith and credit for orders across jurisdictional boundaries for states and tribes in the "Full Faith and Credit for Child Support Orders Act" passed in 1994 (28 USC 1738B).

Second, Congress intended to advance and fund tribal child support offices in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), Public Law 104-193, commonly called welfare reform legislation. Until PRWORA, Congress had not furnished a mechanism for providing services when cases came within a tribe's jurisdiction. However, this legislation and its amendments authorized the Secretary of Health and Human Services to make direct payments to an Indian tribe or tribal organization that has the capacity to operate a program and required the Secretary to promulgate regulations establishing requirements for grant eligibility.

One other Congressional requirement deals with your consideration of Health and Human Services' Office of Child Support Enforcement (OCSE) actions on tribal child support enforcement programs, the "Unfunded Mandates Reform Act of 1995," Public Law 104-4. Under this law, federal agencies must develop a process for tribal government input when developing regulations and must prepare for and consider the impact to tribes before adopting regulations.

In PRWORA, Congress has already provided the necessary statutory authority for direct funding of child support enforcement services through tribes.

***Current Administrative Policies***

Executive Order 13084, dated May 14, 1998, affirms long standing federal law principles and policies about tribes' inherent sovereign powers over Indians and Indian Country. Its purpose is:

> "to establish regular and meaningful consultation and collaboration with Indian tribal governments in the development of regulatory practices on Federal matters that significantly or uniquely affect their communities; to reduce the imposition of unfunded mandates upon Indian tribal governments; and to streamline the application process for and increase the availability of waivers to Indian tribal governments."

Consistent with both Congress' mandates and this Order, the Secretary has issued a Departmental Policy requiring consultation with tribal governments prior to taking actions that affect them.

The Commissioner of OCSE has made statements inconsistent with this policy and taken inconsistent actions as described below.

***Administrative Actions of OCSE***

Initially, after the enactment of PRWORA over 2 ½ years ago, OCSE established the national Office of Native American Programs (ONAP). ONAP was intended to provide policy direction, information and technical assistance to tribes implementing child support enforcement programs based on input from tribes.

ONAP held a series of tribal consultations in 1998 despite a lack of administrative support from OCSE. At the consultations, it gathered information about the real world needs existing in tribal communities and identifying what federal responses to those needs would make a difference in the success of tribal child support programs.

However, during and after those consultations, several concerns arose:

- States were provided with information about requirements that would be imposed on tribal programs in a detailed transmittal dated July 28, 1998 prior to the completion of the consultations and containing information that was not consistent with either PRWORA or the information being given to tribes;

- "Action Transmittals," informational publications by OCSE to states, were published which lacked a basic grasp of the jurisdiction of tribes in child support matters. For example, the only jurisdictional issue recognized by one publication was when a noncustodial parent resides on a reservation. It failed to recognize

that tribal jurisdiction will be concurrent with states and perhaps exclusive of states, when the child or the custodial parent is a member residing on the reservation needing assistance with establishing and enforcing an existing child support order;

- Contracts with persons and organizations familiar with tribal child support issues were eliminated because of internal policies, not a lack of dollars within OCSE. The drafting of regulations shifted to in house employees with little or no experience with tribal governments;

- Lucille Dawson, the Native American hired for ONAP resigned because she lacked support from OCSE and, according to Ms. Dawson, because she experienced blatant discrimination. Since her retirement/resignation, no one in OCSE has adequate experience working with tribes or in Indian Country;

- According to Ms. Dawson, the original January 1997 $7 million budget for ONAP and tribal services was cut to $1 million, then services were reduced through consultant contracts to $500,000, then the contract was reduced to $300,000 and limited to doing a report on two tribal grantees who shared total direct funding of a mere $100,000; and

- The Commissioner of OCSE, David Gray Ross, recently informed state child support program directors, in a conference call on February 16, 1999, that Indians are not a priority in his office, echoing his earlier statement to tribal judges on Monday, June 8, 1998 that Indians are not a priority for funding and development of tribal programs.

Chairman Campbell and Committee members, please understand the OCSE has more money now to aid local child support programs than ever before. In the 1970's under earlier welfare programs, state programs received full funding to purchase equipment, hire and train staff and to do this work. This same opportunity should be given to tribes.

These concerns have been echoed by national Native American organizations such as the National Congress of American Indians (NCAI) and the National American Indian Court Judges Association (NAICJA) who passed resolutions requesting the Secretary take quick action to resolve these serious issues.

