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1ST SESSION

S. 663

To amend the Internal Revenue Code of 1986 to provide for a refundable child credit and to increase the earned income tax credit for larger families, to provide for a demonstration program for payments in lieu of child support payments owed by absent spouses, to encourage creation of jobs for low-income unemployed, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 26 (legislative day, MARCH 3), 1993

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

A BILL

To amend the Internal Revenue Code of 1986 to provide for a refundable child credit and to increase the earned income tax credit for larger families, to provide for a demonstration program for payments in lieu of child support payments owed by absent spouses, to encourage creation of jobs for low-income unemployed, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Family Income Security Act of 1993”.

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

- Sec. 1. Short title; table of contents.
 Sec. 2. Findings and purpose.

TITLE I—REFUNDABLE CREDIT FOR CHILDREN

- Sec. 101. Refundable credit for children.

TITLE II—EARNED INCOME TAX CREDIT INCREASED FOR
 LARGER FAMILIES.

- Sec. 201. Earned income tax credit increased for larger families.

TITLE III—CHILD SUPPORT INSURANCE DEMONSTRATION
 PROJECTS

- Sec. 301. Establishment of child support insurance demonstration projects.

TITLE IV—COMMUNITY EMPLOYMENT OPPORTUNITY
 DEMONSTRATION PROJECTS

- Sec. 401. Establishment.
 Sec. 402. Eligible economically depressed communities.
 Sec. 403. Waivers.
 Sec. 404. Use of amounts.
 Sec. 405. Regulations.
 Sec. 406. Plan of implementation and effect of title.
 Sec. 407. Evaluation and report.

3 **SEC. 2. FINDINGS AND PURPOSE.**

4 (a) FINDINGS.—The Congress finds that—

5 (1) it is in the best interest of all Americans to
 6 ensure that children in the United States grow up
 7 in families that are financially able to meet the basic
 8 material needs of such children;

9 (2) poverty, hunger, and ill-health jeopardize
 10 the national productivity and security of the United
 11 States;

12 (3) the United States is the only advanced in-
 13 dustrial democracy that lacks a universal system of
 14 income support for families raising children;

1 (4) children are the poorest Americans and are,
2 therefore, among the most vulnerable citizens;

3 (5) families raising children have been dis-
4 proportionately harmed by economic instability over
5 the past decade;

6 (6) families raising children pay more than
7 their fair share of the Federal tax burden;

8 (7) parents, regardless if such parents live to-
9 gether, have a responsibility to support their chil-
10 dren financially, although many absent parents fail
11 to meet this obligation;

12 (8) single-parent families are most vulnerable to
13 poverty and financial hardship, especially if the ab-
14 sent parent does not contribute child support;

15 (9) the majority of poor families have at least
16 one employed adult, and many families are unable to
17 support their children adequately unless such fami-
18 lies have more than one earner; and

19 (10) an adequate income can help foster family
20 stability.

21 (b) PURPOSE.—To strengthen American families, en-
22 courage parental responsibility, meet the basic material
23 needs of all children, and secure the Nation's future, it
24 is the purpose of this Act to provide tax relief for families
25 raising children, initiate demonstration programs to

1 strengthen child support enforcement and guarantee a
 2 minimum level of support to all children of absent parents,
 3 and initiate demonstration programs to enable commu-
 4 nities to create employment opportunities for low-income
 5 parents who are willing and able to work but experience
 6 difficulty entering the job market without aid.

7 **TITLE I—REFUNDABLE CREDIT**
 8 **FOR CHILDREN**

9 **SEC. 101. REFUNDABLE CREDIT FOR CHILDREN.**

10 (a) IN GENERAL.—Subpart C of part IV of sub-
 11 chapter A of chapter 1 of the Internal Revenue Code of
 12 1986 (relating to refundable credits) is amended by redес-
 13 ignating section 35 as section 36 and by inserting after
 14 section 34 the following new section:

15 **“SEC. 35. CHILDREN UNDER AGE 19.**

16 “(a) GENERAL RULE.—In the case of an eligible indi-
 17 vidual, there shall be allowed as a credit against the tax
 18 imposed by this subtitle for the taxable year an amount
 19 equal to \$1,000 multiplied by the number of qualifying
 20 children of the taxpayer for such taxable year.

21 “(b) INFLATION ADJUSTMENT.—In the case of any
 22 taxable year beginning in a calendar year after 1994, the
 23 dollar amount contained in subsection (a) shall be in-
 24 creased by an amount equal to—

25 “(1) such dollar amount, multiplied by

1 “(2) the cost-of-living adjustment determined
2 under section 1(f)(3) for the calendar year in which
3 the taxable year begins, by substituting ‘calendar
4 year 1993’ for ‘calendar year 1989’ in subparagraph
5 (B) thereof.

6 If any increase determined under the preceding sentence
7 is not a multiple of \$10, such increase shall be rounded
8 to the nearest multiple of \$10 (or if such increase is a
9 multiple of \$5, such increase shall be rounded to the next
10 highest multiple of \$10).

