

104TH CONGRESS
2D SESSION

S. 1841

To reform the Nation's welfare system by requiring work and demanding personal responsibility.

IN THE SENATE OF THE UNITED STATES

JUNE 5, 1996

Mr. MOYNIHAN (by request) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To reform the Nation's welfare system by requiring work and demanding personal responsibility.

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.**

4 This Act may be cited as the “Work First and Per-
5 sonal Responsibility Act of 1996”.

6 **SEC. 2. TABLE OF CONTENTS; AMENDMENT OF THE SOCIAL**
7 **SECURITY ACT.**

8 (a) TABLE OF CONTENTS.—This Act is organized as
9 follows:

Section 1. Short title.

Sec. 2. Table of contents; amendment of the Social Security Act.

TITLE I—WORK-BASED ASSISTANCE

Sec. 101. Purpose.

Subtitle A—Temporary Employment Assistance

Sec. 102. State plan.

Sec. 103. Conforming amendments relating to collection of overpayments.

Sec. 104. Territories.

Sec. 105. Effective dates.

Subtitle B—Make Work Pay

Sec. 111. Transitional Medicaid benefits.

Sec. 112. Notice of availability required to be provided to applicants and former recipients of temporary employment assistance, food stamps, and Medicaid.

Sec. 113. Advance payment of earned income tax credit through State demonstration programs.

Sec. 114. Consolidated child care development block grant.

Sec. 115. Effective dates.

Subtitle C—Work First

Sec. 121. Work First program.

Sec. 122. Regulations.

Sec. 123. Applicability to States.

Sec. 124. One time increases in Work First program funds.

Subtitle D—Pregnancy and Family Stability

Sec. 131. Supervised living arrangements for minors.

Sec. 132. National Clearinghouse on Adolescent Pregnancy.

Sec. 133. Required completion of high school or other training for teenage parents.

Sec. 134. Second chance homes.

TITLE II—CHILD SUPPORT ENFORCEMENT

Subtitle A—Eligibility for Services; Distribution of Payments

Sec. 201. State obligation to provide child support enforcement services.

Sec. 202. Distribution of payments.

Sec. 203. Privacy safeguards.

Sec. 204. Rights to notification.

Subtitle B—Locate and Case Tracking

Sec. 211. State case registry.

Sec. 212. Collection and disbursement of support payments.

Sec. 213. State directory of new hires.

Sec. 214. Amendments concerning income withholding.

Sec. 215. Locator information from interstate networks.

Sec. 216. Expansion of the Federal parent locator service.

Sec. 217. Collection and use of Social Security numbers for use in child support enforcement.

Subtitle C—Streamlining and Uniformity of Procedures

- Sec. 221. Adoption of uniform State laws.
- Sec. 222. Improvements to full faith and credit for child support orders.
- Sec. 223. Administrative enforcement in interstate cases.
- Sec. 224. Use of forms in interstate enforcement.
- Sec. 225. State laws providing expedited procedures.

Subtitle D—Paternity Establishment

- Sec. 231. State laws concerning paternity establishment.
- Sec. 232. Outreach for voluntary paternity establishment.
- Sec. 233. Cooperation requirement and good cause exception.

Subtitle E—Program Administration and Funding

- Sec. 241. Performance-based incentives and penalties.
- Sec. 242. Federal and State reviews and audits.
- Sec. 243. Required reporting procedures.
- Sec. 244. Automated data processing requirements.
- Sec. 245. Technical assistance.
- Sec. 246. Reports and data collection by the Secretary.

Subtitle F—Establishment and Modification of Support Orders

- Sec. 251. Simplified process for review and adjustment of child support orders.
- Sec. 252. Furnishing consumer reports for certain purposes relating to child support.
- Sec. 253. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

Subtitle G—Enforcement of Support Orders

- Sec. 261. Internal Revenue Service collection of arrearages.
- Sec. 262. Authority to collect support from Federal employees.
- Sec. 263. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 264. Voiding of fraudulent transfers.
- Sec. 265. Work requirement for persons owing past-due child support.
- Sec. 266. Definition of support order.
- Sec. 267. Reporting arrearages to credit bureaus.
- Sec. 268. Liens.
- Sec. 269. State law authorizing suspension of licenses.
- Sec. 270. Denial of passports for nonpayment of child support.
- Sec. 271. International child support enforcement.
- Sec. 272. Financial institution data matches.
- Sec. 273. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.
- Sec. 274. Nondischargeability in bankruptcy of certain debts for the support of a child.

Subtitle H—Medical Support

- Sec. 276. Correction to ERISA definition of medical child support order.
- Sec. 277. Enforcement of orders for healthcare coverage.

Subtitle I—Enhancing Responsibility and Opportunity for Non-Residential Parents

Sec. 281. Grants to States for access and visitation programs.

Subtitle J—Effect of Enactment

Sec. 291. Effective dates.

TITLE III—FOOD ASSISTANCE

Subtitle A—Food Stamps

Sec. 301. Short Title.

Part 1—Budgetary Proposals

- Sec. 311. Include children under 22 years old in their parents' households.
 Sec. 312. Use the cost of the thrifty food plan for allotment adjustments.
 Sec. 313. Lower age for excluding students' earnings.
 Sec. 314. Count governmental energy assistance as income.
 Sec. 315. Reduce the standard deduction.
 Sec. 316. Provide a State option to mandate use of standard utility allowances.
 Sec. 317. Revise indexation of vehicle asset limitation.
 Sec. 318. Count vendor payments for transitional housing as income.
 Sec. 319. Strengthen penalties for noncompliance with work requirements.
 Sec. 320. Provide a State option to require cooperation with child support enforcement agencies.
 Sec. 321. Provide for disqualification for receipt of multiple food stamp benefits.
 Sec. 322. Establish additional work requirement.
 Sec. 323. Establish comparable treatment for disqualification.
 Sec. 324. Repeal minimum benefit adjustments.
 Sec. 325. Prorate benefits on recertification.
 Sec. 326. Prohibit allotment increases for penalties under other welfare and public assistance programs.
 Sec. 327. Permit States to determine most useful and reliable means of verification.
 Sec. 328. Expand claims collection methods.
 Sec. 329. Authorize States to operate simplified food stamp programs.
 Sec. 330. Reauthorize appropriations for the food stamp program.

Part 2—Nonbudgetary Proposals

- Sec. 341. Expand definition of coupon.
 Sec. 342. Clarify definition of homeless individual.
 Sec. 343. Provide State option for eligibility standards.
 Sec. 344. Double penalties for violating food stamp program requirements.
 Sec. 345. Provide State option to lower age of caretaker exemption.
 Sec. 346. Revise employment and training.
 Sec. 347. Disqualify fleeing felons.
 Sec. 348. Encourage electronic benefit transfer systems.
 Sec. 349. Authorize exchange of law enforcement information.
 Sec. 350. Simplify administration of expedited service.

Part 3—Administrative Flexibility Proposals

- Sec. 361. Expand State authority to define certification period.
 Sec. 362. Provide State option to combine allotments for expedited service households.
 Sec. 363. Revise treatment of allotments for households residing in centers.

- Sec. 364. Improve operation of food stamp offices.
- Sec. 365. Delete Federal requirement for State employee training.
- Sec. 366. Authorize oral withdrawal of fair hearing requests.
- Sec. 367. Delete redundant Federal standards for administration.

Part 4—Proposals for Strengthening Retailer Management

- Sec. 371. Provide authority to establish authorization periods.
- Sec. 372. Provide authority to requirement information for verifying eligibility for authorization.
- Sec. 373. Establish waiting period for stores that initially fail to meet authorization criteria.
- Sec. 374. Disqualify retailers who intentionally submit falsified applications.
- Sec. 375. Disqualify retailers who are disqualified under the WIC program.
- Sec. 376. Authorize suspension of stores violating program requirements pending administrative and judicial review.
- Sec. 377. Expand civil and criminal forfeiture for violations of the Food Stamp Act.
- Sec. 378. Expand authority for sharing information provided by retail food stores and wholesale food concerns.

PART 5—CONFORMING AMENDMENTS AND EFFECTIVE DATES

- Sec. 381. Conforming amendments.
- Sec. 382. Effective dates.

Subtitle B—Child Nutrition

- Sec. 391. Family or group day care homes.
- Sec. 392. Reimbursement rate adjustments.
- Sec. 393. Elimination of start-up and expansion grants.
- Sec. 394. Authorization of appropriations.
- Sec. 395. Direct Federal expenditures.

TITLE IV—TREATMENT OF ALIENS

- Sec. 401. Uniform alien eligibility criteria for public assistance programs.
- Sec. 402. Deeming of sponsor's income and resources to alien under TEA, SSI, and food stamp programs.
- Sec. 403. Continued liability of alien and sponsor for overpayments.
- Sec. 404. Requirements for sponsor's affidavit of support.

TITLE V—SUPPLEMENTAL SECURITY INCOME REFORMS

- Sec. 501. Definition and eligibility rules.
- Sec. 502. Eligibility redeterminations and continuing disability reviews.
- Sec. 503. Dedicated savings accounts.
- Sec. 504. Denial of SSI benefits by reason of disability to drug addicts and alcoholics.
- Sec. 505. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in two or more States.
- Sec. 506. Denial of SSI benefits for fugitive felons and probation and parole violators.
- Sec. 507. Allowance under the discretionary spending limits for increased expenditures for continuing disability reviews and disability eligibility redeterminations.

Sec. 508. Installment payment of large past-due Supplemental Security Income benefits.

Sec. 509. Recovery of Supplemental Security Income overpayments from Social Security benefits.

Sec. 510. Allowance under the discretionary spending limits for administrative expenses to implement changes to Supplemental Security Income program.

Sec. 511. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by medical insurance.

TITLE VI—SOCIAL SERVICES BLOCK GRANTS

Sec. 601. Reduction in title XX block grants to States for social services.

1 (b) REFERENCES.—Except as otherwise expressly
2 provided, wherever in this Act an amendment or repeal
3 is expressed in terms of an amendment to, or repeal of,
4 a section or other provision, the reference is considered
5 to be made to a section or other provision of the Social
6 Security Act.

7 **TITLE I—WORK-BASED ASSISTANCE**

8 **SEC. 101. PURPOSE.**

9 The primary purpose of this title is to provide true
10 welfare reform by repealing the program of Aid to Fami-
11 lies with Dependent Children and replacing it with a new
12 time-limited, conditional benefit based on work. Subtitle
13 A of this title creates the Temporary Employment Assist-
14 ance program which requires welfare recipients to work,
15 supports and protects their children, and gives States
16 broad new flexibility to run their welfare programs. The
17 Work First program, established by subtitle C, provides
18 the means to transform the system toward work, and the
19 new consolidated child care block grant, established by

1 subtitle B, contains sufficient resources to ensure that re-
2 cipients who work have safe and adequate care for their
3 children. This title offers the reform American taxpayers
4 and welfare recipients alike want and deserve.

