

AMENDMENTS SUBMITTED

THE PERSONAL RESPONSIBILITY
ACT OF 1995

DASCHLE AMENDMENT NO. 2282

Mr. DASCHLE proposed an amendment to amendment No. 2282 proposed by Mr. DOLE to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence; as follows:

This Act may be cited as the "Work First Act of 1995".

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

TITLE I—TEMPORARY EMPLOYMENT ASSISTANCE

SEC. 101. STATE PLAN.

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

“PART A—TEMPORARY EMPLOYMENT ASSISTANCE

“SEC. 400. APPROPRIATION.

“For the purpose of providing assistance to families with needy children and assisting parents of children in such families to obtain and retain private sector work to the extent possible, and public sector or volunteer work if necessary, through the Work First Employment Block Grant program (hereafter in this title referred to as the ‘Work First program’), there is hereby authorized to be appropriated, and is hereby appropriated, for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have approved State plans for temporary employment assistance.

“Subpart 1—State Plans for Temporary Employment Assistance

“SEC. 401. ELEMENTS OF STATE PLANS.

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

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

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

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

“(2) which fulfills the conditions set forth in subsection (b), shall be eligible for cash assistance under the plan, except as otherwise provided under this part.

“(b) PARENT EMPOWERMENT CONTRACT.—The State plan shall provide that not later than 10 days after the approval of the application for temporary employment assistance, a parent qualifying for assistance shall execute a parent empowerment contract as described in section 403. If a child otherwise eligible for assistance under this part is residing with a relative other than a parent, the State plan may require the relative to execute such an empowerment contract as a condition of the family receiving such assistance.

“(c) LIMITATIONS ON ELIGIBILITY.—

“(1) LENGTH OF TIME.—

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

“(B) HARDSHIP EXCEPTION.—With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which—

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

“(ii) the family resides in an area with an unemployment rate exceeding 7.5 percent; or

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

“(C) EXCEPTION FOR TEEN PARENTS.—With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which the parent—

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

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

“(D) EXCEPTION FOR INDIVIDUALS EXEMPT FROM WORK REQUIREMENTS.—With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which 1 or each of the parents—

“(i) is seriously ill, incapacitated, or of advanced age;

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

“(II) in the case of a 2nd or subsequent child born during such period, is responsible for a child under age 3 months;

“(iii) is pregnant in the 3rd trimester; or

“(iv) is caring for a family member who is ill or incapacitated.

“(E) EXCEPTION FOR CHILD-ONLY CASES.—With respect to any child who has not attained age 18 (or age 19, at the option of the State) and who is eligible for assistance under this part, but not as a member of a family otherwise eligible for assistance under this part (determined without regard to this paragraph), the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which such child has not attained such age.

“(F) OTHER PROGRAM ELIGIBILITY.—The State plan shall provide that if a family is no longer eligible for cash assistance under the plan solely due to the imposition of the 60-month period under subparagraph (A)—

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

“(ii) for purposes of determining the amount of assistance under any other Federal or federally assisted program based on need, such family shall continue to be considered receiving such cash assistance; and

“(iii) the State shall, after having assessed the needs of the child or children of the family, provide for such needs with a voucher for such family—

“(I) determined on the same basis as the State would provide assistance under the State plan to such a family with 1 less individual,

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

“(III) payable directly to such third parties.

“(2) TREATMENT OF INTERSTATE MIGRANTS.—The State plan may apply to a category of families the rules for such category under a plan of another State approved under this part, if a family in such category has moved to the State from the other State and has resided in the State for less than 12 months.

“(3) INDIVIDUALS ON OLD-AGE ASSISTANCE OR SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT ASSISTANCE.—The State plan shall provide that no assistance shall be furnished any individual under the plan with respect to any period with respect to which such individual is receiving old-age assistance under the State plan approved under section 102 of title I or supplemental security income under title XVI, and such individual's assistance or income shall be disregarded in determining the eligibility of the family of such individual for temporary employment assistance.

“(4) CHILDREN FOR WHOM FEDERAL, STATE, OR LOCAL FOSTER CARE MAINTENANCE OR ADOPTION ASSISTANCE PAYMENTS ARE MADE.—A child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E or under State or local law shall not, for the period for which such payments are made, be regarded as a needy child under this part, and such child's income and resources shall be disregarded in determining the eligibility of the family of such child for temporary employment assistance.

“(5) 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.—The State plan shall provide that no assistance will be furnished any individual under the plan during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits or services simultaneously from 2 or more States under programs that are funded under this part, 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.

“(6) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

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

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

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

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

“(i) such recipient—

“(I) is described in clause (i) or (ii) of subparagraph (A); or

“(II) has information that is necessary for the officer to conduct the officer's official duties; and

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

“(d) DETERMINATION OF ELIGIBILITY.—

“(1) DETERMINATION OF NEED.—The State plan shall provide that the State agency take into consideration any income and resources of any individual the State determines should be considered in determining the need of the child or relative claiming temporary employment assistance.

“(2) RESOURCE AND INCOME DETERMINATION.—In determining the total resources and income of the family of any needy child, the State plan shall provide the following:

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

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

“(C) CHILD SUPPORT.—The State's policy, if any, for determining the extent to which child support received in excess of \$50 per month on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

“(D) CHILD'S EARNINGS.—The treatment of earnings of a child living in the home.

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

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

“SEC. 403. PARENT EMPOWERMENT CONTRACT.

“(a) ASSESSMENT.—The State plan shall provide that the State agency, through a case manager, shall make an initial assessment of the skills, prior work experience, and employability of each parent who is applying for temporary employment assistance under the plan.

“(b) PARENT EMPOWERMENT CONTRACTS.—On the basis of the assessment made under

subsection (a) with respect to each parent, the case manager, in consultation with the parent or parents of a family (hereafter in this title referred to as the ‘client’), shall develop a parent empowerment contract for the client, which meets the following requirements:

“(1) Sets forth the obligations of the client, including 1 or more of the following:

“(A) Search for a job.

“(B) Engage in work-related activities to help the client become and remain employed in the private sector.

“(C) Attend school, if necessary, and maintain certain grades and attendance.

“(D) Keep school age children of the client in school.

“(E) Immunize children of the client.

“(F) Attend parenting and money management classes.

“(G) Any other appropriate activity, at the option of the State.

“(2) To the greatest extent possible, is designed to move the client as quickly as possible into whatever type and amount of work as the client is capable of handling, and to increase the responsibility and amount of work over time until the client is able to work full-time.

“(3) Provides for participation by the client in job search activities for the first 2 months after the application for temporary employment assistance under the State plan, unless the client is already working at least 20 hours per week or is exempt from the work requirements under the State plan.

“(4) If necessary to provide the client with support and skills necessary to obtain and keep employment in the private sector, provides for job counseling or other services, and, if additionally necessary, education or training through the Work First program under part F.

“(5) Provides that the client shall accept any bona fide offer of unsubsidized full-time employment, unless the client has good cause for not doing so.

“(6) At the option of the State, provides that the client undergo appropriate substance abuse treatment.

“(7) Provides that the client—

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

“(B) cooperate with the State—

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

“(ii) in obtaining support payments for such client and for a child with respect to whom such assistance is claimed, or in obtaining any other payments or property due such client or such child,

unless (in either case) such client is found to have good cause for refusing to cooperate as determined by the State agency in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf assistance is claimed.

“(c) PENALTIES FOR NONCOMPLIANCE WITH PARENT EMPOWERMENT CONTRACT.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the following penalties shall apply:

“(A) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND ACTS OF NONCOMPLIANCE.—The State plan shall provide that the amount of temporary employment assistance otherwise payable under the plan to a family that includes a client who, with respect to a parent empowerment contract signed by the client, commits an act of noncompliance without good cause, shall be reduced by—

“(i) 33 percent for the 1st such act of non-compliance; or

“(ii) 66 percent for the 2nd such act of non-compliance.

“(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State plan shall provide that in the case of the 3rd or subsequent such act of noncompliance, the family of which the client is a member shall not thereafter be eligible for temporary employment assistance under the State plan.

“(C) LENGTH OF PENALTIES.—The penalty for an act of noncompliance shall not exceed the greater of—

“(i) in the case of—

“(I) the 1st act of noncompliance, 1 month,

“(II) the 2nd act of noncompliance, 3 months, or

“(III) the 3rd or subsequent act of non-compliance, 6 months; or

“(ii) the period ending with the cessation of such act of noncompliance.

“(D) DENIAL OF TEMPORARY EMPLOYMENT ASSISTANCE TO ADULTS REFUSING TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—The State plan shall provide that if an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment without good cause, such act of non-compliance shall be considered a 3rd or subsequent act of noncompliance.

“(2) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

“SEC. 404. PAYMENT OF ASSISTANCE.

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

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

“(2) a standard, expressed in money amounts, to be used in determining the need of applicants and recipients;

“(3) a standard, expressed in money amounts, to be used in determining the amount of the assistance payment; and

“(4) the methodology to be used in determining the payment amount received by assistance units.

“(b) LEVEL OF ASSISTANCE.—The State plan shall provide that—

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

“(2) families of similar composition with similar needs and circumstances shall be treated similarly; and

“(3) the State shall not reduce or deny assistance for a needy child solely because such child was conceived or born during a period in which the parent was receiving temporary employment assistance.

“(c) CORRECTION OF PAYMENTS.—The State plan shall provide that the State agency will promptly take all necessary steps to correct any overpayment or underpayment of assistance under such plan, including the request for Federal tax refund intercepts as provided under section 417.

“SEC. 405. PROVISION OF PROGRAM AND EMPLOYMENT INFORMATION AND CHILD CARE.

“(a) INFORMATION.—The State plan shall provide for the dissemination of information to all applicants for and recipients of temporary employment assistance under the plan about all available services under the State plan for which such applicants and recipients are eligible.

“(b) CHILD CARE DURING JOB SEARCH, WORK, OR PARTICIPATION IN WORK FIRST.—The State plan shall provide that the State agency shall guarantee child care assistance for each family that is receiving temporary employment assistance and that has a needy

child requiring such care, to the extent that such care is determined by the State agency to be necessary for an individual in the family to participate in job search activities, to work, or to participate in the Work First program.

“SEC. 406. OTHER PROGRAMS.

“(a) WORK FIRST.—The State plan shall provide that the State has in effect and operation a Work First program that meets the requirements of part F.

“(b) STATE CHILD SUPPORT AGENCY.—The State plan shall—

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

“(2) provide that the State agency administering the plan approved under this part shall be responsible for assuring that—

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

“(B) all applicants for, and recipients of, temporary employment assistance are encouraged, assisted, and required (as provided under section 403(b)(7)(B)) to cooperate in the establishment and enforcement of paternity and child support obligations and are notified about the services available under the State plan approved under part D; and

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

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

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

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

“(2) a State plan for foster care and adoption assistance approved under part E, and operates such plans in substantial compliance with the requirements of such parts.

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

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

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

“(e) OUT-OF-WEDLOCK AND TEEN PREGNANCY PROGRAMS.—The State plan shall provide for the development of a program—

“(1) to reduce the incidence of out-of-wedlock pregnancies, which may include providing unmarried mothers and unmarried fathers with services which will help them—

“(A) avoid subsequent pregnancies, and

“(B) provide adequate care to their children; and

“(2) to reduce teenage pregnancy, which may include, at the option of the State, providing education and counseling to male and female teenagers.

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

“(g) FAMILY PRESERVATION.—

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

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

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

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

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

SEC. 407. ADMINISTRATIVE REQUIREMENTS FOR STATE PLAN.

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

“(b) SINGLE ADMINISTRATING AGENCY.—The State plan shall provide for the establishment or designation of a single State agency to administer the plan or supervise the administration of the plan.

“(c) FINANCIAL PARTICIPATION.—The State plan shall provide for financial participation by the State in the same manner and amount as such State participates under title XIX, except that with respect to the sums expended for the administration of the State plan, the percentage shall be 50 percent.

“(d) REASONABLE PROMPTNESS.—The State plan shall provide that all individuals wishing to make application for temporary employment assistance shall have opportunity to do so, and that such assistance be furnished with reasonable promptness to all eligible individuals.

“(e) FAIR HEARING.—The State plan shall provide for granting an opportunity for a fair hearing before the State agency to any individual—

“(1) whose claim for temporary employment assistance is denied or is not acted upon with reasonable promptness; or

“(2) whose assistance is reduced or terminated.

“(f) AUTOMATED DATA PROCESSING SYSTEM.—The State plan shall, at the option of the State, provide for the establishment and operation of an automated statewide management information system designed effectively and efficiently, to assist management in the administration of the State plan approved under this part, so as—

“(1) to control and account for—

“(A) all the factors in the total eligibility determination process under such plan for assistance, and

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

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

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

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

“Subpart 2—Administrative Provisions

“SEC. 411. APPROVAL OF PLAN.

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

“(b) DEEMED APPROVAL.—If a State plan has not been rejected by the Secretary during the period specified in subsection (a), the plan shall be deemed to have been approved.

“SEC. 412. COMPLIANCE.

In the case of any State plan for temporary employment assistance which has been approved under section 411, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by subpart 1 to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

“SEC. 413. PAYMENTS TO STATES.

“(a) COMPUTATION OF AMOUNT.—Subject to section 412, from the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for temporary employment assistance, for each quarter, beginning with the quarter commencing October 1, 1996, an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) of the expenditures by the State under such plan.

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

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

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

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

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

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

“(A) reduced or increased, as the case may be, by any sum by which the Secretary of Health and Human Services finds that the estimate for any prior quarter was greater or

less than the amount which should have been paid to the State for such quarter;

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

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

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

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

“SEC. 414. ATTRIBUTION OF INCOME AND RESOURCES OF SPONSOR AND SPOUSE TO ALIEN.

“(a) APPLICABILITY; TIME PERIOD.—For purposes of determining eligibility for and the amount of assistance under a State plan approved under this part for an individual who is an alien, the income and resources of any person who (as a sponsor of such individual's entry into the United States) executed an affidavit of support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse, shall be deemed to be the unearned income and resources of such individual (in accordance with subsections (b) and (c)) for a period ending with the date (if any) on which such individual becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act, except that this section is not applicable if such individual is a needy child and such sponsor (or such sponsor's spouse) is the parent of such child.

“(b) COMPUTATION.—

“(1) INCOME.—The amount of income of a sponsor (and the sponsor's spouse) which shall be deemed to be the unearned income of an alien for any month shall be determined as follows:

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

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

“(i) the lesser of—

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

“(II) \$175;

“(ii) the needs standard established by the State under its plan for a family of the same size and composition as the sponsor and those other individuals living in the same household as the sponsor who are claimed by the sponsor as dependents for purposes of determining the sponsor's Federal personal income tax liability;

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

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

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

“(A) The total amount of the resources (determined as if the sponsor were applying for assistance under the State plan approved under this part) of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined.

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

“(C) PROVISION OF INFORMATION BY ALIEN CONCERNING SPONSOR; RECEIPT OF INFORMATION FROM DEPARTMENTS OF STATE AND JUSTICE.—

“(1) PROVISION OF INFORMATION BY ALIEN.—Any individual who is an alien and whose sponsor was a public or private agency shall be ineligible for assistance under a State plan approved under this part during the period beginning with the alien's entry into the United States and ending with the date (if any) on which such alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act, unless the State agency administering such plan determines that such sponsor either no longer exists or has become unable to meet such individual's needs; and such determination shall be made by the State agency based upon such criteria as the State agency may specify in the State plan, and upon such documentary evidence as the State agency may therein require. Any such individual, and any other individual who is an alien (as a condition of the alien's eligibility for assistance under a State plan approved under this part during such period), shall be required to provide to the State agency administering such plan such information and documentation with respect to the alien's sponsor as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from such sponsor necessary for any such determination. Such alien shall also be required to provide to the State agency such information and documentation as the State agency may request and which such alien or the alien's sponsor provided in support of such alien's immigration application.

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

“(d) JOINT AND SEVERAL LIABILITY OF ALIEN AND SPONSOR FOR OVERPAYMENT OF ASSISTANCE DURING SPECIFIED PERIOD FOLLOWING ENTRY.—Any sponsor of an alien, and such alien, shall be jointly and severally liable for an amount equal to any overpayment of assistance under the State plan made to such alien during the period described in subsection (c)(1), on account of such sponsor's failure to provide correct information under

the provisions of this section, except where such sponsor was without fault, or where good cause of such failure existed. Any such overpayment which is not repaid to the State or recovered in accordance with the procedures generally applicable under the State plan to the recoupment of overpayments shall be withheld from any subsequent payment to which such alien or such sponsor is entitled under any provision of this title.

“(e) DIVISION OF INCOME AND RESOURCES OF INDIVIDUAL SPONSORING 2 OR MORE ALIENS LIVING IN SAME HOME.—

“(1) IN GENERAL.—In any case where a person is the sponsor of 2 or more alien individuals who are living in the same home, the income and resources of such sponsor (and the sponsor's spouse), to the extent such income and resources would be deemed the income and resources of any 1 of such individuals under the preceding provisions of this section, shall be divided into 2 or more equal shares (the number of shares being the same as the number of such alien individuals) and the income and resources of each such individual shall be deemed to include 1 such share.

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

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

“(1) admitted to the United States as a result of the application, prior to April 1, 1980, of the provisions of section 203(a)(7) of the Immigration and Nationality Act;

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

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

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

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

“SEC. 415. QUALITY ASSURANCE, DATA COLLECTION, AND REPORTING SYSTEM.

“(a) QUALITY ASSURANCE.—

“(1) IN GENERAL.—Under the State plan, a quality assurance system shall be developed based upon a collaborative effort involving the Secretary, the State, the political subdivisions of the State, and assistance recipients, and shall include quantifiable program outcomes related to self sufficiency in the categories of welfare-to-work, payment accuracy, and child support.

“(2) MODIFICATIONS TO SYSTEM.—As deemed necessary, but not more often than every 2 years, the Secretary, in consultation with the State, the political subdivisions of the State, and assistance recipients, shall make appropriate changes in the design and administration of the quality assurance system, including changes in benchmarks, measures, and data collection or sampling procedures.

“(b) DATA COLLECTION AND REPORTING.—

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

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

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

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

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

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

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

"(i) Any housing program.

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

"(iii) The Head Start programs carried out under the Head Start Act.

"(iv) Any job training program.

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

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

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

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

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

"(K) Citizenship status.

"(L) Shelter arrangement.

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

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

"(O) Geographic location.

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

"(A) The number of adults receiving assistance.

"(B) The number of children receiving assistance.

"(C) The number of families receiving assistance.

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

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

"(4) LONGITUDINAL STUDIES.—The State shall submit selected data items for a cohort of individuals who are tracked over time. This longitudinal sample shall be used for selected data items described in paragraphs (2) and (3), as determined appropriate by the Secretary.

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

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

"(A) the percentage of the Federal funds paid to the State under this part for the fiscal year quarter that are used to cover administrative costs or overhead; and

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

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

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

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

"(5) REPORT ON CHILD CARE.—The total amount expended by the State for child care under this part, along with a description of the types of child care provided, such as child care provided in the case of a family that has ceased to receive assistance under this part because of increased hours of, or increased income from, employment, or in the case of a family that is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

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

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

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

"SEC. 416. COMPILATION AND REPORTING OF DATA.

"(a) CURRENT PROGRAMS.—The Secretary shall, on the basis of the Secretary's review of the reports received from the States under section 415, compile such data as the Secretary believes necessary, and from time to time, publish the findings as to the effectiveness of the programs developed and administered by the States under this part. The Secretary shall annually report to the Congress on the programs developed and administered by each State under this part.

"(b) RESEARCH, DEMONSTRATION AND EVALUATION.—Of the amount specified under section 413(a), an amount equal to .25 percent is authorized to be expended by the Secretary to support the following types of research, demonstrations, and evaluations:

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

"(2) DEMONSTRATIONS.—

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

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

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

"(iii) foster the development of child care.

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

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

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

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

"(3) FEDERAL EVALUATIONS.—

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

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

"(C) STATE REIMBURSEMENT.—The Secretary may reimburse a State for any research-related costs incurred pursuant to research conducted under this paragraph.

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

"(4) REGIONAL INFORMATION CENTERS.—

"(A) IN GENERAL.—The Secretary shall establish not less than 5, nor more than 7 regional information centers located at major research universities or consortiums of universities to ensure the effective implementation of welfare reform and the efficient dissemination of information about innovations, evaluation outcomes, and training initiatives.

"(B) CENTER RESPONSIBILITIES.—The Centers shall have the following functions:

"(i) Disseminate information about effective income support and related programs, along with suggestions for the replication of such programs.

"(ii) Research the factors that cause and sustain welfare dependency and poverty in the regions served by the respective centers.

"(iii) Assist the States in the region formulate and implement innovative programs and improvements in existing programs that help clients move off welfare and become productive citizens.

"(iv) Provide training as appropriate to staff of State agencies to enhance the ability of the agencies to successfully place Work First clients in productive employment or self-employment.

"(C) CENTER ELIGIBILITY TO PERFORM EVALUATIONS.—The Centers may compete for demonstration and evaluation contracts developed under this section.

"SEC. 417. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

"(a) IN GENERAL.—Upon receiving notice from a State agency administering a plan approved under this part that a named individual has been overpaid under the State plan

approved under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether such individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

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

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

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

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

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

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

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

(b) PAYMENTS TO PUERTO RICO.—Section 1108(a)(1) (42 U.S.C. 1308(a)(1)) is amended—

(1) in subparagraph (F), by striking “or”; and

(2) by striking subparagraph (G) and inserting the following:

“(G) \$82,000,000 with respect to each of fiscal years 1989 through 1995, or

“(H) \$102,500,000 with respect to the fiscal year 1996 and each fiscal year thereafter;”.

(c) CONFORMING AMENDMENTS RELATING TO COLLECTION OF OVERPAYMENTS.—

(1) Section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds), as amended by section 561(a), is amended—

(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:

“(g) 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 417 of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).”.

(2) 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 417, 464, or 1137 of the Social Security Act.”

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective with respect to cal-

endar quarters beginning on or after October 1, 1996.

(2) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply with the requirements of such amendment before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this paragraph, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

TITLE II—WORK FIRST EMPLOYMENT BLOCK GRANT

SEC. 201. WORK FIRST EMPLOYMENT BLOCK GRANT.

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

“Part F—Work First Employment Block Grant Program

“Subpart 1—Establishment and Operation of State Programs

“SEC. 481. GOALS OF THE WORK FIRST PROGRAM.—The goals of a Work First program are as follows:

“(1) OBJECTIVE.—The objective of the program is for each adult receiving temporary employment assistance to find and hold full-time unsubsidized paid employment, and for this objective to be achieved in a cost-effective fashion.

“(2) STRATEGY.—The strategy of the program is to connect clients of temporary employment assistance with the private sector labor market as soon as possible and offer such clients the support and skills necessary to remain in the labor market. Each component of the program should emphasize employment and the understanding that minimum wage jobs are a stepping stone to more highly paid employment.

“(3) JOB CREATION.—The creation of jobs, with an emphasis on private sector jobs, through the options available under subpart 2, shall be a component of the block grant program and shall be a priority for each State office with responsibilities under the program.

“(4) FORMS OF ASSISTANCE.—The State shall provide assistance to clients in the program through a range of components, which may include job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, assistance in establishing microenterprises, job counseling services, or other work-related activities, to provide individuals with the support and skills necessary to obtain and keep employment in the private sector (including education and training, if necessary).

“SEC. 482. REQUIREMENT THAT RECIPIENTS ENTER THE WORK FIRST PROGRAM.

“(a) IN GENERAL.—Except as provided in subsection (b), the State may place in the Work First program—

“(1) clients of temporary employment assistance pursuant to the State plan approved under part A who have signed a parent empowerment contract as described in section 403(b); and

“(2) absent parents who are unemployed, on the condition that, once employed, such parents meet their child support obligations.

“(b) EXCEPTIONS.—A State may not require a client of temporary employment assistance to participate in the Work First program (although a client may volunteer), if the client—

“(1) is seriously ill, incapacitated, or of advanced age;

“(2)(A) except for a child described in subparagraph (B), is a parent with a child under age 1 year (or age 6 months, at the option of the State), or

“(B) in the case of a 2nd or subsequent child born after a parent has become a client, is a parent with a child under age 3 months;

“(3) is pregnant in the 3rd trimester;

“(4) is caring for a family member who is ill or incapacitated; or

“(5) is under age 18 (or age 19, at the option of the State).