11 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
12 poses of this section—

13 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible
14 individual’ has the meaning given to such term by
15 section 32(c)(1) (determined without regard to sub-
16 paragraphs (B) and (D) thereof).

17 “(2) QUALIFYING CHILD.—The term ‘qualifying
18 child’ has the meaning given to such term by section
19 32(c)(3) (determined without regard to subpara-
20 graphs (C)(ii), (C)(iii), and (E) thereof).

21 “(3) CERTAIN OTHER RULES APPLY.—Sub-
22 sections (d) and (e) of section 32 shall apply.

23 “(d) COORDINATION WITH MEANS-TESTED PRO-
24 GRAMS.—Any refund made by reason of this section, and
25 any payment made under section 3507A or 7524, shall

1 be treated in the same manner as refunds made by reason
2 of section 32 and payments made under 3507 for purposes
3 of—

4 “(1) sections 402, 1612, and 1613 of the Social
5 Security Act and title XIX of such Act, and

6 “(2) the laws referred to in paragraphs (1)
7 through (5) of section 32(j).

8 “(e) COORDINATION WITH ADVANCE PAYMENTS OF
9 CREDIT.—

10 “(1) RECAPTURE OF EXCESS ADVANCE PAY-
11 MENTS.—If any payment in excess of the amount of
12 the credit allowable under this section is made to the
13 individual by an employer under section 3507A or to
14 the individual under 7524 during any calendar year,
15 then the tax imposed by this chapter for the individ-
16 ual’s last taxable year beginning in such calendar
17 year shall be increased by the aggregate amount of
18 such payments.

19 “(2) RECONCILIATION OF PAYMENTS AD-
20 VANCED AND CREDIT ALLOWED.—Any increase in
21 tax under paragraph (1) shall not be treated as tax
22 imposed by this chapter for purposes of determining
23 the amount of any credit (other than the credit al-
24 lowed by subsection (a)) allowable under this sub-
25 part.

1 “(f) REDUCTION OF CREDIT TO TAXPAYERS SUB-
2 JECT TO ALTERNATIVE MINIMUM TAX.—The credit al-
3 lowed under this section for the taxable year shall be re-
4 duced by the amount of tax imposed by section 55 (relat-
5 ing to alternative minimum tax) with respect to such tax-
6 payer for such taxable year.”.

7 (b) ADVANCE PAYMENT OF CREDIT.—

8 (1) IN GENERAL.—Chapter 77 of such Code is
9 amended by inserting after section 7523 the follow-
10 ing new section:

11 **“SEC. 7524. ADVANCE PAYMENT OF CREDIT FOR CHILDREN**
12 **UNDER AGE 19.**

13 “(a) GENERAL RULE.—The Secretary of the Treas-
14 ury shall make advance payments of refunds to which eli-
15 gible taxpayers are entitled by reason of section 35.

16 “(b) ELIGIBLE TAXPAYER.—For purposes of this
17 section, the term ‘eligible taxpayer’ means, with respect
18 to any taxable year, any taxpayer if the taxpayer fur-
19 nishes, at such time and in such manner as the Secretary
20 may prescribe, to the Secretary such information as the
21 Secretary may require in order to—

22 “(1) determine whether the taxpayer will be en-
23 titled to a refund by reason of section 35 for the
24 taxable year,

1 “(2) verify the taxpayer’s intention not to re-
2 ceive payments under section 3507A for the taxable
3 year, and

4 “(3) estimate the amount of such refund.

5 “(c) QUARTERLY PAYMENTS.—The Secretary shall
6 make the payments under this section on a quarterly basis
7 in approximately equal amounts.”.

8 (2) REDUCTIONS IN WAGE WITHHOLDINGS.—

9 (A) IN GENERAL.—Chapter 25 of such
10 Code is amended by inserting after section
11 3507 the following new section:

12 **“SEC. 3507A. ADVANCE PAYMENT OF CREDIT FOR CHIL-**
13 **DREN UNDER AGE 19.**

14 “(a) GENERAL RULE.—Except as otherwise provided
15 in this section, every employer making payment of wages
16 to an employee with respect to whom a child tax credit
17 eligibility certificate is in effect shall, at the time of paying
18 such wages, make an additional payment to such employee
19 equal to such employee’s child tax credit advance amount.

20 “(b) CHILD TAX CREDIT ELIGIBILITY CERTIFI-
21 CATE.—For purposes of this title, a child tax credit eligi-
22 bility certificate is a statement furnished by an employee
23 to the employer which—

24 “(1) certifies that the employee will be eligible
25 to receive the credit provided by section 35 for the

1 taxable year and declares the employee's intention
2 not to receive payments under section 7524 for the
3 taxable year,

4 “(2) certifies that the employee does not have
5 a child tax credit eligibility certificate in effect for
6 the calendar year with respect to the payment of
7 wages by another employer, and

8 “(3) states whether or not the employee's
9 spouse has a child tax credit eligibility certificate in
10 effect.

11 For purposes of this section, a certificate shall be treated
12 as being in effect with respect to a spouse if such a certifi-
13 cate will be in effect on the first status determination date
14 following the date on which the employee furnished the
15 statement in question.