5 **Subtitle A—Temporary Employment**
6 **Assistance**

7 **SEC. 102. STATE PLAN.**

8 Title IV (42 U.S.C. 601 et seq.) is amended by strik-
9 ing part A, except for section 415 which, consistent with
10 section 402 of this Act, is redesignated as section 407,
11 and inserting the following:

12 **“PART A—TEMPORARY EMPLOYMENT**
13 **ASSISTANCE**

14 **“SEC. 400. AUTHORIZATION OF APPROPRIATIONS.**

15 “For the purpose of providing assistance to families
16 with needy children and assisting parents of children in
17 such families to obtain and retain private sector work to
18 the extent possible, and public sector or volunteer work
19 if necessary, through the Work First program established
20 under parts F, G, and H, there is authorized to be appro-
21 priated for each fiscal year a sum sufficient to carry out
22 the purposes of this part.

1 **“Subpart 1—State Plans for Temporary Employment**
 2 **Assistance**

3 **“SEC. 401. ELEMENTS OF STATE PLANS.**

4 “A State plan for temporary employment assistance
 5 shall provide a description of the State program which car-
 6 ries out the purposes described in section 400 and shall
 7 meet the requirements of the following sections of this
 8 subpart.

9 **“SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOY-**
 10 **MENT ASSISTANCE.**

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

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

16 “(2) whose members have assigned their rights
 17 to support to the State in accordance with section
 18 403(b)(1)(E)(i) and fulfill the conditions set forth in
 19 subsection (b),

20 shall be eligible for assistance under the plan, except as
 21 otherwise provided under this part.

22 “(b) WORK REQUIREMENT.—

23 “(1) PERSONAL RESPONSIBILITY AGREE-
 24 MENT.—The State plan shall provide that not later
 25 than 30 days after the approval of an application for
 26 temporary employment assistance, a parent qualify-

1 ing for assistance shall execute a personal respon-
2 sibility agreement as described in section 403. If a
3 child otherwise eligible for assistance under this part
4 is residing with a needy relative other than a parent,
5 the State plan may require the relative to execute
6 such a plan as a condition of the family receiving
7 such assistance.

8 “(2) WORK WITHIN TWO YEARS.—The State
9 plan shall provide that a parent or caretaker receiv-
10 ing assistance under the program will engage in
11 work (as defined by the State) when the State deter-
12 mines the parent or caretaker is ready to engage in
13 work, or after 24 months (whether or not consecu-
14 tive) of receiving assistance under the program,
15 whichever is earlier.

16 “(c) LIMITATIONS ON ELIGIBILITY.—

17 “(1) REQUIREMENTS TO WORK AND LOOK FOR
18 WORK.—Except as otherwise provided in paragraph
19 (2), the State plan shall limit eligibility of individ-
20 uals and families as follows:

21 “(A) REFUSAL TO LOOK FOR WORK.—If
22 an unemployed individual who has attained 18
23 years of age (or at State option, 19) refuses
24 without good cause to look for work—

1 “(i) in the case of the first such re-
2 fusal, assistance shall not be payable with
3 respect to such individual until the date
4 the individual begins to look for work; and

5 “(ii) in the case of a second or subse-
6 quent refusal, assistance shall not be pay-
7 able with respect to the family of such in-
8 dividual until the later of—

9 “(I) 6 months after the date of
10 such refusal; or

11 “(II) the date the individual be-
12 gins to look for work.

13 “(B) REFUSAL TO ACCEPT A BONA FIDE
14 OFFER OF EMPLOYMENT.—If an unemployed
15 individual who has attained 18 years of age (or
16 at State option, 19) refuses without good cause
17 to accept a bona fide offer of employment—

18 “(i) in the case of the first such re-
19 fusal, assistance shall not be payable with
20 respect to such individual until the date
21 the individual begins to work; and

22 “(ii) in the case of a second or subse-
23 quent refusal, assistance shall not be pay-
24 able with respect to the family of such in-
25 dividual until the later of—

1 “(I) 6 months after the date of
2 such refusal; or

3 “(II) the date the individual be-
4 gins to work.

5 “(C) FAILURE TO COMPLY WITH PER-
6 SONAL RESPONSIBILITY AGREEMENT OR MU-
7 TUAL RESPONSIBILITY PLANS.—The State plan
8 shall describe sanctions determined by the State
9 for those circumstances when the individual
10 fails without good cause to comply with a per-
11 sonal responsibility agreement (or, if the State
12 has established a program under subpart 1 of
13 part F and the individual is required to partici-
14 pate in the program, a mutual responsibility
15 plan) signed by the individual.

16 “(i) In the case of the first such fail-
17 ure, the State shall impose on the individ-
18 ual a sanction determined by the State
19 which is no more severe than the sanction
20 provided for under subparagraph (A)(i).

21 “(ii) In the case of a second or subse-
22 quent failure, the State shall impose on the
23 family of the individual a sanction deter-
24 mined by the State which is no more se-

1 vere than the sanction provided for under
2 subparagraph (A)(ii).

3 “(2) TIME LIMIT ON ASSISTANCE.—

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

11 “(B) HARDSHIP EXCEPTION AFTER EXPI-
12 RATION OF 60-MONTH PERIOD.—The State plan
13 shall provide for hardship exceptions from the
14 application of subparagraph (A) in accordance
15 with clause (i) (or alternatively, at State option,
16 in accordance with clause (ii)).

17 “(i) GENERAL EXCEPTION FORMULA-
18 TION.—Except as provided in clause (ii),
19 the State plan shall provide that eligibility
20 shall not be denied to any family under
21 subparagraph (A) if—

22 “(I) at the option of the State,
23 the family includes an individual
24 working 20 hours per week (or more,
25 at the option of the State);

1 “(II) the family resides in an
2 area with an unemployment rate ex-
3 ceeding 8 percent; or

4 “(III) the family is experiencing
5 other special hardship circumstances
6 which make it appropriate for the
7 State to provide an exemption for
8 such month, except that the total
9 number of exemptions under this
10 clause for any month shall not exceed
11 15 percent of the number of families
12 to which the State is providing assist-
13 ance under the plan.

14 “(ii) ALTERNATIVE HARDSHIP EXCEP-
15 TION FORMULATION.—A State may elect,
16 as an alternative to clause (i), to define
17 hardship circumstances, in which case the
18 total number of exemptions under this
19 clause for any month shall not exceed 20
20 percent of the number of families to which
21 the State is providing assistance under the
22 plan.

23 “(C) EXCLUSION FROM 60-MONTH PE-
24 RIOD.—With respect to any family, the State
25 plan shall not include in the determination of

1 the 60-month period under subparagraph (A)
2 any month in which any of the following applies
3 to the family:

4 “(i) TEEN PARENTS.—The parent—

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

7 “(II) is making satisfactory
8 progress while attending high school
9 or an alternative technical preparation
10 school.

11 “(ii) INDIVIDUALS EXEMPT FROM
12 WORK REQUIREMENTS.—One parent in a
13 single-parent family or each parent in a
14 two-parent family—

15 “(I) is seriously ill, incapacitated,
16 or of advanced age;

17 “(II)(aa) except for a child de-
18 scribed in subclause (bb), is respon-
19 sible for a child under age 1 year (or
20 age 6 months, at the option of the
21 State), or

22 “(bb) in the case of a second or
23 subsequent child born during such pe-
24 riod, is responsible for a child under
25 age 3 months;

1 “(III) is pregnant in the 3d tri-
2 mester;

3 “(IV) is caring for a family mem-
4 ber who is ill or incapacitated; or

5 “(V) (in the case of a single cus-
6 todial parent), has a demonstrated in-
7 ability to obtain needed child care, as
8 determined by the State, for one or
9 more of the following reasons:

10 “(aa) Unavailability of ap-
11 propriate child care within a rea-
12 sonable distance of the individ-
13 ual’s home or work site.

14 “(bb) Unavailability or
15 unsuitability of informal child
16 care by a relative or under other
17 arrangements.

18 “(cc) Unavailability of ap-
19 propriate and affordable formal
20 child care arrangements.

21 “(D) CHILD-ONLY CASES.—With respect
22 to any child who has not attained age 18 (or
23 age 19, at the option of the State) and who is
24 eligible for assistance under this part, but not
25 as a member of a family otherwise eligible for

1 assistance under this part (determined without
2 regard to this paragraph), the State plan shall
3 not include in the determination of the 60-
4 month period under subparagraph (A) any
5 month in which such child has not attained
6 such age.

7 “(3) TREATMENT OF FAMILY INELIGIBLE FOR
8 CASH ASSISTANCE.—The State plan shall provide
9 that if a family is no longer eligible for cash assist-
10 ance under the plan due to the application of para-
11 graph (1) or (2)—

12 “(A) for purposes of determining eligibility
13 for any other Federal or federally assisted pro-
14 gram based on need, the family shall continue
15 to be considered eligible for such assistance;
16 and

17 “(B) in the case of a family ineligible for
18 such assistance due solely to the application of
19 paragraph (2), the State shall, after having as-
20 sessed the needs of the child or children of the
21 family, provide for such needs with vouchers for
22 such family—

23 “(i) determined on the same basis as
24 the State would provide assistance under
25 the State plan to such a family with one

1 less individual or two less individuals, as
2 applicable, in the case of a two-parent fam-
3 ily,

4 “(ii) designed appropriately to pay
5 third parties for shelter, goods, and serv-
6 ices received by the child or children, and

7 “(iii) payable directly to the third par-
8 ties.

9 “(4) INDIVIDUALS ON OLD-AGE ASSISTANCE OR
10 SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT AS-
11 SISTANCE.—The State plan shall provide that no as-
12 sistance shall be furnished any individual under the
13 plan with respect to any period with respect to which
14 the individual is receiving old-age assistance under
15 the State plan under title I or supplemental security
16 income under title XVI, and the individual’s income
17 and resources attributable to such sources shall be
18 disregarded in determining the eligibility of the fam-
19 ily of the individual for temporary employment as-
20 sistance.

21 “(5) CHILDREN FOR WHOM FEDERAL, STATE,
22 OR LOCAL FOSTER CARE MAINTENANCE OR ADOPT-
23 TION ASSISTANCE PAYMENTS ARE MADE.—A child
24 with respect to whom foster care maintenance pay-
25 ments or adoption assistance payments are made

1 under part E or under State or local law shall not,
2 for the period for which such payments are made, be
3 regarded as a needy child under this part, and such
4 child's income and resources shall be disregarded in
5 determining the eligibility of the family of such child
6 for temporary employment assistance.