States share these concerns with tribes. In January 1999, the National Council of State Child Support Enforcement Administrators passed a resolution urging OCSE to report on the progress of the regulations, finalize draft regulations as a top priority and move forward to direct funding of tribes as quickly as possible. In March 1999, the State of Montana's Child Support Enforcement Division also inquired of OCSE about the delay of direct funding to tribal programs and the lack of progress in drafting regulations.

***What Needs to be Done***

Our children experience the greatest financial need in the United States. On an issue that is a major policy development under PROWRA, OCSE has said that Indians are not a priority and failed to follow its mandate. This is unacceptable.

Please do whatever you can to ensure three things happen:

1. Reinstate the financial commitment to provide adequate start-up funding for tribal child support enforcement programs and ongoing training and technical assistance comparable to that for state programs.

2. Revitalize the Office of Native American Programs by elevating it to the same level of authority as a regional office within OCSE, with a Director position for tribes within that office (even Guam has a Director position).

3. Creating regulations governing direct funding for tribes must be treated as development of major policy by OCSE. This must be done by persons having knowledge about tribal needs and should not be delayed for another 2 ½ years.

*No group of children in the United States need child support enforcement services more than American Indian children. Congress has done its job by passing laws like PRWORA and should not be misled that those laws are being implemented by OCSE. I urge this Committee to insist that funding for and development of tribal child support programs be a top priority for the Office of Child Support Enforcement, within the Administration for Children and Families, Department of Health & Human Services.*

***Respectfully submitted by:***

***Judge David L. Harding***
***Coeur d'Alene Tribe***
***RR 11CDA***
***Plummer Idaho 83851***
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4-30-99

The Honorable Ben Nighthorse Campbell,
United States Senate
Hart Building, Room 838
Washington, DC 20510

**Re: Written Testimony, Welfare Reform in Indian Country**

Dear Senator Nighthorse Campbell,

We concur with the Tribal leaders testimony at the Welfare Reform in Indian Country hearing held on April 14,1999. In addition we would like to suggest the following recommendations.

**Problem:**

One of the major barriers of providing any service to Indian Country is the lack of transportation. Rural public transportation is sporadic and in most areas non-existence. Tribal members must complete one application Tribal TANF cash assistance, travel to the local county welfare office to complete a similar application for Food Stamps and Medi-cal.

State agencies are responsible for conducting the Medi-Cal, Federal Food Stamps program and the Children's Health Insurance Program (CHIP) eligibility on Indian reservations. Historically, Indian people are underrepresented in all three programs.

One of the goals of the Southern California Tribal Chairman's Association Tribal TANF program is to become more accessible to the community, by providing a one stop application for all welfare related services.

**Recommendation:**

Amend the Indian Health Care Improvement Act to include the following language.

"Indian Tribes that administer a Tribal TANF program are authorized to determine eligibility for the Medi-Cal, Federal Food Stamp and Children's Health Insurance Programs".

**Problem:**

While many Indian Tribes have the capacity to administer a Tribal TANF program, few funding sources are available for the following supportive services: substance abuse, mental health, child care, transportation, economic development, education, housing, job development, facilities teen pregnancy prevention and other services.

The attached Tribal TANF Wheel shows the preliminary relationship between the Tribe and Federal Agencies in relation to welfare services. For example:

DEPARTMENT OF JUSTICE

Criminal information necessary to determine drug history or fleeing felon, investigation of fraud, domestic violence, Tribal Courts

DEPARTMENT OF TREASURY

Internal Revenue Services to intercept tax return of non-custodial parent for Tribal TANF program

DEPARTMENT OF TRANSPORTATION

W2W Access transportation funds

DEPARTMENT OF COMMERCE

Economic Development and Telecommunication Distance learning

. MENT OF HOUSING & URBAN DEVELOPMENT

.:nterprise/Empowerment Zones, Hub zones, homelessness funds, economic development, youth development, substance abuse

DEPARTMENT OF HEALTH & HUMAN SERVICES

Substance abuse, mental health, child welfare, domestic violence, job opportunities for low income, economic development, family planning, Medicaid, immunizations, Head Start, disabilities, child support, child care, teen pregnancy prevention, etc.

Tribes must compete with professional proposal writers and in some cases are not eligible to apply.