16 “(c) CHILD TAX CREDIT ADVANCE AMOUNT.—For
17 purposes of this title, the term ‘child tax credit advance
18 amount’ means, with respect to any payroll period, the
19 amount determined—

20 “(1) on the basis of the number of the employ-
21 ee's qualifying children (as defined in section
22 35(c)(2), and

23 “(2) if a child tax credit eligibility certificate is
24 in effect with respect to the spouse of the employee,
25 as if the credit provided by section 35 were a credit

1 of not more than $\frac{1}{2}$ of the amount otherwise deter-
2 mined under such section.

3 “(d) CERTAIN RULES TO APPLY.—Rules similar to
4 the rules of subsections (d) and (e) of section 3507 shall
5 apply for purposes of this section. Proper adjustments
6 shall be made in the application of such rules under this
7 section to take into account payments under section
8 3507.”.

9 (B) INFORMATION SHOWN ON W-2.—Sub-
10 section (a) of section 6051 of such Code (relat-
11 ing to receipts to employees) is amended by
12 striking “and” at the end of paragraph (8), by
13 striking the period at the end of paragraph (9)
14 and inserting “, and” and by inserting after
15 paragraph (9) the following new paragraph:

16 “(10) the total amount paid to the employee
17 under section 3507A (relating to advance payment
18 of child tax credit).”.

19 (C) REQUIREMENT OF RETURN.—Sub-
20 section (a) of section 6012 of such Code (relat-
21 ing to persons required to make returns of in-
22 come) is amended by inserting after paragraph
23 (9) the following new paragraph:

24 “(10) Every individual who receives payments
25 during the calendar year in which the taxable year

1 begins under section 3507A (relating to advance
2 payment of child tax credit).”.

3 (D) CROSS REFERENCE.—Subsection (e)
4 of section 6302 of such Code (relating to mode
5 or time of collection) is amended by adding at
6 the end thereof the following new paragraph:

7 “(3) For treatment of child tax credit advance
8 amount as payment of withholding and FICA taxes,
9 see section 3507A(d).”.

10 (c) DENIAL OF DEDUCTION FOR PERSONAL EXEMP-
11 TIONS FOR WHICH CREDIT ALLOWED.—Section 151(d)
12 of such Code is amended by redesignating paragraph (4)
13 as paragraph (5) and by inserting after paragraph (3) the
14 following new paragraph:

15 “(4) DENIAL OF DEDUCTION FOR PERSONAL
16 EXEMPTIONS FOR WHICH CREDIT ALLOWED.—The
17 exemption amount for any qualifying child (as de-
18 fined in section 35(c)(2)) shall be zero.”.

19 (d) TECHNICAL AMENDMENT.—Paragraph (2) of
20 section 1324(b) of title 31, United States Code, is
21 amended by inserting before the period “or from section
22 35 of such Code”.

23 (e) CLERICAL AMENDMENTS.—

24 (1) The table sections for subpart C of part IV
25 of subchapter A of chapter 1 of such Code is amend-

1 ed by striking the item relating to section 35 and in-
2 sserting the following:

“Sec. 35. Children under age 19.
“Sec. 36. Overpayments of tax.”.

3 (2) The table sections for chapter 77 of such
4 Code is amended by inserting after the item relating
5 to section 7523 the following new item:

“Sec. 7524. Advance payment of credit for children under age
19.”.

6 (3) The table sections for chapter 25 of such
7 Code is amended by inserting after the item relating
8 to section 3507 the following new item:

“Sec. 3507A. Advance payment of credit for children under age
19.”.

9 (f) PROGRAM TO INCREASE PUBLIC AWARENESS.—
10 Not later than the first calendar year following the date
11 of the enactment of this Act, the Secretary of the Treasury
12 and the Commissioner of the Internal Revenue Service, in
13 consultation with the Secretary of Health and Human
14 Services, the Commissioner of Social Security, and the
15 heads of other appropriate Federal agencies, shall estab-
16 lish a taxpayer awareness program to inform the public
17 of the availability of the credit for children allowed under
18 section 35 of the Internal Revenue Code of 1986, as added
19 by this section. Such program shall be designed to assure
20 that individuals who may be eligible are informed of the
21 availability of such credit and filing procedures. Such pro-
22 gram shall also be coordinated with the program to in-

1 crease public awareness of the availability of the earned
 2 income credit allowed under section 32 of such Code. The
 3 Secretary shall use appropriate means of communication
 4 to aggressively disseminate the necessary information to
 5 carry out the provisions of this subsection.

6 (g) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to taxable years beginning after
 8 December 31, 1993.