7 “(6) DENIAL OF ASSISTANCE FOR TEN YEARS
8 TO A PERSON FOUND TO HAVE FRAUDULENTLY MIS-
9 REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-
10 SISTANCE IN TWO OR MORE STATES.—The State
11 plan shall provide that no assistance will be fur-
12 nished any individual under the plan during the 10-
13 year period that begins on the date the individual is
14 convicted in Federal or State court of having made
15 a fraudulent statement or representation with re-
16 spect to the place of residence of the individual in
17 order to receive benefits or services simultaneously
18 from 2 or more States under programs that are
19 funded under this part of title XIX, or benefits in
20 2 or more States under the supplemental security in-
21 come program under title XVI.

22 “(7) DENIAL OF ASSISTANCE FOR FUGITIVE
23 FELONS AND PROBATION AND PAROLE VIOLA-
24 TORS.—

1 “(A) IN GENERAL.—The State plan shall
2 provide that no assistance will be furnished any
3 individual under the plan for any period if dur-
4 ing such period the State agency has knowledge
5 that such individual is—

6 “(i) fleeing to avoid prosecution, or
7 custody or confinement after conviction,
8 under the laws of the place from which the
9 individual flees, for a crime, or an attempt
10 to commit a crime, which is a felony under
11 the laws of the place from which the indi-
12 vidual flees, or which, in the case of the
13 State of New Jersey, is a high mis-
14 demeanor under the laws of such State; or

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

18 “(B) EXCHANGE OF INFORMATION WITH
19 LAW ENFORCEMENT AGENCIES.—Notwithstand-
20 ing any other provision of law, the State plan
21 shall provide that the State shall furnish any
22 Federal, State, or local law enforcement officer,
23 upon the request of the officer, with the current
24 address of any recipient of assistance under the
25 plan, if the officer furnishes the agency with the

1 name of the recipient and notifies the agency
2 that—

3 “(i) the recipient is described in
4 clause (i) or (ii) of subparagraph (A); and

5 “(ii) the location or apprehension of
6 the recipient is within such officer’s official
7 duties.

8 “(d) DETERMINATION OF ELIGIBILITY AND BENE-
9 FITS.—

10 “(1) DETERMINATION OF NEED.—The State
11 plan shall provide that the State agency will take
12 into consideration any income and resources—

13 “(A) which are legally or actually available
14 to meet the needs of the child or relative claim-
15 ing temporary employment assistance; and

16 “(B) which the State determines should be
17 considered in determining the need of such
18 child or relative.

19 “(2) OPTIONAL DENIAL OF ASSISTANCE TO
20 FAMILIES HAVING ADDITIONAL CHILDREN WHILE
21 RECEIVING ASSISTANCE.—At the option of the State,
22 the State plan may provide that—

23 “(A)(i) the amount of temporary employ-
24 ment assistance paid to a family under the plan
25 will not be increased by reason of the birth of

1 a child (other than as a result of rape or incest)
2 to an individual included in such family if—

3 “(I) when the individual is a custodial
4 parent of a needy child, the child was con-
5 ceived in a month for which the individual
6 received aid under the plan, or

7 “(II) when the individual is a needy
8 child, the individual is the parent of an-
9 other child who is a member of the same
10 family and whose needs are included for
11 purposes of making such determination;

12 “(ii) if the value of assistance to a family
13 under the State plan approved under this part
14 is reduced by reason of subclause (I), each
15 member of the family shall be considered to be
16 receiving such assistance for purposes of federal
17 law including but not limited to eligibility for
18 medical assistance under the State plan ap-
19 proved under title XIX for so long as assistance
20 to the family under the State plan approved
21 under this part would otherwise not be so re-
22 duced; and

23 “(B) if the State exercises the option, the
24 State may provide the family with vouchers, in
25 amounts not exceeding the amount of any such

1 reduction in assistance, that may be used only
2 to pay for particular goods and services speci-
3 fied by the State as suitable for the care of the
4 child of the parent (such as diapers, clothing, or
5 school supplies). In addition, the State may
6 allow an additional earned income disregard, or
7 disregard of child support received on behalf of
8 a child described by this subsection, in amounts
9 that do not exceed in total the reduction in as-
10 sistance that occurs as a result of a State exer-
11 cising the option.

12 “(C) A family may be subjected to this
13 subparagraph as long as application of this sub-
14 paragraph, whether alone or together with other
15 provisions of the State plan, does not reduce to
16 zero the maximum assistance level for such a
17 family.

18 “(3) RESOURCE AND INCOME DETERMINA-
19 TION.—With respect to the determination of the
20 total resources and income of the family of any
21 needy child, the State plan shall provide the follow-
22 ing:

23 “(A) RESOURCES.—The plan shall specify
24 the resource limit, and describe the policy deter-
25 mined by the State regarding any exclusion al-

1 lowed for vehicles owned by family members, re-
2 sources set aside for future needs of a child, in-
3 dividual development accounts, or other policies
4 established by the State to encourage savings.

5 “(B) FAMILY INCOME.—The plan shall
6 specify the extent to which earned or unearned
7 income is disregarded in determining eligibility
8 for, and amount of, assistance.

9 “(C) CHILD SUPPORT.—The plan shall
10 specify whether (and if so, the extent to which)
11 current child support received in excess of \$50
12 per month on behalf of a member of the family
13 is disregarded in determining eligibility for, and
14 the amount of, assistance.

15 “(D) CHILD’S EARNINGS.—The plan shall
16 describe the treatment of earnings of a child liv-
17 ing in the home.

18 “(E) EARNED INCOME TAX CREDIT.—The
19 plan shall provide for disregard of any refund
20 of Federal income taxes made to a family re-
21 ceiving temporary employment assistance by
22 reason of section 32 of the Internal Revenue
23 Code of 1986 (relating to earned income tax
24 credit) and any payment made to such a family
25 by an employer under section 3507 of such

1 Code (relating to advance payment of earned
2 income credit).

3 “(4) VERIFICATION SYSTEM.—The State plan
4 shall provide that information is requested and ex-
5 changed for purposes of income and eligibility ver-
6 ification in accordance with a State system which
7 meets the requirements of section 1137.

8 “(e) SERVICES TO NATIVE AMERICANS.—The State
9 plan shall specify the steps that will be taken to ensure
10 that an appropriate share of assistance and services under
11 the plan (and under part F and part G or H) are fur-
12 nished to eligible Native Americans (including, as applica-
13 ble, Indians, Alaskan Natives, and Native Hawaiians) liv-
14 ing in the State.

15 “(f) SERVICES TO REFUGEES.—The State plan shall
16 provide assurances that assistance and services furnished
17 to refugees under the plan (and under part F and part
18 G or H) shall be furnished in a manner that promotes
19 their economic self-sufficiency and adjustment.

20 **“SEC. 403. PERSONAL RESPONSIBILITY AGREEMENT.**

21 “(a) ASSESSMENT.—The State agency responsible
22 for administering the State plan shall make an initial as-
23 sessment of the skills, prior work experience, and employ-
24 ability of each caretaker who applies for, or receives assist-
25 ance under the State plan who—

1 “(1) has attained 18 years of age (or at State
2 option, 19); or

3 “(2) has not attained the age specified in para-
4 graph (1), has not completed high school or obtained
5 a certificate of high school equivalency, and is not
6 attending secondary school.

7 “(b) PERSONAL RESPONSIBILITY AGREEMENTS.—

8 “(1) IN GENERAL.—On the basis of the assess-
9 ment made under subsection (a) with respect to an
10 individual, the State agency, in consultation with the
11 individual, shall develop an appropriate personal re-
12 sponsibility agreement for the individual, which—

13 “(A) provides that participation by the in-
14 dividual in job search activities is a condition of
15 eligibility for assistance under the State plan
16 approved under part A, except during any pe-
17 riod for which the individual is employed full-
18 time in an unsubsidized job;

19 “(B) sets forth an employment goal for the
20 individual and a plan for moving the individual
21 immediately into private sector employment;

22 “(C) sets forth the obligations of the indi-
23 vidual, which may include a requirement that
24 the individual attend school, maintain certain
25 grades and attendance, keep school age children

1 of the individual in school, immunize children,
2 attend parenting and money management class-
3 es, or do other things that will help the individ-
4 ual become and remain employed in the private
5 sector;

6 “(D) may require that the individual enter
7 the State program established under part F, if
8 the caseworker determines that the individual
9 will need education, training, job placement as-
10 sistance, wage enhancement, or other services
11 to become employed in the private sector;

12 “(E) provides that the individual must—

13 “(i) assign to the State any rights to
14 support (including, but not limited to,
15 amounts which have accrued at the time
16 such assignment is executed) from any
17 other person the individual may have in
18 such individual’s own behalf or in behalf of
19 any other family member for whom the in-
20 dividual is applying for or receiving assist-
21 ance or any other family member who is
22 deemed to be receiving assistance for the
23 purposes of title XIX; provided that the
24 assignment of arrearages that accrued in a
25 month in which the family did not receive

1 assistance under this part shall cease to be
2 effective for any family no longer receiving
3 assistance under this part to which the
4 State applies the amendments made by the
5 Work First and Personal Responsibility
6 Act of 1996 to section 457(c); and

7 “(ii) cooperate with the State—

8 “(I) in establishing the paternity
9 of a child born out of wedlock with re-
10 spect to whom assistance is claimed,
11 and

12 “(II) in obtaining support pay-
13 ments for the individual and for a
14 child with respect to whom such as-
15 sistance is claimed, or in obtaining
16 any other payments or property due
17 the individual or the child, unless (in
18 either case) the individual is found to
19 have good cause for refusing to co-
20 operate as determined by the State
21 agency administering the program
22 under part D in accordance with
23 standards prescribed by the Secretary,
24 which standards shall take into con-
25 sideration the best interests of the

1 child on whose behalf assistance is
2 claimed;

3 “(F) to the greatest extent possible is de-
4 signed to move the individual into whatever pri-
5 vate sector employment the individual is capable
6 of handling as quickly as possible, and to in-
7 crease the responsibility and amount of work
8 the individual is to handle over time;

9 “(G) describes the services the State will
10 provide the individual so that the individual can
11 obtain and keep employment in the private sec-
12 tor, and describes the job counseling and other
13 services that will be provided by the State; and

14 “(H) at the option of the State, may re-
15 quire the individual to undergo appropriate sub-
16 stance abuse treatment.