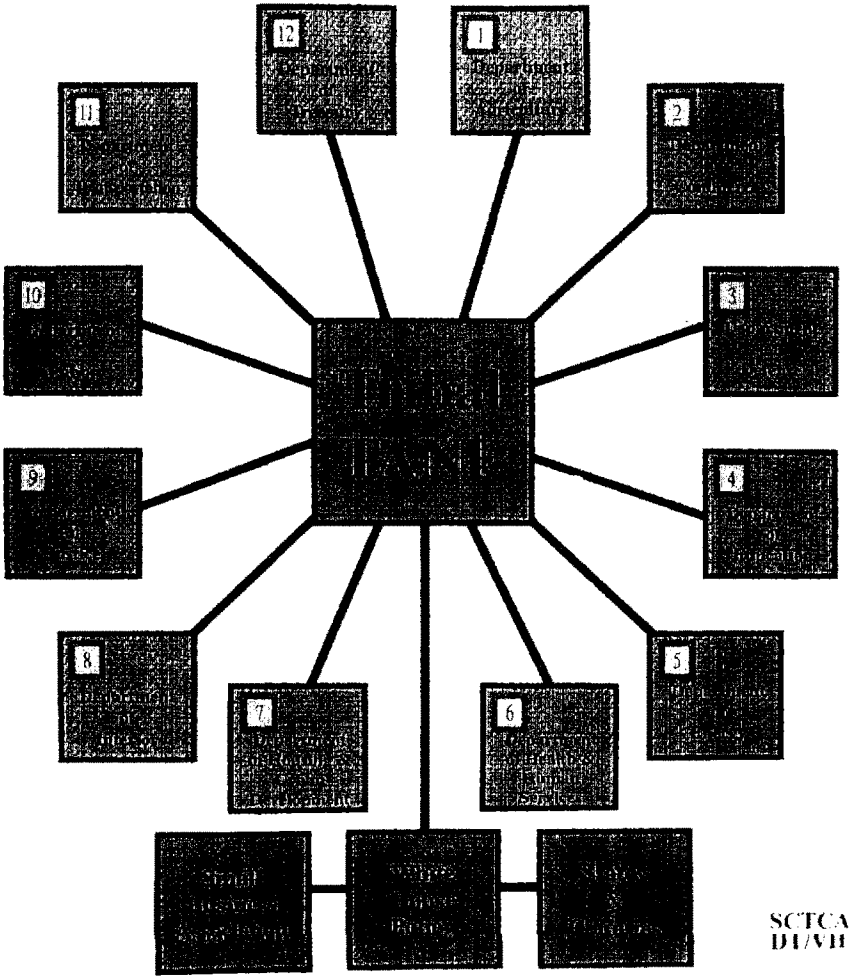
**Recommendation:**

Instruct Federal Agencies to provide direct funding to Tribes in a block grant type of funding method through Cooperative Agreements, MOU's or the Standard Form Interagency Transfer Agreement.

Respectfully submitted,

Virginia Hill, MSW
SIHC Director of Social Services

# Tribal TANF Whee




SCTCA
D1/VII

# Indian and Native American Employment and Training Coalition

## Statement of the Indian & Native American Employment & Training Coalition

## prepared for the hearing on welfare reform conducted by the Committee on Indian Affairs, United States Senate April 14, 1999

The Indian and Native American Employment and Training Coalition urges the Committee, its Members and the Congress to:

1. **Reauthorize the tribal component of the Welfare-to-Work program, increasing the level of funding for tribes to at least $30 million per year and enabling tribes to serve all Indian TANF recipients in their service areas.**

2. **Consider the increased demands for service on all tribal programs, especially employment programs, in setting FY 2000 appropriations levels for those programs.**

3. **Support an targeted economic development program to create at least 40,000 jobs for welfare recipients in Indian Country.**

The passage of welfare reform legislation in 1996 posed a major challenge for Indian tribes and poor American Indian and Alaska Native families. The law ordered needy families to get a job in communities where there are no jobs. It assumed the availability of employment and social services in remote, rural communities where such services don't exist. And it set time limits on public assistance in places where poverty has been endemic for generations.

Despite these staggering challenges, tribes have responded. Tribal employment programs have worked to make the impossible happen. The record of those tribes where employment and related services are integrated under Public Law 102-477 has been particularly impressive.