“(c) NONDISPLACEMENT.—

“(1) IN GENERAL.—The Work First program shall not displace any employee or position (including partial displacement, such as a reduction in the hours of nonovertime work, wages, or employment benefits), fill any unfilled vacancy, impair existing contracts for services, be inconsistent with existing laws, regulations, or collective bargaining agreements, or infringe upon the recall rights or promotional opportunities of any worker. Work activities shall be in addition to activities that otherwise would be available and shall not supplant the hiring of employed workers not funded under the program.

“(2) ENFORCING ANTI-DISPLACEMENT PROTECTIONS.—The State shall establish and maintain an impartial grievance procedure to resolve any complaints alleging violations of the requirements of paragraph (1) within 60 days and, if a decision is adverse to the party who filed such grievance or no decision has been reached, provide for the completion of an arbitration procedure within 75 days. Appeals may be made to the Secretary who shall make a decision within 75 days. Remedies shall include termination or suspension of payments, prohibition of the placement of the participant, reinstatement of an employee, and other relief to make an aggrieved employee whole. If a grievance is filed regarding a proposed placement of a participant, such placement shall not be made unless such placement is consistent with the resolution of the grievance pursuant to this paragraph.

“Subpart 2—Program Performance

“SEC. 485. WORK PERFORMANCE RATES; PERFORMANCE-BASED BONUSES.

“(a) WORK PERFORMANCE RATES.—

“(1) REQUIREMENT.—A State that operates a program under this part shall achieve a work performance rate for the following fiscal years of not less than the following percentages:

“(A) 30 percent for fiscal year 1997.

“(B) 35 percent for fiscal year 1998.

“(C) 40 percent for fiscal year 1999.

“(D) 50 percent for fiscal year 2000 or thereafter.

“(2) WORK PERFORMANCE RATE DEFINED.—

“(A) IN GENERAL.—As used in this subsection, the term ‘work performance rate’ means, with respect to a State and a fiscal year, an amount equal to—

“(i) the sum of the average monthly number of individuals eligible for temporary employment assistance under the State plan approved under part A who, during the fiscal year—

“(I) obtain employment in an unsubsidized job and cease to receive such temporary employment assistance to the extent allowed under subparagraph (B);

“(II) work 20 or more hours per week (or 30 hours, at the option of the State) in an unsubsidized job while still receiving such temporary employment assistance;

“(III) work 20 or more hours per week (or 30 hours, at the option of the State) in a subsidized job through the Work First program

(other than through workfare or community service under section 493); or

“(IV) are parents under the age of 18 years (or 19 years, at the option of the State) in school and regularly attending classes obtaining the basic skills needed for work; divided by

“(ii) the average monthly number of families with parents eligible for such temporary employment assistance who, during the fiscal year, are not in groups described under section 482(b).

“(B) SPECIAL RULES.—

“(i) INDIVIDUALS IN UNSUBSIDIZED JOBS.—For purposes of subparagraph (A)(i)(I), an individual shall be considered to be participating under a State plan approved under part A for each of the 1st 12 months (without regard to fiscal year) after an individual ceases to receive temporary employment assistance under such plan as the result of employment in an unsubsidized job and during which such individual does not reapply for such assistance.

“(ii) INDIVIDUALS IN WORK FIRST SUBSIDIZED JOBS.—For purposes of subparagraph (A)(i)(III), individuals in workfare or community service (as defined in section 493) may be counted if such individuals reside in areas—

“(I) with an unemployment rate exceeding 7.5 percent; or

“(II) with other circumstances deemed sufficient by the Secretary.

“(iii) DEEMED COMPLIANCE.—A State shall be deemed to have met the requirement in paragraph (I) if its work performance rate in a given fiscal year exceeds that of the prior fiscal year by 10 percentage points.

“(3) EFFECT OF FAILURE TO MEET WORK PERFORMANCE RATES.—If a State fails to achieve the work performance rate required by paragraph (I) for any fiscal year—

“(A) in the case of the 1st failure, the Secretary shall make recommendations for changes in the State Work First program to achieve future required work performance rates; and

“(A) in the case of the 2nd or subsequent failure—

“(i) the Secretary shall reduce by 10 percentage points (or less, at the discretion of the Secretary based on the degree of failure) the rate of Federal payments for the administrative expenses for the State plan approved under part A for the subsequent fiscal year;

“(ii) the Secretary shall make further recommendations for changes in the State Work First program to achieve future required work performance rates which the State may elect to follow; and

“(iii) the State shall demonstrate to the Secretary how the State shall achieve the required work performance rate for the subsequent fiscal year.

“(b) PERFORMANCE-BASED BONUSES.—

“(1) IN GENERAL.—In addition to any other payment under section 495, each State, beginning in fiscal year 1997, which has achieved its work performance rate for the fiscal year (as determined under subsection (a)) shall be entitled to receive a bonus in the subsequent fiscal year for each individual eligible for temporary employment assistance under the State plan approved under part A who is described in subsection (a)(2)(A)(i) in excess of the number of such individuals necessary to meet such work performance rate, but the aggregate of such bonuses for any fiscal year in the case of any State may not exceed the limitation determined under paragraph (3) with respect to the State.

“(2) USE OF PAYMENTS.—Bonus payments under this subsection—

“(A) may be used to supplement, not supplant, State funding of Work First or child care activities; and

“(B) shall be used in a manner which rewards job retention.

“(3) LIMITATION.—

“(A) IN GENERAL.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the average monthly number of adult recipients (as defined in section 495(a)(6)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

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

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

“(ii) \$200,000,000 for fiscal year 1998 rates payable in fiscal year 1999;

“(iii) \$300,000,000 for fiscal year 1999 rates payable in fiscal year 2000;

“(iv) \$400,000,000 for fiscal year 2000 rates payable in fiscal year 2001; and

“(v) \$500,000,000 for fiscal year 2001 rates payable in fiscal year 2002.

“Subpart 3—Program Components

“SEC. 486. PROGRAM COMPONENTS.

“(a) IN GENERAL.—Under the Work First program the State shall have the option to provide a wide variety of work-related activities to clients in the temporary employment assistance program under the State plan approved under part A, including job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, assistance in establishing microenterprises, and job counseling services described in this subpart.

“(b) JOB SEARCH ACTIVITIES.—Each client, who is not exempt from work requirements, shall begin Work First by participating in job search activities designed by the State for 2 months.

“(b) WORKFARE OR COMMUNITY SERVICE.—If, after 2 years, a client (who is not exempt from work requirements) who has signed a parent empowerment contract is not working at least 20 hours a week (within the meaning of section 485(a)(2)), then the State shall offer that client a workfare or community service position, with hours per week and tasks to be determined by the State.

“SEC. 487. JOB PLACEMENT; USE OF PLACEMENT COMPANIES.

“(a) IN GENERAL.—The State through the Work First program may operate its own job placement assistance program or may establish a job placement voucher program under subsection (b).

“(b) JOB PLACEMENT VOUCHER PROGRAM.—A job placement voucher program established by a State under this subsection shall include the following requirements:

“(1) LIST OF ORGANIZATIONS MAINTAINED.—The State shall identify, maintain, and make available to a client a list of State-approved job placement organizations that offer services in the area where the client resides and a description of the job placement and support services each such organization provides. Such organizations may be publicly or privately owned and operated.

“(2) EXECUTION OF CONTRACT.—A client shall, at the time the client becomes eligible for temporary employment assistance—

“(A) receive the list and description described in paragraph (1);

“(B) agree, in exchange for job placement and support services, to—

“(i) execute, within a period of time permitted by the State, a contract with a State-approved job placement organization which

provides that the organization shall attempt to find employment for the client; and

“(ii) comply with the terms of the contract; and

“(C) receive a job placement voucher (in an amount to be determined by the State) for payment to a State-approved job placement organization.

“(3) USE OF VOUCHER.—At the time a client executes a contract with a State-approved job placement organization, the client shall provide the organization with the job placement voucher that the client received pursuant to paragraph (2)(C).

“(4) REDEMPTION.—A State-approved job placement organization may redeem for payment from the State not more than 25 percent of the value of a job placement voucher upon the initial receipt of the voucher for payment of costs incurred in finding and placing a client in an employment position. The remaining value of such voucher shall not be redeemed for payment from the State until the State-approved job placement organization—

“(A) finds an employment position (as determined by the State) for the client who provided the voucher; and

“(B) certifies to the State that the client remains employed with the employer that the organization originally placed the client with for the greater of—

“(i) 6 continuous months; or

“(ii) a period determined by the State.

“(5) PERFORMANCE-BASED STANDARDS.—

“(A) IN GENERAL.—The State shall establish performance-based standards to evaluate the success of the State job placement voucher program operated under this subsection in achieving employment for clients participating in such voucher program. Such standards shall take into account the economic conditions of the State in determining the rate of success.

“(B) ANNUAL EVALUATION.—The State shall, not less than once a fiscal year, evaluate the job placement voucher program operated under this subsection in accordance with the performance-based standards established under subparagraph (A).

“(C) ANNUAL REPORT.—The State shall submit a report containing the results of an evaluation conducted under subparagraph (B) to the Secretary and a description of the performance-based standards used to conduct the evaluation in such form and under such conditions as the Secretary shall require. The Secretary shall review each report submitted under this subparagraph and may require the State to revise the performance-based standards if the Secretary determines that the State is not achieving an adequate rate of success for such State.

“SEC. 488. REVAMPED JOBS PROGRAM.

“The State through the Work First program may operate a program similar to the program known as the ‘GAIN Program’ that has been operated by Riverside County, California, under Federal law as in effect immediately before the effective date of this subpart.

“SEC. 489. TEMPORARY SUBSIDIZED JOB CREATION.

“The State through the Work First program may establish a program similar to the program known as ‘JOBS Plus’ that has been operated by the State of Oregon under Federal law as in effect immediately before the effective date of this subpart.

“SEC. 490. FAMILY INVESTMENT PROGRAM.

“The State through the Work First program may establish a program similar to the program known as the ‘Family Investment Program’ that has been operated by the State of Iowa to move families off of welfare and into self-sufficient employment.

“SEC. 491. MICROENTERPRISE.

“(a) GRANTS AND LOANS TO NONPROFIT ORGANIZATIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE, TRAINING, AND CREDIT TO LOW INCOME ENTREPRENEURS.—The State through the Work First program may make grants and loans to nonprofit organizations to provide technical assistance, training, and credit to low income entrepreneurs for the purpose of establishing microenterprises.

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

“SEC. 492. WORK SUPPLEMENTATION PROGRAM.

“(a) IN GENERAL.—The State through the Work First program may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to clients in the temporary employment assistance program under the State plan approved under part A and use the sums instead for the purpose of providing and subsidizing jobs for clients as an alternative to the temporary employment assistance that would otherwise be so payable to the clients.

“(b) SAMPLING METHODOLOGY PERMITTED.—In determining the amounts to be reserved and used for providing and subsidizing jobs under this section as described in subsection (a), the State may use a sampling methodology.

“(c) SUPPLEMENTED JOB.—For purposes of this section, a supplemented job is—

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

“(2) a job provided to an eligible client by any other employer for which at least part of the wages are paid by the State or local agency.

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

“(d) COST LIMITATION.—The amount of the Federal payment to a State under section 413 for expenditures incurred in making payments to clients and employers under a work supplementation program under this section shall not exceed an amount equal to the amount which would otherwise be payable under such section 413 if the family of each client employed in the program established in the State under this section had received the maximum amount of temporary employment assistance payable under the State plan approved under part A to such a family with no income for the number of months in which the client was employed in the program.

“(e) RULES OF INTERPRETATION.—

“(1) NO EMPLOYEE STATUS REQUIRED.—This section shall not be construed as requiring the State or local agency administering the State plan approved under part A to provide employee status to an eligible client to whom the State or local agency provides a job under the work supplementation program (or with respect to whom the State or local agency provides all or part of the wages paid to the client by another entity under the program).

“(2) WAGES ARE CONSIDERED EARNED INCOME.—Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

“(f) PRESERVATION OF MEDICAID ELIGIBILITY.—Any State that chooses to operate a work supplementation program under this section shall provide that any client who participates in the program, and any child or relative of the client (or other individual living in the same household as the client) who

would be eligible for temporary employment assistance under the State plan approved under part A if the State did not have a work supplementation program, shall be considered individuals receiving temporary employment assistance under the State plan approved under part A for purposes of eligibility for medical assistance under the State plan approved under title XIX.

“SEC. 493. WORKFARE AND COMMUNITY SERVICE.

“(a) IN GENERAL.—A State through the Work First program may establish and carry out a workfare or community service program that meets the requirements of this section.

“(b) WORKFARE DEFINED.—For purposes of this section, the term ‘workfare’ means a job provided to a client by the State administering the State plan under part A with respect to which the client works in return for assistance under such plan and receives no wages.

“(c) COMMUNITY SERVICE DEFINED.—For purposes of this section, the term ‘community service’ means work of benefit to the community, such as volunteer work in schools and community organizations.

“(d) ASSISTANCE NOT CONSIDERED EARNED INCOME.—Assistance paid under a workfare program shall not be considered to be earned income for purposes of any provision of law.

“(e) USE OF PLACEMENT COMPANIES.—A State that establishes a workfare or community service program under this section may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of clients in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such clients for temporary employment assistance.

“Subpart 4—Funding**“SEC. 495. FUNDING.**

“(a) FUNDING FOR WORK FIRST.—

“(1) IN GENERAL.—Each State that is operating a program in accordance with this part shall be entitled to payments under subsection (b) for any fiscal year in an amount equal to the sum of the applicable percentages (specified in such subsection) of its expenditures to carry out such program (subject to limitations prescribed by or pursuant to this part or this section on expenditures that may be included for purposes of determining payments under subsection (b)), but such payments for any fiscal year in the case of any State may not exceed the limitation determined under paragraph (2) with respect to the State.

“(2) LIMITATION.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (3) for such fiscal year as the average monthly number of adult recipients (as defined in paragraph (5)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

“(3) AMOUNT SPECIFIED.—Subject to paragraph (4), the amount specified in this paragraph is—

- “(A) \$1,700,000,000 for fiscal year 1997;
- “(B) \$1,900,000,000 for fiscal year 1998;
- “(C) \$2,200,000,000 for fiscal year 1999; and
- “(D) \$2,500,000,000 for fiscal years 2000, 2001, and 2002.

“(4) INDIAN TRIBAL GOVERNMENTS.—

“(A) APPLICATION.—

“(i) IN GENERAL.—An Indian tribe or Alaska Native organization may apply at any time to the Secretary (in such manner as the Secretary prescribes) to conduct a Work First program.

“(ii) PARTICIPATION.—If a tribe or organization chooses to apply and the application is approved, such tribe or organization shall be

entitled to a direct payment in the amount determined in accordance with the provisions of subparagraph (B) for each fiscal year beginning after such approval.

“(iii) NO PARTICIPATION.—If a tribe or organization chooses not to apply, the amount that would otherwise be available to such tribe or organization for the fiscal year shall be payable to the State in which that tribe or organization is located. Such amount shall be used by that State to provide Work First program services to the recipients living within that tribe or organization’s jurisdiction.

“(iv) NO MATCH REQUIRED.—Indian tribes and Alaska Native organizations shall not be required to submit a monetary match to receive a payment under this paragraph.

“(B) PAYMENT AMOUNT.—

“(i) IN GENERAL.—The Secretary shall pay directly to each Indian tribe or Alaska Native organization conducting a Work First program for a fiscal year an amount which bears the same ratio to 3 percent of the amount specified under paragraph (3) for such fiscal year as the adult Indian or Alaska Native population receiving temporary employment assistance residing within the area to be served by the tribe or organization bears to the total of such adults receiving such assistance residing within all areas which any such tribe or organization could serve.

“(ii) ADJUSTMENTS.—The Secretary shall from time to time review the components of the ratios established in clause (i) to determine whether the individual payments under this paragraph continue to reflect accurately the distribution of population among the grantees, and shall make adjustments necessary to maintain the correct distribution of funding.

“(C) USE IN SUCCEEDING FISCAL YEAR.—A grantee under this paragraph may use not to exceed 20 percent of the amount for the fiscal year under subparagraph (B) to carry out the Work First program in the succeeding fiscal year.

“(D) VOLUNTARY TERMINATION.—An Indian tribe or Alaska Native organization may voluntarily terminate its Work First program. The amount under subparagraph (B) with respect to such program for the fiscal year shall be payable to the State in which that tribe or organization is located. Such amount shall be used by that State to provide Work First program services to the recipients living within that tribe or organization’s jurisdiction. If a voluntary termination of a Work First program occurs under this subparagraph, the tribe or organization shall not be eligible to submit an application under this paragraph before the 6th year following such termination.

“(E) JOINT PROGRAMS.—An Indian tribe or Alaska Native organization may also apply to the Secretary jointly with 1 or more such tribes or organizations to administer a Work First program as a consortium. The Secretary shall establish such terms and conditions for such consortium as are necessary.

“(5) JOB CREATION.—Of the amount specified under paragraph (3), 5 percent shall be set aside by the Secretary for the program described in section 203(b) of the Work First Act of 1995.

“(6) DEFINITION.—For purposes of this subsection, the term ‘adult recipient’ in the case of any State means an individual other than a needy child (unless such child is the custodial parent of another needy child) whose needs are met (in whole or in part) with payments of temporary employment assistance.

“(b) STATE ALLOCATIONS.—

“(1) IN GENERAL.—The Secretary shall pay to each State that is operating a program in accordance with part F, with respect to expenditures by the State to carry out such

program (including expenditures for child care under section 405(b), but only with respect to a State to which section 1108 applies), an amount equal to—

“(A) with respect to so much of such expenditures in a fiscal year as do not exceed the State’s expenditures in the fiscal year 1987 with respect to which payments were made to such State from its allotment for such fiscal year pursuant to part C of this title as then in effect, 90 percent; and

“(B) with respect to so much of such expenditures in a fiscal year as exceed the amount described in subparagraph (A)—

“(i) 50 percent, in the case of expenditures for administrative costs (including costs of emergency assistance) made by a State in operating such program for such fiscal year (other than the costs of transportation and the personnel costs for case management staff employed full-time in the operation of such program); and

“(ii) 70 percent or the Federal medical assistance percentage (as defined in section 1905(b)) increased by 10 percentage points, whichever is the greater, in the case of expenditures made by a State in operating such program for such fiscal year (other than for costs described in clause (i)).

“(2) FORM OF PAYMENT.—With respect to the amount for which payment is made to a State under paragraph (1)(A), the State’s expenditures for the costs of operating such program may be in cash or in kind, fairly evaluated.

“(3) USE OF FUNDS.—A State may use amounts allocated under this subsection for all costs deemed necessary to assist program clients obtain and retain jobs, including emergency day care assistance or sick day care assistance, uniforms, eyeglasses, transportation, wage subsidies, and other employment-related special needs, as defined by the State. Such assistance may be provided through contract with community-based family resource programs under title II of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5116 et seq.).”

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendment made by subsection (a) shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(2) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply with the requirements of such amendment before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this paragraph, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

(3) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendment made by subsection (a), the amendment shall apply to the State on and after such earlier date as the State may select.

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

SEC. 202. CONSOLIDATION AND STREAMLINING OF SERVICES.

(a) IN GENERAL.—Section 407, as added by section 101(a), is amended by adding at the end the following new subsections:

“(i) CHANGING THE WELFARE BUREAUCRACY.—

“(1) IN GENERAL.—The State plan may describe the State’s efforts to streamline and consolidate activities to simplify the process of applying for a range of Federal and State assistance programs, including the use of—

“(A) ‘one-stop offices’ to coordinate the application process for individuals and families with low-incomes or limited resources and to ensure that applicants and recipients receive the information they need with regard to such range of programs; and

“(B) forms which are easy to read and understand or easily explained by State agency employees.

“(2) USE OF INCENTIVES.—The State plan may require the use of incentives (including Work First program funds) to change the culture of each State agency office with responsibilities under the State plan, to improve the performance of employees, and to ensure that the objective of each employee of each such State office is to find unsubsidized paid employment for each program client as efficiently and as quickly as possible.

“(3) CASEWORKER TRAINING AND RETRAINING.—The State plan may provide such training to caseworkers and related personnel as may be necessary to ensure successful job placements that result in full-time public or private employment (outside the State agencies with responsibilities under part A) for program clients.

“(j) COORDINATION OF SERVICES.—The State plan shall provide that the State agency may—

“(1) establish convenient locations in each community at which individuals and families with low-incomes or limited resources may apply for and (if appropriate) receive, directly or through referral to the appropriate provider, in appropriate languages and in a culturally sensitive manner—

“(A) temporary employment assistance under the State plan;

“(B) employment and education counseling;

“(C) job placement;

“(D) child care;

“(E) health care;

“(F) transportation assistance;

“(G) housing assistance;

“(H) child support services;

“(I) assistance under the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973;

“(J) unemployment insurance;

“(K) assistance under the Carl D. Perkins Vocational and Applied Technology Education Act;

“(L) assistance under the School-to-Work Opportunities Act of 1994;

“(M) assistance under Federal student loan programs;

“(N) assistance under the Job Training Partnership Act; and

“(O) other types of counseling and support services; and

“(2) assign to each recipient of assistance under the State plan, and to each applicant for such assistance, a case manager who—

“(A) is knowledgeable about community resources;

“(B) is qualified to refer the applicant or recipient to appropriate employment programs or education and training programs, or both, and needed health and social services; and

“(C) is required to coordinate the provision of benefits and services by the State to the

applicant or recipient, until the applicant or recipient is no longer eligible for—

“(i) assistance under the State plan;

“(ii) child care guaranteed by the State in accordance with section 405(b); and

“(iii) medical assistance under the State plan approved under title XIX.”

(b) TECHNICAL ASSISTANCE.—The Secretary of Health and Human Services shall provide technical assistance and training to States to assist the States in implementing effective management practices and strategies in order to make the operation of State offices described in section 407(i) of the Social Security Act (as added by subsection (a)) efficient and effective.

SEC. 203. JOB CREATION.

(a) GRANTS TO COMMUNITY-BASED ORGANIZATIONS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the “Secretary”) may make grants in accordance with this subsection using funds described in paragraph (2), and, to the extent allowed by the States, Work First funds under part F of title IV of the Social Security Act, to community-based organizations that move clients of temporary employment assistance under a State plan approved under part A of title IV of the Social Security Act or under other public assistance programs into private sector work.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection \$25,000,000 for fiscal year 1996 and \$50,000,000 for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

(3) ELIGIBLE ORGANIZATIONS.—The Secretary shall award grants to community-based organizations that—

(A) may receive at least 5 percent of their funding from local government sources; and

(B) move clients referred to in paragraph (1) in the direction of unsubsidized private employment by integrating and co-locating at least 5 of the following services—

(i) case management;

(ii) job training;

(iii) child care;

(iv) housing;

(v) health care services;

(vi) nutrition programs;

(vii) life skills training; and

(viii) parenting skills.

(4) AWARDING OF GRANTS.—

(A) IN GENERAL.—The Secretary shall award grants based on the quality of applications, subject to subparagraphs (B) and (C).

(B) PREFERENCE IN AWARDING GRANTS.—In awarding grants under this subsection, the Secretary shall give preference to organizations which receive more than 50 percent of their funding from State government, local government or private sources.

(C) DISTRIBUTION OF GRANT.—The Secretary shall award at least 1 grant to each State from which the Secretary received an application.

(D) LIMITATION ON SIZE OF GRANT.—The Secretary shall not award any grants under this subsection of more than \$1,000,000.

(5) ISSUANCE OF REGULATIONS.—Not less than 6 months after the date of the enactment of this subsection, the Secretary shall prescribe such regulations as may be necessary to implement this subsection.

(b) GRANTS TO EXPAND THE NUMBER OF JOB OPPORTUNITIES AVAILABLE TO CERTAIN LOW-INCOME INDIVIDUALS.—

(1) IN GENERAL.—The Secretary shall enter into agreements with nonprofit organizations (including community development corporations) submitting applications under this subsection for the purpose of conducting projects in accordance with paragraph (2) and funded under section 495(a)(5) to create employment opportunities for certain low-income individuals.

(2) NATURE OF PROJECT.—

(A) IN GENERAL.—Each nonprofit organization conducting a project under this subsection shall provide technical and financial assistance to private employers in the community to assist such employers in creating employment and business opportunities for those individuals eligible to participate in the projects as described in this paragraph.

(B) NONPROFIT ORGANIZATIONS.—For purposes of this subsection, a nonprofit organization is any organization (including a community development corporation) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986 by reason of paragraph (3) or (4) of section 501(c) of such Code.