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

19 “(A) within 180 days after the effective
20 date of this part, in the case of an individual
21 who, as of such effective date, is a recipient of
22 assistance under the State plan approved under
23 this part; or

1 “(B) within 90 days after the individual is
2 determined to be eligible for such assistance, in
3 the case of any other individual.

4 “(c) PROVISION OF PROGRAM AND EMPLOYMENT IN-
5 FORMATION.—The State shall inform all applicants for
6 and recipients of assistance under the State plan approved
7 under this part of all available services under the State
8 plan for which they are eligible.

9 “(d) REQUIREMENT THAT RECIPIENTS ENTER THE
10 WORK FIRST PROGRAM.—

11 “(1) IN GENERAL.—On and after October 1,
12 2003, the State shall place recipients of assistance
13 under the State plan under this part, who have not
14 become employed within 1 year after signing an per-
15 sonal responsibility agreement, in the first available
16 slot in the State program under part F, except as
17 provided in paragraph (2).

18 “(2) EXCEPTIONS.—A state shall not require a
19 recipient of such assistance to participate in the pro-
20 gram if the recipient—

21 “(A) is ill, incapacitated, or of advanced
22 age;

23 “(B) except for a child described in sub-
24 paragraph (C), is responsible for a child under

1 age 1 year (or age 6 months, at the option of
2 the State);

3 “(C) in the case of a second or subsequent
4 child born since the recipient signed the agree-
5 ment, is responsible for a child under age 3
6 months;

7 “(D) is pregnant in the third trimester;

8 “(E) is caring for a family member who is
9 ill or incapacitated; or

10 “(F) is a single custodial parent and has
11 a demonstrated inability to obtain needed child
12 care, as determined by the State, for one or
13 more of the following reasons:

14 “(i) Unavailability of appropriate
15 child care within a reasonable distance of
16 the individual’s home or work site.

17 “(ii) Unavailability or unsuitability of
18 informal child care by a relative or under
19 other arrangements.

20 “(iii) Unavailability of appropriate
21 and affordable formal child care arrange-
22 ments.

23 **“SEC. 404. PAYMENT OF ASSISTANCE.**

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

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

3 “(2) a standard or standards, expressed in a
4 dollar amount or amounts, to be used in determining
5 the need of applicants and recipients;

6 “(3) a standard or standards, expressed in a
7 dollar amount or amounts, to be used in determining
8 the amount of the assistance payment; and

9 “(4) the methodology to be used in determining
10 the payment amount received by an assistance unit.

11 “(b) LEVEL OF ASSISTANCE.—Except as otherwise
12 provided in this title, the State plan shall provide that—

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

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

18 “(c) FAIR HEARING AND CORRECTION OF PAY-
19 MENTS.—The State plan shall provide that the State
20 agency shall—

21 “(1) grant an opportunity for a fair hearing be-
22 fore the State agency to any individual whose re-
23 quest for assistance under such plan is denied or is
24 not acted upon with reasonable promptness; and

1 “(2) promptly take all necessary steps to cor-
2 rect any overpayment or underpayment of assistance
3 under such plan, including the request for withhold-
4 ing from Federal tax refunds as provided under sec-
5 tion 416.

6 “(d) OPTIONAL VOLUNTARY DIVERSION PRO-
7 GRAM.—

8 “(1) IN GENERAL.—Subject to paragraphs (2)
9 and (3), the State plan may provide, with respect to
10 the geographic area or areas of the State that the
11 State may select, that upon the recommendation of
12 the caseworker responsible, the State may offer to
13 an eligible family one-time assistance for a period of
14 not more than three months (which assistance, if ac-
15 cepted by the family, shall be in lieu of any other
16 assistance under the State plan for such period) in
17 an amount not to exceed—

18 “(A) the value of the monthly benefits that
19 would otherwise be provided to the family under
20 the State plan; multiplied by

21 “(B) the number of months in the time pe-
22 riod.

23 “(2) ONE-TIME LIMITATION.—Assistance pur-
24 suant to paragraph (1) shall not be made more than
25 once to any family; and

1 “(3) ADJUSTMENT OF ALTERNATIVE BENE-
2 FITS.—If, during the period with respect to which
3 the State has provided one-time assistance to a fam-
4 ily pursuant to paragraph (1), the family applies for
5 and (but for the one-time assistance) would be eligi-
6 ble under the State plan for a monthly benefit great-
7 er than the value of the amount used in the calcula-
8 tion under paragraph (1), then, notwithstanding
9 paragraph (1), the State shall, for that part of the
10 time period that remains after the family becomes
11 eligible for the greater monthly benefit, provide
12 monthly benefits to the family in an amount not to
13 exceed—

14 “(A) the amount by which the value of the
15 greater monthly benefit exceeds the value of the
16 former monthly benefit, multiplied by the num-
17 ber of months in the time period; divided by

18 “(B) the whole number of months remain-
19 ing in the time period.

20 **“SEC. 405. REQUIREMENTS CONCERNING OTHER PRO-**
21 **GRAMS.**

22 “(a) WORK FIRST PROGRAM; WORKFORCE OR JOB
23 PLACEMENT VOUCHER PROGRAM.—The State plan shall
24 provide that the State has in effect—

1 “(1) a Work First program that meets the re-
2 quirements of part F; and

3 “(2) a workfare program that meets the re-
4 quirements of part G, or a job placement voucher
5 program that meets the requirements of part H, but
6 not both.

7 “(b) PROVISION OF CASE MANAGEMENT SERV-
8 ICES.—The State plan shall provide that the State shall
9 furnish to participants in those programs case manage-
10 ment services that are necessary to ensure the integrated
11 provision of benefits and services under those programs
12 and under this part.

13 “(c) STATE CHILD SUPPORT AGENCY.—The State
14 plan shall—

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

18 “(2) provide that the State agency administer-
19 ing the plan approved under this part is responsible
20 for ensuring that—

21 “(A) the benefits and services provided
22 under plans under this part and part D are fur-
23 nished in an integrated manner, including co-
24 ordination of intake procedures with the agency
25 administering the plan under part D;

1 “(B) all applicants for, and recipients of,
2 temporary employment assistance are encour-
3 aged, assisted, and required (as provided under
4 section 403(b)(1)(E)(ii)) to cooperate in the es-
5 tablishment and enforcement of paternity and
6 child support obligations and are notified about
7 the services available under the State plan ap-
8 proved under part D; and

9 “(C) procedures require referral of pater-
10 nity and child support enforcement cases to the
11 agency administering the plan approved under
12 part D not later than 10 days after the applica-
13 tion for temporary employment assistance; and

14 “(3) provide for prompt notice (including the
15 transmittal of all relevant information) to the State
16 child support collection agency established pursuant
17 to part D of the furnishing of temporary employ-
18 ment assistance with respect to a child who has been
19 deserted or abandoned by a parent (including a child
20 born out of wedlock, without regard to whether the
21 paternity of the child has been established).

22 “(d) CHILD WELFARE SERVICES AND FOSTER CARE
23 AND ADOPTION ASSISTANCE.—The State plan shall pro-
24 vide that the State has in effect—

1 “(1) a State plan for child welfare services ap-
2 proved under part B; and

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

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

9 “(1) report to an appropriate agency or official
10 known or suspected instances of physical or mental
11 injury, sexual abuse or exploitation, or negligent
12 treatment or maltreatment of a child receiving as-
13 sistance under the State plan under circumstances
14 which indicate that the child’s health or welfare is
15 threatened thereby; and

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

19 “(f) AVAILABILITY OF ASSISTANCE IN RURAL AREA
20 OF STATE.—The State plan shall provide that the State
21 agency shall consider and address any special needs of
22 rural areas in the State to ensure that families in such
23 areas receive assistance to become self-sufficient.

24 “(g) FAMILY PRESERVATION.—

1 “(1) IN GENERAL.—The State plan shall de-
2 scribe the efforts by the State to promote family
3 preservation and stability, including efforts—

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

6 “(B) to keep families together to the ex-
7 tent possible; and

8 “(C) except to the extent provided in para-
9 graph (2), to treat 2-parent families and 1-par-
10 ent families equally with respect to eligibility
11 for assistance.

12 “(2) MAINTENANCE OF TREATMENT.—The
13 State may impose eligibility limitations relating spe-
14 cifically to 2-parent families to the extent such limi-
15 tations are no more restrictive than such limitations
16 in effect in the State plan in fiscal year 1995.

17 “(h) CHILD CARE.—The State plan shall provide that
18 the State has in effect a plan under its program under
19 the Child Care Development Block Grant Act of 1990.

20 **“SEC. 406. ADMINISTRATIVE REQUIREMENTS FOR STATE**
21 **PLAN.**

22 “(a) STATEWIDE PLAN.—The State plan shall be in
23 effect in all political subdivisions of the State, and, if ad-
24 ministered by the subdivisions, be mandatory upon such
25 subdivisions. If such plan is not administered uniformly

1 throughout the State, the plan shall describe the adminis-
2 trative variations.

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

7 “(c) FINANCIAL PARTICIPATION.—The State plan
8 shall provide for financial participation by the State con-
9 sistent with section 413.

10 “(d) REASONABLE PROMPTNESS.—The State plan
11 shall provide that all individuals wishing to apply for tem-
12 porary employment assistance shall have opportunity to
13 do so, and that such assistance shall be furnished with
14 reasonable promptness to all eligible individuals.

15 “(e) AUTOMATED DATA PROCESSING SYSTEM.—The
16 State plan may provide for the establishment and oper-
17 ation of an automated statewide management information
18 system designed effectively and efficiently to assist man-
19 agement in the administration of the State plan approved
20 under this part, so as—

21 “(1) to control and account for—

22 “(A) all the factors in the total eligibility
23 determination process under such plan for as-
24 sistance, and

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

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

10 “(f) DISCLOSURE OF INFORMATION.—The State plan
11 shall provide for safeguards which restrict the use or dis-
12 closure of information concerning applicants or recipients.

13 “(g) DETECTION OF FRAUD.—The State plan shall
14 provide, in accordance with regulations issued by the Sec-
15 retary, for appropriate measures to detect fraudulent ap-
16 plications for temporary employment assistance before the
17 establishment of eligibility for such assistance.

18 “(h) AUDITS.—

19 “(1) IN GENERAL.—Each State shall audit, not
20 less than annually, the State expenditures for the
21 program under this part and parts F, G, and H to
22 determine the extent to which the expenditures were
23 made in accordance with the provisions of this part
24 and parts F, G, and H.