A number of 477 tribes have taken on their own TANF programs. Of the 19 tribes or tribal organizations with approved TANF plans, 4 are 477 tribes: the

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Sisseton-Wahpeton Sioux Tribe, the Osage Tribe, the Confederated Tribes of Siletz Indians and the Port Gamble S'Klallam Tribe.

The ability to focus all available employment-related programs on moving tribal families toward self-sufficiency is arguably the most important tool a tribe has in running a successful TANF program. The testimony presented to the Committee by the Sisseton-Wahpeton Sioux Tribe attests to this.

Running a tribal TANF program is not currently a viable option for most tribes, for many reasons. The 477 tribes that are not in TANF have frequently been leaders in meeting the challenges of welfare reform in other ways.

The tribes in North Dakota, two of whom are in 477, developed one of the first agreements in the country on coordination of tribal employment services with the state TANF agency. In Alaska, where eleven tribes or tribal organizations participate in 477, most contract with the state welfare agency to provide work services to Alaska Native families on TANF.

Although there are many lessons to be drawn from the varied tribal experiences with welfare reform, one stands out. Federal resources are crucial. The Coalition's three recommendations speak to this point.

The **tribal component of the Welfare-to-Work program** is the only new resource that Congress has made available to help tribes deal with the employment challenges in welfare reform. This program expires at the end of this Fiscal Year. The program **must be reauthorized.**

Under current law, tribes participating in TANF and the Native Employment Works (NEW) program, along with other tribes that provide substantial services to welfare recipients, receive $15 million per year of Welfare-to-Work (WtW) money. That amount should be increased to $30 million. Further, this financial assistance should be available whether or not Congress renews the program for the states.

Current law severely restricts what tribes can do with their WtW money. The bulk of the funds must be spent on welfare recipients with certain characteristics. Although the targeting provisions are laudable in principle, they don't work well in small, tribal communities.

In such communities it is not operationally feasible to say to one welfare family, we'll help you, and to deny assistance to an equally poor family down the road.

Tribal services are the only services that reach such communities. They must be able to help all welfare recipients.

Several states, including ones like South Dakota and Idaho, have turned down their Welfare-to-Work money. This has the effect of denying additional services to tribal families who constitute a significant portion of the state's public assistance caseload. Tribes should be able to receive money, provided by formula for tribal families, that the states don't want.

The Coalition's second recommendation deals with **FY 2000 appropriations for related programs, like the Indian program under the Workforce Investment Act (WIA).** In 2000, the Indian WIA program will replace the current Indian JTPA (Job Training Partnership Act) program.

While the need to help move welfare families into the workforce has increased, Indian job training funding has not. Indian JTPA funds have remained stagnant despite the substantially increased demand on tribal employment services.

The Administration's budget request for FY 2000 violates the minimum funding provision for Indian WIA programs in the law. The funding request is for $53.8 million. The law reserves not less than $55 million for Indian WIA programs.

In adopting a FY 2000 appropriations measure for the Departments of Labor, HHS and Education, the Congress should provide at least $55 million, the minimum funding level set for Indian WIA programs in the law. A funding level of $65 million would barely restore the program to its size 5 years ago, before welfare reform escalated the need for these services.

Data assembled by HHS and DOL when the Welfare-to-Work program started indicated that there were 40,000 adult Indian people on AFDC/TANF in reservation areas and Alaska Native communities. Welfare reform expects each one to become permanently employed. At the same time, welfare reform provided no resources to create new jobs for those on public assistance.

If welfare reform is to mean hope instead of tragedy in Indian Country, **the Congress must provide resources for a targeted job creation program that will reach all Indian welfare families.**

THE CONFEDERATED SALISH AND KOOTENAI TRIBES
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April 27, 1999

Honorable Ben Nighthorse Campbell, Chairman
Senate Committee on Indian Affairs
838 Hart Senate Office Building
Washington D.C. 20510

Dear Chairman Campbell:

On Wednesday, April 14, 1999 the Senate Committee on Indian Affairs held an oversight hearing on the impacts on tribal communities of the implementation of the Personal Responsibilities and Work Opportunity Reconciliation Act of 1996. Although the Confederated Salish and Kootenai Tribes (CSKT) were not able to attend the hearing, we hereby provide the following written comments and request they become a part of the official hearing record.