9 **TITLE II—EARNED INCOME TAX**
 10 **CREDIT INCREASED FOR**
 11 **LARGER FAMILIES**

12 **SEC. 201. EARNED INCOME TAX CREDIT INCREASED FOR**
 13 **LARGER FAMILIES.**

14 (a) IN GENERAL.—Subparagraph (C) of section
 15 32(b)(1) of the Internal Revenue Code of 1986 (relating
 16 to basic earned income credit) is amended to read as fol-
 17 lows:

18 “(C) PERCENTAGES.—For purposes of this
 19 paragraph—

20 “(i) IN GENERAL.—Except as pro-
 21 vided in clause (ii), the percentages shall
 22 be determined as follows:

“In the case of an eligible individual with:	The credit percentage is:	The phase- out percent- age is:
1 qualifying child	23	16.43
2 qualifying children	25	17.86
3 or more qualifying children	29	20.71

1 “(ii) TRANSITION PERCENTAGES.—

2 “(I) For taxable years beginning
3 in 1994, the percentages are:

“In the case of an eligible individual with:	The credit percentage is:	The phase- out percent- age is:
1 qualifying child	17.6	12.57
2 qualifying children	18.4	13.14
3 or more qualifying children	21.0	15.00

4 “(II) For taxable years beginning in
5 1995:

“In the case of an eligible individual with:	The credit percentage is:	The phase- out percent- age is:
1 qualifying child	18.5	13.21
2 qualifying children	19.5	13.93
3 or more qualifying children	23.0	16.43.”.

6 (b) REPEAL OF INTERACTION WITH MEDICAL EX-
7 PENSE DEDUCTION.—Section 213 of the Internal Revenue
8 Code of 1986 (relating to medical, dental, etc., expenses)
9 is amended by striking subsection (f).

10 (c) REPEAL OF INTERACTION WITH DEDUCTION FOR
11 HEALTH INSURANCE COSTS OF SELF-EMPLOYED.—Para-
12 graph (3) of section 162(l) of such Code is amended to
13 read as follows:

14 “(3) COORDINATION WITH MEDICAL DEDUC-
15 TION.—Any amount paid by a taxpayer for insur-
16 ance to which paragraph (1) applies shall not be
17 taken into account in computing the amount allow-
18 able to the taxpayer as a deduction under section
19 213(a).”.

1 (d) REPEAL OF INTERACTION WITH DEPENDENT
2 CARE CREDIT.—Subparagraph (D) of section 32(b)(1) of
3 such Code is amended by striking the last sentence.

4 (e) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 1993.

7 **TITLE III—CHILD SUPPORT IN-**
8 **SURANCE DEMONSTRATION**
9 **PROJECTS**

10 **SEC. 301. ESTABLISHMENT OF CHILD SUPPORT INSURANCE**
11 **DEMONSTRATION PROJECTS.**

12 (a) IN GENERAL.—In order to encourage States to
13 guarantee a minimum level of child support for every eligi-
14 ble child not receiving such support from a noncustodial
15 parent, the Secretary of Health and Human Services
16 (hereafter in this section referred to as the “Secretary”)
17 shall make grants to not less than 4 States but not more
18 than 6 States to conduct demonstration projects for pur-
19 poses of establishing or improving a system of insured
20 minimum child support payments in accordance with this
21 section.

22 (b) CONTENTS OF APPLICATION.—An application
23 submitted by the Governor of a State shall—

24 (1) contain a description of the proposed child
25 support insurance project to be established, imple-

1 mented, or improved using amounts provided under
2 this section, including the specific activities to be un-
3 dertaken and the agencies to be involved;

4 (2) specify whether the project will be carried
5 out throughout the State or in limited areas of the
6 State;

7 (3) estimate the number of children who will be
8 eligible for insured minimum child support payments
9 under the project, and the amounts to which they
10 will be entitled, on average as individuals and in the
11 aggregate;

12 (4) describe the child support guidelines and re-
13 view procedures which are in use in the State and
14 any expected modifications;

15 (5) contain a commitment by the State to carry
16 out the project during a period of 3 consecutive
17 years beginning with fiscal year 1994;

18 (6) contain assurances that the State is cur-
19 rently at or above the national median in—

20 (A) the percentage of cases in which pater-
21 nity is established when required;

22 (B) the percentage of cases in which child
23 support orders are obtained; and

24 (C) the percentage of cases with child sup-
25 port orders in which collections are made;

1 (7) contain assurances that, to the maximum
2 extent possible under current law, the State will use
3 Federal, State, and local job training assistance to
4 assist individuals who have been determined to be
5 unable to meet such individuals' child support obli-
6 gations;

7 (8) describe the extent to which multiple agen-
8 cies, including those responsible for administering
9 the Aid to Families With Dependent Children Pro-
10 gram under part A of title IV of the Social Security
11 Act and child support collection, enforcement, and
12 payment under part D of such title, will be involved
13 in the design and operation of the child support in-
14 surance project; and

15 (9) contain such other information as the Sec-
16 retary may require by regulation.

17 (c) USE OF FUNDS.—A State shall use amounts pro-
18 vided under a grant awarded under this section to carry
19 out a child support insurance project designed to provide
20 a minimum monthly child support benefit for each eligible
21 child in the State to the extent that such minimum child
22 support is not paid in a month by the noncustodial parent.