1 “(2) AUDIT REPORTS.—Not later than 30 days
2 following the completion of an audit under this sub-
3 section, a State shall submit a copy of the audit to
4 the State legislature and to the Secretary of Health
5 and Human Services.

6 “(3) SINGLE AUDITS.—To the extent they are
7 not inconsistent with this section, the provisions of
8 chapter 75 of title 31, United States Code, apply to
9 audit requirements of this section.

10 **“Subpart 2—Administrative Provisions**

11 **“SEC. 411. APPROVAL OF PLAN.**

12 “(a) IN GENERAL.—The Secretary shall approve a
13 State plan which fulfills the requirements under subpart
14 1 within 120 days of the submission of the plan by the
15 State to the Secretary.

16 “(b) DEEMED APPROVAL.—If a State a plan has not
17 been rejected by the Secretary during the period specified
18 in subsection (a), the plan is considered to have been ap-
19 proved.

20 **“SEC. 412. COMPLIANCE.**

21 “‘In the case of any State plan for temporary employ-
22 ment assistance which has been approved under section
23 411, if the Secretary, after reasonable notice and oppor-
24 tunity for hearing to the State agency administering or
25 supervising the administration of such plan, finds that in

1 the administration of the plan there is a failure to comply
2 substantially with any provision required by subpart 1 to
3 be included in the plan, the Secretary shall notify such
4 State agency that further payments will not be made to
5 the State (or in the Secretary's discretion, that payments
6 will be limited to categories under or parts of the State
7 plan not affected by such failure) until the Secretary is
8 satisfied that there is no longer any such failure to comply.
9 Until the Secretary is so satisfied the Secretary shall make
10 no further payments to such State (or shall limit payments
11 to categories under or parts of the State plan not affected
12 by such failure).

13 **“SEC. 413. PAYMENTS TO STATES.**

14 “(a) COMPUTATION OF AMOUNT.—

15 “(1) IN GENERAL.—Subject to section 412, the
16 Secretary of the Treasury shall pay to each State
17 which has an approved plan for temporary employ-
18 ment assistance, for each quarter, beginning with
19 the quarter commencing October 1, 1996, an
20 amount equal to the Federal medical assistance per-
21 centage (as defined in section 1905(b) or, as appli-
22 cable, in section 1118) of the program expenditures
23 by the State under that plan (other than expendi-
24 tures for administrative costs of that plan and for
25 purposes specified in paragraph (2)(B)).

1 “(2) WORK FIRST AND OTHER PROGRAMS.—

2 “(A) ENTITLEMENT; FEDERAL MATCHING
3 SHARE.—Each State that is operating a pro-
4 gram in accordance with a plan approved under
5 part F and a program in accordance with part
6 G or H shall be entitled to payment, for each
7 fiscal year, equal to the lesser of—

8 “(i) the sum of the amounts allotted
9 to the State pursuant to subparagraphs
10 (D) and (E), or

11 “(ii) the greater of 60 percent or the
12 Federal medical assistance percentage (as
13 defined in section 1905(b) or, as applica-
14 ble, in section 1118) of State expenditures
15 for the purposes specified in subparagraph
16 (B) (excluding any expenditures from per-
17 formance bonuses provided under para-
18 graph (4)).

19 “(B) USE OF FUNDS.—

20 “(i) Amounts available to a State pur-
21 suant to this paragraph may be used by
22 the State—

23 “(I) for all costs of carrying out
24 programs under part F and part G or
25 part H;

1 “(II) for administrative costs of
2 carrying out the program under part
3 A;

4 “(III) for all costs of providing
5 emergency assistance to needy fami-
6 lies with children in accordance with
7 paragraph (3); and

8 “(IV) to supplement amounts
9 otherwise available for child care
10 under section 6580b of the Child Care
11 and Development Block Grant Act of
12 1990, subject to the terms and condi-
13 tions, including matching require-
14 ments, under section 6580b of that
15 Act.

16 “(ii) States shall not allocate to pro-
17 grams in which Federal financial participa-
18 tion is available, other than programs spec-
19 ified in clause (i), administrative costs for
20 activities in fiscal year 1997 and succeed-
21 ing fiscal years that in fiscal year 1995
22 were allocated to programs under parts A
23 and F.

24 “(C) AMOUNTS FOR ALLOTMENT.—For
25 purposes of allotment to States under subpara-

1 graphs (D) and (E), the amount specified in
2 this subparagraph is as follows:

3 “(i) For fiscal years 1997 through
4 2002, the amount specified is—

5 “(I) \$2,900,000,000 for fiscal
6 year 1997;

7 “(II) \$2,950,000,000 for fiscal
8 year 1998;

9 “(III) \$3,100,000,000 for fiscal
10 year 1999;

11 “(IV) \$3,350,000,000 for fiscal
12 year 2000;

13 “(V) \$3,800,000,000 for fiscal
14 year 2001; and

15 “(VI) \$3,900,000,000 for fiscal
16 year 2002.

17 “(ii) For fiscal year 2003 and each
18 succeeding fiscal year, the amount speci-
19 fied is the product of the following:

20 “(I) The amount specified in this
21 subparagraph for the immediately pre-
22 ceding fiscal year.

23 “(II) 1.00 plus the percentage (if
24 any) by which the average of the
25 Consumer Price Index (as defined in

1 section 1(f)(5) of the Internal Reve-
2 nue Code of 1986) for the most recent
3 12-month period for which such infor-
4 mation is available exceeds that for
5 the previous 12-month period.

6 “(III) 1.00 plus the percentage
7 change (if any) in the participation
8 rate required in section 488.

9 “(IV) 1.00 plus the percentage
10 change in the non-exempt adult recipi-
11 ent caseload for the most recent quar-
12 ter for which information is available,
13 compared to that caseload for the
14 same calendar quarter in the previous
15 year.

16 “(D) BASE ALLOTMENT TO STATES.—
17 From the amount specified in subparagraph (C)
18 for a fiscal year, the Secretary shall first allot
19 to each eligible State an amount equal to the
20 amount paid to the State pursuant to section
21 403(a)(3) for administration of the State pro-
22 gram under part A in fiscal year 1995.

23 “(E) ALLOTMENT OF REMAINDER TO
24 STATES.—(i) From the amount specified in sub-
25 paragraph (C) for a fiscal year remaining after

1 application of subparagraph (D), the Secretary
2 shall allot to each State an amount bearing the
3 same ratio to such remainder as the average
4 monthly number of non-exempt adult recipi-
5 ents (as defined in clause (ii)) in the State in
6 the preceding fiscal year bears to the average
7 monthly number of such recipients in all eligible
8 States for such preceding year.

9 “(ii) For purposes of this subpara-
10 graph, the term ‘non-exempt adult recipi-
11 ent’ in the case of any State means an in-
12 dividual other than a dependent child (un-
13 less such child is the custodial parent of
14 another dependent child)—

15 “(I) whose needs are met (in
16 whole or in part) with assistance pro-
17 vided under the State plan approved
18 under this part, and

19 “(II) who is required to partici-
20 pate in a program under part F, G, or
21 H.

22 “(iii) For purposes of clause (ii), the
23 term ‘dependent child’ means a needy
24 child—

1 “(I) who has been deprived of pa-
2 rental support or care by reason of
3 the death, continued absence from the
4 home (other than absence occasioned
5 solely by reason of the performance of
6 active duty in the uniformed services
7 of the United States), or physical or
8 mental incapacity of a parent, and
9 who is living with his father, mother,
10 grandfather, grandmother, brother,
11 sister, stepfather, stepmother, step-
12 brother, stepsister, uncle, aunt, first
13 cousin, nephew, or niece, in a place of
14 residence maintained by one or more
15 of such relatives as the relative’s own
16 home, and

17 “(II) who is—

18 “(aa) under the age of
19 eighteen, or

20 “(bb) at the option of the
21 State, under the age of nineteen
22 and a full-time student in a sec-
23 ondary school (or in the equiva-
24 lent level of vocational or tech-
25 nical training), if, before age

1 nineteen, the child reasonably
2 may be expected to complete the
3 secondary school program (or
4 training).

5 “(iv) For purposes of clause (iii), the
6 term ‘relative with whom any dependent
7 child is living’ means the individual who is
8 one of the relatives specified in clause (iii)
9 and with whom the child is living (within
10 the meaning of such subsection) in a place
11 of residence maintained by the individual
12 (alone or together with any one or more of
13 the other relatives so specified) as the rel-
14 ative’s own home.

15 “(F) AMOUNTS FOR INELIGIBLE PARTICI-
16 PANTS.—Not more than 10 percent of the
17 amount payable to a State under this para-
18 graph for a calendar quarter may be for ex-
19 penditures made during the quarter with re-
20 spect to program participants who are not eligi-
21 ble for assistance under the State plan ap-
22 proved under this part.

23 “(3) EMERGENCY ASSISTANCE.—

24 “(A) For purposes of paragraph
25 (2)(B)(i)(III), the term ‘emergency assistance

1 to needy families with children' means any of
2 the items specified in subparagraph (B), fur-
3 nished for a period not in excess of 30 days in
4 any 12-month period, in the case of a needy
5 child under the age of 21 who is (or, within
6 such period as may be specified by the Sec-
7 retary, has been) living with any of the relatives
8 specified in paragraph (2)(E)(iii) in a place of
9 residence maintained by one or more of such
10 relatives as the relative's own home, but only
11 where—

12 “(i) such child is without available re-
13 sources,

14 “(ii) the payments, care, or services
15 involved are necessary to avoid destitution
16 of such child or to provide living arrange-
17 ments in a home for such child, and

18 “(iii) the destitution or need for living
19 arrangements did not arise because the
20 child or relative refused without good cause
21 to accept employment or training for em-
22 ployment.

23 “(B) For the purposes of subparagraph
24 (A), the items specified include—

1 “(i) money payments, payments in
2 kind, or such other payments as the State
3 agency may specify with respect to, or
4 medical care or any other type of remedial
5 care recognized under State law (for which
6 the individual is not entitled to medical as-
7 sistance under the State plan under title
8 XIX) on behalf of, such child or any other
9 member of the household in which he is liv-
10 ing, and

11 “(ii) services the Secretary may speci-
12 fy, but the term does not include benefits
13 or services provided to children in the juve-
14 nile justice system.

15 “(4) PERFORMANCE BONUS.—

16 “(A) IN GENERAL.—The Secretary, in con-
17 sultation with State and local government offi-
18 cials and other interested persons, shall develop
19 a system of performance measures and per-
20 formance bonuses that rewards States that op-
21 erate programs established under parts F, G,
22 and H that are effective in moving recipients of
23 assistance under the State plan approved under
24 this part into employment.