CSKT began operation of a Tribal Temporary Assistance for Needy Families (TANF) plan at the beginning of 1999 after negotiations with the Department of Health and Human Services (DHHS), in which we were subjected to a paternalistic approach dating back to an era prior to Self-Determination period implemented in 1975. The Division of Tribal Programs within DHHS refused to acknowledge the opportunities authorized for tribes in the P.L.104-193. As a result, they refused to negotiate with CSKT in areas clearly permitted for in the law. CSKT requests Congress take the following action:

1. Mandate DHHS to delay promulgation of the proposed regulations for Tribal TANF programs until meaningful discussions and consultation with the tribes have occurred. The proposed regulations published in the Federal Register far exceed the restrictions placed on the states and fail to acknowledge the provisions provided tribes in the authorizing legislation. The rules should reflect a set of rules achieved on a government-to-government basis.

2. Mandate DHHS fulfill the congressional direction provided in Section 412, DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES (c) Minimum Work Requirements and Time Limits. The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related

services under the grant. DHHS has set a time limit for receipt of benefits, without consideration to tribal input. CSKT proposed an alternative time limit to the one determined by DHHS. The Department never seriously considered our proposal. When we attempted to appeal the decision, our requests were remanded by to the Division of Tribal Services that originally denied our proposals.

3. DHHS has determined that unlike states, that can retain access to funds from one fiscal year to the next, tribes must return any unused fiscal year funds to the Treasury. Tribes have been told that the only way to correct this discrepancy is for Congress to correct it through technical amendments. This correction is imperative to tribes as they must be permitted to build a reserve account of unused funds in order to prepare for unforeseen economic difficulties just as the states have been permitted to build prepare for.

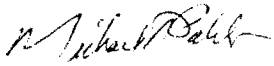
4. Congress should authorize Tribes to share in any bonus funds available to states.

5. Congress should require DHHS to provide Tribes with funds, which would provide Tribes an opportunity to determine the accurate amount of funds the Tribe will need to operate a Tribal TANF program. CSKT and the State of Montana worked closely to determine an accurate funding amount. However, there was no mechanism to determine the number of cases the Tribes would receive of families who refused to participate in the state program or who had not received support services needed for employment while receiving the state benefits. The CSKT Tribal TANF program has received a number of these cases without adequate funding in the TANF program or the support programs that supplement it.

Your attention to welfare reform in Indian Country is greatly appreciated. We look forward to continuing to work with Congress as we create employment opportunities for all our people.

Sincerely,

**CONFEDERATED SALISH AND KOOTENAI TRIBES**



Michael T. Pablo, Chairman
Tribal Council

**Question: On April 14, 1999, Assistant Secretary Kevin Gover of BIA testified at the Interior Appropriations Subcommittee hearing and urged the creation of an Alcohol and Drug Abuse Office in BIA, even though other agencies (DOJ, HUD, and HHS) already provide alcohol and substance abuse services. Would the Department support a measure to allow tribes to consolidate these programs into a single block grant, much the way they consolidate employment programs under P.L. 102-477?**

Answer: The Department of Health and Human Services (HHS) and the Bureau of Indian Affairs (BIA) share a common and significant interest in the alcohol and substance abuse issues that affect American Indian and Alaska Native people and communities. The Indian Health Service (IHS), which is under HHS, has the responsibility for overseeing the Federal government's role in protecting the health of Native Americans. In that role, IHS oversees the alcohol and substance abuse program for American Indian and Alaska Native people and directs the professional staff that are working to address the clinical and treatment aspects of alcohol and substance abuse problems in Indian Country. The President's FY 2000 Budget includes a request of $400,000 to establish an Office of Alcohol and Substance Abuse Prevention in the BIA. Staff assigned to this office will provide on-site training and assist tribes in implementing plans to address widespread problems.

The Department is aware of the impacts that multiple grants from a variety of agencies have on a tribal organization. We are working to reduce or eliminate these negative impacts. An Executive branch working group also is exploring the option of a single grant application process for tribes to use in applying for grant funds from various agencies. The group's goal is to reduce the amount of paperwork experienced by the tribes as they apply for grants not currently awarded under the authority of P.L. 93-638, the Indian Self Determination Act. At the same time, the group hopes to broaden Indians' access to a wider range of Federal funding for chemical dependency prevention and treatment.

At this time, HHS has no current plans to pursue a single block grant approach. However, considering IHS role in overseeing the alcohol and substance abuse for American Indians and Alaskan Natives, we feel strongly that, no matter what steps are taken, IHS maintain its leading role in this area.

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