23 (d) REQUIREMENTS.—

1 (1) IN GENERAL.—A child support insurance
2 demonstration project funded under this section
3 shall provide that—

4 (A) any child (as defined in paragraph (2))
5 with a living noncustodial parent for whom a
6 child support order has been obtained or any
7 child (as so defined) whose custodial parent
8 meets “good cause” criteria (as determined by
9 the Secretary under section 402(a)(26)(B) of
10 the Social Security Act) for not seeking or en-
11 forcing a support order is eligible for the in-
12 sured child support benefit;

13 (B) the insured child support benefit shall
14 be paid promptly to the custodial parent at
15 least once a month and shall be—

16 (i) \$1,500 per year minimum for the
17 first child, \$1,000 per year minimum for
18 the second child, and \$500 per year mini-
19 mum for each subsequent child;

20 (ii) offset and reduced to the extent
21 that the custodial parent receives child
22 support in a month from the noncustodial
23 parent;

24 (iii) indexed and adjusted for infla-
25 tion; and

1 (iv) in the case of a family of children
2 with multiple noncustodial parents, cal-
3 culated in the same manner as if all such
4 children were full siblings, but any child
5 support payment from a particular
6 noncustodial parent shall only be applied
7 against the child support insured benefit
8 for the child or children of that particular
9 noncustodial parent;

10 (C) except in a State described in section
11 402(a)(28) of the Social Security Act, the
12 monthly amount of Aid to Families With De-
13 pendent Children benefit received under part A
14 of title IV of the Social Security Act otherwise
15 determined under such part shall be reduced by
16 the applicable percentage (as determined in
17 paragraph (3)) of the amount received as a
18 child support insurance benefit for such month;

19 (D) for purposes of determining the need
20 of a child or relative and the level of assistance
21 under title IV of the Social Security Act or for
22 purposes of determining the eligibility of such a
23 child or relative under title XIX of such Act
24 any amount received as a child support insur-

1 ance benefit shall be disregarded from income
2 of such child or relative;

3 (E) in the event that the family as a whole
4 becomes ineligible for Aid to Families With De-
5 pendent Children under part A of the Social Se-
6 curity Act due wholly or partly to consideration
7 of child support insurance benefits, the continu-
8 ing eligibility of the caretaker for Aid to Fami-
9 lies With Dependent Children under such title
10 shall be calculated without consideration of the
11 child support insured benefit; and

12 (F) in order to participate in the child sup-
13 port insurance project, the child's caretaker
14 shall apply for services of the State's child sup-
15 port enforcement program under part D of title
16 IV of the Social Security Act.

17 (2) CHILD DEFINED.—For purposes of this sec-
18 tion, the term “child” means an individual who is of
19 such an age, disability, or educational status as to
20 be eligible for child support as provided for by the
21 law of the State in which such individual resides.

22 (3) DETERMINATION OF APPLICABLE PERCENT-
23 AGE.—For purposes of this section, the applicable
24 percentage shall be determined by the Secretary, ex-
25 cept that in demonstration projects in at least 3

1 States, the applicable percentage shall be 0, 50, and
2 100, respectively.

3 (e) CONSIDERATION AND PRIORITY OF APPLICA-
4 TIONS.—

5 (1) IN GENERAL.—The Secretary shall consider
6 all applications received from States desiring to con-
7 duct demonstration projects under this section and
8 shall approve not more than 6 applications which ap-
9 pear likely to contribute significantly to the achieve-
10 ment of the purpose of this section. In selecting
11 States to conduct demonstration projects under this
12 section, the Secretary shall—

13 (A) consider the geographic dispersion and
14 variation in population of the applicants;

15 (B) give priority to States the applications
16 of which demonstrate that efforts will be made
17 to link child support systems with other service
18 delivery systems; and

19 (C) ensure that, if feasible, the States se-
20 lected use a variety of administrative arrange-
21 ments for implementing child support guidelines
22 and a system of insured child support pay-
23 ments.

24 (2) SPECIFIC CONSIDERATIONS.—Of the States
25 selected to participate in the demonstration projects

1 conducted under this section, the Secretary shall en-
2 deavor to ensure that—

3 (A) at least 2 States provide intensive inte-
4 grated social services for low-income partici-
5 pants in the child support insurance project, for
6 the purpose of assisting such participants in
7 improving their employment, housing, health,
8 and educational status;

9 (B) at least 2 States plan to cooperate and
10 to integrate interstate establishment and en-
11 forcement of child support awards;

12 (C) at least 2 States containing large
13 urban areas conduct such projects, in whole or
14 in part, in such areas; and

15 (D) at least 1 State containing large rural
16 areas conduct such a project, in whole or in
17 part, in such areas.

18 (f) EVALUATION AND REPORTS.—

19 (1) IN GENERAL.—Each State that conducts a
20 demonstration project under this section shall, as a
21 part of such demonstration project, conduct an in-
22 terim and a final evaluation of the effectiveness of
23 the demonstration project and shall submit an in-
24 terim and final report to the Secretary concerning
25 the results of the evaluation and any improvements

1 in child support enforcement. The interim report
2 shall be submitted within 15 months of the com-
3 mencement of the project.