25 “(B) ALLOCATION FORMULA.—

1 “(i) IN GENERAL.—Not later than
2 January 1, 1997, the Secretary, in con-
3 sultation with State and local government
4 officials and other interested persons, shall
5 develop and publish in the Federal Reg-
6 ister a formula for allocating the limitation
7 amount specified in subparagraph (E) for
8 the performance bonus fund for a fiscal
9 year, based on the effectiveness of State
10 programs established under parts F, G,
11 and H in moving recipients of assistance
12 under the State plan under this part into
13 employment in the preceding fiscal year,
14 including those who remain employed for
15 greater periods of time. In each fiscal year
16 specified in subparagraph (E), a State
17 shall be entitled to receive payments equal
18 to the limitation allocated to such State
19 under the formula developed by the Sec-
20 retary under this clause.

21 “(ii) FACTORS TO BE CONSIDERED.—
22 In developing the allocation formula under
23 clause (i), the Secretary shall take into
24 consideration factors that affect a State’s

1 ability to achieve a given level of employ-
2 ment of recipients, such as—

3 “(I) the proportion of families
4 who are at greatest risk of long-term
5 welfare dependency, or who have re-
6 mained unemployed for long periods
7 of time; and

8 “(II) the unemployment condi-
9 tions of each State.

10 “(C) ANNUAL COMPLIANCE REPORTS.—
11 Each State shall submit to the Secretary an-
12 nual reports on the effectiveness of its program
13 under part F based on the performance meas-
14 ures established under subparagraph (A).

15 “(D) USE OF PAYMENTS.—Bonus pay-
16 ments under this paragraph shall be used for
17 the purposes allowable under subsection
18 (a)(2)(B)(i).

19 “(E) LIMITATION AMOUNT SPECIFIED.—
20 For purposes of the allocation formula under
21 subparagraph (B), the limitation amount speci-
22 fied in this subparagraph is—

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

1 “(ii) \$100,000,000 for fiscal year
2 1998 rates, payable in fiscal year 1999;

3 “(iii) \$200,000,000 for fiscal year
4 1999 rates, payable in fiscal year 2000;

5 “(iv) \$200,000,000 for fiscal year
6 2000 rates, payable in fiscal year 2001;

7 and

8 “(v) \$200,000,000 for fiscal year
9 2001 rates, payable in fiscal year 2002.

10 “(b) METHOD OF COMPUTATION AND PAYMENT.—

11 The method of computing and paying amounts pursuant
12 to this section is as follows:

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

17 “(A) a report filed by the State containing
18 its estimate of the amount to be expended in
19 the quarter in accordance with each provision of
20 subsection (a) and stating the amounts appro-
21 priated or made available by the State and its
22 political subdivision for such expenditures in the
23 quarter, and if the sum of those amounts is less
24 than the State’s proportionate share of the total
25 sum of such estimated expenditures, the source

1 or sources from which the difference is expected
2 to be derived;

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

5 “(C) such other information as the Sec-
6 retary may find necessary.

7 “(2) The Secretary of Health and Human Serv-
8 ices shall then certify to the Secretary of the Treas-
9 ury the amount so estimated—

10 “(A) reduced or increased, as the case may
11 be, by any sum by which the Secretary of
12 Health and Human Services finds that the esti-
13 mate for any prior quarter was greater or less
14 than the amount which should have been paid
15 to the State for such quarter;

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

24 “(C) reduced by such amount as is nec-
25 essary to provide the appropriate reimburse-

1 ment to the Federal Government that the State
2 is required to make under section 457 out of
3 that portion of child support collections retained
4 by the State pursuant to such section, except
5 that such increases or reductions shall not be
6 made to the extent that such sums have been
7 applied to make the amount certified for any
8 prior quarter greater or less than the amount
9 estimated by the Secretary of Health and
10 Human Services for such prior quarter.

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

17 **“SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND**
18 **REPORTING SYSTEM.**

19 “(a) QUALITY ASSURANCE.—

20 “(1) IN GENERAL.—In order—

21 “(A) to improve the accuracy of payments
22 of temporary employment assistance and wages
23 under work programs under parts F, G, and H,
24 to assess the accuracy of data reported by each
25 State relating to its work programs and to its

1 implementation of the time limits established by
2 section 402(c)(2),

3 “(B) to determine whether participation
4 standards under section 488(a) have been met,

5 “(C) to assess the effectiveness of the
6 State’s program by applying the performance
7 standards developed under section 413(a)(4),
8 and

9 “(D) to serve such other purposes as the
10 Secretary finds appropriate for a performance
11 measurement system,

12 the Secretary shall establish and operate a quality
13 assurance system to secure the accurate data needed
14 to measure performance, identify areas in which cor-
15 rective action is necessary, and determine the
16 amount (if any) of the disallowance required to be
17 repaid to the Secretary because of erroneous aid
18 payments made by the State. A quality assurance
19 system shall be developed based upon a collaborative
20 effort involving the Secretary, the States and other
21 interested parties, and shall include quantifiable pro-
22 gram outcomes related to self-sufficiency in the cat-
23 egories of welfare-to-work, payment accuracy, and
24 child support.

1 “(2) MODIFICATIONS TO SYSTEM.—As consid-
2 ered necessary, but not more often than every 2
3 years, the Secretary, in consultation with the States
4 and other interested parties, shall make appropriate
5 changes in the design and administration of the
6 quality assurance system, including changes in
7 benchmarks, measures, and data collection or sam-
8 pling procedures.

9 “(b) DATA COLLECTION AND REPORTING.—

10 “(1) IN GENERAL.—The State plan shall pro-
11 vide for a quarterly report to the Secretary regard-
12 ing the data described in paragraphs (2) and (3)
13 and such additional data as the Secretary deter-
14 mines is needed for the quality assurance system.
15 The data collection and reporting system under this
16 subsection shall promote accountability, continuous
17 improvement, and integrity in the State programs
18 for temporary employment assistance and Work
19 First.

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

1 “(A) The age of adults and children (in-
2 cluding pregnant women).

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

7 “(C) The gender, race, educational attain-
8 ment, work experience, disability status (wheth-
9 er the individual is seriously ill, incapacitated,
10 or caring for a disabled or incapacitated child)
11 of adults.

12 “(D) The amount of cash assistance and
13 the amount and reason for any reduction in
14 such assistance. Any other data necessary to
15 determine the timeliness and accuracy of bene-
16 fits and welfare diversions.

17 “(E) Whether any member of the family
18 receives benefits under any of the following:

19 “(i) Any housing program.

20 “(ii) The program under the Food
21 Stamp Act of 1977.

22 “(iii) The program under the Head
23 Start Act.

24 “(iv) Any job training program.

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

3 “(G) The total number of months for
4 which assistance has been provided to the fami-
5 lies under the plan.

6 “(H) The employment status, hours
7 worked, and earnings of individuals while re-
8 ceiving assistance, whether the case was closed
9 due to employment, and other data needed to
10 determine the work performance rate.

11 “(I) Status in Work First and workfare,
12 including the number of hours an individual
13 participated and the component in which the in-
14 dividual participated.

15 “(J) The number of individuals in the as-
16 sistance unit and their relationship to the
17 youngest child. Nonrecipients in the household
18 and the relationship of each to the youngest
19 child.

20 “(K) Citizenship status.

21 “(L) Shelter arrangement.

22 “(M) Unearned income (not including tem-
23 porary employment assistance), such as child
24 support, and assets.

1 “(N) The number of children who have a
2 parent who is deceased, incapacitated, or unem-
3 ployed.

4 “(O) Geographic location.

5 “(3) AGGREGATED DATA.—The State shall col-
6 lect the following data items on a monthly basis
7 from aggregated case records of applicants for and
8 recipients of temporary employment assistance from
9 the previous month:

10 “(A) The number of adults receiving as-
11 sistance.

12 “(B) The number of children receiving as-
13 sistance.

14 “(C) The number of families receiving as-
15 sistance.

16 “(D) The number of assistance units who
17 had grants reduced or terminated and the rea-
18 son for the reduction or termination, including
19 sanction, employment, and exceeding the time
20 limit for assistance.

21 “(E) The number of applications for as-
22 sistance; the number approved and the number
23 denied and the reason for denial.

24 “(4) LONGITUDINAL STUDIES.—The State shall
25 submit selected data items for a cohort of individ-

1 uals who are tracked over time. This longitudinal
2 sample shall be used for selected data items de-
3 scribed in paragraphs (2) and (3), as determined ap-
4 propriate by the Secretary.

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

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

11 “(A) the percentage of the Federal funds
12 paid to the State under Section 413 for the fis-
13 cal year quarter and used to carry out parts F
14 and G or H that are used to cover administra-
15 tive costs or overhead; and

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

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

1 “(3) REPORT ON NONCUSTODIAL PARENTS PAR-
2 TICIPATING IN WORK ACTIVITIES.—The number of
3 noncustodial parents in the State who participated
4 in work activities during the fiscal year quarter.

5 “(4) REPORT ON CHILD SUPPORT COL-
6 LECTED.—The total amount of child support col-
7 lected by the State agency administering the State
8 plan under part D on behalf of a family receiving as-
9 sistance under this part.

10 “(5) REPORT ON TRANSITIONAL SERVICES.—
11 The total amount expended by the State for provid-
12 ing transitional services to families that have ceased
13 to receive assistance under this part because of in-
14 creased hours of, or increased income from, employ-
15 ment, together with a description of such services.

16 “(d) COLLECTION PROCEDURES.—The Secretary
17 shall provide case sampling plans and data collection pro-
18 cedures as considered necessary to make statistically valid
19 estimates of plan performance.

20 “(e) VERIFICATION.—The Secretary shall develop
21 and implement procedures for verifying the quality of the
22 data submitted by the State, and shall provide technical
23 assistance, funded by the compliance penalties imposed
24 under section 412, if such data quality falls below accept-
25 able standards.

1 **“SEC. 415. COMPILATION AND REPORTING OF DATA.**

2 “(a) CURRENT PROGRAMS.—The Secretary, on the
3 basis of the Secretary’s review of the reports received from
4 the States under section 414, shall compile such data as
5 the Secretary believes necessary, and from time to time,
6 publish the findings as to the effectiveness of the programs
7 developed and administered by the States under this part.
8 The Secretary annually shall report to Congress on the
9 programs developed and administered by each State under
10 this part.