(C) ELIGIBLE LOW-INCOME INDIVIDUALS.—For purposes of this subsection, a low-income individual eligible to participate in a project conducted under this subsection is any individual eligible to receive temporary employment assistance under part A of title IV of the Social Security Act (as added by section 101 of this Act) and any other individual whose income level does not exceed 100 percent of the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section).

(3) CONTENT OF APPLICATIONS; SELECTION PRIORITY.—

(A) CONTENT OF APPLICATIONS.—Each nonprofit organization submitting an application under this subsection shall, as part of such application, describe—

(i) the technical and financial assistance that will be made available under the project conducted under this subsection;

(ii) the geographic area to be served by the project;

(iii) the percentage of low-income individuals (as described in paragraph (2)(C)) and individuals receiving temporary employment assistance under title IV of the Social Security Act (as so added) in the area to be served by the project; and

(iv) unemployment rates in the geographic areas to be served and (to the extent practicable) the jobs available and skills necessary to fill those vacancies in such areas.

(B) SELECTION PRIORITY.—In approving applications under this subsection, the Secretary shall give priority to applications proposing to serve those areas containing the highest percentage of individuals receiving temporary employment assistance under title IV of such Act (as so added).

(4) ADMINISTRATION.—Each nonprofit organization participating in a project conducted under this subsection shall provide assurances in its agreement with the Secretary that the organization has or will have a cooperative relationship with the agency responsible for administering the Work First program (as provided for under part F of title IV of the Social Security Act, as added by section 201 of this Act) in the area served by the project.

TITLE III—SUPPORTING WORK**SEC. 301. EXTENSION OF TRANSITIONAL MEDICAID BENEFITS.**

(a) EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TEMPORARY EMPLOYMENT ASSISTANCE RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r-6(b)(1)) is amended by striking the period at the end and inserting the following: “, and shall provide that the State shall offer to each such family the option of extending coverage under this subsection for an additional 2 succeeding 6-month periods in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.”.

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r-6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking “EXTENSION” and inserting “EXTENSIONS”;

(II) in the heading of paragraph (1), by striking “REQUIREMENT” and inserting “IN GENERAL”;

(III) in paragraph (2)(B)(ii)—

(aa) in the heading, by striking “PERIOD” and inserting “PERIODS”;

(bb) by striking “in the period” and inserting “in each of the 6-month periods”;

(IV) in paragraph (3)(A), by striking “the 6-month period” and inserting “any 6-month period”;

(V) in paragraph (4)(A), by striking “the extension period” and inserting “any extension period”;

(VI) in paragraph (5)(D)(i), by striking “is a 3-month period” and all that follows and inserting the following: “is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the first or fourth month of such extension period.”; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602) note is amended—

(i) by striking “(A)”;

(ii) by striking subparagraphs (B) and (C).

(b) TRANSITIONAL ELIGIBILITY FOR MEDICAID.—Part A of title IV, as added by section 101(a) is amended by adding at the end the following new section:

“SEC. 417. TRANSITIONAL ELIGIBILITY FOR MEDICAID.

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

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to calendar quarters beginning on or after October 1, 1996, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

(2) WHEN STATE LEGISLATION IS REQUIRED.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

SEC. 302. CONSOLIDATED CHILD CARE DEVELOPMENT BLOCK GRANT.

(a) PURPOSE.—It is the purpose of this section to—

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

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

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

(b) AMENDMENTS TO CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.—

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

“SEC. 658B. APPROPRIATION.

“(a) AUTHORIZATION OF APPROPRIATIONS OF BLOCK GRANT FUNDS.—For the purpose of providing child care services for eligible children through the awarding of grants to States under this subchapter (other than the grants awarded under subsection (b)) by the Secretary, there are authorized to be appropriated, \$949,000,000 for each of the fiscal years 1996 through 2002.

“(b) APPROPRIATIONS OF FEDERAL MATCHING FUNDS.—For the purpose of providing child care services for eligible children through the awarding of matching grants to States under section 658J(d) by the Secretary, there are authorized to be appropriated and are hereby appropriated, \$1,155,000,000 for fiscal year 1996, \$1,900,000,000 for fiscal year 1997, \$2,500,000,000 for fiscal year 1998, \$3,200,000,000 for fiscal year 1999, \$4,100,000,000 for fiscal year 2000, \$4,600,000,000 for fiscal year 2001, and \$4,900,000,000 for fiscal year 2002.”.

(2) USE OF FUNDS.—Section 658E(c)(3)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(3)(B)) is amended—

(A) in clause (i), by striking “with very low family incomes (taking into consideration family size)” and inserting “described in clause (ii) (in the order so described)”;

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

(C) by striking “Subject” and inserting the following:

“(i) IN GENERAL.—Subject”;

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

“(ii) FAMILIES DESCRIBED.—The families described in this clause are the following:

“(I) Families containing an individual receiving temporary employment assistance under a State plan approved under part A of title IV of the Social Security Act and participating in job search, work, or Work First.

“(II) Families containing an individual who—

“(aa) no longer qualifies for child care assistance under section 405(b) of the Social Security Act because such individual has ceased to receive assistance under the temporary employment assistance program under part A of title IV of the Social Security Act as a result of increased hours of, or increased income from, employment; and

“(bb) the State determines requires such child care assistance in order to continue such employment (but only for the 1-year period beginning on the date that the individual no longer qualifies for child care assistance under section 405(b) of such Act, and, at the option of the State, for the additional 1-year period beginning after the conclusion of the first 1-year period).

“(III) Families containing an individual who—

“(aa) is not described in subclause (I) or (II); and

“(bb) has an annual income for a fiscal year below the poverty line.

For purposes of item (bb), a State may opt to provide child care services to families at or above the poverty line and below 75 percent of the State median income but only with respect to 10 percent of the State's grant under this subchapter or a greater percentage of the State's grant if such increased amount is necessary to provide child care to families who were receiving such care on the day before the date of the enactment of the Work First Act of 1995.

(3) SET-ASIDES FOR QUALITY AND EXPANSION.—Section 658E(c)(3) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3))—

(A) in subparagraph (C), by striking "25 percent" and inserting "10 percent"; and

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

"(D) EXPANSION OF CHILD CARE.—The State shall reserve not less than 10 percent of the amount provided to the State and available for providing services under this subchapter, to provide for the expansion of child care facilities available to support working families residing in the State."

(4) SLIDING FEE SCALE.—Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)) is amended by inserting "described in subclauses (II) and (III) of paragraph (3)(B)(ii)" after "families".

(5) MATCHING REQUIREMENT FOR NEW FUNDS.—

(A) IN GENERAL.—Section 658J of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h) is amended by adding at the end the following new subsections:

"(d) MATCHING REQUIREMENT FOR CERTAIN NEW FUNDS.—

"(1) AMOUNT OF FEDERAL PAYMENT.—Subject to paragraph (2), the Secretary shall make quarterly payments to each State that has an application approved under section 658E(d) in an amount equal to the greater of—

"(A) 70 percent; or

"(B) the Federal medical assistance percentage (as defined in section 1905(b)) increased by 10 percentage points,

of the total amount expended during the quarter under the State plan in excess of the State's quarterly allotment under section 658O.

"(2) LIMITATION.—

"(A) IN GENERAL.—Payments under this subsection to a State for any fiscal year may not exceed the limitation determined under subparagraph (B) with respect to the State.

"(B) LIMITATION DETERMINED.—The limitation determined under this subparagraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (C) as the amount allotted to the State under 658O bears to the amount allotted to all States (after reserving the amount for Indian tribes required under section 658O(a)(2)).

"(C) AMOUNT SPECIFIED.—The amount specified in this subparagraph is the amount appropriated for such fiscal year under section 658B(b) reduced by the amount reserved for Indian tribes under subsection (e).

"(D) LIMITATION RAISED.—If the limitation determined under subparagraph (A) with respect to a State for a fiscal year exceeds the amount paid to the State under this subsection for the fiscal year, the limitation determined under this paragraph with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

"(3) FORM OF PAYMENT.—With respect to the amount for which payment is made to a State under paragraph (1), the State's expenditures for the costs of operating such programs may be in cash or in kind, fairly evaluated.

"(4) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying amounts under paragraph (1) shall be as follows:

"(A) AMOUNT BASED ON ESTIMATE.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under paragraph (1), such estimate to be based on—

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

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

"(B) REDUCTION OR INCREASE.—The Secretary shall reduce or increase the amount to be paid, as the case may be, by any sum by which the Secretary finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary for such prior quarter.

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

"(f) SAME TREATMENT AS ALLOTMENTS.—Amounts paid to a State or Indian tribe under subsections (d) and (e) shall be subject to the same requirements under this subchapter as amounts paid from the allotment under section 658O."

(B) CONFORMING AMENDMENTS.—Section 658O of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended—

(i) in subsection (a)—

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

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

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

(6) IMPROVING QUALITY.—

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

(B) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

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

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

"(b) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—

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

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

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

"(2) FUNDING.—From the amounts made available for each fiscal year under subsection (a), the Secretary shall reserve not to exceed \$50,000,000 in each such fiscal year to carry out this subsection."

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

(8) DEFINITION OF ELIGIBLE CHILD.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended to read as follows:

"(B) who is a member of a family described in section 658E(c)(3)(B)(ii); and"

(9) DEFINITION OF POVERTY LINE.—Section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n) is amended—

(A) by redesignating paragraphs (10) through (14) as paragraphs (11) through (15), respectively; and

(B) by inserting after paragraph (9), the following new paragraph:

"(10) POVERTY LINE.—The term 'poverty line' means the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section) that—

"(A) in the case of a family of less than 4 individuals, is applicable to a family of the size involved; and

"(B) in the case of a family of 4 or more individuals, is applicable to a family of 4 individuals."

(c) PROGRAM REPEALS.—

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

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

TITLE IV—ENDING THE CYCLE OF INTERGENERATIONAL DEPENDENCY

SEC. 401. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

Section 402(c), as added by section 101(a), is amended by adding at the end the following new paragraph:

"(7) SUPERVISED LIVING ARRANGEMENTS FOR MINORS.—The State plan shall provide that—

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

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

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

"(B)(i) in the case of an individual described in clause (ii)—

"(I) the State agency shall assist such individual in locating an appropriate adult-supervised supportive living arrangement taking into consideration the needs and concerns of the individual, unless the State

agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate), or

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

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

“(I) such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

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

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

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

SEC. 402. REINFORCING FAMILIES.

(a) IN GENERAL.—Title XX (42 U.S.C. 1397–1397e) is amended by adding at the end the following new section:

“SEC. 2008. ADULT-SUPERVISED GROUP HOMES.

“(a) ENTITLEMENT.—

“(1) IN GENERAL.—In addition to any payment under sections 2002 and 2007, beginning with fiscal year 1996, each State shall be entitled to funds under this section for each fiscal year for the establishment, operation, and support of adult-supervised group homes for custodial parents under age 18 (or age 19, at the option of the State) and their children.

“(2) PAYMENT TO STATES.—

“(A) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment (determined in accordance with subsection (b)) for such fiscal year, to be used by such State for the purposes set forth in paragraph (1).

“(B) TRANSFERS OF FUNDS.—The Secretary shall make payments in accordance with section 6503 of title 31, United States Code, to each State from its allotment for use under this title.

“(C) USE.—Payments to a State from its allotment for any fiscal year must be expended by the State in such fiscal year or in the succeeding fiscal year.

“(D) TECHNICAL ASSISTANCE.—A State may use a portion of the amounts described in subparagraph (A) for the purpose of purchasing technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, or administering the program funded under this section.

“(3) ADULT-SUPERVISED GROUP HOME.—For purposes of this section, the term ‘adult-supervised group home’ means an entity that provides custodial parents under age 18 (or age 19, at the option of the State) and their children with a supportive and supervised living arrangement in which such parents are required to learn parenting skills, in-

cluding child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children. An adult-supervised group home may also serve as a network center for other supportive services that are available in the community.

“(b) ALLOTMENT.—

“(1) CERTAIN JURISDICTIONS.—The allotment for any fiscal year to each of the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to the amount specified under paragraph (3) as the allotment that the jurisdiction receives under section 2003(a) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

“(2) OTHER STATES.—The allotment for any fiscal year for each State other than the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

“(A) the amount specified under paragraph (3), reduced by

“(B) the total amount allotted to those jurisdictions for that fiscal year under paragraph (1),

as the allotment that the State receives under section 2003(b) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

“(3) AMOUNT SPECIFIED.—The amount specified for purposes of paragraphs (1) and (2) shall be \$95,000,000 for fiscal year 1996 and each subsequent fiscal year.

“(c) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the community in any area in which an adult-supervised group home receiving funds pursuant to this section is to be established. In determining criteria for targeting funds received under this section, each State shall evaluate the community's commitment to the establishment and planning of the home.

“(d) LIMITATIONS ON THE USE OF FUNDS.—

“(1) CONSTRUCTION.—Except as provided in paragraph (2), funds made available under this section may not be used by the State, or any other person with which the State makes arrangements to carry out the purposes of this section, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility.

“(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon the State's request for such a waiver if the Secretary finds that the request describes extraordinary circumstances to justify the waiver and that permitting the waiver will contribute to the State's ability to carry out the purposes of this section.

“(e) TREATMENT OF INDIAN TRIBES.—

“(1) IN GENERAL.—An Indian tribe may apply to the Secretary to establish, operate, and support adult-supervised group homes for custodial parents under age 18 (or age 19, at the option of the State) and their children in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

“(2) ALLOTMENT.—If the Secretary approves an Indian tribe's application, the Secretary shall allot to such tribe for a fiscal year an amount which the Secretary determines is the Indian tribe's fair and equitable share of the amount specified under para-

graph (3) for all Indian tribes with applications approved under this subsection (based on allotment factors to be determined by the Secretary). The Secretary shall determine a minimum allotment amount for all Indian tribes with applications approved under this subsection. Each Indian tribe with an application approved under this subsection shall be entitled to such minimum allotment.

“(3) AMOUNT SPECIFIED.—The amount specified under this paragraph for all Indian tribes with applications approved under this subsection is \$5,000,000 for fiscal year 1996 and each subsequent fiscal year.

“(4) INDIAN TRIBE DEFINED.—For purposes of this section, the term ‘Indian tribe’ means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.”.

(b) RECEIPT OF PAYMENTS BY ADULT-SUPERVISED GROUP HOMES.—Section 402(c)(7)(A)(ii), as added by section 401(a), is amended by striking “or other adult relative” and inserting “other adult relative, or adult-supervised group home receiving funds under section 2008”.

(c) RECOMMENDATIONS ON USE OF GOVERNMENT SURPLUS PROPERTY.—Not later than 6 months after the date of the enactment of this Act, after consultation with the Secretary of Defense, the Secretary of Housing and Urban Development, and the Administrator of the General Services Administration, the Secretary of Health and Human Services shall submit recommendations to the Congress on the extent to which surplus properties of the United States Government may be used for the establishment of adult-supervised group homes receiving funds under section 2008 of the Social Security Act, as added by this section.

SEC. 403. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.

(a) IN GENERAL.—Section 403(b)(4), as added by section 101(a), is amended—

(1) by inserting “(A)” after “(4)”; and

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

“(B) In the case of a client who is a custodial parent who is under age 18 (or age 19, at the option of the State), has not successfully completed a high-school education (or its equivalent), and is required to participate in the Work First program (including an individual who would otherwise be exempt from participation in the program), provides that—

“(i) such parent participate in—

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

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

“(ii) child care be provided in accordance with section 405(b) with respect to the family.”.

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

(1) STATE PLAN.—Section 403(b)(4), as amended by subsection (a), is amended by inserting after subparagraph (B) the following new subparagraph:

“(C) At the option of the State, provides that the client who is a custodial parent or pregnant woman who is under age 19 (or age 21, at the option of the State) participate in a program of monetary incentives and penalties which—

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

“(ii) shall require that the needs of such custodial parent or pregnant woman be reviewed and the program assure that, either in the initial development or revision of such individual’s parent empowerment contract, there will be included a description of the services that will be provided to the client and the way in which the program and service providers will coordinate with the educational or skills training activities in which the client is participating;

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

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

“(v) shall provide that when a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive be paid directly to such parent, regardless of whether the State agency makes payment of assistance under the State plan directly to such parent; and

“(vi) for purposes of any other Federal or federally-assisted program based on need, shall not consider any monetary incentive paid under this subsection as income in determining a family’s eligibility for or amount of benefits under such program, and if assistance is reduced by reason of a penalty under this subparagraph, such other program shall treat the family involved as if no such penalty has been applied.”

SEC. 404. DRUG TREATMENT AND COUNSELING AS PART OF THE WORK FIRST PROGRAM.

Section 403(b)(6), as added by section 101(a), is amended—

(1) by inserting “(A)” after “(6)”; and

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

“(B) In the case of a client who is a custodial parent and who is under age 18 (or age 19, at the option of the State) (including an individual who would otherwise be exempt from participation in the program), whose contract reflects the need for treatment for substance abuse, requires such individual to participate in substance abuse treatment if appropriate treatment is available.”

SEC. 405. TARGETING YOUTH AT RISK OF TEEN-AGE PREGNANCY.

(a) IN GENERAL.—Section 406(e), as added by section 101(a), is amended to read as follows:

“(e) OUT-OF-WEDLOCK AND TEEN PREGNANCY PROGRAMS.—

“(1) OUT-OF-WEDLOCK PREGNANCIES.—The State plan shall provide for the development of a program to reduce the incidence of out-of-wedlock pregnancies, which may include providing unmarried mothers and unmarried fathers with services which will help them—

“(A) avoid subsequent pregnancies, and

“(B) provide adequate care to their children.

“(2) TEEN PREGNANCIES.—

“(A) IN GENERAL.—The State plan shall provide that the State agency may, to the extent it determines resources are available, provide for the operation of projects to re-

duce teenage pregnancy. Such projects shall be operated by eligible entities that have submitted applications described in subparagraph (C) that have been approved in accordance with subparagraph (D).

“(B) ELIGIBLE ENTITIES.—For purposes of this paragraph, the term ‘eligible entity’ includes State agencies, local agencies, publicly supported organizations, private nonprofit organizations, and consortia of such entities.

“(C) APPLICATIONS.—An application described in this subparagraph shall—

“(i) describe the project;

“(ii) include an endorsement of the project by the chief elected official of the jurisdiction in which the project is to be located;

“(iii) demonstrate strong local commitment and local involvement in the planning and implementation of the project; and

“(iv) be submitted in such manner and containing such information as the Secretary may require.

“(D) APPROVAL.—

“(i) IN GENERAL.—Subject to clause (ii), the chief executive officer of a State may approve an application under this subparagraph based on selection criteria (to be determined by the chief executive officer).

“(ii) PREFERENCES.—Preference in approving a project shall be accorded to be projects that target—

“(I) both young men and women;

“(II) areas with high teenage pregnancy rates; or

“(III) areas with a high incidence of individuals receiving temporary employment assistance.

“(E) INDIAN TRIBES.—

“(i) IN GENERAL.—An Indian tribe may apply to the Secretary to provide for the operation of projects to reduce teenage pregnancy in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subparagraph, the provisions of this paragraph shall apply to Indian tribes receiving funds under this paragraph in the same manner and to the same extent as the other provisions of this paragraph apply to States.

“(ii) LIMITATION.—The Secretary shall limit the number of applications approved under this subparagraph to ensure that payments under section 413(d) to Indian tribes with approved applications would not result in payments of less than a minimum payment amount (to be determined by the Secretary).

“(C) INDIAN TRIBE DEFINED.—For purposes of this subparagraph, the term ‘Indian tribe’ means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.

“(F) PROJECT LENGTH.—A project conducted under this paragraph shall be conducted for not less than 3 years.

“(G) STUDY.—

“(i) IN GENERAL.—The Secretary shall conduct a study in accordance with clause (ii) to determine the relative effectiveness of the different approaches for preventing teenage pregnancy utilized in the projects conducted under this paragraph.

“(ii) REQUIREMENTS.—The study required under clause (i) shall—

“(I) be based on data gathered from projects conducted in 5 States chosen by the Secretary from among the States in which projects under this paragraph are operated;

“(II) use specific outcome measures (determined by the Secretary) to test the effectiveness of the projects;

“(III) use experimental and control groups (to the extent possible) that are composed of

a random sample of participants in the projects; and

“(IV) be conducted in accordance with an experimental design determined by the Secretary to result in a comparable design among all projects.

“(iii) INTERIM DATA.—Each eligible entity conducting a project under this paragraph shall provide to the Secretary in such form and with such frequency as the Secretary requires interim data from the projects conducted under this paragraph. The Secretary shall report to the Congress annually on the progress of such projects and shall, not later than January 1, 2003, submit to the Congress a final report on the study required under clause (i).

“(iv) AUTHORIZATION.—There are authorized to be appropriated \$500,000 for each of fiscal years 1996 through 2002 for the purpose of conducting the study required under clause (i).”

(b) PAYMENT.—Section 413, as added by section 101(a), is amended by adding at the end the following new subsection:

“(d) FUNDING FOR TEEN PREGNANCY PROJECTS.—

“(1) IN GENERAL.—In addition to any payment under subsection (a), each State shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2002 of an amount equal to the lesser of—

“(A) 75 percent of the expenditures by the State in providing for the operation of the projects under section 406(e)(2), and in administering the projects under such section; or

“(B) the limitation determined under paragraph (2) with respect to the State for the fiscal year.

“(2) LIMITATION.—

“(A) IN GENERAL.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to \$71,250,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section) in the State in the second preceding fiscal year bears to such population residing in the United States in the second preceding fiscal year.

“(B) ADJUSTMENT.—If the limitation determined under subparagraph (A) with respect to a State for a fiscal year exceeds the amount paid to the State under this subsection for the fiscal year, the limitation determined under this paragraph with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

“(3) INDIAN TRIBES.—

“(A) IN GENERAL.—Notwithstanding any other provision of this title, for purposes of this subsection, an Indian tribe with an application approved under section 406(e)(2)(E) shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2002 of an amount equal to the lesser of—

“(i) 75 percent of the expenditures by the Indian tribe in providing for the operation of the projects under section 406(e)(2)(E), and in administering the projects under such section; or

“(ii) the limitation determined under subparagraph (B) with respect to the Indian tribe for the fiscal year.

“(B) LIMITATION.—

“(i) IN GENERAL.—The limitation determined under this subparagraph with respect to an Indian tribe for any fiscal year is the amount that bears the same ratio to \$3,750,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)),

including any revision required by such section) in the Indian tribe in the second preceding fiscal year bears to such population of all Indian tribes with applications approved under section 406(e)(2)(E) in the second preceding fiscal year.

“(i) ADJUSTMENT.—If the limitation determined under clause (i) with respect to an Indian tribe for a fiscal year exceeds the amount paid to the Indian tribe under this paragraph for the fiscal year, the limitation determined under this subparagraph with respect to the Indian tribe for the immediately succeeding fiscal year shall be increased by the amount of such excess.

“(4) USE OF APPROPRIATIONS.—Amounts appropriated for a fiscal year to carry out this part shall be made available for payments under this subsection for such fiscal year.”.

SEC. 406. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education, the Secretary of Health and Human Services, and the Chief Executive Officer of the Corporation for National and Community Service shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the “National Clearinghouse on Teenage Pregnancy Prevention Programs”.

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

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

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

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

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

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

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. 407. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this title shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(b) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the additional requirements imposed by the amendments made by this title, the State shall not be regarded as failing to comply with the requirements of such amendments before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this subsection, in the case of a State that has a 2-year legislative session, each year of

the session shall be treated as a separate regular session of the State legislature.

TITLE V—INTERSTATE CHILD SUPPORT RESPONSIBILITY

SEC. 500. SHORT TITLE.

This title may be cited as the “Interstate Child Support Responsibility Act of 1995”.

Subtitle A—Improvements to the Child Support Collection System

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

SEC. 501. STATE OBLIGATION TO PROVIDE PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT SERVICES.