4 (2) CONTENTS.—The evaluation and report
5 submitted by a State to the Secretary shall analyze
6 and describe (in such a manner as prescribed by the
7 Secretary)—

8 (A) the impact of the child support insur-
9 ance project on the economic and noneconomic
10 well-being of children and adults in both custo-
11 dial and noncustodial households;

12 (B) the work force participation rates of
13 both custodial and noncustodial parents as a re-
14 sult of participation in the child support insur-
15 ance project;

16 (C) the impact of the child support insur-
17 ance project on Aid to Families With Depend-
18 ent Children participation rates, grants, and
19 funding levels;

20 (D) a comparison of enforcement effective-
21 ness in intrastate and interstate cases;

22 (E) the impact on custodial and
23 noncustodial families of access to intensive inte-
24 grated services for custodial families and to job
25 training services for noncustodial parents;

1 (F) the impact of child support guidelines
2 on the effectiveness of the child support insur-
3 ance project and the economic well-being of
4 children and adults in both custodial and
5 noncustodial families;

6 (G) administrative policies and laws of the
7 Federal Government and the State or a political
8 subdivision of the State, identified by the State
9 as impediments to the collection of adequate
10 child support payments from noncustodial par-
11 ents;

12 (H) the measures that the State has taken
13 or intends to take to eliminate or reduce im-
14 pediments described in subparagraph (G) that
15 are attributable to administrative policies and
16 laws of the State or a political subdivision of
17 the State;

18 (I) the impact of the child support insur-
19 ance projects on the number of child support
20 awards and custody arrangements;

21 (J) the net costs and benefits of providing
22 child support insurance benefits to the Federal
23 and State governments and to recipient fami-
24 lies; and

1 (K) any other relevant items as the Sec-
2 retary may require.

3 (g) DURATION.—A demonstration project conducted
4 under this section shall be commenced not later than fiscal
5 year 1994 and shall be conducted for a period of 3 con-
6 secutive years, except that the Secretary may terminate
7 a project before the end of such period if the Secretary
8 determines that the State conducting the project is not
9 in substantial compliance with the terms of the application
10 approved by the Secretary under this section.

11 (h) COST SAVINGS RECOVERY.—The Secretary shall
12 develop a methodology to identify any State cost savings
13 realized in connection with the implementation of a child
14 support insurance demonstration project conducted under
15 this Act. Any such savings realized as a result of the im-
16 plementation of a child support insurance demonstration
17 project shall be utilized for child support enforcement im-
18 provements or expansions and improvements in the Aid
19 to Families With Dependent Children Program conducted
20 under part A of title IV of the Social Security Act within
21 the participating State, and Federal expenditures for such
22 project within the State shall be reduced in proportion to
23 any such savings.

24 (i) EVALUATION AND REPORT TO CONGRESS.—The
25 Secretary shall conduct an interim and a final evaluation

1 of each State child support insurance demonstration
2 project and submit an interim and final report to the Com-
3 mittee on Finance of the Senate and the Committee on
4 Ways and Means of the House of Representatives concern-
5 ing the effectiveness of the child support insurance dem-
6 onstration projects funded under this section. The interim
7 report shall be submitted within 18 months of the com-
8 mencement of the first State child support insurance dem-
9 onstration project. The interim and final reports shall ana-
10 lyze the reports received by the Secretary under subsection
11 (f) from each participating State and shall compare the
12 effects of different types of child support guidelines.

13 (j) RESTRICTIONS ON MATCHING AND USE OF
14 FUNDS.—

15 (1) IN GENERAL.—A State conducting a dem-
16 onstration project under this section shall be re-
17 quired—

18 (A) except as provided in paragraph (2), to
19 provide not less than 20 percent of the total
20 amounts expended in each calendar year of the
21 project to pay the costs associated with the
22 project funded under this section; and

23 (B) to maintain its level of expenditures
24 for child support collection, enforcement, and
25 payment at the same level, or at a higher level,

1 than such expenditures were prior to such
2 State's participation in a demonstration project
3 provided by this section.

4 (2) EXCEPTION.—A State participating in a
5 demonstration project under this section may pro-
6 vide not less than 10 percent of the total amounts
7 expended to pay the costs associated with the project
8 funded under this section in years after the first
9 year such project is conducted in such State if the
10 State continues to meet the standard specified in
11 subsection (b)(6).

12 (k) COORDINATION WITH CERTAIN MEANS-TESTED
13 PROGRAMS.—For purposes of—

14 (1) the United States Housing Act of 1937;

15 (2) title V of the Housing Act of 1949;

16 (3) section 101 of the Housing and Urban De-
17 velopment Act of 1965;

18 (4) sections 221(d)(3), 235, and 236 of the Na-
19 tional Housing Act;

20 (5) the Food Stamp Act of 1977;

21 (6) titles XVI and XIX of the Social Security
22 Act; and

23 (7) child care assistance provided through part
24 D of title IV of the Social Security Act, the Child

1 Care and Development Block Grant, or title XX of
2 the Social Security Act,
3 any payment made to an individual for child support up
4 to the amount which a child support insurance benefit
5 would provide shall not be treated as income and shall not
6 be taken into account in determining resources for the
7 month of its receipt and the following month.