11 “(b) RESEARCH, DEMONSTRATION AND EVALUA-
12 TION.—For each fiscal year beginning with fiscal year
13 1996, from the appropriation account providing funds for
14 grants to States for activities funded under section
15 413(a)(1), the Secretary may reserve for obligation, or
16 transfer to other accounts funding research activities, an
17 amount not to exceed 0.19 percent of the total amount
18 paid to States in the previous fiscal year for activities
19 under section 413(a)(1), and may use the reserved
20 amounts to pay costs of the following types of research,
21 demonstrations, and evaluations:

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

26 “(2) DEMONSTRATIONS.—

1 “(A) IN GENERAL.—The Secretary may
2 implement and evaluate demonstrations of inno-
3 vative and promising strategies to—

4 “(i) improve child well-being through
5 reductions in illegitimacy, teen pregnancy,
6 welfare dependency, homelessness, and
7 poverty;

8 “(ii) test promising strategies by non-
9 profit and for-profit institutions to increase
10 employment, earnings, child support pay-
11 ments, and self-sufficiency with respect to
12 temporary employment assistance clients
13 under State plans; and

14 “(iii) foster the development of child
15 care.

16 “(B) ADDITIONAL PARAMETERS.—Dem-
17 onstrations implemented under this para-
18 graph—

19 “(i) may provide one-time capital
20 funds to establish, expand, or replicate
21 programs;

22 “(ii) may test performance-based
23 grant-to-loan financing in which programs
24 meeting performance targets receive grants

1 while programs not meeting such targets
2 repay funding on a pro-rated basis; and

3 “(iii) should test strategies in multiple
4 States and types of communities.

5 “(3) FEDERAL EVALUATIONS.—

6 “(A) IN GENERAL.—The Secretary shall
7 conduct research on the effects, benefits, and
8 costs of different approaches to operating wel-
9 fare programs, including an implementation
10 study based on a representative sample of
11 States and localities, documenting the policies
12 adopted, how such policies were implemented,
13 the types and mix of services provided, and
14 such other factors as the Secretary considers
15 appropriate.

16 “(B) RESEARCH ON RELATED ISSUES.—
17 The Secretary also shall conduct research on is-
18 sues related to the purposes of this part, such
19 as strategies for moving welfare recipients into
20 the workforce quickly, reducing teen preg-
21 nancies and out-of-wedlock births, and provid-
22 ing adequate child care.

23 “(C) STATE REIMBURSEMENT.—The Sec-
24 retary may reimburse a State for any research-

1 related costs incurred pursuant to research con-
2 ducted under this paragraph.

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

7 “(c) STUDY BY THE CENSUS BUREAU.—

8 “(1) IN GENERAL.—The Bureau of the Census
9 shall expand the Survey of Income and Program
10 Participation as necessary to obtain such informa-
11 tion as will enable interested persons to evaluate the
12 impact of the amendments made by the Work First
13 and Personal Responsibility Act of 1996 on a ran-
14 dom national sample of recipients of assistance
15 under State programs funded under this part and
16 (as appropriate) other low-income families, and in
17 doing so, shall pay particular attention to the issues
18 of out-of-wedlock birth, welfare dependency, the be-
19 ginning and end of welfare spells, and the causes of
20 repeat welfare spells.

21 “(2) APPROPRIATION.—For each of fiscal years
22 1996, 1997, 1998, 1999, 2000, 2001, and 2002,
23 from the appropriation account providing funds for
24 grants to States for activities funded under section
25 413(a)(1), the Secretary shall transfer to the Bu-

1 reau of the Census \$10,000,000 to carry out para-
2 graph (1). Such funds transferred to the Bureau of
3 the Census shall remain available for obligation by
4 the Bureau of the Census until expended.

5 **“SEC. 416. COLLECTION OF OVERPAYMENTS FROM FED-**
6 **ERAL TAX REFUNDS.**

7 “(a) IN GENERAL.—Upon receiving notice from a
8 state agency administering a plan approved under this
9 part that a named individual has been overpaid under the
10 State plan approved under this part, the Secretary of the
11 Treasury shall determine whether any amounts as refunds
12 of Federal taxes paid are payable to such individual, re-
13 gardless of whether such individual filed a tax return as
14 a married or unmarried individual. If the Secretary of the
15 Treasury finds that any such amount is payable, the Sec-
16 retary shall withhold from such refunds an amount equal
17 to the overpayment sought to be collected by the State
18 and pay such amount to the State agency.

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

22 “(1) that a State may only submit under sub-
23 section (a) requests for collection of overpayments
24 with respect to individuals—

1 “(A) who are no longer receiving tem-
2 porary employment assistance under the State
3 plan approved under this part,

4 “(B) with respect to whom the State has
5 already taken appropriate action under State
6 law against the income or resources of the indi-
7 viduals or families involved; and

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

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

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

1 **“SEC. 417. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

2 “The programs under this title shall be administered
3 by an Assistant Secretary for Family Support within the
4 Department of Health and Human Services, who shall be
5 appointed by the President, by and with the advice and
6 consent of the Senate, and who shall be in addition to any
7 other Assistant Secretary of Health and Human Services
8 provided for by law. If an individual is the Assistant Sec-
9 retary for Children and Families on the day before the
10 enactment of this Act, that individual shall become the
11 Assistant Secretary for Family Support.”.

12 **SEC. 103. CONFORMING AMENDMENTS RELATING TO COL-**
13 **LECTION OF OVERPAYMENTS.**

14 (a) Section 6402 of the Internal Revenue Code of
15 1986 (relating to authority to make credits or refunds)
16 is amended—

17 (1) in subsection (a), by striking “(c) and (d)”
18 and inserting “(c), (d), and (e)”;

19 (2) by redesignating subsections (e) through (i)
20 as subsections (f) through (j), respectively; and

21 (3) by inserting after subsection (d) the follow-
22 ing:

23 “(e) COLLECTION OF OVERPAYMENTS UNDER TITLE
24 IV–A OF THE SOCIAL SECURITY ACT.—The amount of
25 any overpayment to be refunded to the person making the
26 overpayment shall be reduced (after reductions pursuant

1 to subsections (c) and (d), but before a credit against fu-
2 ture liability for an internal revenue tax) in accordance
3 with section 416 of the Social Security Act (concerning
4 recovery of overpayments to individuals under State plans
5 approved under part A of title IV of such Act).”.

6 (b) Paragraph (10) of section 6103(1) of the Internal
7 Revenue Code of 1986 is amended—

8 (1) by striking “(c) or (d)” each place it ap-
9 pears and inserting “(c), (d), or (e)”; and

10 (2) by adding at the end of subparagraph (B)
11 the following new sentence; “Any return information
12 disclosed with respect to section 6402(e) shall only
13 be disclosed to officers and employees of the State
14 agency requesting such information.”.

15 (c) The matter preceding subparagraph (A) of section
16 6103(p)(4) of such Code is amended—

17 (1) by striking “(10),” before “(11)” and

18 (2) by inserting “(10),” after “(9),”.

19 (d) Section 552a(a)(8)(B)(iv)(III) of title 5, United
20 States Code, is amended by striking “section 464 or 1137
21 of the Social Security Act” and inserting “section 416,
22 464, or 1137 of the Social Security Act”.

1 **SEC. 104. TERRITORIES.**

2 (a) LIMITATIONS ON FEDERAL PAYMENTS.—Section
3 1108(a)(2) and (3) of the Act is amended to read as fol-
4 lows:

5 “(2) for payment to the Virgin Islands shall not
6 exceed—

7 “(A) \$2,800,000 with respect to fiscal
8 years 1994, 1995, and 1996, and

9 “(B) \$3,500,000 or, if greater, such
10 amount adjusted by the CPI (as prescribed in
11 subsection (f)) for fiscal year 1997 and each
12 fiscal year thereafter; and

13 “(3) for payment to Guam shall not exceed—

14 “(A) \$3,800,000 with respect to fiscal year
15 1994, 1995, and 1996, and

16 “(B) \$4,750,000 or, if greater, such
17 amount adjusted by the CPI (as prescribed in
18 subsection (f)), for fiscal year 1997 and each
19 fiscal year thereafter.”.

20 (b) CPI ADJUSTMENT.—Section 1108 of the Act is
21 amended by adding at the end the following new sub-
22 section:

23 “(f) For purposes of subsection (a), an amount is ‘ad-
24 justed by the CPI’ for months in a calendar year by mul-
25 tiplying that amount by the ratio of the Consumer Price
26 Index as prepared by the Department of Labor for—

1 “(1) the third quarter of the preceding calendar
2 year, to

3 “(2) the third quarter of calendar year 1996,
4 and rounding the product, if not a multiple of
5 \$10,000, to the nearer multiple of \$10,000.”.

6 **SEC. 105. EFFECTIVE DATES.**

7 (a)(1) IN GENERAL.—Except as provided in para-
8 graph (2), the amendments made by sections 102 and 104
9 of this Act are effective with respect to calendar quarters
10 beginning on or after October 1, 1996.

11 (2)(A) Funds that would be available for obligation
12 in fiscal year 1996 under section 415 of the Social Secu-
13 rity Act (as amended by this Act) are available upon en-
14 actment.

15 (B) Amendments made by section 103 of this Act are
16 effective upon enactment.

17 (b) SPECIAL RULE.—In the case of a State that the
18 Secretary of Health and Human Services determines re-
19 quires State legislation (other than legislation appropriat-
20 ing funds) in order to meet the requirements imposed by
21 the amendments made by this subtitle, the State shall not
22 be regarded as failing to comply with those requirements
23 before the first day of the first calendar quarter beginning
24 after the close of the first regular session of the State leg-
25 islature that begins after the date of enactment of this

1 Act. For purposes of this paragraph, in the case of a State
 2 that has a 2-year legislative session, each year of the ses-
 3 sion shall be treated as a separate regular session of the
 4 State legislature. Such a State, however, shall be subject
 5 to the funding provisions in section 413 of the Social Secu-
 6 rity Act (as amended by this Act) on and after October
 7 1, 1996.

8 **Subtitle B—Make Work Pay**

9 **SEC. 111. TRANSITIONAL MEDICAID BENEFITS.**

10 (a) PERMANENT EXTENSION OF AUTHORITY.—Sub-
 11 section (f) of section 1925 of the Social Security Act (42
 12 U.S.C. 1396r–6(f)) is repealed.

13 (b) EFFECTIVE DATE.—The repeal made by sub-
 14 section (a) applies to calendar quarters beginning on or
 15 after October 1, 1997, without regard to whether final
 16 regulations to carry out the repeal have been promulgated
 17 by that date.