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

“(12) Procedures under which—

“(A) every child support order established or modified in the State on or after October 1, 1998, is recorded in the central case registry established in accordance with section 454A(e); and

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

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

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

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

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

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

“(A) each child with respect to whom an assignment is effective under section 402(c), 471(a)(17), or 1912 (except in cases in which the State agency determines, in accordance with paragraph (25), that it is against the best interests of the child to do so); and

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

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

“(ii) on and after October 1, 1998, with respect to whom a support order is recorded in the central State case registry established under section 454A—

“(I) if application is made for services under this part; or

“(II) at the option of the State, unless such services are declined;”;

(2) in paragraph (6)—

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

“(6) provide that—

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

(B) in subparagraph (B)—

(i) by inserting “on individuals other than individuals with respect to whom an assignment under parts A or E or title XIX is effective (except as provided in section 457(c))” after “such services shall be imposed”; and

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

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

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

(3) in paragraph (23)—

(A) by striking “the State will regularly” and inserting “the State will—

“(A) regularly”;

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

“(B) have a plan for outreach to parents designed to disseminate information about and increase access to child support enforcement services, including plans responding to needs—

“(i) of working parents to obtain such services without taking time off work; and

“(ii) of parents with limited proficiency in English for elimination of language barriers to use of such services; and”;

(4) (A) by striking “and” at the end of paragraph (23);

(B) by striking the period at the end of paragraph (24) and inserting “; and”;

(C) by inserting after paragraph (24) the following new paragraph:

“(25) provide that the State establish procedures for any absent parent owing child support arrearages to enter into a repayment plan with the State, engage in community service, or face imprisonment.”.

(c) CONFORMING AMENDMENTS.—

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

(2) STATE PLAN.—Section 454(23)(A) (42 U.S.C. 654(23)(A)), as amended by subsection (b)(3), is amended, effective October 1, 1998, by striking “information as to any application fees for such services and”.

(3) PROCEDURES TO IMPROVE ENFORCEMENT.—Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking “in the case of overdue support which a State has agreed to collect under section 454(6)” and inserting “in any other case”.

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

SEC. 502. DISTRIBUTION OF PAYMENTS.

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

(1) in subparagraph (A)—

(A) by striking section 402(a)(26) is effective,” and inserting “section 403(b)(7)(A) is effective, except as otherwise specifically provided in section 464 or 466(a)(3),”; and

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

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

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

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

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

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

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

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

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

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

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

(B) in paragraph (4), by striking “or (B)” and all that follows through the period and inserting “; then (B) from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and then (C) any remainder shall be paid to the family.”; and

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

“(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAMILY RECEIVING TEA.—In the case of a State electing the option under this subsection, amounts collected as described in subsection (a) shall be distributed as follows:

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

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

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

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

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

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

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

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

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

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

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

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

“(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned to the State making the col-

lection pursuant to part A shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

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

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

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

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

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

(1) in paragraph (11)—

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

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

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

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall become effective on October 1, 1996.

(2) FAMILY NOT RECEIVING TEA.—The amendment made by subsection (c) shall become effective on October 1, 1999.

(3) SPECIAL RULES.—

(A) APPLICABILITY.—A State may elect to have the amendments made by this section (other than subsection (c)) become effective only with respect to child support cases beginning on or after October 1, 1996.

(B) DELAYED IMPLEMENTATION.—A State may elect to have the amendments made by this section (other than subsection (c)) become effective on a date later than October 1, 1996, which date shall coincide with the operation of the single statewide automated data processing and information retrieval system required by section 454A of the Social Security Act (as added by section 515(a)(2) of this Act) and the State centralized collection unit required by section 454B of the Social Security Act (as added by section 522(b) of this Act).

SEC. 503. RIGHTS TO NOTIFICATION AND HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 502(f), is amended by inserting after paragraph (11) the following new paragraph:

“(12) establish procedures to provide that—

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

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

“(ii) receive a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should

be no change in the amount of the child support award, within 14 days after issuance of such order or determination;

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

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

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

SEC. 504. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 501(b)(4), 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”;

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

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

“(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

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

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

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

PART II—PROGRAM ADMINISTRATION AND FUNDING

SEC. 511. FEDERAL MATCHING PAYMENTS.

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

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

“(A) for fiscal years 1996, 1997, and 1998, 66 percent,

“(B) for fiscal year 1999, 69 percent,

“(C) for fiscal year 2000, 72 percent, and

“(D) for fiscal year 2001 and succeeding fiscal years, 75 percent.”.

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

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

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

“(c) Notwithstanding the provisions of subsection (a), total expenditures for the State program under this part for fiscal year 1999 and each succeeding fiscal year (excluding 1-time capital expenditures for automation), reduced by the percentage specified for such fiscal year under subsection (a)(2) shall not be less than such total expenditures for fiscal year 1996, reduced by 66 percent.”.

SEC. 512. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

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

“INCENTIVE ADJUSTMENTS TO MATCHING RATE**“SEC. 458. (a) INCENTIVE ADJUSTMENT.—**

“(1) IN GENERAL.—In order to encourage and reward State child support enforcement programs which perform in an effective manner, the Federal matching rate for payments to a State under section 455(a)(1)(A), for each fiscal year beginning on or after October 1, 1998, shall be increased by a factor reflecting the sum of the applicable incentive adjustments (if any) determined in accordance with regulations under this section with respect to Statewide paternity establishment and to overall performance in child support enforcement.

“(2) STANDARDS.—

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

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

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

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

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

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

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

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

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

“(b) MEANING OF TERMS.—

“(1) STATEWIDE PATERNITY ESTABLISHMENT PERCENTAGE.—

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

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

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

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

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

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

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

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

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

(b) ADJUSTMENT OF PAYMENTS UNDER PART D OF TITLE IV.—Section 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section 511(a), is amended—

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

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

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

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

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

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

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

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

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

(A) by striking “paternity establishment percentage” and inserting “IV-D paternity establishment percentage”; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) For purposes of this subsection, section 406(b), and section 452(a)(4), a State which is determined as a result of an audit to have submitted incomplete or unreliable data pursuant to section 454(15)(B), shall be determined to have submitted adequate data if the Secretary determines that the extent of the incompleteness or unreliability of the data is of a technical nature which does not adversely affect the determination of the level of the State’s performance.”.

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

(f) EFFECTIVE DATES.—**(1) INCENTIVE ADJUSTMENTS.—**

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

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

(2) PENALTY REDUCTIONS.—

(A) IN GENERAL.—The amendments made by subsection (d) shall become effective with respect to calendar quarters beginning on and after the date of the enactment of this Act.

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

SEC. 513. FEDERAL AND STATE REVIEWS AND AUDITS.

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

(1) in paragraph (14)—
 (A) by striking “(14)” and inserting “(14)(A)”; and

(B) by inserting after the semicolon “and”;
 (2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

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

“(15) provide for—

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

“(i) which shall include such information as may be necessary to measure State compliance with Federal requirements for expedited procedures and timely case processing, using such standards and procedures as are required by the Secretary; and

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

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

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

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

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

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

“(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet requirements of this part, or of regulations implementing such requirements, concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used for the calculations of performance indicators specified in subsection (g) and section 458;

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

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

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

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

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

SEC. 514. REQUIRED REPORTING PROCEDURES.

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

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4) and 504(a), is amended—

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

(2) by striking the period at the end of paragraph (26) and inserting “; and”; and

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

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

SEC. 515. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

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

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

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

(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”; and

(E) by striking “(i)”; and

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

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

“AUTOMATED DATA PROCESSING

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

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

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

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

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

“(1) use the automated system—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by sections 504(a)(2) and 514(b)(1), is amended to read as follows:

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

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

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

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(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 through “thereof”; 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 year 1996, 90 percent of so much of State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16), or meeting such requirements without regard to subparagraph (D) thereof, but limited to the amount approved for the State in the advance planning document of such State submitted before May 1, 1995.

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

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

“(I) 80 percent, or

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

(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 \$260,000,000 in the aggregate under section 455(a)(3) of the Social Security Act for fiscal years 1996, 1997, 1998, 1999, and 2000.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3) of such Act for fiscal years 1996, 1997, 1998, 1999, and 2000 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.

SEC. 516. DIRECTOR OF CSE PROGRAM; STAFFING STUDY.

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

(b) STAFFING STUDIES.—

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

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

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

(2) FREQUENCY OF STUDIES.—The Secretary shall complete the first staffing study required under paragraph (1) not later than October 1, 1997, and may conduct additional studies subsequently at appropriate intervals.

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

SEC. 517. FUNDING FOR ASSISTANCE TO STATE PROGRAMS.

Section 452 (42 U.S.C. 652), as amended by section 515(a)(3), is amended by adding at the end the following new subsection:

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

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

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

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

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

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

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

SEC. 518. DATA COLLECTION AND REPORTS BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

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

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

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

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

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

“(iii) the number of cases involving families—

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

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

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

(A) in the matter preceding clause (i), by striking “with the data required under each clause being separately stated for cases” and all that follows through “part;” and inserting “separately stated for cases where the family of the child is receiving temporary

employment assistance (or foster care maintenance payments under part E), or formerly received such assistance or payments and the State is continuing to collect support assigned to it under section 402(c), 471(a)(17), or 1912, and all other cases under this part—”;

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

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

(D) by striking clause (iv); and

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

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

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

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

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

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

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

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

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

“(1) families (or needy children) receiving assistance under plans approved under part A (or E); and

“(2) families not receiving such assistance.

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

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

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

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

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

PART III—LOCATE AND CASE TRACKING

SEC. 521. CENTRAL STATE AND CASE REGISTRY.

Section 454A, as added by section 515(a)(2), is amended by adding at the end the following new subsections:

“(e) CENTRAL CASE REGISTRY.—

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

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

“(A) the amount of monthly (or other periodic) support owed under the support order,

and other amounts due or overdue (including arrearages, interest or late payment penalties, and fees);

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

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

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

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

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

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

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

“(D) any other relevant information.

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

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

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

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

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

SEC. 522. CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a) and 514(b), is amended—

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

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

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

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

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

“(B) will have sufficient State staff (consisting of State employees), and, at State option, contractors reporting directly to the State agency to monitor and enforce support

collections through such centralized unit, including carrying out the automated data processing responsibilities specified in section 454A(g) and to impose, as appropriate in particular cases, the administrative enforcement remedies specified in section 466(c)(1).”.

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

“CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS

“SEC. 454B. (a) IN GENERAL.—In order to meet the requirement of section 454(28), the State agency must operate a single, centralized, automated unit for the collection and disbursement of support payments, coordinated with the automated data system required under section 454A, in accordance with the provisions of this section, which shall be—

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

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

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

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

“(2) for accurate identification of payments;

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

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

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 515(a)(2) and as amended by section 521, is amended by adding at the end the following new subsection:

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

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

“(A) within 10 working days after receipt from a court, another State, an employer, the Federal Parent Locator Service, or any other source recognized by the State of notice of and the income source subject to such withholding; and

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

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

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

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

SEC. 523. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

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

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

“(B) Procedures under which all child support orders issued (or modified) before October 1, 1996, and which are not otherwise subject to withholding under subsection (b), shall become subject to withholding from wages as provided in subsection (b) if arrearages occur.”.

(2) REPEAL OF CERTAIN PROVISIONS CONCERNING ARREARAGES.—Section 466(a)(8) (42 U.S.C. 666(a)(8)) is repealed.

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

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

(B) in paragraph (5), by striking “a public agency” and all that follows through the period and inserting “the State through the centralized collections unit established pursuant to section 454B, in accordance with the requirements of such section 454B.”;

(C) in paragraph (6)(A)(i)—

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

(ii) by striking “to the appropriate agency” and all that follows through the period and inserting “to the State centralized collections unit within 5 working days after the date such amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.”;

(D) in paragraph (6)(A)(ii), by inserting “be in a standard format prescribed by the Secretary, and” after “shall”; and

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

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

“(i) discharges from employment, refuses to employ, or takes disciplinary action against any absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

“(ii) fails to withhold support from wages, or to pay such amounts to the State centralized collections unit in accordance with this subsection.”.

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

(c) DEFINITION OF TERMS.—The Secretary of Health and Human Services shall promulgate regulations providing definitions, for purposes of part D of title IV of the Social Security Act, for the term “income” and for such other terms relating to income withholding under section 466(b) of such Act as the Secretary may find it necessary or advisable to define.

SEC. 524. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)), as amended by section 523(a)(2), is amended by inserting after paragraph (7) the following new paragraph:

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

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

“(B) providing information for law enforcement purposes (where child support enforcement agencies are otherwise allowed access by State and Federal law), unless all Federal and State agencies administering programs under this part (including

the entities established under section 453) have access to information in such system or network to the same extent as any other user of such system or network.”

SEC. 525. EXPANDED 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 “information as to the whereabouts” and all that follows through the period and inserting “, for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations—

“(1) information on, or facilitating the discovery of, the location of any individual—

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

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

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

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

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

(2) in subsection (b)—

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

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

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

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

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

(1) IN GENERAL.—Section 608 of the Fair Credit Reporting Act (15 U.S.C. 1681f) is amended—

(A) by striking “, limited to” and inserting “to a governmental agency (including the entire consumer report, in the case of a Federal, State, or local agency administering a program under part D of title IV of the Social Security Act, and limited to”;

(B) by striking “employment, to a governmental agency” and inserting “employment, in the case of any other governmental agency”.

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

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

(d) DISCLOSURE OF TAX RETURN INFORMATION.—

(1) BY THE SECRETARY OF THE TREASURY.—Section 6103(j)(6)(A)(ii) 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 striking “, but only if” and all that follows to the period.

(2) BY THE SOCIAL SECURITY ADMINISTRATION.—Section 6103(j)(8) of the Internal Revenue Code of 1986 (relating to disclosure of certain return information by Social Security Administration to State and local child support enforcement agencies) is amended—

(A) in subparagraph (A), by striking “State or local” and inserting “Federal, State, or local”; and

(B) in subparagraph (C), by inserting “(including any entity under contract with such agency)” after “thereof”.

(e) TECHNICAL AMENDMENTS.—

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

(2) Section 453 (42 U.S.C. 653) is amended in the heading by inserting “FEDERAL” before “PARENT”.

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (c)(2), is amended by adding at the end the following new subsections:

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

“(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering their State plans under this part and parts A and F, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry to be known as the Data Bank of Child Support Orders, which shall contain abstracts of child support orders and other information described in paragraph (2) on each case in each State central 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), as specified by the Secretary, shall include sufficient information (including 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 established or modified, or are enforcing or seeking to establish, such an order.

“(i) NATIONAL DIRECTORY OF NEW HIRES.—

“(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering their State plans under this part and parts A and F, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

“(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

“(j) DATA MATCHES AND OTHER DISCLOSURES.—

“(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

“(A) TRANSMISSION OF DATA.—The Secretary shall transmit data on individuals and employers in the registries maintained under this section to the Social Security Adminis-

tration to the extent necessary for verification in accordance with subparagraph (B).

“(B) VERIFICATION.—The Commissioner of Social Security shall verify the accuracy of, correct or supply to the extent necessary and feasible, and report to the Secretary, the following information in data supplied by the Secretary pursuant to subparagraph (A):

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

“(ii) the employer identification number of each employer.

“(2) CHILD SUPPORT LOCATOR MATCHES.—For the purpose of locating individuals for purposes of paternity establishment and establishment and enforcement of child support, the Secretary shall—

“(A) match data in the National Directory of New Hires against the child support order abstracts in the Data Bank of Child Support Orders not less than every 5 working days; and

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

“(3) DATA MATCHES AND DISCLOSURES OF DATA IN ALL REGISTRIES.—

“(A) FOR TITLE IV PROGRAM PURPOSES.—The Secretary shall—

“(i) perform matches of data in each component of the Federal Parent Locator Service maintained under this section against data in each other such component (other than the matches required pursuant to paragraph (1)), and report information resulting from such matches to State agencies operating programs under this part and parts A and F; and

“(ii) disclose data in such registries to such State agencies, to the extent, and with the frequency, that the Secretary determines to be effective in assisting such States to carry out their responsibilities under such programs.

“(B) TO SOCIAL SECURITY ADMINISTRATION.—The Secretary shall disclose data in the registries maintained under this section to the Social Security Administration—

“(i) for the purpose of determining the accuracy of payments under the supplemental security income program under title XVI; or

“(ii) for use in connection with benefits under title II.

“(4) OTHER DISCLOSURES OF NEW HIRE DATA.—The Secretary shall disclose data in the National Directory of New Hires—

“(A) to the Secretary of the Treasury for purposes directly connected with—

“(i) the administration of the earned income tax credit under section 32 of the Internal Revenue Code of 1986, or the advance payment of such credit under section 3507 of such Code; or

“(ii) verification of a claim with respect to employment in an individual tax return; and

“(B) to State agencies operating employment security and workers compensation programs, for the purpose of assisting such agencies to determine the allowability of claims for benefits under such programs.

“(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, the costs incurred by the Commissioner in performing the verification services specified in subsection (j).

“(2) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—State and Federal agencies receiving data or information from the Secretary pursuant to this section shall

reimburse the costs incurred by the Secretary in furnishing such data or information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and matching such data or information).

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

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

“(n) 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.

“(o) LIMIT ON LIABILITY.—The Secretary shall not be liable to either a State or an individual for inaccurate information provided to a component of the Federal Parent Locator Service and disclosed by the Secretary in accordance with this section.”

(g) CONFORMING AMENDMENTS.—

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

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

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(16) of the Internal Revenue Code of 1986 (relating to approval of State laws) is amended—

(A) by striking “Secretary of Health, Education, and Welfare” each place it appears and inserting “Secretary of Health and Human Services”;

(B) in subparagraph (B), by striking “such information” and all that follows through the semicolon and inserting “information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;”;

(C) by striking “and” at the end of subparagraph (A);

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

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

“(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and”.

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

(A) by striking “and” at the end of paragraph (8);

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

(C) by adding after paragraph (9) the following new paragraph:

“(10) The making of quarterly electronic reports, at such dates, in such format, and containing such information, as required by the Secretary under section 453(i)(3), and compliance with such provisions as such Secretary may find necessary to ensure the correctness and verification of such reports.”.

SEC. 526. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a), 514(b), and 522(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 adding after paragraph (28) the following new paragraph:

“(29) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.”.

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 453 the following new section:

“SEC. 453A. STATE DIRECTORY OF NEW HIRES.

“(a) ESTABLISHMENT.—

“(1) IN GENERAL.—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.

“(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.—The term ‘employer’ includes—

“(i) any governmental entity, and

“(ii) any labor organization.

“(C) LABOR ORGANIZATION.—The term ‘labor organization’ shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a ‘hiring hall’) which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

“(b) EMPLOYER INFORMATION.—

“(1) REPORTING REQUIREMENT.—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 of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

“(2) TIMING OF REPORT.—The report required by paragraph (1) with respect to an employee shall be made not later than the later of—

“(A) 15 days after the date the employer hires the employee; or

“(B) in the case of an employer that reports by magnetic or electronic means, the 1st business day of the week following the date on which the employee 1st receives wages or other compensation from the employer.

“(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W-4 form or the equivalent, and may be transmitted by 1st class mail, magnetically, or electronically.

“(d) CIVIL MONEY PENALTIES ON NON-COMPLYING EMPLOYERS.—

“(1) IN GENERAL.—An employer that fails to comply with subsection (b) with respect to an employee shall be subject to a civil money penalty of \$250.

“(2) APPLICABILITY OF SECTION 1128.—Section 1128 (other than subsections (a) and (b) of such section) shall apply to a civil money penalty under paragraph (1) of this subsection in the same manner as such section applies to a civil money penalty or proceeding under section 1128A(a).

“(e) 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 October 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

“(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

“(g) TRANSMISSION OF INFORMATION.—

“(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 5 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee’s child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation of the employee, unless the employee’s wages are not subject to withholding pursuant to section 466(b)(3).

“(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

“(A) NEW HIRE INFORMATION.—Within 5 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 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 OBLIGATIONS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

“(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible

for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

“(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS’ COMPENSATION.—State agencies operating employment security and workers’ compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.”

SEC. 527. USE OF SOCIAL SECURITY NUMBERS.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 501(a), is amended by adding at the end the following new paragraph:

“(13) Procedures requiring the recording of social security numbers—

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

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

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

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

PART IV—STREAMLINING AND UNIFORMITY OF PROCEDURES

SEC. 531. ADOPTION OF UNIFORM STATE LAWS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 501(a) and 527(a), is amended by adding at the end the following new paragraph:

“(14)(A) Procedures under which the State adopts in its entirety (with the modifications and additions specified in this paragraph) not later than January 1, 1997, and uses on and after such date, the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August 1992.

“(B) The State law adopted pursuant to subparagraph (A) shall be applied to any case—

“(i) involving an order established or modified in one State and for which a subsequent modification is sought in another State; or

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

“(C) The State law adopted pursuant to subparagraph (A) of this paragraph may, in lieu of section 501 of the Uniform Interstate Family Support Act described in such subparagraph (A), contain a provision which allows the State to collect and disburse income withholding for multiple income withholding orders and interstate withholding orders in the centralized collections unit described in section 454B.

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

“(1) the following requirements are met:

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

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

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

“(ii) in any case where another State is exercising or seeks to exercise jurisdiction to modify the order, the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or

“(E) The State law adopted pursuant to subparagraph (A) shall recognize as valid, for

purposes of any proceeding subject to such State law, service of process upon persons in the State (and proof of such service) by any means acceptable in another State which is the initiating or responding State in such proceeding.”

SEC. 532. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

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

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

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

“‘child’s home State’ means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.”

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

(4) in subsection (c)(1), by inserting “and subsections (e), (f), and (g)” after “located”;

(5) in subsection (d)—

(A) by inserting “individual” before “contestant”; and

(B) by striking “subsection (e)” and inserting “subsections (e) and (f)”;

(6) in subsection (e), by striking “make a modification of a child support order with respect to a child that is made” and inserting “modify a child support order issued”;

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

(8) in subsection (e)(2)—

(A) by inserting “individual” before “contestant” each place such term appears; and

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

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

(10) by inserting after subsection (e) the following new subsection:

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

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

“(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

“(3) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

“(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

“(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.”

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

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

(B) by striking “subsection (e)” and inserting “subsections (e) and (f)”;

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

(A) in paragraph (2), by inserting “including the duration of current payments and other obligations of support” before the comma; and

(B) in paragraph (3), by inserting “arrearage under” after “enforce”.

SEC. 533. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 523(b), is amended—

(1) in subsection (a)(2), in the first sentence, to read as follows: “Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations.”; and

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

“(c) The procedures specified in this subsection are the following:

“(1) Procedures which give the State agency the authority (and recognize and enforce the authority of State agencies of other States), without the necessity of obtaining an order from any other judicial or administrative tribunal (but subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal), to take the following actions relating to establishment or enforcement of orders:

“(A) To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

“(B) To enter a default order, upon a showing of service of process and any additional showing required by State law—

“(i) establishing paternity, in the case of any putative father who refuses to submit to genetic testing; and

“(ii) establishing or modifying a support obligation, in the case of a parent (or other obligor or obligee) who fails to respond to notice to appear at a proceeding for such purpose.

“(C) To subpoena any financial or other information needed to establish, modify, or enforce an order, and to sanction failure to respond to any such subpoena.

“(D) To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

“(E) To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

“(i) Records of other State and local government agencies, including—

“(I) vital statistics (including records of marriage, birth, and divorce);

“(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

“(III) records concerning real and titled personal property;

“(IV) records of occupational and professional licenses, and records concerning the

ownership and control of corporations, partnerships, and other business entities;

“(V) employment security records;

“(VI) records of agencies administering public assistance programs;

“(VII) records of the motor vehicle department; and

“(VIII) corrections records.

“(ii) Certain records held by private entities, including—

“(I) customer records of public utilities and cable television companies; and

“(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

“(F) To order income withholding in accordance with subsection (a)(1) and (b) of section 466.

“(G) In cases where support is subject to an assignment under section 402(c), 471(a)(17), or 1912, or to a requirement to pay through the centralized collections unit under section 454B) upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

“(H) For the purpose of securing overdue support—

“(i) to intercept and seize any periodic or lump-sum payment to the obligor by or through a State or local government agency, including—

“(I) unemployment compensation, workers' compensation, and other benefits;

“(II) judgments and settlements in cases under the jurisdiction of the State or local government; and

“(III) lottery winnings;

“(ii) to attach and seize assets of the obligor held by financial institutions;

“(iii) to attach public and private retirement funds in appropriate cases, as determined by the Secretary; and

“(iv) to impose liens in accordance with paragraph (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

“(I) For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages (subject to such conditions or restrictions as the State may provide).

“(J) To suspend drivers' licenses of individuals owing past-due support, in accordance with subsection (a)(16).

“(2) The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

“(A) Procedures under which—

“(i) the parties to any paternity or child support proceedings are required (subject to privacy safeguards) to file with the tribunal before entry of an order, and to update as appropriate, information on location and identity (including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer); and

“(ii) in any subsequent child support enforcement action between the same parties, the tribunal shall be authorized, upon sufficient showing that diligent effort has been made to ascertain such party's current location, to deem due process requirements for notice and service of process to be met, with respect to such party, by delivery to the most recent residential or employer address so filed pursuant to clause (i).