8 (l) TREATMENT AS CHILD SUPPORT BENEFIT.—Any
9 insured child support benefit received by an individual
10 under this title shall be considered child support for pur-
11 poses of the Internal Revenue Code of 1986.

12 (m) AUTHORIZATION OF APPROPRIATIONS.—There is
13 authorized to be appropriated such sums as may be nec-
14 essary in each of the fiscal years 1994, 1995, and 1996
15 to carry out the purposes of this section.

16 **TITLE IV—COMMUNITY EMPLOY-**
17 **MENT OPPORTUNITY DEM-**
18 **ONSTRATION PROJECTS**

19 **SEC. 401. ESTABLISHMENT.**

20 The Secretary of Health and Human Services and the
21 Secretary of Labor (hereafter referred to in this title as
22 the “Secretaries”), in consultation with the Secretary of
23 Agriculture, shall establish a program to implement com-
24 munity employment demonstration projects under which
25 waivers may be granted under section 403 to eligible eco-

1 nomically depressed communities to enable such commu-
2 nities to use amounts received under certain Federal pro-
3 grams to carry out certain community employment activi-
4 ties to provide opportunities for parents receiving welfare
5 assistance to obtain employment.

6 **SEC. 402. ELIGIBLE ECONOMICALLY DEPRESSED COMMU-**
7 **NITIES.**

8 (a) IN GENERAL.—The Secretaries shall determine
9 whether a community is an eligible economically depressed
10 community solely on the basis of the eligibility criteria de-
11 scribed in this section.

12 (b) ELIGIBILITY CRITERIA.—To be classified as an
13 economically depressed community and be eligible for a
14 waiver under this title, a community shall meet the follow-
15 ing criteria:

16 (1) APPLICATION.—The community shall pre-
17 pare and submit to the Secretaries an application at
18 such time, in such manner and containing such in-
19 formation as such Secretaries may require, including
20 a plan for use of the amounts to which a waiver ap-
21 plies under this title.

22 (2) DISTRESS.—The community must be one of
23 pervasive poverty, unemployment, and general dis-
24 tress.

1 (3) LOCATION.—The community must be lo-
2 cated entirely within one State.

3 (4) UNEMPLOYMENT RATE.—The unemploy-
4 ment rate (as determined by the appropriate avail-
5 able data) of the community must not be less than
6 1.5 times the national unemployment rate.

7 (5) POVERTY RATE.—The poverty rate (as de-
8 termined by the most recent census data available)
9 for not less than 90 percent of the population census
10 tracts (or where not tracted, the equivalent county
11 divisions as defined by the Bureau of the Census for
12 the purposes of defining poverty areas) within the
13 community must not be less than 20 percent.

14 **SEC. 403. WAIVERS.**

15 (a) AUTHORITY.—The Secretaries may grant a waiv-
16 er to an eligible economically depressed community under
17 this title that shall provide that, instead of any payments
18 made under the programs specified in subsection (b) with
19 respect to such community for the uses required under
20 such program, such payments shall be made to such com-
21 munity to be used as provided under section 404. Such
22 payments shall be made on such a periodic basis as ap-
23 proximates the periodic payments made under such pro-
24 grams.

1 (b) PROGRAMS INCORPORATED.—The programs de-
2 scribed in subsection (a) are as follows:

3 (1) Programs designed solely for adult partici-
4 pation under the Job Training Partnership Act.

5 (2) Employment and training programs under
6 section 6(d) of the Food Stamp Act of 1977.

7 (3) Programs under part F of title IV of the
8 Social Security Act.

9 (c) DETERMINATION.—

10 (1) IN GENERAL.—The Secretaries, in consulta-
11 tion with the Secretary of Agriculture, shall promul-
12 gate regulations for determining the amount of pay-
13 ments to which a waiver granted under this section
14 applies.

15 (2) DEDUCTION FROM PAYMENTS MADE TO
16 STATES.—Regulations promulgated under paragraph
17 (1) shall prescribe procedures under which, with re-
18 spect to the programs described in subsection (b),
19 the respective Secretaries that administer such pro-
20 grams shall—

21 (A) determine the amount of payments
22 under such programs that are generally made
23 available by a State to an eligible economically
24 depressed community; and

1 (B) ensure that such amounts are provided
2 by the State to such community for use as pro-
3 vided for in section 404.

4 (d) NUMBER.—The Secretaries shall grant not less
5 than 15 nor more than 25 waivers under this section.

6 **SEC. 404. USE OF AMOUNTS.**

7 (a) IN GENERAL.—Subject to subsection (b), an eco-
8 nomically depressed community that receives a waiver
9 under this title shall use the amounts to which such waiver
10 applies to carry out activities to provide public employ-
11 ment and community work opportunities to assist parents
12 residing in such community to make the transition from
13 receiving assistance under part A of title IV of the Social
14 Security Act or the Food Stamp Act of 1977 to being a
15 member of the workforce.