“(B) Procedures under which—

“(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties, and orders issued in such cases have statewide effect; and

“(ii) in the case of a State in which orders in such cases are issued by local jurisdictions, a case may be transferred between jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.”.

(b) EXCEPTIONS FROM STATE LAW REQUIREMENTS.—Section 466(d) (42 U.S.C. 666(d)) is amended—

(1) by striking “(d) If” and inserting “(d)(1) Subject to paragraph (2), if”;

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

“(2) The Secretary shall not grant an exemption from the requirements of—

“(A) subsection (a)(5) (concerning procedures for paternity establishment);

“(B) subsection (a)(10) (concerning modification of orders);

“(C) subsection (a)(12) (concerning recording of orders in the central State case registry);

“(D) subsection (a)(13) (concerning recording of social security numbers);

“(E) subsection (a)(14) (concerning interstate enforcement); or

“(F) subsection (c) (concerning expedited procedures), other than paragraph (1)(A) thereof (concerning establishment or modification of support amount).”.

(c) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 515(a)(2) and as amended by sections 521 and 522(c), is amended by adding at the end the following new subsection:

“(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required under this section shall be used, to the maximum extent feasible, to implement any expedited administrative procedures required under section 466(c).”.

PART V—PATERNITY ESTABLISHMENT

SEC. 541. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended—

(1) in subparagraph (B)—

(A) by striking “(B)” and inserting “(B)(i)”;

(B) in clause (i), as redesignated, by inserting before the period “, where such request is supported by a sworn statement—

“(I) by such party alleging paternity setting forth facts establishing a reasonable possibility of the requisite sexual contact of the parties; or

“(II) by such party denying paternity setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact of the parties.”; and

(C) by inserting after clause (i) (as redesignated) the following new clause:

“(ii) Procedures which require the State agency, in any case in which such agency orders genetic testing—

“(I) to pay the costs of such tests, subject to recoupment (where the State so elects) from the putative father if paternity is established; and

“(II) to obtain additional testing in any case where an original test result is disputed, upon request and advance payment by the disputing party.”;

(2) by striking subparagraphs (C), (D), (E), and (F) and inserting the following:

“(C)(i) Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the puta-

tive father and the mother must be given notice, orally, in writing, and in a language that each can understand, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

“(ii) Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

“(iii) Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

“(iv) The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies. The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as, voluntary paternity establishment programs of hospitals and birth record agencies.

“(D)(i) Procedures under which a signed acknowledgment of paternity is considered a legal finding of paternity.

“(ii)(I) Procedures under which a signed acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

“(II) Procedures under which a minor who signs an acknowledgment of paternity other than in the presence of a parent or court-appointed guardian ad litem may rescind the acknowledgment in a judicial or administrative proceeding, until the earlier of—

“(aa) attaining the age of majority; or

“(bb) the date of the first judicial or administrative proceeding brought (after the signing) to establish a child support obligation, visitation rights, or custody rights with respect to the child whose paternity is the subject of the acknowledgment, and at which the minor is represented by a parent, guardian ad litem, or attorney.

“(E) Procedures under which no judicial or administrative proceedings are required or permitted to ratify an unchallenged acknowledgment of paternity.

“(F) Procedures requiring—

“(i) that the State admit into evidence, for purposes of establishing paternity, results of any genetic test that is—

“(I) of a type generally acknowledged, by accreditation bodies designated by the Secretary, as reliable evidence of paternity; and

“(II) performed by a laboratory approved by such an accreditation body;

“(ii) that any objection to genetic testing results must be made in writing not later than a specified number of days before any hearing at which such results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of such results); and

“(iii) that, if no objection is made, the test results are admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy.”; and

(3) by adding after subparagraph (H) the following new subparagraphs:

“(I) Procedures providing that the parties to an action to establish paternity are not entitled to a jury trial.

“(J) At the option of the State, procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

“(K) Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services and testing on behalf of the child.

“(L) At the option of the State, procedures under which the tribunal establishing paternity and support has discretion to waive rights to all or part of amounts owed to the State (but not to the mother) for costs related to pregnancy, childbirth, and genetic testing and for public assistance paid to the family where the father cooperates or acknowledges paternity before or after genetic testing.

“(M) Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.”

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting “, and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent” before the semicolon.

(c) TECHNICAL AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking “a simple civil process for voluntarily acknowledging paternity and”.

SEC. 542. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

(a) STATE PLAN REQUIREMENT.—Section 454(23) (42 U.S.C. 654(23)), as amended by subsections (b)(3) and (c)(2) of section 501 and section 504(a)(1), is amended by striking “and” at the end of subparagraph (A), by inserting “and” at the end of subparagraph (B), and by adding at the end the following new subparagraph:

“(C) publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support through a variety of means, which—

“(i) include distribution of written materials at health care facilities (including hospitals and clinics), and other locations such as schools;

“(ii) may include pre-natal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity (and may require all expectant recipients of assistance under part A to participate in such pre-natal programs, as an element of cooperation with efforts to establish paternity and child support);

“(iii) include, with respect to each child discharged from a hospital after birth for whom paternity or child support has not been established, reasonable follow-up efforts, providing—

“(I) in the case of a child for whom paternity has not been established, information on the benefits of and procedures for establishing paternity; and

“(II) in the case of a child for whom paternity has been established but child support has not been established, information on the benefits of and procedures for establishing a child support order, and an application for child support services.”

(b) ENHANCED FEDERAL MATCHING.—Section 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

(1) by inserting “(i)” before “laboratory costs”, and

(2) by inserting before the semicolon “, and (ii) costs of outreach programs designed to encourage voluntary acknowledgment of paternity”.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsection (a) shall become effective October 1, 1997.

(2) EXCEPTION.—The amendments made by subsection (b) shall be effective with respect to calendar quarters beginning on and after October 1, 1996.

SEC. 543. COOPERATION REQUIREMENT AND GOOD CAUSE EXCEPTION.

(a) CHILD SUPPORT ENFORCEMENT REQUIREMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a), 514(b), 522(a), and 526(a) 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 agency administering the plan under this part—

“(A) will make the determination specified under subparagraph (D), as to whether an individual is cooperating with efforts to establish paternity and secure support (or has good cause not to cooperate with such efforts) for purposes of the requirements of sections 403(b)(7)(B) and 1912;

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

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

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

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

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

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

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

“(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such information as the putative father’s present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, and names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process on such person), unless the State agency is satisfied that the mother (or other custodial relative) of such child is cooperating but lacks knowledge of the required information, and

“(F)(i) (in the case of a custodial parent who was initially determined not to be cooperating (or to have good cause not to cooperate) is later determined to be cooperat-

ing or to have good cause not to cooperate) will immediately notify the State agencies administering the programs under part A of this title and part A of title XIX that this eligibility condition has been met; and

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

(b) MEDICAID AMENDMENTS.—Section 1912(a) (42 U.S.C. 1396k(a)) is amended—

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

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

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

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

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

“(A) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(30), with respect to the requirements to cooperate with efforts to establish paternity and to obtain support (including medical support) from a parent; and

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

“(4) provide that (except as provided in paragraph (5)) an applicant requiring paternity establishment services (other than an individual eligible for emergency assistance under part A of title IV, or presumptively eligible pursuant to section 1920) shall not be eligible for medical assistance under this title until such applicant—

“(i) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(30)(E); or

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

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

“(i) if such agency has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(30)(D)(iii), until such notification is received; and

“(ii) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing.”

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

PART VI—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

SEC. 551. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the "National Child Support Guidelines Commission" (in this section referred to as the "Commission").

(b) GENERAL DUTIES.—

(1) IN GENERAL.—The Commission shall determine—

(A) whether it is appropriate to develop a national child support guideline for consideration by the Congress or for adoption by individual States; or

(B) based on a study of various guideline models, the benefits and deficiencies of such models, and any needed improvements.

(2) DEVELOPMENT OF MODELS.—If the Commission determines under paragraph (1)(A) that a national child support guideline is needed or under paragraph (1)(B) that improvements to guideline models are needed, the Commission shall develop such national guideline or improvements.

(c) MATTERS FOR CONSIDERATION BY THE COMMISSION.—In making the recommendations concerning guidelines required under subsection (b), the Commission shall consider—

(1) the adequacy of State child support guidelines established pursuant to section 467 of the Social Security Act;

(2) matters generally applicable to all support orders, including—

(A) the feasibility of adopting uniform terms in all child support orders;

(B) how to define income and under what circumstances income should be imputed; and

(C) tax treatment of child support payments;

(3) the appropriate treatment of cases in which either or both parents have financial obligations to more than 1 family, including the effect (if any) to be given to—

(A) the income of either parent's spouse; and

(B) the financial responsibilities of either parent for other children or stepchildren;

(4) the appropriate treatment of expenses for child care (including care of the children of either parent, and work-related or job-training-related child care);

(5) the appropriate treatment of expenses for health care (including uninsured health care) and other extraordinary expenses for children with special needs;

(6) the appropriate duration of support by 1 or both parents, including

(A) support (including shared support) for post-secondary or vocational education; and

(B) support for disabled adult children;

(7) procedures to automatically adjust child support orders periodically to address changed economic circumstances, including changes in the consumer price index or either parent's income and expenses in particular cases;

(8) procedures to help non-custodial parents address grievances regarding visitation and custody orders to prevent such parents from withholding child support payments until such grievances are resolved; and

(9) whether, or to what extent, support levels should be adjusted in cases in which custody is shared or in which the noncustodial parent has extended visitation rights.

(d) MEMBERSHIP.—

(1) NUMBER; APPOINTMENT.—

(A) IN GENERAL.—The Commission shall be composed of 12 individuals appointed jointly by the Secretary of Health and Human Services and the Congress, not later than January 15, 1997, of which—

(i) 2 shall be appointed by the Majority Leader of the Senate, and 1 shall be ap-

pointed by the Minority Leader of the Senate;

(ii) 2 shall be appointed by the Majority Leader of the House of Representatives, and 1 shall be appointed by the Minority Leader of the House of Representatives; and

(iii) 6 shall be appointed by the Secretary of Health and Human Services.

(B) QUALIFICATIONS OF MEMBERS.—Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least 1 member shall represent advocacy groups for custodial parents, at least 1 member shall represent advocacy groups for noncustodial parents, and at least 1 member shall be the director of a State program under part D of title IV of the Social Security Act.

(2) TERMS OF OFFICE.—Each member shall be appointed for a term of 2 years. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) COMMISSION POWERS, COMPENSATION, ACCESS TO INFORMATION, AND SUPERVISION.—The first sentence of subparagraph (C), the first and third sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses (ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission.

(f) REPORT.—Not later than 2 years after the appointment of members, the Commission shall submit to the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a recommended national child support guideline and a final assessment of issues relating to such a proposed national child support guideline.

(g) TERMINATION.—The Commission shall terminate 6 months after the submission of the report described in subsection (e).

SEC. 552. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10)(A)(i) Procedures under which—

"(I) every 3 years, at the request of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with such guidelines, without a requirement for any other change in circumstances; and

"(II) upon request at any time of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) based on a substantial change in the circumstances of either such parent.

"(ii) Such procedures shall require both parents subject to a child support order to be notified of their rights and responsibilities provided for under clause (i) at the time the order is issued and in the annual information exchange form provided under subparagraph (B).

"(B) Procedures under which each child support order issued or modified in the State after the effective date of this subparagraph shall require the parents subject to the order to provide each other with a complete statement of their respective financial condition annually on a form which shall be provided by the State. The Secretary shall establish regulations for the enforcement of such exchange of information."

PART VII—ENFORCEMENT OF SUPPORT ORDERS

SEC. 561. FEDERAL INCOME TAX REFUND OFFSET.

(a) CHANGED ORDER OF REFUND DISTRIBUTION UNDER INTERNAL REVENUE CODE.—

(1) IN GENERAL.—Section 6402(c) of the Internal Revenue Code of 1986 (relating to offset of past-due support against overpayments) is amended—

(A) by striking "The amount" and inserting

"(1) IN GENERAL.—The amount";

(B) by striking "paid to the State. A reduction" and inserting "paid to the State.

"(2) PRIORITIES FOR OFFSET.—A reduction";

(C) by striking "shall be applied first" and inserting "shall be applied (after any reduction under subsection (d) on account of a debt owed to the Department of Education or Department of Health and Human Services with respect to a student loan) first";

(D) by striking "has been assigned" and inserting "has not been assigned"; and

(E) by striking "and shall be applied" and all that follows and inserting "and shall thereafter be applied to satisfy any past-due support that has been so assigned."

(2) CONFORMING AMENDMENT.—Section 6402(d)(2) of such Code is amended by striking "after such overpayment" and all that follows through "Social Security Act and" and inserting "(A) before such overpayment is reduced pursuant to subsection (c), in the case of a debt owed to the Department of Education or Department of Health and Human Services with respect to a student loan, (B) after such overpayment is reduced pursuant to subsection (c), in the case of any other debt, and (C) in either case,".

(b) ELIMINATION OF DISPARITIES IN TREATMENT OF ASSIGNED AND NON-ASSIGNED ARREARAGES.—

(1) IN GENERAL.—Section 464(a) (42 U.S.C. 664(a)) is amended—

(A) in paragraph (1)—

(i) in the first sentence, by striking "which has been assigned to such State pursuant to section 402(1) or section 471(a)(17)"; and

(ii) in the second sentence, by striking "in accordance with section 457 (b)(4) or (d)(3)" and inserting "as provided in paragraph (2)";

(B) in paragraph (2), to read as follows:

"(2) The State agency shall distribute amounts paid by the Secretary of the Treasury pursuant to paragraph (1)—

"(A) in accordance with subsection (a)(4) or (d)(3) of section 457, in the case of past-due support assigned to a State pursuant to section 402(c) or section 471(a)(17); and

"(B) to or on behalf of the child to whom the support was owed, in the case of past-due support not so assigned."

(C) in paragraph (3)—

(i) by striking "or (2)" each place it appears; and

(ii) in subparagraph (B), by striking "under paragraph (2)" and inserting "on account of past-due support described in paragraph (2)(B)".

(2) NOTICES OF PAST-DUE SUPPORT.—Section 464(b) (42 U.S.C. 664(b)) is amended—

(A) by striking "(b)(1)" and inserting "(b)"; and

(B) by striking paragraph (2).

(3) DEFINITION OF PAST-DUE SUPPORT.—Section 464(c) (42 U.S.C. 664(c)) is amended—

(A) by striking "(c)(1) Except as provided in paragraph (2), as" and inserting "(c) As"; and

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

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1999.

SEC. 562. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) in paragraph (1), by inserting “except as provided in paragraph (5)” after “collected”;

(2) by striking “and” at the end of paragraph (3);

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

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

“(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.”; and

(5) by striking “Secretary of Health, Education, and Welfare” each place it appears and inserting “Secretary of Health and Human Services”.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 563. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended—

(1) in the heading, by inserting “INCOME WITHHOLDING,” before “GARNISHMENT”;

(2) in subsection (a)—

(A) by striking “section 207” and inserting “section 207 and section 5301 of title 38, United States Code”; and

(B) by striking “to legal process” and all that follows through the period and inserting “to withholding in accordance with State law pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary thereunder, and to any other legal process brought, by a State agency administering a program under this part or by an individual obligee, to enforce the legal obligation of such individual to provide child support or alimony.”;

(3) by striking subsection (b) and inserting the following new subsection:

“(b) Except as otherwise provided herein, each entity specified in subsection (a) shall be subject, with respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or to any other order or process to enforce support obligations against an individual (if such order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), to the same requirements as would apply if such entity were a private person.”;

(4) by striking subsections (c) and (d) and inserting the following new subsections:

“(c)(1) The head of each agency subject to the requirements of this section shall—

“(A) designate an agent or agents to receive orders and accept service of process; and

“(B) publish—

“(i) in the appendix of such regulations;

“(ii) in each subsequent republication of such regulations; and

“(iii) annually in the Federal Register,

the designation of such agent or agents, identified by title of position, mailing address, and telephone number.

“(2) Whenever an agent designated pursuant to paragraph (1) receives notice pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatories, with respect to an individual's child support or alimony payment obligations, such agent shall—

“(A) as soon as possible (but not later than 15 days) thereafter, send written notice of such notice or service (together with a copy thereof) to such individual at his duty station or last-known home address;

“(B) not later than 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to subsection (a)(1) or (b) of section 466, comply with all applicable provisions of such section 466; and

“(C) not later than 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatories, respond thereto.

“(d) In the event that a governmental entity receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

“(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

“(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by the provisions of such section 466(b) and regulations thereunder; and

“(3) such moneys as remain after compliance with subparagraphs (A) and (B) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.”;

(5) in subsection (f)—

(A) by striking “(f)” and inserting “(f)(1)”;

and

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

“(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by him in connection with the carrying out of such duties.”; and

(6) by adding at the end the following new subsections:

“(g) Authority to promulgate regulations for the implementation of the provisions of this section shall, insofar as the provisions of this section are applicable to moneys due from (or payable by)—

“(1) the executive branch of the Federal Government (including in such branch, for the purposes of this subsection, the territories and possessions of the United States, the United States Postal Service, the Postal Rate Commission, any wholly owned Federal corporation created by an Act of Congress, and the government of the District of Columbia), be vested in the President (or the President's designee);

“(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees); and

“(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the Chief Justice's designee).

“(h) Subject to subsection (i), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

“(1) consist of—

“(A) compensation paid or payable for personal services of such individual, whether such compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

“(B) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

“(i) under the insurance system established by title II;

“(ii) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

“(iii) as compensation for death under any Federal program;

“(iv) under any Federal program established to provide “black lung” benefits; or

“(v) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by such Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if such former member has waived a portion of his retired pay in order to receive such compensation); and

“(C) worker's compensation benefits paid under Federal or State law; but

“(2) do not include any payment—

“(A) by way of reimbursement or otherwise, to defray expenses incurred by such individual in carrying out duties associated with his employment; or

“(B) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

“(i) In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

“(1) are owed by such individual to the United States;

“(2) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

“(3) are properly withheld for Federal, State, or local income tax purposes, if the withholding of such amounts is authorized or required by law and if amounts withheld are not greater than would be the case if such individual claimed all the dependents that the individual was entitled to (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when such individual presents evidence of a tax obligation which supports the additional withholding);

“(4) are deducted as health insurance premiums;

“(5) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

“(6) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

“(j) For purposes of this section—”.

(b) TRANSFER OF SUBSECTIONS.—Subsections (a) through (d) of section 462 (42 U.S.C. 662), are transferred and redesignated as paragraphs (1) through (4), respectively, of section 459(j) (as added by subsection (a)(6)), and the left margin of each of such paragraphs (1) through (4) is indented 2 ems to the right of the left margin of subsection (j) (as added by subsection (a)(6)).

(c) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is 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)” each place it appears and inserting “section 459 of the Social Security Act (42 U.S.C. 659)”.

(d) MILITARY RETIRED AND RETAINER PAY.—Section 1408 of title 10, United States Code, is amended—

- (1) in subsection (a)—
- (A) in paragraph (1)—
- (i) in subparagraph (B), by striking “and”;
- (ii) in subparagraph (C), by striking the period and inserting “; and”; and
- (iii) by adding at the end the following new subparagraph:

“(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a State program under part D of title IV of the Social Security Act).”;

(B) in paragraph (2), by inserting “or a court order for the payment of child support not included in or accompanied by such a decree or settlement,” before “which—”;

(2) in subsection (d)—

(A) in the heading, by inserting “(OR FOR BENEFIT OF)” after “CONCERNED”; and

(B) in paragraph (1), in the first sentence, by inserting “(or for the benefit of such spouse or former spouse to a State central collections unit or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)” before “in an amount sufficient”; and

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

“(j) RELATIONSHIP TO OTHER LAWS.—In any case involving a child support order against a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of the Social Security Act.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 564. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Not later than 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the

Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term “court” has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term “child support” has the meaning given such term in section 462 of the Social Security Act (42 U.S.C. 662).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—Section 1408 of title 10, United States Code, as amended by section 563(d)(3), is amended—

(1) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively;

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

“(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order or an order of an administrative process established under State law for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.”; and

(3) in subsection (d)—

(A) in paragraph (1), by inserting after the first sentence the following: “In the case of a spouse or former spouse who, pursuant to section 402(c) of the Social Security Act, 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.”; and

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

“(6) In the case of a court order or an order of an administrative process established under State law for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order or an order of an administrative process established under State law shall apply to payment of any amount of child support arrearages set forth in that order as well as to

amounts of child support that currently become due.”.

SEC. 565. MOTOR VEHICLE LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended—

(1) by striking “(4)” and inserting “(4)(A)”; and

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

“(B) Procedures for placing liens for arrearages of child support on motor vehicle titles of individuals owing such arrearages equal to or exceeding 1 month of support (or other minimum amount set by the State), under which—

“(i) any person owed such arrearages may place such a lien;

“(ii) the State agency administering the program under this part shall systematically place such liens;

“(iii) expedited methods are provided for—

“(I) ascertaining the amount of arrears;

“(II) affording the person owing the arrears or other titleholder to contest the amount of arrears or to obtain a release upon fulfilling the support obligation;

“(iv) such a lien has precedence over all other encumbrances on a vehicle title other than a purchase money security interest; and

“(v) the individual or State agency owed the arrears may execute on, seize, and sell the property in accordance with State law.”.

SEC. 566. VOIDING OF FRAUDULENT TRANSFERS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 501(a), 527(a), and 531, is amended by adding at the end the following new paragraph:

“(15) Procedures under which—

“(A) the State has in effect—

“(i) the Uniform Fraudulent Conveyance Act of 1981,

“(ii) the Uniform Fraudulent Transfer Act of 1984, or

“(iii) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

“(B) in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

“(i) seek to void such transfer; or

“(ii) obtain a settlement in the best interests of the child support creditor.”.

SEC. 567. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 501(a), 527(a), 531, and 566, is amended by adding at the end the following new paragraph:

“(16) Procedures under which the State has (and uses in appropriate cases) authority (subject to appropriate due process safeguards) to withhold or suspend, or to restrict the use of driver's licenses and professional and occupational licenses of individuals owing overdue child support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.”.

SEC. 568. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

“(7)(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is more than 30 days delinquent in the payment of at least \$100 of support, and the amount of overdue support owed by such parent.

“(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported—

“(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

“(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency.”.

SEC. 569. EXTENDED STATUTE OF LIMITATION FOR COLLECTION OF ARREARAGES.

(a) IN GENERAL.—Section 466(a)(9) (42 U.S.C. 666(a)(9)) is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

(2) by striking “(9)” and inserting “(9)(A)”;

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

“(B) Procedures under which the statute of limitations on any arrearages of child support extends at least until the child owed such support is 30 years of age.”.

(b) APPLICATION OF REQUIREMENT.—The amendment made by this section shall not be interpreted to require any State law to revive any payment obligation which had lapsed prior to the effective date of such State law.

SEC. 570. CHARGES FOR ARREARAGES.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 501(a), 527(a), 531, 566, and 567, is amended by adding at the end the following new paragraph:

“(17) Procedures providing for the calculation and collection of interest or penalties for arrearages of child support, and for distribution of such interest or penalties collected for the benefit of the child (except where the right to support has been assigned to the State).”.

(b) REGULATIONS.—The Secretary of Health and Human Services shall establish by regulation a rule to resolve choice of law conflicts arising in the implementation of the amendment made by subsection (a).

(c) CONFORMING AMENDMENT.—Section 454(21) (42 U.S.C. 654(21)) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to arrearages accruing on or after October 1, 1998.

SEC. 571. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by sections 515(a)(3) and 517, is amended by adding at the end the following new subsection:

“(1)(I) 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 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 571(b) of the Interstate Child Support Responsibility Act of 1995.

“(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.”.

(2) STATE CSE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a), 514(b), 522(a), 526(a), and 543(a) 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 (which may be combined with the procedure for tax refund offset under section 464) for certifying to the Secretary, for purposes of the procedure under section 452(l) (concerning denial of passports) determinations that individuals owe arrearages of child support in an amount exceeding \$5,000 or in an amount exceeding 24 months' worth of child support, under which procedure—

“(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

“(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.”.

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State, upon certification by the Secretary of Health and Human Services, in accordance with section 452(l) of the Social Security Act, that an individual owes arrearages of child support in excess of \$5,000, shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

SEC. 572. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

(a) SENSE OF THE CONGRESS THAT THE UNITED STATES SHOULD RATIFY THE UNITED NATIONS CONVENTION OF 1956.—It is the sense of the Congress that the United States should ratify the United Nations Convention of 1956.

(b) TREATMENT OF INTERNATIONAL CHILD SUPPORT CASES AS INTERSTATE CASES.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a), 514(b), 522(a), 526(a), 543(a), and 571(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 inserting after paragraph (31) the following new paragraph:

“(32) provide that the State must treat international child support cases in the same manner as the State treats interstate child support cases under the plan.”.

PART VIII—MEDICAL SUPPORT

SEC. 581. TECHNICAL CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking “issued by a court of competent jurisdiction”;

(2) in clause (ii) by striking the period and inserting a comma; and

(3) by adding after clause (ii), the following flush left language:

“if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued by an administrative adjudicator and has the force and effect of law under applicable State law.”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall become effective on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—

(A) IN GENERAL.—Any amendment to a plan required to be made by an amendment made

by this section shall not be required to be made before the first plan year beginning on or after January 1, 1996, if—

(i) during the period after the date before the date of the enactment of this Act and before such first plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(ii) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such first plan year.

(B) NO FAILURE FOR COMPLIANCE WITH THIS PARAGRAPH.—A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

PART IX—VISITATION AND SUPPORT ASSURANCE PROJECTS

SEC. 591. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV is amended by adding at the end the following new section:

“GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

“SEC. 469A. (a) PURPOSES; AUTHORIZATION OF APPROPRIATIONS.—For purposes of enabling States to establish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision, and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements, there are authorized to be appropriated \$5,000,000 for each of fiscal years 1996 and 1997, and \$10,000,000 for each succeeding fiscal year.

“(b) PAYMENTS TO STATES.—

“(1) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment under subsection (c) for such fiscal year, to be used for payment of 90 percent of State expenditures for the purposes specified in subsection (a).

“(2) SUPPLEMENTARY USE.—Payments under this section shall be used by a State to supplement (and not to substitute for) expenditures by the State, for activities specified in subsection (a), at a level at least equal to the level of such expenditures for fiscal year 1994.

“(c) ALLOTMENTS TO STATES.—

“(1) IN GENERAL.—For purposes of subsection (b), each State shall be entitled (subject to paragraph (2)) to an amount for each fiscal year bearing the same ratio to the amount authorized to be appropriated pursuant to subsection (a) for such fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

“(2) MINIMUM ALLOTMENT.—Allotments to States under paragraph (1) shall be adjusted as necessary to ensure that no State is allotted less than \$50,000 for fiscal year 1996 or 1997, or \$100,000 for any succeeding fiscal year.

“(d) FEDERAL ADMINISTRATION.—The program under this section shall be administered by the Administration for Children and Families.

“(e) STATE PROGRAM ADMINISTRATION.—

“(1) IN GENERAL.—Each State may administer the program under this section directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities.

“(2) STATEWIDE PLAN PERMISSIBLE.—State programs under this section may, but need not, be statewide.

“(3) EVALUATION.—States administering programs under this section shall monitor,

evaluate, and report on such programs in accordance with requirements established by the Secretary.”.

SEC. 592. CHILD SUPPORT ASSURANCE DEMONSTRATION PROJECTS

(a) **IN GENERAL.**—In order to encourage States to provide a guaranteed minimum level of child support for every eligible child not receiving such support, the Secretary of Health and Human Services is authorized to allow States to conduct demonstration projects in 1 or more political localities for the purpose of establishing or improving a system of assured minimum child support payments.

(b) **SUBMISSIONS BY STATES.**—Each State shall provide the Secretary of Health and Human Services with a complete description of the proposed demonstration project and allow for ongoing and retrospective evaluation of the project, providing such data and reports on an annual basis as are necessary to accomplish a thorough evaluation of such project.

(c) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated \$25,000,000 for each of fiscal years 1996, 1997, and 1998, to conduct the demonstration projects and evaluations required under this section.

Subtitle B—Effect of Enactment

SEC. 595. EFFECTIVE DATES.

(a) **IN GENERAL.**—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) provisions of subtitle A requiring 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 subtitle A shall become effective upon the date of the enactment of this Act.

(b) **GRACE PERIOD FOR STATE LAW CHANGES.**—The provisions of subtitle A shall become effective with respect to a State on the later of—

(1) the date specified in subtitle A, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) **GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.**—A State shall not be found out of compliance with any requirement enacted by subtitle A if it is unable to comply without amending the State constitution until the earlier of—

(1) the date which is 1 year after the effective date of the necessary State constitutional amendment, or

(2) the date which is 5 years after the date of the enactment of this Act.

SEC. 596. SEVERABILITY.

If any provision of subtitle A or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of subtitle A which can be given effect without regard to the invalid provision or application, and to this end the provisions of subtitle A shall be severable.

TITLE VI—SUPPLEMENTAL SECURITY INCOME REFORM

Subtitle A—Eligibility Restrictions

SEC. 601. DRUG ADDICTS AND ALCOHOLICS UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) **TERMINATION OF SSI CASH BENEFITS FOR DRUG ADDICTS AND ALCOHOLICS.**—Section 1611(e)(3) (42 U.S.C. 1382(e)(3)) is amended—

(1) by striking “(B)” and inserting “(C)”;

(2) by striking “(3)(A) and inserting “(B)”;

(3) by inserting before subparagraph (B) as redesignated by paragraph (2) the following new subparagraph:

“(3)(A) No cash benefits shall be payable under this title to any individual who is otherwise eligible for benefits under this title by reason of disability, if such individual’s alcoholism or drug addiction is a contributing factor material to the Commissioner’s determination that such individual is disabled.”.

(b) **TREATMENT REQUIREMENTS.**—

(1) Section 1611(e)(3)(B)(i)(I) (42 U.S.C. 1382(e)(3)(B)(i)(I)), as redesignated by subsection (a), is amended to read as follows:

“(B)(i)(I)(aa) Any individual who would be eligible for cash benefits under this title but for the application of subparagraph (A) may elect to comply with the provisions of this subparagraph.

“(bb) Any individual who is eligible for cash benefits under this title by reason of disability (or whose eligibility for such benefits is suspended) or is eligible for benefits pursuant to section 1619(b), and who was eligible for such benefits by reason of disability, for which such individual’s alcoholism or drug addiction was a contributing factor material to the Commissioner’s determination that such individual was disabled, for the month preceding the month in which section 601 of the Work First Act of 1995 takes effect, shall be required to comply with the provisions of this subparagraph.

(2) Section 1611(e)(3)(B)(i)(II) (42 U.S.C. 1382(e)(3)(B)(i)(II)), as so redesignated, is amended by striking “who is required under subclause (I)” and inserting “described in division (bb) of subclause (I) who is required”.

(3) Subclauses (I) and (II) of section 1611(e)(3)(B)(ii) (42 U.S.C. 1382(e)(3)(B)(ii)), as so redesignated, are each amended by striking “clause (i)” and inserting “clause (i)(I)”.

(4) Section 1611(e)(3)(B) (42 U.S.C. 1382(e)(3)(B)), as so redesignated, is amended by striking clause (v) and by redesignating clause (vi) as clause (v).

(5) Section 1611(e)(3)(B)(v) (42 U.S.C. 1382(e)(3)(B)(v)), as redesignated by paragraph (4), is amended—

(A) in subclause (I), by striking “who is eligible” and all that follows through “is disabled” and inserting “described in clause (i)(I)”;

(B) in subclause (V), by striking “or v”.

(6) Section 1611(e)(3)(C)(i) (42 U.S.C. 1382(e)(3)(C)(i)), as redesignated by subsection (a), is amended by striking “who are receiving benefits under this title and who as a condition of such benefits” and inserting “described in subparagraph (B)(i)(I)(aa) who elect to undergo treatment; and the monitoring and testing of all individuals described in subparagraph (B)(i)(I)(bb) who”.

(7) Section 1611(e)(3)(C)(iii)(II)(aa) (42 U.S.C. 1382(e)(3)(C)(iii)(II)(aa)), as so redesignated, is amended by striking “residing in the State” and all that follows through “they are disabled” and inserting “described in subparagraph (B)(i)(I) residing in the State”.

(8) Section 1611(e)(3)(C)(iii) (42 U.S.C. 1382(e)(3)(C)(iii)), as so redesignated, is amended by adding at the end the following:

“(III) The monitoring requirements of subclause (II) shall not apply in the case of

any individual described in subparagraph (B)(i)(I)(aa) who fails to comply with the requirements of subparagraph (B).”.

(9) Section 1611(e)(3) (42 U.S.C. 1382(e)(3)), as amended by subsection (a), is amended by adding at the end the following new subparagraphs:

“(D) The Commissioner shall provide appropriate notification to each individual subject to the limitation on cash benefits contained in subparagraph (A) and the treatment provisions contained in subparagraph (B).

“(E) The requirements of subparagraph (B) shall cease to apply to any individual if the Commissioner determines that such individual no longer needs treatment.”.

(c) **Preservation of Medicaid Eligibility.**—Section 1634(e) (42 U.S.C. 1382(e)) is amended—

(1) by striking “clause (i) or (v) of section 1611(e)(3)(A)” and inserting “subparagraph (A) or subparagraph (B)(i)(II) of section 1611(e)(3)”;

(2) by adding at the end the following: “This subsection shall cease to apply to any such person if the Commissioner determines that such person no longer needs treatment.”.

(d) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to applicants for 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.

(2) **APPLICATION TO CURRENT RECIPIENTS.**—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by this section, such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

Subtitle B—Benefits for Disabled Children

SEC. 611. DEFINITION AND ELIGIBILITY RULES.

(a) **DEFINITION OF CHILDHOOD DISABILITY.**—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

(1) in subparagraph (A), by striking “An individual” and inserting “Except as provided in subparagraph (C), an individual”;

(2) in subparagraph (A), by striking “(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)”;

(3) by redesignating subparagraphs (C) through (H) as subparagraphs (D) through (I), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

“(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.”;

(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/behavioral function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to applicants for 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.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the amendments made by subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the amendments made by subsection (a) or (b). With respect to redeterminations 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; and

(iii) the Commissioner shall give such redeterminations priority over all other reviews under such title.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), 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 January 1, 1997.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

SEC. 612. 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 611(a)(3), is amended—

(1) by inserting “(i)” after “(H)”; and

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

“(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

“(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.”.

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a), is amended by adding at the end the following new clause:

“(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

“(I) during the 1-year period beginning on the individual’s 18th birthday; and

“(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.”.

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is 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), 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 parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.”.

(d) MEDICAID FOR CHILDREN SHOWING IMPROVEMENT.—Section 1634 (42 U.S.C. 1383c) is amended by adding at the end the following new subsection:

“(f) In the case of any individual who has not attained 18 years of age and who has been determined to be ineligible for benefits under this title—

“(1) because of medical improvement following a continuing disability review under section 1631(a)(3)(H), or

“(2) as the result of the application of section 611(b)(2) of the Work First Act of 1995, such individual shall continue to be considered eligible for such benefits for purposes of determining eligibility under title XIX if such individual is not otherwise eligible for medical assistance under such title and, in the case of an individual described in paragraph (1), such assistance is needed to maintain functional gains, and, in the case of an individual described in paragraph (2), such assistance would be available if such section 611(b)(2) had not been enacted.”.

(e) 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. 613. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking “and” at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting “; and”, and by adding after subclause (IV) the following new subclause:

“(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee.”.

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

“(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

“(i) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment; and

“(II) implement statistically valid procedures for reviewing a sample of such contemporaneous records in order to identify instances in which such representative payee is not properly using such payment.”.

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by striking “Clause (i)” and inserting “Subclauses (II) and (III) of clause (i)”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following new clause:

“(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

“(I) education and job skills training;

“(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child’s disability; and

“(III) appropriate therapy and rehabilitation.”.

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b) is amended—

(A) by striking “and” at the end of paragraph (9),

(B) by striking the period at the end of paragraph (10) the first place it appears and inserting a semicolon,

(C) by redesignating paragraph (10) the second place it appears as paragraph (11) and striking the period at the end of such paragraph and inserting “; and”, and

(D) by inserting after paragraph (11), as so redesignated, the following new paragraph:

“(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

Subtitle C—Studies Regarding Supplemental Security Income Program

SEC. 621. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

Title XVI is amended by adding at the end the following new section:

“SEC. 1636. ANNUAL REPORT ON PROGRAM.

“(a) DESCRIPTION OF REPORT.—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—

“(1) a comprehensive description of the program;

“(2) historical and current data on allowances and denials, including number of applications and allowance rates at initial determinations, reconsiderations, administrative law judge hearings, council of appeals hearings, and Federal court appeal hearings;

“(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, work disabled adults, and children);

“(4) projections of future number of recipients and program costs, through at least 25 years;

“(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

“(6) data on the utilization of work incentives;

“(7) detailed information on administrative and other program operation costs;

“(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

“(9) State supplementation program operations;

“(10) a historical summary of statutory changes to this title; and

“(11) such other information as the Commissioner deems useful.

“(b) VIEWS OF CBO.—The annual report under this section shall include an analysis of its contents by the Congressional Budget Office.

“(c) VIEWS OF MEMBERS OF THE SOCIAL SECURITY ADVISORY COUNCIL.—Each member of the Social Security Advisory Council 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 under this section.

“(d) NOT SUBJECT TO PRIOR EXECUTIVE BRANCH REVIEW OR APPROVAL.—In preparing and transmitting the annual report under this section, the Commissioner shall provide the best and most accurate information, and shall not be required to submit such report to the Office of Management and Budget or to other review procedures.”

SEC. 622. IMPROVEMENTS TO DISABILITY EVALUATION.

(a) REQUEST FOR COMMENTS.—

(1) IN GENERAL.—Not later than 60 days after the date of the enactment of this Act, the Commissioner of Social Security shall issue a request for comments in the Federal Register regarding improvements to the disability evaluation and determination procedures for individuals under age 18 to ensure the comprehensive assessment of such individuals, including—

(A) additions to conditions which should be presumptively disabling at birth or ages 0 through 3 years;

(B) specific changes in individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations;

(C) improvements in regulations regarding determinations based on regulations providing for medical and functional equivalence to such Listing of Impairments, and consideration of multiple impairments; and

(D) any other changes to the disability determination procedures.

(2) REVIEW AND REGULATORY ACTION.—The Commissioner of Social Security shall promptly review such comments and issue any regulations implementing any necessary changes not later than 18 months after the date of the enactment of this Act.

SEC. 623. STUDY OF DISABILITY DETERMINATION PROCESS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

SEC. 324. STUDY BY GENERAL ACCOUNTING OFFICE.

Not later than January 1, 1998, the Comptroller General of the United States shall study and report on 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.

Subtitle D—National Commission on the Future of Disability

SEC. 631. ESTABLISHMENT.

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the “Commission”), the expenses of which shall be paid from funds otherwise appropriated for the Social Security Administration.

SEC. 632. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose,

and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation’s disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

SEC. 633. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General shall serve on the Commission as an ex officio member of the Commission to advise and oversee the methodology and approach of the study of the Commission.

(c) PROHIBITION AGAINST OFFICER OR EMPLOYEE.—No officer or employee of any government shall be appointed under subsection (a).

(d) DEADLINE FOR APPOINTMENT; TERM OF APPOINTMENT.—Members of the Commission shall be appointed not later than 60 days after the date of the enactment of this Act. The members shall serve on the Commission for the life of the Commission.

(e) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(f) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(h) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(i) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(j) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(k) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 634. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

SEC. 635. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discre-

tion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVICES.—The Commission may accept, use, and dispose of gifts, bequests, or devices of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devices of money and proceeds from sales of other property received as gifts, bequests, or devices shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

SEC. 636. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 637, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) FINAL REPORT.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

SEC. 637. TERMINATION.

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

TITLE VII—PROVISIONS RELATING TO SPONSORS

SEC. 701. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC ASSISTANCE PROGRAMS.

(a) FEDERAL AND FEDERALLY-ASSISTED PROGRAMS.—

(1) PROGRAM ELIGIBILITY CRITERIA.—

(A) TEMPORARY EMPLOYMENT ASSISTANCE.—

(i) IN GENERAL.—Section 402(c) of the Social Security Act, as added by section 101(a) and amended by section 401, is amended by redesignating paragraphs (2) through (7) as paragraphs (3) through (8), and by inserting after paragraph (1) the following new paragraph:

“(2) ALIEN STATUS.—In determining the eligibility of a family for assistance, the State

plan shall provide that no assistance shall be furnished to any family member under the plan who is not—

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

“(B) a qualified alien (as defined in section 1101(a)(10)), provided that such alien is not disqualified from receiving assistance under the State plan by or pursuant to section 210(f) or 245A(h) of the Immigration and Nationality Act or any other provision of law.”.

(ii) CONFORMING AMENDMENT.—Section 402(d)(1) of the Social Security Act, as added by section 101(a), is amended by striking “any individual” and inserting “any individual (including any family member described in subsection (c)(2))”.

(B) SUPPLEMENTAL SECURITY INCOME.—Section 1614(a)(1)(B)(i) (42 U.S.C. 1382c(a)(1)(B)(i)) is amended to read as follows:

“(B)(i) is a resident of the United States, and is either (I) a citizen or national of the United States, or (II) a qualified alien (as defined in section 1101(a)(10)), or”.

(C) MEDICAID—

(i) IN GENERAL.—Section 1903(v)(1) (42 U.S.C. 1396b(v)(1)) is amended to read as follows:

“(v)(1) Notwithstanding the preceding provisions of this section—

“(A) no payment may be made to a State under this section for medical assistance furnished to an individual who is disqualified from receiving such assistance by or pursuant to section 210(f) or 245A(h) of the Immigration and Nationality Act or any other provision of law, and

“(B) except as provided in paragraph (2), no such payment may be made for medical assistance furnished to an individual who is not—

“(i) a citizen or national of the United States, or

“(ii) a qualified alien (as defined in section 1101(a)(10)).”.

(ii) CONFORMING AMENDMENTS.—

(I) Section 1903(v)(2) (42 U.S.C. 1396b(v)(2)) is amended by striking “paragraph (1)” and inserting “paragraph (1)(B)”, and by striking “alien” each place it appears and inserting “individual”.

(II) Section 1902(a) (42 U.S.C. 1396a(a)) is amended in the last sentence by striking “alien” and all that follows and inserting “individual who is not (A) a citizen or national of the United States, or (B) a qualified alien (as defined in section 1101(a)(10)) only in accordance with section 1903(v).”.

(III) Section 1902(b)(3) (42 U.S.C. 1396a(b)(3)) is amended by inserting “or national” after “citizen”.

(2) QUALIFIED ALIEN DEFINED.—Section 1101(a) (42 U.S.C. 1301(a)) is amended by adding at the end the following new paragraph:

“(10) The term ‘qualified alien’ means an alien—

“(A) who is lawfully admitted for permanent residence within the meaning of section 101(a)(20) of the Immigration and Nationality Act;

“(B) who is admitted as a refugee pursuant to section 207 of such Act;

“(C) who is granted asylum pursuant to section 208 of such Act;

“(D) whose deportation is withheld pursuant to section 243(h) of such Act;

“(E) whose deportation is suspended pursuant to section 244 of such Act;

“(F) who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980;

“(G) who is lawfully admitted for temporary residence pursuant to section 210 or 245A of such Act;

“(H) who is within a class of aliens lawfully present within the United States pursuant to any other provision of such Act, provided that—

“(i) the Attorney General determines that the continued presence of such class of aliens serves a humanitarian or other compelling public interest, and

“(ii) the Secretary determines that such interest would be further served by treating each alien within such class as a ‘qualified alien’ for purposes of this Act; or

“(I) who is the spouse or unmarried child under 21 years of age of a citizen of the United States, or the parent of such a citizen if the citizen is 21 years of age or older, and with respect to whom an application for adjustment to lawful permanent residence is pending; such status not having changed.”.

(3) **CONFORMING AMENDMENT.**—Section 244A(f)(1) of the Immigration and Nationality Act (8 U.S.C. 1254a(f)(1)) is amended by inserting “and shall not be considered to be a ‘qualified alien’ within the meaning of section 1101(a)(10) of the Social Security Act” immediately before the semicolon.

(b) **STATE AND LOCAL PROGRAMS.**—A State or political subdivision therein may provide that an alien is not eligible for any program of assistance based on need that is furnished by such State or political subdivision unless such alien is a “qualified alien” within the meaning of section 1101(a)(10) of the Social Security Act (as added by subsection (a)(2) of this section).

(c) **EFFECTIVE DATE.**—

(1) The amendments made by subsection (a) shall apply with respect to benefits payable on the basis of any application filed after September 30, 1995.

(2) Subsection (b) shall take effect on October 1, 1995.

SEC. 702. EXTENSION OF DEEMING OF INCOME AND RESOURCES UNDER TEA, SSI, AND FOOD STAMP PROGRAMS.

(a) **IN GENERAL.**—Except as provided in subsections (b) and (c), in applying section 1621 of the Social Security Act and section 5(i) of the Food Stamp Act of 1977, the period in which each respective section otherwise applies with respect to an alien shall be extended through the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act.

(b) **EXCLUSION.**—Notwithstanding sections 414 and 1621 of the Social Security Act and section 5(i) of the Food Stamp Act of 1977, the income and resources of a sponsor or sponsor's spouse shall not be deemed to an alien if—

(1) the alien—

(A) is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge,

(B) is on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) is the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B);

(2) the alien is the subject of domestic violence or has been battered or subjected to extreme cruelty by a family member in the United States; or

(3) there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters.

(c) **HOLD HARMLESS FOR MEDICAID ELIGIBILITY.**—Subsection (a) shall not apply with respect to determinations of eligibility for benefits under part A of title IV of the Social Security Act or under the supplemental income security program under title XVI of

such Act but only insofar as such determinations provide for eligibility for medical assistance under title XIX of such Act.

(d) **EFFECTIVE DATE.**—This section shall take effect on October 1, 1995.

SEC. 703. REQUIREMENTS FOR SPONSOR'S AFFIDAVITS 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) **IN GENERAL.**—No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable under section 212(a)(4) unless such affidavit is executed as a contract—

“(A) which, for not more than 5 years after the date the alien last receives any such cash benefit, is legally enforceable against the sponsor by the Federal Government, by a State, or by any political subdivision of a State, providing cash benefits under a public cash assistance program (as defined in subsection (f)(2)); and

“(B) 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) **EXPIRATION OF LIABILITY.**—Such contract shall only apply with respect to cash benefits described in paragraph (1)(A) provided to an alien before the earliest of the following:

“(A) **CITIZENSHIP.**—The date the alien becomes a citizen of the United States under chapter 2 of title III.

“(B) **VETERAN.**—The first date the alien is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge.

“(C) **PAYMENT OF SOCIAL SECURITY TAXES.**—The first date as of which there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters.

“(3) **NONAPPLICATION DURING CERTAIN PERIODS.**—Such contract also shall not apply with respect to cash benefits described in paragraph (1)(A) provided during any period in which the alien is—

“(A) on active duty (other than active duty for training) in the Armed Forces of the United States, or

“(B) the spouse or unmarried dependent child of an individual described in paragraph (2)(A) or subparagraph (A) of this paragraph;

“(b) **FORMS.**—Not later than 90 days after the date of the 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) **NOTIFICATION OF CHANGE OF ADDRESS.**—

“(1) **REQUIREMENT.**—The sponsor shall notify the Federal Government 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)(1)(A).

“(2) **ENFORCEMENT.**—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 sponsored alien has received any benefit under any means-tested public bene-

fits program, not less than \$2,000 or more than \$5,000.

“(d) **REIMBURSEMENT OF GOVERNMENT EXPENSES.**—

“(1) **REQUEST FOR REIMBURSEMENT.**—

“(A) **IN GENERAL.**—Upon notification that a sponsored alien has received any cash benefits described in subsection (a)(1)(A), the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such cash benefits.

“(B) **REGULATIONS.**—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) **INITIATION OF ACTION.**—If, not later than 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) **FAILURE TO ABIDE BY REPAYMENT TERMS.**—If the sponsor fails to abide by the repayment terms established by such agency, the agency may, not later than 60 days after such failure, bring an action against the sponsor pursuant to the affidavit of support.

“(4) **LIMITATION ON ACTIONS.**—No cause of action may be brought under this subsection later than 5 years after the date the alien last received any cash benefit described in subsection (a)(1)(A).

“(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; and

“(C) is domiciled in any State.