16 (b) LIMITATIONS.—

17 (1) USEFUL PUBLIC PURPOSE.—Employment
18 and work opportunities provided under subsection
19 (a) shall be limited to those that serve a useful pub-
20 lic purpose, as determined by the Secretaries, with
21 respect to the areas of health, social services, envi-
22 ronmental protection, education, urban and rural de-
23 velopment and redevelopment, welfare, recreation,
24 public facilities, public safety, and child care.

1 (2) DISPLACEMENT OF WORKERS.—No
2 amounts to which a waiver under this title applies
3 shall be used in a manner that results in—

4 (A) the displacement of any currently em-
5 ployed worker or position (including partial dis-
6 placement such as a reduction in the hours of
7 nonovertime work, wages, or employment bene-
8 fits) or result in the impairment of existing con-
9 tracts for services or collective bargaining
10 agreements;

11 (B) the employment or assignment of any
12 individual or the filling of a position when—

13 (i) any other individual is on layoff
14 from the same or any equivalent position;
15 or

16 (ii) the employer has terminated the
17 employment of any regular employee or
18 otherwise reduced its workforce with the
19 effect of filling the vacancy so created with
20 an individual subsidized with amounts to
21 which the waiver applies;

22 (C) any infringement of the promotional
23 opportunities of any currently employed individ-
24 ual; or

1 (D) the promotion or deterrence of labor
2 union organization.

3 (3) LOCAL WAGE RATES.—Wages shall be pro-
4 vided to individuals engaged in activities funded with
5 amounts to which a waiver provided under this title
6 applies in amounts that are comparable to wages
7 provided to other individuals in the community who
8 are engaged in similar employment activities. No in-
9 dividual shall be required to engage in activities
10 funded with amounts to which a waiver provided
11 under this title applies if wages for such activities
12 are less than the level of assistance under part A of
13 title IV of the Social Security Act to which such in-
14 dividual is eligible.

15 (4) FAMILY SUPPORT SERVICES.—Each com-
16 munity that is granted a waiver under this title shall
17 guarantee that appropriate child or other care is
18 provided for each family with a dependent child or
19 adult requiring such care, to the extent such care is
20 necessary for an adult in the family to accept em-
21 ployment or remain employed with respect to the ac-
22 tivities funded with amounts to which such waiver
23 applies. Such child care shall be provided in a man-
24 ner that is consistent with the provisions of the
25 Child Care and Development Block Grant Act of

1 1990, and shall include coverage for transportation
2 and other work-related expenses relating to such
3 care in a manner consistent with section 402(g) of
4 the Social Security Act.

5 **SEC. 405. REGULATIONS.**

6 The Secretaries, in consultation with the Secretary
7 of Agriculture, shall promulgate regulations that such Sec-
8 retaries determine necessary to carry out this title. Such
9 regulations shall ensure that individuals in an economi-
10 cally depressed community that receives a waiver under
11 this title will continue to receive a level of benefits that,
12 at a minimum, is comparable to the level of benefits that
13 otherwise would be received under the programs described
14 under section 403(b) if such waiver were not granted.
15 Such regulations shall also permit waivers of certain re-
16 quirements under the programs referred to in section
17 403(b) with respect to States and communities participat-
18 ing in projects under this title, including requirements
19 concerning the provision of matching funds and concern-
20 ing mandatory participation rates.

21 **SEC. 406. PLAN OF IMPLEMENTATION AND EFFECT OF**
22 **TITLE.**

23 (a) PLAN.—Not later than 6 months after the date
24 of enactment of this title, the Secretaries shall prepare and
25 submit to the appropriate committees of Congress a plan

1 for the implementation of the demonstration projects es-
2 tablished by the Secretaries under this title. Such plan
3 shall contain—

4 (1) a description of the manner in which such
5 Secretaries intend to implement such project;

6 (2) a copy of the regulations that such Sec-
7 retaries intend to promulgate to carry out such
8 project; and

9 (3) an estimation of the number of applications
10 that such Secretaries expect to receive from commu-
11 nities for waivers under this title and a description
12 of the activities that will be carried out with
13 amounts to which any such waivers will apply.

14 (b) EFFECTIVENESS.—If, within 3 months after the
15 date on which the plan of the Secretaries is submitted
16 under subsection (a), the Congress has failed to consider
17 and adopt a joint resolution for refusal of implementation
18 or to modify such plan, such plan shall take effect.

19 **SEC. 407. EVALUATION AND REPORT.**

20 (a) EVALUATION.—The Secretaries, in consultation
21 with the Secretary of Agriculture shall maintain an ongo-
22 ing evaluation of the projects funded under this title.

23 (b) REPORT.—Not later than 3 years after the date
24 of enactment of this title, the Secretaries, in consultation
25 with the Secretary of Agriculture shall prepare and submit

1 to the Committee on Ways and Means of the House of
2 Representatives and the Committee on Finance of the
3 Senate a report concerning the effects of the waivers
4 granted to communities under this title, that shall include
5 the results of the evaluation conducted under subsection
6 (a).

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