“(2) **PUBLIC CASH ASSISTANCE PROGRAM.**—The term ‘public cash assistance program’ means a program of the Federal Government or of a State or political subdivision of a State that provides direct cash assistance for the purpose of income maintenance and in which the eligibility of an individual, household, or family eligibility unit for cash benefits under the program, or the amount of such cash benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit. Such term does not include any program insofar as it provides medical, housing, education, job training, food, or in-kind assistance or social services.”.

(b) **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 added 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 213A.

SEC. 704. EXTENDING REQUIREMENT FOR AFFIDAVITS OF SUPPORT TO FAMILY-RELATED AND DIVERSITY IMMIGRANTS.

(A) **IN GENERAL.**—Section 212(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(4)) is amended to read as follows:

“(4) **PUBLIC CHARGE AND AFFIDAVITS OF SUPPORT.**—

“(A) PUBLIC CHARGE.—Any alien who, in the opinion of the consular officer at the time of application for a visa, or in the opinion of the Attorney General at the time of application for admission or adjustment of status, is likely at any time to become a public charge is excludable.

“(B) AFFIDAVITS OF SUPPORT.—Any immigrant who seeks admission or adjustment of status as any of the following is excludable unless there has been executed with respect to the immigrant an affidavit of support pursuant to section 213A:

“(i) As an immediate relative (under section 201(b)(2)).

“(ii) As a family-sponsored immigrant under section 203(a) (or as the spouse or child under section 203(d) of such an immigrant).”

“(iii) As the spouse or child (under section 203(d)) of an employment-based immigrant under section 203(b).

“(iv) As a diversity immigrant under section 203(c) (or as the spouse or child under section 203(d) of such an immigrant).”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to aliens with respect to whom an immigrant visa is issued (or adjustment of status is granted) after the date specified by the Attorney General under section 703(c).

TITLE VIII—FOOD STAMP PROGRAM INTEGRITY AND REFORM.

SEC. 801. REFERENCES TO THE FOOD STAMP ACT OF 1977.

Except as otherwise expressly provided, wherever 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 Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

SEC. 802. CERTIFICATION PERIOD.

(a) DEFINITION.—Section 3 (7 U.S.C. 2012(c)) is amended by striking subsection (c) and inserting the following:

“(c) CERTIFICATION PERIOD.—The term ‘certification period’ means the period specified by the State agency for which a household shall be eligible to receive an authorization card, except that the period shall be—

“(1) not more than 24 months for a household in which all adult members are elderly or disabled members; and

“(2) not more than 12 months for another household.”

(b) REPORTING ON RESERVATIONS.—Section 6(c)(1)(C) (7 U.S.C. 2015(c)(1)(C)) is amended—

(1) in clause (ii), by adding “and” at the end;

(2) in clause (iii), by striking “; and” at the end and inserting a period; and

(3) by striking clause (iv).

SEC. 803. EXPANDED DEFINITION OF COUPON.

Section 3(d) (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 as a coupon, or an access device, including an electronic benefits transfer card or a personal identification number.”

SEC. 804. TREATMENT OF MINORS.

The second sentence of section 3(i) (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. 805. ADJUSTMENT TO THRIFTY FOOD PLAN.

The second sentence of section 3(o) (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 “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, 1995, 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.”

SEC. 806. EARNINGS OF CERTAIN HIGH SCHOOL STUDENTS COUNTED AS INCOME.

Section 5(d)(7) (7 U.S.C. 2014(d)(7)) is amended by striking “21” and inserting “18”.

SEC. 807. ENERGY ASSISTANCE COUNTED AS INCOME.

(a) LIMITING EXCLUSION.—Section 5(d)(11) (7 U.S.C. 2014(d)(11)) is amended—

(1) by striking “(A) under any Federal law, or (B)”;

(2) by inserting before the comma at the end the following: “, except that no benefits provided under the State program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall be excluded under this clause”.

(b) CONFORMING AMENDMENTS.—

(1) Section 5(e) (7 U.S.C. 2014(e)) is amended by striking sentences nine through twelve.

(2) Section 5(k)(2) (7 U.S.C. 2014(k)(2)) is amended by striking subparagraph (C) and redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively.

(3) Section 5(k) (7 U.S.C. 2014(k)) is amended by adding at the end the following new paragraph:

“(4) For purposes of subsection (d)(1), any payments or allowances made under any Federal or State law for the purposes of energy assistance shall be treated as money payable directly to the household.”

(4) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8634(f)) is amended—

(A) in paragraph (1), by striking “food stamps”;

(B) by striking “(f)(1) Notwithstanding” and inserting “(f) Notwithstanding”;

(C) by striking paragraph (2).

SEC. 808. EXCLUSION OF CERTAIN JTPA INCOME.

Section 5 (7 U.S.C. 2014) is amended—

(1) in subsection (d)—

(A) by striking “and (16)” and inserting “(16)”;

(B) by inserting before the period at the end the following: “, and (17) income received under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) by a household member who is less than 19 years of age”; and

(2) in subsection (j), by striking “under section 204(b)(1)(C)” and all that follows and inserting “shall be considered earned income for purposes of the food stamp program.”

SEC. 809. 2-YEAR FREEZE OF STANDARD DEDUCTION.

The second sentence of section 5(e)(4) (7 U.S.C. 2014(e)(4)) is amended by inserting “, except October 1, 1995, and October 1, 1996” after “thereafter”.

SEC. 810. ELIMINATION OF HOUSEHOLD ENTITLEMENT TO SWITCH BETWEEN ACTUAL EXPENSES AND ALLOWANCES DURING CERTIFICATION PERIOD.

The fourteenth sentence of section 5(e) (7 U.S.C. 2014(e)) (as in effect before the amendment made by section 807) is amended by striking “and up to one additional time during each twelve-month period”.

SEC. 811. EXCLUSION OF LIFE INSURANCE PROCEEDS.

Section 5(g) (7 U.S.C. 2014(g)) is amended by adding at the end the following:

“(6) LIFE INSURANCE POLICY.—The Secretary shall exclude from financial resources

the cash value of any life insurance policy owned by a member of a household.”

SEC. 812. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) (7 U.S.C. 2014(k)(2)), as amended by section 807(b)(2), is amended—

(1) by striking subparagraph (E); and

(2) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

SEC. 813. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

Section 6(b)(1) (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i)—

(A) by striking “six months upon” and inserting “1 year on”;

(B) by adding “and” at the end; and

(2) striking clauses (ii) and (iii) and inserting the following:

“(ii) permanently on—

“(I) the second occasion of any such determination; or

“(II) the first occasion of a finding by a Federal, State, or local court of the trading for coupons of—

“(aa) a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)); or

“(bb) firearms, ammunition, or explosives.”

SEC. 814. STRENGTHENED WORK REQUIREMENTS.

(a) IN GENERAL.—Section 6(d) (7 U.S.C. 2015(d)) is amended—

(1) 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 State agency;

“(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements prescribed by the State agency under paragraph (4);

“(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 that is 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; or

“(iv) voluntarily quits a job without good cause.

“(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 not to exceed the period of the individual’s ineligibility.

“(C) DURATION OF INELIGIBILITY.—

“(i) FIRST REFUSAL.—The first time that an individual becomes ineligible to participate in the food stamp program under clause (i),

(ii), or (iii) of subparagraph (A), the individual shall remain ineligible until the individual becomes eligible under this Act (including subparagraph (A)).

“(ii) SECOND REFUSAL.—The second time that an individual becomes ineligible to participate in the food stamp program under clause (i), (ii), or (iii) of subparagraph (A), the individual shall remain ineligible until the later of—

“(I) the date the individual becomes eligible under this Act (including subparagraph (A)); or

“(II) the date that is 3 months after the date the individual became ineligible under subparagraph (A).

“(iii) THIRD OR SUBSEQUENT REFUSAL.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under clause (i), (ii), or (iii) of subparagraph (A), the individual shall remain ineligible until the later of—

“(I) the date the individual becomes eligible under this Act (including subparagraph (A)); or

“(II) the date that is 6 months after the date the individual became ineligible under subparagraph (A).

“(iv) VOLUNTARY QUIT.—On the date that an individual becomes ineligible under subparagraph (A)(iv), the individual shall remain ineligible until—

“(I) in the case of the first time the individual becomes ineligible, the date that is 3 months after the date the individual became ineligible; and

“(II) in the case of the second or subsequent time the individual becomes ineligible, the date that is 6 months after the date the individual became ineligible.

“(D) ADMINISTRATION.—

“(i) BECOMING ELIGIBLE.—

“(I) WAITING PERIOD.—A State agency may consider an individual ineligible to participate in the food stamp program not earlier than 14 days after the date the individual becomes ineligible to participate under clause (i), (ii), or (iii) of subparagraph (A).

“(II) REMAINING ELIGIBLE.—If an individual remains eligible to participate in the food stamp program under this Act (including subparagraph (A)) at the end of the earliest date for ineligibility under subclause (I), the State agency shall consider the individual to have maintained eligibility during the period preceding the earliest date for ineligibility.

“(ii) GOOD CAUSE.—In this paragraph, the term ‘good cause’ includes the lack of adequate child care for a dependent child under the age of 12.

“(iii) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(iv), 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.

“(iv) SELECTING A HEAD OF HOUSEHOLD.—

“(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult members of the household 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. The household may not change the designation during a certification period unless there is a change in the composition of the household.

“(v) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is in-

eligible 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.”; and

(2) in paragraph (4)(H)(i), by striking “The Secretary” and all that follows through “State agency shall” and inserting “A State agency may”.

(b) WORKFARE.—Section 20(f) (7 U.S.C. 2029(f)) is amended by striking “neither that” and all that follows through “shall be eligible” and inserting “the person and, at the option of a State agency, the household of which the person is a member, shall be ineligible”.

(c) CONFORMING AMENDMENT.—The second sentence of section 17(b)(2) (7 U.S.C. 2026(b)(2)) is amended by striking “6(d)(1)(i)” and inserting “6(d)(1)(A)(i)”.

SEC. 815. WORK REQUIREMENT FOR ABLE-BODIED RECIPIENTS.

(a) IN GENERAL.—Section 6 (7 U.S.C. 2015) is amended by adding at the end the following:

“(i) 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); or

“(C) a program of employment or training operated or supervised by a State or local government, as determined appropriate by the Secretary.

“(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12 months, the individual received food stamp benefits for not less than 6 months during which the individual did not—

“(A) work 20 hours or more per week, averaged monthly;

“(B) participate in a workfare program under section 20 or a comparable State or local workfare program;

“(C) participate in and comply with the requirements of an approved employment and training program under subsection (d)(4); or

“(D) participate in and comply with the requirements of a work program for 20 hours or more per week.

“(3) 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 a dependent child under 18 years of age; or

“(D) otherwise exempt under subsection (d)(2).

“(4) WAIVER.—

“(A) IN GENERAL.—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 7 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.”.

(b) WORK AND TRAINING PROGRAMS.—Section 6(d)(4) (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

“(O) REQUIRED PARTICIPATION IN WORK AND TRAINING PROGRAMS.—A State agency shall provide an opportunity to participate in the employment and training program under this paragraph to any individual who would otherwise become subject to disqualification under subsection (i).

“(P) COORDINATING WORK REQUIREMENTS.—

“(i) IN GENERAL.—Notwithstanding any other provision of this paragraph, a State agency that meets the participation requirements of clause (ii) may operate the employment and training program of the State for individuals who are members of households receiving allotments under this Act as part of a program operated by the State under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.), subject to the requirements of the Act.

“(ii) PARTICIPATION REQUIREMENTS.—A State agency may exercise the option under clause (i) if the State agency provides an opportunity to participate in an approved employment and training program to an individual who is—

“(I) subject to subsection (i);

“(II) not employed at least an average of 20 hours per week;

“(III) not participating in a workfare program under section 20 (or a comparable State or local program); and

“(IV) not subject to a waiver under subsection (i)(4).”.

(c) ENHANCED EMPLOYMENT AND TRAINING PROGRAM.—Section 16(h)(1) (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A), by striking “\$75,000,000 for each of the fiscal years 1991 through 1995” and inserting “\$150,000,000 for each of fiscal years 1996 through 2000”;

(2) by striking subparagraphs (B), (C), (E), and (F);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking “for each” and all that follows through “of \$60,000,000” and inserting “, the Secretary shall allocate funding”.

SEC. 816. DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.

Section 6 (7 U.S.C. 2015) (as amended by section 815) is further amended by adding at the end the following:

“(j) DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.—An individual shall be ineligible to participate in the food stamp program as a member of any household during a 10-year period beginning on the date the individual is found by a State to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual to receive benefits simultaneously from 2 or more States under—

“(1) the food stamp program;

“(2) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under title XIX of the Act (42 U.S.C. 1396 et seq.); or

“(3) the supplemental security income program under title XVI of the Act (42 U.S.C. 1381 et seq.).”.

SEC. 817. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 (7 U.S.C. 2015) (as amended by section 816) is further amended by adding at the end the following:

“(k) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

“(I) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), 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. 818. FACILITATE IMPLEMENTATION OF A NATIONAL ELECTRONIC BENEFIT TRANSFER DELIVERY SYSTEM.

(a) IMPLEMENTATION OF NATIONAL ELECTRONIC BENEFITS TRANSFER SYSTEM.—Section 7 (7 U.S.C. 2016) is amended—

(1) in subsection (g)—
(A) by striking “(1)”;
(B) by striking paragraph (2); and
(C) by striking “(A)” and “(B)” and inserting “(1)” and “(2)”, respectively;

(2) in subsection (i)—
(A) in paragraph (2)—
(i) by striking “issue final regulations effective no later than April 1, 1992, that”;
(ii) by striking subparagraph (A); and
(iii) by redesignating subparagraphs (B) through (H) as subparagraphs (A) through (G), respectively;

(B) in paragraph (3)(A), by inserting after “minority language populations” the following: “and those stores a State agency has determined shall be provided the equipment necessary for participation by the store in an electronic benefit transfer delivery system”; and

(D) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5); and

(3) by adding at the end the following:
“(j) ELECTRONIC BENEFIT TRANSFERS.—
“(1) APPLICABLE LAW.—
“(A) IN GENERAL.—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.

“(B) DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—In this paragraph, the term ‘electronic benefit transfer system’ means a system under which a governmental entity distributes benefits under this Act or other benefits or payments by establishing accounts to be accessed by recipients of the benefits electronically, including through the use of an automated teller machine or an intelligent benefit card.

“(2) CHARGING FOR ELECTRONIC BENEFIT TRANSFER CARE REPLACEMENT.—”.

“(A) IN GENERAL.—A State agency may charge an individual for the cost of replacing a lost or stolen electronic benefit transfer card.

“(B) REDUCING ALLOTMENT.—A State agency may collect a charge imposed under subparagraph (A) by reducing the monthly allotment of the household of which the individual is a member.

“(3) 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.”.

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 10 (7 U.S.C. 2019) is amended by striking the period at the end and inserting the following: “, unless the center, organization, institution, shelter, group living arrangement, or establishment is equipped with a point-of-sale device for the purpose of participating in the electronic benefit transfer system.”.

(2) Section 16(a)(3) (7 U.S.C. 2025(a)(3)) is amended by inserting after “households” the following: “, including the cost of providing equipment necessary for retail food stores to participate in an electronic benefit transfer system”.

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on the date that the Secretary of Agriculture implements a national electronic benefit transfer system in accordance with section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) (as amended by subsection (a)).

SEC. 819. LIMITING ADJUSTMENT OF MINIMUM BENEFIT.

Section 8(a) (7 U.S.C. 2017(a)) is amended by striking “nearest \$5” and inserting “nearest \$10”.

SEC. 820. BENEFITS ON RECERTIFICATION.

Section 8(c)(2)(B) (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more than one month”.

SEC. 821. STATE AUTHORIZATION TO SET REQUIREMENTS APPROPRIATE FOR HOUSEHOLDS.

(a) AGGREGATE ALLOTMENT.—Section 8(c)(3) (7 U.S.C. 2017(c)(3)) is amended—

(1) by striking “agency—” and all that follows through “11(e)(9), may” and inserting “agency may”; and

(2) by striking “; and” and all that follows and inserting a period.

(b) STATE PLAN.—Section 11 (7 U.S.C. 2020) is amended—

(1) in subsection (e)—
(A) in paragraph (2)—
(i) by striking “a simplified, uniform national” and all that follows through “such State forms are” and inserting “an application form for participation in the food stamp program that is”;
(ii) striking “Each food stamp application form shall contain” and all that follows through “The State agency shall require” and inserting “The State agency shall require”; and

(iii) by striking the semicolon at the end and inserting the following: “. An application shall be considered filed on the date the household submits an application that contains the name, address, and signature of the applicant;”;

(B) by striking paragraph (14) and inserting the following:

“(14) that the agency shall evaluate the access needs of special groups, including the elderly, disabled, rural poor, people who do not speak or read English, households that are homeless, and households that reside on an Indian reservation. The State plan of operation required under subsection (d) shall describe the procedures the State agency will follow to address the access needs of the special groups, the actions the State agency will take to provide timely and accurate service to all applicants and recipients, and the means the State agency will use to provide necessary information to applicants and recipients, including the rights and responsibilities of the applicants;”;

(C) by striking “; and” at the end of paragraph (24) and inserting a period; and

(D) by striking paragraph (25);

(2) in subsection (i)—
(A) by striking “(1) a single” and all that follows through “(2)”; and

(B) by striking “; (3) households” and all that follows through “is available in such case file”; and

(3) in subsection (j), by adding at the end the following:

“(3) INDEPENDENT ELIGIBILITY DETERMINATION.—A State agency may not deny an application, nor terminate benefits, under the food stamp program, without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program, on the basis that an application to participate has been denied or benefits have been terminated under a program funded under the Social Security Act (42 U.S.C. 301 et seq.).”.

SEC. 822. COORDINATION OF EMPLOYMENT AND TRAINING PROGRAMS.

Section 8(d) (7 U.S.C. 2019(d)) is amended—
(1) by striking “(d) A household” and inserting the following:

“(d) NONCOMPLIANCE WITH OTHER WELFARE OR WORK PROGRAMS.—

“(1) IN GENERAL.—A household”; and
(2) by inserting “or a work requirement under a welfare or public assistance program” after “assistance program”; and

(3) by adding at the end the following:

“(2) WORK REQUIREMENT.—If a household fails to comply with a work requirement under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), 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 a penalty imposed for the failure to comply; and
“(B) the State agency may reduce the allotment of the household by not more than 25 percent.”.

SEC. 823. SIMPLIFICATION OF APPLICATION PROCEDURES AND STANDARDIZATION OF BENEFITS.

Section 8 (7 U.S.C. 2019) is amended by striking subsection (e) and inserting the following:

“(e) SIMPLIFICATION OF APPLICATION PROCEDURES AND STANDARDIZATION OF BENEFITS.—

“(1) IN GENERAL.—On the request of a State agency, the Secretary may approve State-wide, or for 1 or more project areas, procedures and standards consistent with this Act under which—

“(A) a household in which all members of the household 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.) may be considered to have satisfied the application, interview, and verification requirements under section 11(e);
“(B) the State agency may use income information obtained and used under a State program funded under part A of title IV of the Social Security Act to determine the gross nonexcluded income of the household under this Act;

“(C) the State agency may standardize the amount of the deductions under section 5(e), except that a deduction may not be allowed for dependent care costs or earned income if the State program funded under part A of title IV of the Social Security Act allows an income exclusion for the costs or income; and

“(D) the State agency may elect to apply different shelter standards to a household that receives a housing subsidy and a household that does not receive a housing subsidy.
“(2) INCOME INCLUDES ASSISTANCE.—The gross nonexcluded income of a household determined under paragraph (1)(B) shall include the assistance provided under a State program funded under part A of title IV of the Social Security Act.

“(3) HOUSEHOLD SIZE.—A State agency shall base the value of the allotment provided to a household under this paragraph on household size.

“(4) ALTERNATIVE PLAN.—The Secretary may approve an alternative plan submitted by a State agency that is consistent with this Act for simplifying application procedures or standardizing income or benefit determinations for a household in which all members of the household 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.).

“(5) NO INCREASED FEDERAL COSTS.—

“(A) APPLICATION.—On submission of a request for approval under paragraph (1) or (4), a State agency shall assure the Secretary that approval will not increase Federal costs.

“(B) REDUCTION OF COSTS.—If Federal costs are increased as a result of a State agency carrying out this subsection, the State agency shall take prompt action to reduce costs to the level that existed prior to carrying out this subsection.”.

SEC. 824. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a)(1) (7 U.S.C. 2018(a)(1)) is amended by adding at the end the following: “The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid.”.

SEC. 825. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.

Section 9(a)(1) (7 U.S.C. 2018(a)(1)) (as amended by section 824) is further amended by adding at the end the following: “The Secretary may issue regulations establishing specific time periods of not less than 6 months during which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied or that has an approval withdrawn on the basis of business integrity and reputation cannot submit a new application for approval. The periods shall reflect the severity of business integrity infractions that are the basis of the denials or withdrawals.”.

SEC. 826. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

Section 9(c) (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. 827. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) (7 U.S.C. 2018(d)) is amended by adding at the end the following: “A retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because the store or concern does not meet criteria for approval established by the Secretary by regulation may not submit a new application for 6 months from the date of the denial.”.

SEC. 828. MANDATORY CLAIMS COLLECTION METHODS.

(a) DISCLOSURE OF INFORMATION.—Section 11(e)(8) (7 U.S.C. 2020(e)(8)) is amended by inserting before the semicolon at the end the following: “or from refunds of Federal taxes under section 3720A of title 31, United States Code”.

(b) COLLECTION OF OVERISSUANCES.—Section 13 (7 U.S.C. 2022) is amended—

(1) in subsection (b)—

(A) by striking “(b)(1)(A) In” and all that follows through “(2)(A) State agencies” and inserting the following:

“(b) COLLECTION OF OVERISSUANCES.—

“(1) IN GENERAL.—A State agency”;

(B) by striking “(B) State agencies” and inserting the following:

“(2) OTHER MEANS OF COLLECTION.—A State agency”;

(C) in paragraph (1) (as amended by subparagraph (A))—

(i) by striking “, other than claims” and all that follows through “error of the State agency.”;

(ii) by striking “, except that the household shall” and inserting “, At the option of the State, the household may”; and

(iii) by adding at the end the following: “A State agency may waive the use of an allotment reduction as a means of collecting a claim arising from an error of the State agency if the collection would cause a hardship (as defined by the State agency) on the household, except that the State agency shall continue to pursue all other lawful methods of collection of the claim.”; and

(D) in paragraph (2) (as amended by subparagraph (A))—

(i) by striking “may collect” and inserting “shall collect”; and

(ii) by striking “or subparagraph (A)”;

(2) in subsection (d)—

(A) by striking “and except for claims arising from an error of the State agency.”;

(B) by striking “may be recovered” and inserting “shall be recovered”; and

(C) by inserting before the period at the end the following: “or a refund of Federal taxes under section 3720A of title 31, United States Code.”.

(c) DISCLOSURE OF RETURN INFORMATION.—Section 6103(l) of the Internal Revenue Code of 1986 is amended by striking “officers and employees” each place it appears and inserting “officers, employees, or agents, including State agencies.”.

(d) STATE AGENCY COLLECTION OF FEDERAL TAX REFUNDS.—Section 6402(d) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by inserting after “any Federal agency” the following: “(or any State agency that has the responsibility for the administration of the food stamp program operated pursuant to the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.))”; and

(2) in the second sentence of paragraph (2), by inserting after “a Federal agency” the following: “(or a State agency that has the responsibility for the administration of the food stamp program operated pursuant to the Food Stamp Act of 1977)”.

SEC. 829. STATE AUTHORIZATION TO ASSIST LAW ENFORCEMENT OFFICERS IN LOCATING FUGITIVE FELONS.

Section 11(e)(8)(B) (7 U.S.C. 2020(e)(8)(B)) is amended by striking “Act, and” and inserting “Act or of locating a fugitive felon (as defined by a State), and”.

SEC. 830. EXPEDITED SERVICE.

Section 11(e)(9) (7 U.S.C. 2020(e)(9)) is amended—

(1) in subparagraph (A)—

(A) by striking “five days” and inserting “7 days”; and

(B) by inserting “and” at the end;

(2) by striking subparagraphs (B) and (C);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking “, (B), or (C)”.

SEC. 831. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.

Section 12(a) (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 include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through transaction reports under electronic benefits transfer systems.”.

SEC. 832. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.

(a) AUTHORITY.—Section 12(a) (7 U.S.C. 2021(a)) (as amended by section 834) is amended by adding at the end the following: “The regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time the store or concern is initially found to have committed a violation of a requirement of the food stamp program. The suspension may coincide with the period of a review under section 14. The Secretary shall not be liable for the value of any sales lost during a suspension or disqualification period.”.

(b) REVIEW.—Section 14(a) (7 U.S.C. 2023(a)) is amended—

(1) in the first sentence, by striking “disqualified or subjected” and inserting “suspended, disqualified, or subjected”;

(2) in the fifth sentence, by inserting before the period at the end the following: “, except that, in the case of the suspension of a retail food store or wholesale food concern under section 12(a), the suspension shall remain in effect pending any administrative or judicial review of the proposed disqualification action, and the period of suspension shall be deemed a part of any period of disqualification that is imposed”; and

(3) by striking the last sentence.

SEC. 833. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.

Section 12 (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.—

“(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

“(2) 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) notwithstanding section 14, shall not be subject to administrative or judicial review.”.

SEC. 834. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

Section 12 (7 U.S.C. 2021) (as amended by section 833) is amended by adding at the end the following:

“(h) FALSIFIED APPLICATIONS.—

“(1) IN GENERAL.—The Secretary shall issue regulations providing for the permanent disqualification of a retail food store, or wholesale food concern, that knowingly submits an application for approval to accept and redeem coupons that contains false information about a substantive matter that was a basis for approving the application.

“(2) REVIEW.—A disqualification under paragraph (1) shall be subject to administrative and judicial review under section 14, except that the disqualification shall remain in effect pending the review.”.

SEC. 835. EXPANDED CIVIL AND CRIMINAL FORFEITURE FOR VIOLATIONS.

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—The first sentence of section 15(g) (7 U.S.C. 2024(g)) is amended by striking “or intended to be furnished”.

(b) CIVIL AND CRIMINAL FORFEITURE.—Section 15 (7 U.S.C. 2024) is amended by adding at the end the following:

“(h) CIVIL AND CRIMINAL FORFEITURE.—

“(1) CIVIL FORFEITURE.—

“(A) IN GENERAL.—Any food stamp benefits and any property, real or personal, constituting, derived from, or traceable to any proceeds obtained directly or indirectly from, or used, or intended to be used, to commit, or to facilitate, the commission of a violation of subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than \$5,000, shall be subject to forfeiture to the United States.

“(B) PROCEDURES.—Chapter 46 of title 18, United States Code, shall apply to a seizure or forfeiture under this subsection, if not inconsistent with this subsection, except that any duties imposed on the Secretary of the Treasury under chapter 46 may also be performed with respect to a seizure or forfeiture under this section by the Secretary of Agriculture.

“(C) CIVIL AND CRIMINAL.—Forfeitures imposed under this subsection shall be in addition to any criminal sanctions imposed against the owner of the forfeited property.

“(2) CRIMINAL FORFEITURE.—

“(A) IN GENERAL.—Any person convicted of violating subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than \$5,000, shall forfeit to the United States, irrespective of any State law—

“(i) any food stamp benefits and any property constituting, or derived from, or traceable to any proceeds the person obtained directly or indirectly as a result of the violation; and

“(ii) any food stamp benefits and any property of the person used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of the violation.

“(B) SENTENCE.—In imposing a sentence on a person under subparagraph (A), the court shall order that the person forfeit to the United States all property described in this subsection.

“(C) PROCEDURES.—Any food stamp benefits or property subject to forfeiture under this subsection, any seizure or disposition of the benefits or property, and any administrative or judicial proceeding relating to the benefits or property, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), if not inconsistent with this subsection.

“(3) EXCLUDED PROPERTY.—This subsection shall not apply to property referred to in subsection (g).

“(4) RESTRAINING ORDER.—A restraining order available under section 413(e) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853(e)) shall apply to assets otherwise subject to forfeiture under section 413(p) of the Act (21 U.S.C. 853(p)).

“(5) RULES AND REGULATIONS.—The Secretary may prescribe such rules and regulations as are necessary to carry out this subsection.

“(i) RULES RELATING TO FORFEITURES.—With respect to property subject to forfeiture under subsections (g) and (h), the Secretary may allocate a division of such property, or the proceeds of the sale of such property, as the Secretary determines appropriate, between the Secretary of Agriculture under subsection (g) and the Secretary of the Treasury under subsection (h).”.

SEC. 836. EXTENDING CLAIMS RETENTION RATES.

The provisions of the first sentence of section 16(a) (7 U.S.C. 2025(a)) is amended by striking “1995” each place it appears and inserting “2000”.

SEC. 837. NUTRITION ASSISTANCE FOR PUERTO RICO.

The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking “\$974,000,000” and all that follows through “fiscal year 1995” and inserting the following: “\$1,143,000,000 for each of fiscal years 1995 and 1996, \$1,182,000,000 for fiscal year 1997, \$1,223,000,000 for fiscal year 1998, \$1,266,000,000 for fiscal year 1999, and \$1,310,000,000 for fiscal year 2000”.

SEC. 838. EXPANDED AUTHORITY FOR SHARING INFORMATION PROVIDED BY RE-TAILERS.

(a) SOCIAL SECURITY ACT.—Section 205(c)(2)(C)(iii) of the Social Security Act (42 U.S.C. 405(c)(2)(C)(iii)) is amended—

(1) in subclause (II)—

(A) in the first sentence, by inserting after “instrumentality of the United States” the following: “, a State government officer or employee with law enforcement or investigative responsibilities, or a State agency that has responsibility for administering 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),”; and

(B) in the last sentence, by inserting “or State” after “other Federal”; and

(2) in subclause (III), by inserting “or a State” after “United States”.

(b) INTERNAL REVENUE CODE.—Section 6109(f)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 6109(f)(2)) (as added by section 316(b) of the Social Security Administrative Reform Act of 1994 (Public Law 103-296; 108 Stat. 1464)) is amended—

(1) in subparagraph (A), by inserting after “instrumentality of the United States” the following: “, a State government officer or employee with law enforcement or investigative responsibilities, or a State agency that has responsibility for administering 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),”; and

(2) in the last sentence of subparagraph (A), by inserting “or State” after “other Federal”; and

(3) in subparagraph (B), by inserting “or a State” after “United States”.

SEC. 839. CHILD AND ADULT CARE FOOD PROGRAM.

(a) 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) by striking “and” at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) 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 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited, managed, or monitored.”.

(b) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the Act 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 of the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

“(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

“(I) DEFINITION.—In this paragraph, the term ‘tier I family or group day care home’ means—

“(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9;

“(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

“(cc) a family or group day care home that is operated by a provider whose household meets the eligibility standards for free or reduced price meals under section 9 and whose income is verified by a sponsoring organization under regulations established by the Secretary.

“(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility standards for free or reduced price meals under section 9.

“(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

“(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

“(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

“(I) IN GENERAL.—

“(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be \$1 for lunches and suppers, 40 cents for breakfasts, and 20 cents for supplements.

“(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

“(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a

requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility standards 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 eligibility standards 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 eligibility standards, 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 eligibility standards 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 serves 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 eligi-

bility standards 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 necessary minimum verification requirements.”

(2) SPONSOR PAYMENTS.—Section 17(f)(3)(B) of the Act is amended—

(A) by striking the period at the end of the second sentence and all that follows through the end of the subparagraph and inserting the following:”, except that the adjustment that otherwise would occur on July 1, 1996, shall be made on August 1, 1996. The maximum allowable levels for administrative expense payments shall be rounded to the nearest lower dollar increment and based on the unrounded adjustment for the preceding 12-month period.”;

(B) by striking “(B)” and inserting “(B)(i)”;

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

“(ii) The maximum allowable level of administrative expense payments shall be adjusted by the Secretary—

“(I) to increase by 7.5 percent the monthly payment to family or group day care home sponsoring organizations both for tier I family or group day care homes and for those tier II family or group day care homes for which the sponsoring organization administers a means test as provided under subparagraph (A)(iii); and

“(II) to decrease by 7.5 percent the monthly payment to family or group day care home sponsoring organizations for family or group day care homes that do not meet the criteria for tier I homes and for which a means test is not administered.”

(3) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act 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 1996.

“(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

“(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

“(bb) training and other assistance to family and group day care homes in the implementation of the amendments to subparagraph (A) made by section 574(b)(1) of the Family Self-Sufficiency Act of 1995.

“(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(II)—

“(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 in 1994 as a percentage of the number of all family day care homes participating in the program in 1994.

“(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for a fiscal year under clause (i), the State may re-

tain not to exceed 30 percent of the amount to carry out this subparagraph.

“(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A) (as amended by section 134(b)(1) of the Family Self-Sufficiency Act of 1995).”

(4) PROVISION OF DATA.—Section 17(f)(3) of the Act (as amended by paragraph (3)) is further amended by adding at the end the following:

“(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

“(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

“(ii) SCHOOL DATA.—

“(I) IN GENERAL.—A State agency administering the program under this section shall annually provide to a family or group day care home sponsoring organizations that request the data, a list of schools serving elementary school children in the State in which at least 50 percent of the children enrolled are certified to receive free or reduced price meals. State agencies 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 collect such data annually and provide such data on a timely basis to the State agency administering the program under this section.

“(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.”

(5) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting “except as provided in subsection (f)(3),” after “For purposes of this section,” each place it appears in paragraphs (1), (2), and (3).

(c) DISALLOWING MEAL CLAIMS.—The fourth sentence of section 17(f)(4) of the Act is amended by inserting “(including institutions that are not family or group day care home sponsoring organizations)” after “institutions”.

(d) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act 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.”.

(e) EFFECTIVE DATE.—

(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), (3), and (4) of subsection (b) shall become effective on August 1, 1996.

(3) IMPLEMENTATION.—The Secretary of Agriculture shall issue regulations to implement the amendments made by paragraphs (1), (2), (3), and (4) of subsection (b) and the provisions of section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)) not later than February 1, 1996. If such regulations are issued in interim form, final regulations shall be issued not later than August 1, 1996.

SEC. 840. RESUMPTION OF DISCRETIONARY FUNDING FOR NUTRITION EDUCATION AND TRAINING PROGRAM.

Section 19(i)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended—

(1) by striking “Out of” and all that follows through “and \$10,000,000” and inserting “To carry out the provisions of this section, there is hereby authorized to be appropriated not to exceed \$10,000,000”; and

(2) by striking the last sentence.

TITLE IX—EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

SEC. 901. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on October 1, 1996.

(b) ONE YEAR EXTENSION OF JOBS PROGRAM.—The authorization for the JOBS program under part F of title IV of the Social Security Act, as in effect on the date of the enactment of this Act shall be extended through fiscal year 1996 for \$1,000,000,000 and allocated to the States in the same manner as under section 495 of the Social Security Act, as added by section 201 of this Act, except that the participation rate under clause (vi) of section 403(l)(3)(A) of such Act, as so in effect, shall be applied by substituting “25 percent” for “20 percent”.

SEC. 902. TREATMENT OF EXISTING WAIVERS.

(a) IN GENERAL.—If any waiver granted to a State under section 1115 of the Social Security Act (42 U.S.C. 1315) or otherwise which relates to the provision of assistance under a State plan approved under title IV of the such Act (42 U.S.C. 601 et seq.), is in effect or approved by the Secretary of Health and Human Services as of the date of the enactment of this Act, the amendments made by this Act, at the option of the State, shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver.

(b) FUNDING.—If the State elects the treatment described in subsection (a), the State—

(1) may use so much of the remainder of the Federal funds available for such waiver project as determined by the Secretary of Health and Human Services based on an evaluation of the budget of such waiver project; and

(2) may have any costs in excess of the cost neutrality requirements forgiven by the Secretary from funds not described in section 414(a)(2).

(c) REPORTS.—If the State does not elect the treatment described in subsection (a), and unless the Secretary of Health and Human Services determines that the waiver project is not of sufficient duration, the State shall submit a report on the operation and results of the waiver project, including

any effects on employment and welfare receipt.

SEC. 903. EXPEDITED WAIVER PROCESS.

Notwithstanding any other provision of law, the Secretary of Health and Human Services shall approve or disapprove a waiver submitted under section 1115 of the Social Security Act (42 U.S.C. 1315) not later than 90 days after the date the completed application is received. In considering such an application, there shall be the presumption for approval in the case of a request for a waiver that is similar in substance and scale to a previously approved waiver.

SEC. 904. COUNTY WELFARE DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Agriculture may jointly enter into negotiations with any county having a population greater than 500,000 for the purpose of establishing appropriate rules to govern the establishment and operation of a 5-year welfare demonstration project. Under the demonstration project—

(1) the county shall have the authority and duty to administer the operation within the county of 1 or more of the programs established under title I or II of this Act as if the county were considered a State for purposes of such programs; and

(2) the State in which the county is located shall pass through directly to the county 100 percent of a proportion of the Federal funds received by the State under each of the programs described in paragraph (1) that is administered by the county under such paragraph, which proportion shall be separately calculated for each such program based (to the extent feasible and appropriate) on the formula used by the Federal government to allocate payments to the States under the program. Additionally, any State financial participation in these programs shall be no different for counties participating in the demonstration projects authorized by this section than for other counties within the State.

(b) COMMENCEMENT OF PROJECT.—After the conclusion of the negotiations described in subsection (a), the Secretary of Health and Human Services and the Secretary of Agriculture may authorize the county to conduct the demonstration project described in such subsection in accordance with the rules established under such subsection.

(c) REPORT.—The Secretary of Agriculture and the Secretary of Health and Human Services shall submit to the Congress a joint report on any demonstration project conducted under this section not later than 6 months after the termination of the project. Such report shall, at a minimum, describe the project, the rules negotiated with respect to the project under subsection (a), and the innovations (if any) that the county was able to initiate under the project.

SEC. 905. WORK REQUIREMENTS FOR STATE OF HAWAII.

Section 485(a)(2)(B) of the Social Security Act, as added by section 201(a), is amended by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

“(iii) DEEMED HOURS OF WORK.—For purposes of subclauses (II) and (III) of subparagraph (A)(i), ‘19 hours’ shall be substituted for ‘20 hours’ in determining the State of Hawaii’s work performance rate.”.

SEC. 906. REQUIREMENT THAT DATA RELATING TO THE INCIDENCE OF POVERTY IN THE UNITED STATES BE PUBLISHED AT LEAST EVERY 2 YEARS.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the “Secretary”) shall, to the extent feasible, produce and publish for each State,

county, and local unit of general purpose government for which data have been compiled in the most recent census of population under section 141(a) of title 13, United States Code, and for each school district, data relating to the incidence of poverty. Such data may be produced by means of sampling, estimation, or any other method that the Secretary determines will produce current, comprehensive, and reliable data.

(b) CONTENT; FREQUENCY.—Data under this section—

(1) shall include—

(A) for each school district, the number of children age 5 to 17, inclusive, in families below the poverty level; and

(B) for each State and county referred to in subsection (a), the number of individuals age 65 or older below the poverty level; and

(2) shall be published—

(A) for each State, county, and local unit of general purpose government referred to in subsection (a), in 1996 and at least every 2nd year thereafter; and

(B) for each school district, in 1998 and at least every 2nd year thereafter.

(c) AUTHORITY TO AGGREGATE.—

(1) IN GENERAL.—If reliable data could not otherwise be produced, the Secretary may, for purposes of subsection (b)(1)(A), aggregate school districts, but only to the extent necessary to achieve reliability.

(2) INFORMATION RELATING TO USE OF AUTHORITY.—Any data produced under this subsection shall be appropriately identified and shall be accompanied by a detailed explanation as to how and why aggregation was used (including the measures taken to minimize any such aggregation).

(d) REPORT TO BE SUBMITTED WHENEVER DATA IS NOT TIMELY PUBLISHED.—If the Secretary is unable to produce and publish the data required under this section for any State, county, local unit of general purpose government, or school district in any year specified in subsection (b)(2), a report shall be submitted by the Secretary to the President of the Senate and the Speaker of the House of Representatives, not later than 90 days before the start of the following year, enumerating each government or school district excluded and giving the reasons for the exclusion.

(e) CRITERIA RELATING TO POVERTY.—In carrying out this section, the Secretary shall use the same criteria relating to poverty as were used in the most recent census of population under section 141(a) of title 13, United States Code (subject to such periodic adjustments as may be necessary to compensate for inflation and other similar factors).

(f) CONSULTATION.—The Secretary shall consult with the Secretary of Education in carrying out the requirements of this section relating to school districts.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$1,500,000 for each of fiscal years 1996 through 2000.

SEC. 907. STUDY BY THE CENSUS BUREAU.

(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Work First Act of 1995 on a random national sample of recipients of assistance under State programs funded under part A of title IV of the Social Security Act 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.

(b) AUTHORIZATION OF APPROPRIATIONS.—Out of any money in the Treasury of the

United States not otherwise appropriated, the Secretary of the Treasury shall pay to the Bureau of the Census \$10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 to carry out subsection (a).

SEC. 908. 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 shall submit to the appropriate committees of the Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this Act.

THE DEPARTMENT OF THE INTERIOR APPROPRIATIONS ACT FOR FISCAL YEAR 1996

BROWN AMENDMENT NO. 2283

Mr. GORTON (for Mr. BROWN) proposed an amendment to the bill (H.R. 1977) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes; as follows:

Insert at page 126, between line 7 and line 8:

“(g)(1) It is the policy of the Congress that entrance, tourism, and recreational use fees for the use of Federal lands and facilities not discriminate against any State of any region of the country.

“(2) Not later than October 1, 1996, the Secretary of the Interior, in cooperation with the heads of other affected agencies shall prepare and submit to the Senate and House Appropriations Committees a report that—

“(A) identifies all Federal lands and facilities that provide tourism or recreational use; and

“(B) analyzes by State and region any fees charged for entrance to or for tourism or recreational use of Federal lands and facilities in a State or region, individually and collectively.

“(3) Not later than October 1, 1997, the Secretary of the Interior, in cooperation with the heads of other affected agencies, shall prepare and submit to the Senate and House Appropriations Committees any recommendations that the Secretary may have for implementing the policy stated in subsection (1).”

CHAFEE AMENDMENT NO. 2284

Mr. GORTON (for Mr. CHAFEE) proposed an amendment to the bill H.R. 1977, supra; as follows:

On page 10, line 16 of the bill, strike “enacted,” and insert “enacted or until the end of fiscal year 1996, whichever is earlier.”

GORTON AMENDMENTS NOS. 2285-2289

Mr. GORTON proposed five amendments to the bill H.R. 1977, supra; as follows:

AMENDMENT NO. 2285

On page 115, line 10, strike “draft” and insert in lieu thereof “final”.

AMENDMENT NO. 2286

On page 80, lines 5 through 16, vitiate the Committee amendment and restore the House text.

AMENDMENT NO. 2287

On page 10, line 15 of the bill, strike “Endangered Species Act” and insert “Endangered Species Act of 1973, (16 U.S.C. 1533)”.

AMENDMENT NO. 2288

On page 55, line 14, insert “not” after “shall”.

On page 55, line 15, delete “action” and insert “actions”.

On page 55, line 16, delete “judgment” and insert “judgments”.

On page 55, line 16, delete “has” and insert “have”.

AMENDMENT NO. 2289

On page 76, after line 23, insert the following: None of the funds appropriated under this Act for the Forest Service shall be made available for the purpose of applying paint to rocks, or rock colorization; *Provided*, That notwithstanding any other provision of law, the Forest Service shall not require of any individual or entity, as part of any permitting process under its authority, or as a requirement of compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4231 et seq), the painting or colorization of rocks.

GORTON (AND OTHERS) AMENDMENTS NO. 2290-2291

Mr. GORTON (for himself, Mr. MCCAIN, Mr. INOUE, and Mr. DOMENICI) proposed two amendments to the bill H.R. 1977, supra; as follows:

AMENDMENT NO. 2290

On page 31, lines 3 through 7, delete the Committee amendment.

On page 31, line 15, delete “\$997,221,000” and insert “\$1,260,921,000”.

On page 32, line 13, delete “\$35,331,000” and insert “\$62,328,000”.

On page 32, lines 15 through 17, delete the Committee amendments.

On page 34, lines 4 through 11, delete the Committee amendment.

On page 36, line 7, delete the Committee amendment.

On page 36, lines 9 through 10, restore “; acquisition of lands and interests in lands; and preparation of lands for farming”.

On page 36, line 11, delete “\$60,088,000” and insert “\$107,333,000”.

On page 36, lines 12 through 16, delete the Committee amendment.

On page 36, lines 20 through 23, delete the Committee amendment.

On page 37, lines 22 through page 38, line 23, delete the Committee amendment.

On page 37, line 26, of the matter restored, strike “\$75,145,000” and insert “\$82,745,000”.

On page 38, line 1 of the matter restored, strike “\$73,100,000” and insert “\$78,600,000”.

On page 38, line 11 of the matter restored, strike “\$1,000,000” and insert “\$3,100,000”.

On page 44, lines 11 through 16, delete the following: “including expenses necessary to provide for management, development, improvement, and protection of resources and appurtenant facilities formerly under the jurisdiction of the Bureau of Indian Affairs, including payment of irrigation assessments and charges and acquisition of water rights”.

On page 44, line 16, delete “\$280,038,000” and insert “\$16,338,000” in lieu thereof.

On page 44, line 16, delete “\$15,964,000” and insert “\$15,891,000” in lieu thereof.

On page 44, lines 18 through 19, delete “, attorney fees, litigation support, and the Navajo-Hopi Settlement Program”.

On page 45, lines 7 through 16, delete beginning with “; Provided” on line 7 and ending with “1997” on line 16.

On page 45, lines 18 through 19, delete “, attorney fees, litigation support, and the Navajo-Hopi Settlement Program”.

Delete the Committee amendment beginning on page 45 line 23 through page 48 line 8.

AMENDMENT NO. 2291

On page 35, beginning on line 11, delete after the word “area” (beginning with “: *Provided*”) and all that follows through “Appropriations” on line 22.

MCCAIN AMENDMENT NO. 2292

Mr. MCCAIN proposed an amendment to the bill H.R. 1977, supra; as follows:

Strike all in the committee amendment on page 19, lines 8-14 and insert in lieu thereof he following: “*Provided further*, That funds provided under this head, derived from the Historic Preservation Fund, established by the Historic Preservation Act of 1966 (80 Stat. 915), as amended (16 U.S.C. 470), may be available until expended to render sites safe for visitors and for building stabilization”.

BUMPERS (AND OTHERS)

AMENDMENT NO. 2293

Mr. BUMPERS (for himself, Mr. LAUTENBERG, Mr. LEVIN, Mr. BRADLEY, Mr. FEINGOLD, and Mr. ROBB) proposed an amendment to the bill H.R. 1977, supra; as follows:

Add the following at the end of the language on lines 16-21 on page 128 proposed to be stricken by the Committee amendment: “The provisions of this section shall not apply if the Secretary of Interior determines that, for the claim concerned: (1) a patent application was filed with the Secretary on or before the date of enactment of the fiscal year 1995 Interior Appropriations Act, and (2) all requirements established under Sections 2325 and 2326 of Revised Statutes (30 U.S.C. 29 and 30) for vein or lode claims and Sections 2329, 2330, 2331 and 2333 of the Revised Statutes (30 U.S.C. 35, 36 and 37) for placer claims, and Section 2337 of the Revised Statutes (30 U.S.C. 42) for mill site claims, as the case may be, were fully complied with by the applicant by that date.”

CRAIG (AND OTHERS) AMENDMENT NO. 2294

Mr. CRAIG (for himself, Mr. REID, and Mr. BRYAN) proposed an amendment to the bill H.R. 1977, supra; as follows:

Strike all the language in the amendment and insert in lieu thereof the following:

“SEC. (a). FAIR MARKET VALUE FOR MINERAL PATENTS.

“Except as provided in subsection (c), any patent issued by the United States under the general mining laws after the date of enactment of this Act shall be issued only upon payment by the owner of the claim of the fair market value for the interest in the land owned by the United States exclusive of and without regard to the mineral deposits in the land or the use of the land. For the purposes of this section, “general mining laws” means those Acts which generally comprise chapters 2, 11, 12, 12A, 15, and 16, and sections 161 and 162, of Title 30 of the United States Code, all Acts heretofore enacted which are amendatory of or supplementary to any of the foregoing Acts, and the judicial and administrative decisions interpreting such Acts.

“SEC. (b). RIGHT OF REENTRY.

“(1) IN GENERAL.—Except as provided in subsection (c), and notwithstanding any other provision of law, a patent issued under subsection (a) shall be subject to a right of