18 **SEC. 112. NOTICE OF AVAILABILITY REQUIRED TO BE PRO-** 19 **VIDED TO APPLICANTS AND FORMER RECIPI-** 20 **ENTS OF TEMPORARY EMPLOYMENT ASSIST-** 21 **ANCE, FOOD STAMPS, AND MEDICAID.**

22 (a) TEMPORARY EMPLOYMENT ASSISTANCE.—Sec-
 23 tion 406, as added by section 102 of this Act, is amended
 24 by adding at the end the following:

1 “(i) NOTICE OF AVAILABILITY OF EITC.—The State
2 plan shall provide that the State agency shall provide writ-
3 ten notice of the existence and availability of the earned
4 income credit under section 32 of the Internal Revenue
5 Code of 1986 to—

6 “(1) any individual who applies for assistance
7 under the State plan, upon receipt of the applica-
8 tion; and

9 “(2) any recipient of assistance under the State
10 plan under this part (including any recipient of as-
11 sistance under the plan in effect before the effective
12 date of the Work First and Personal Responsibility
13 Act of 1996) whose assistance is terminated, in the
14 notice of termination of benefits.”.

15 (b) FOOD STAMPS.—Section 11(e) of the Food
16 Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by
17 sections 323(b), 330(e), and 364(1)(C) and (D) of this
18 Act, is amended—

19 (1) in paragraph (24) by striking “and” at the
20 end;

21 (2) in paragraph (25) by striking the period at
22 the end and inserting “; and”; and

23 (3) by inserting after paragraph (25) the fol-
24 lowing:

1 “(26) that whenever a household applies for
2 food stamp benefits, and at other times the Sec-
3 retary considers appropriate, the State agency shall
4 provide to each member of such household notice
5 of—

6 “(A) the existence of the earned income
7 tax credit under section 32 of the Internal Rev-
8 enue Code of 1986; and

9 “(B) the fact that such credit may be ap-
10 plicable to such member.”.

11 (c) The second sentence of section 5(a) of the Food
12 Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by—

13 (1) striking “plan approved” and inserting
14 “program funded”; and

15 (2) inserting before “, supplemental security in-
16 come” the following: “that limits receipt of benefits
17 to households whose gross income, as defined by the
18 State, does not exceed the poverty line, as described
19 in subsection (c), by more than 30 per centum”.

20 (d) MEDICAID.—Section 1902(a) (42 U.S.C.
21 1396(a)) is amended—

22 (1) by striking “and” at the end of paragraph
23 (61);

24 (2) by striking the period at the end of para-
25 graph (62) and inserting “; and”; and

1 (3) by inserting after paragraph (62) the fol-
 2 lowing new paragraph:

3 “(63) provide that the State shall provide notice
 4 of the existence and availability of the earned income
 5 tax credit under section 32 of the Internal Revenue
 6 Code of 1986 to each individual applying for medical
 7 assistance under the State plan and to each individ-
 8 ual whose eligibility for medical assistance under the
 9 State plan is terminated.”.

10 **SEC. 113. ADVANCE PAYMENT OF EARNED INCOME TAX**

11 **CREDIT THROUGH STATE DEMONSTRATION**

12 **PROGRAMS.**

13 (a) IN GENERAL.—Section 3507 of the Internal Rev-
 14 enue Code of 1986 (relating to the advance payment of
 15 the earned income tax credit) is amended by adding at
 16 the end the following:

17 “(g) STATE DEMONSTRATIONS.—

18 “(1) IN GENERAL.—In lieu of receiving earned
 19 income advance amounts from an employer under
 20 subsection (a), a participating resident shall receive
 21 advance earned income payments from a responsible
 22 State agency pursuant to a State Advance Payment
 23 Program that is designated pursuant to paragraph
 24 (2).

25 “(2) DESIGNATIONS.—

1 “(A) IN GENERAL.—From among the
2 States submitting proposals satisfying the re-
3 quirements of paragraph (3), the Secretary (in
4 consultation with the Secretary of Health and
5 Human Services and the Secretary of Agri-
6 culture) may designate not more than 4 State
7 Advance Payment Demonstrations. These
8 States may operate demonstrations in areas
9 that include, in the aggregate, no more than 10
10 percent of the total number of households par-
11 ticipating in the program under the Food
12 Stamp program in the immediately preceding
13 fiscal year. Administrative costs of a State in
14 conducting a demonstration under this section
15 may be included for matching under section
16 413(a)(2) of the Social Security Act.

17 “(B) WHEN DESIGNATION MAY BE
18 MADE.—Any designation under this paragraph
19 shall be made no later than December 31,
20 1998.

21 “(C) PERIOD FOR WHICH DESIGNATION IS
22 IN EFFECT.—

23 “(i) IN GENERAL.—Designations
24 made under this paragraph shall be effec-
25 tive for advance earned income payments

1 made after December 31, 1998, and before
2 January 1, 2002.

3 “(ii) SPECIAL RULES.—

4 “(I) REVOCATION OF DESIGNA-
5 TIONS.—The Secretary may revoke
6 any designation made under this
7 paragraph if the Secretary determines
8 that the State is not complying sub-
9 stantially with the proposal described
10 in paragraph (3) submitted by the
11 State.

12 “(II) AUTOMATIC TERMINATION
13 OF DESIGNATIONS.—Any failure by a
14 State to comply with the reporting re-
15 quirements described in paragraphs
16 (3)(F) and (3)(G) shall have the ef-
17 fect of immediately terminating the
18 designation under this paragraph and
19 rendering paragraph (5)(A)(ii) inap-
20 plicable to subsequent payments.

21 “(3) PROPOSALS.—No State may be designated
22 under paragraph (2) unless the State’s proposal for
23 such designation—

24 “(A) identifies the responsible State agen-

25 cy,

1 “(B) describes how and when the advance
2 earned income payments will be made by that
3 agency, including a description of any other
4 State or Federal benefits with which such pay-
5 ments will be coordinated,

6 “(C) describes how the State will obtain
7 the information on which the amount of ad-
8 vance earned income payments made to each
9 participating resident will be determined in ac-
10 cordance with paragraph (4),

11 “(D) describes how State residents who
12 will be eligible to receive advance earned income
13 payments will be selected, notified of the oppor-
14 tunity to receive advance earned income pay-
15 ments from the responsible State agency, and
16 given the opportunity to elect to participate in
17 the program,

18 “(E) describes how the State will verify, in
19 addition to receiving the certifications and
20 statement described in paragraph (7)(D)(iv),
21 the eligibility of participating residents for the
22 earned income tax credit,

23 “(F) commits the State to furnishing to
24 each participating resident, by January 31 of
25 each year a written statement showing—

1 “(i) the name and taxpayer identifica-
2 tion number of the participating resident
3 and by January 31 the amounts paid to
4 each participating resident, and

5 “(ii) the total amount of advance
6 earned income payments made to the par-
7 ticipating resident during the prior cal-
8 endar year,

9 “(G) commits the State to furnishing to
10 the Secretary by December 1 of each year a
11 written statement showing the name and tax-
12 payer identification number of each participat-
13 ing resident, and by January 31 the amounts
14 paid to each participating resident,

15 “(H) commits the State to treat any ad-
16 vance earned income payments as described in
17 paragraph (5) and any repayments of excessive
18 advance earned income payments as described
19 in paragraph (6),

20 “(I) commits the State to assess the devel-
21 opment and implementation of its State Ad-
22 vance Payment Program, including an agree-
23 ment to share its findings and lessons with
24 other interested States in a manner to be de-
25 scribed by the Secretary, and

1 “(J) is submitted to the Secretary on or
2 before June 30, 1998.

3 “(4) AMOUNT AND TIMING OF ADVANCE
4 EARNED INCOME PAYMENTS.—

5 “(A) AMOUNT.—

6 “(i) IN GENERAL.—The method for
7 determining the amount of advance earned
8 income payments made to each participat-
9 ing resident shall conform to the fullest ex-
10 tent possible with the provisions of sub-
11 section (c).

12 “(ii) SPECIAL RULE.—A State may,
13 at its election, apply the rules of subsection
14 (c)(2)(B) by substituting ‘between 60 per-
15 cent and 75 percent of the credit percent-
16 age in effect under section 32(b)(1) for an
17 individual with the corresponding number
18 of qualifying children’ for ‘60 percent of
19 the credit percentage in effect under sec-
20 tion 32(b)(1) for such an eligible individual
21 with 1 qualifying child’ in clause (i) and
22 ‘the same percentage (as applied in clause
23 (i))’ for ‘60 percent’ in clause (ii).

24 “(B) TIMING.—The frequency of advanced
25 earned income payments may be determined on

1 the basis of the payroll periods of participating
2 residents, on a single statewide schedule, or on
3 any other reasonable basis prescribed by the
4 State in its proposal; however, in no event may
5 advance earned income payments be made to
6 any participating resident less frequently than
7 on a calendar-quarter basis.

8 “(5) PAYMENTS TO BE TREATED AS PAYMENTS
9 OF WITHHOLDING AND FICA TAXES.—

10 “(A) IN GENERAL.—For purposes of this
11 title, advance earned income payments during
12 any calendar quarter—

13 “(i) shall neither be treated as a pay-
14 ment of compensation nor be included in
15 gross income, and

16 “(ii) shall be treated as made out of—

17 “(I) amounts required to be de-
18 ducted by the State and withheld for
19 the calendar quarter by the State
20 under section 3401 (relating to wage
21 withholding),

22 “(II) amounts required to be de-
23 ducted for the calendar quarter under
24 section 3102 (relating to FICA em-
25 ployee taxes), and

1 “(III) amounts of the taxes im-
2 posed on the State for the calendar
3 quarter under section 3111 (relating
4 to FICA employer taxes), as if the
5 State had paid to the Secretary, on
6 the day on which payments are made
7 to participating residents, an amount
8 equal to such payments.

9 “(B) IF ADVANCE PAYMENTS EXCEED
10 TAXES DUE.—If for any calendar quarter the
11 aggregate amount of advance earned income
12 payments made by the responsible State agency
13 under a State Advance Payment Program ex-
14 ceeds the sum of the amounts referred to in
15 subparagraph (A)(ii) (without regard to para-
16 graph (6)(A)), each such advance earned in-
17 come payment shall be reduced by an amount
18 which bears the same ratio to such excess as
19 such advance earned income payment bears to
20 the aggregate amount of all such advance
21 earned income payments.

22 “(6) STATE REPAYMENT OF EXCESSIVE AD-
23 VANCE EARNED INCOME PAYMENTS.—

24 “(A) IN GENERAL.—Notwithstanding any
25 other provision of law, in the case of an exces-

1 sive advance earned income payment a State
2 shall be treated as having deducted and with-
3 held under section 3401 (relating to wage with-
4 holding), and as being required to pay to the
5 United States, the repayment amount during
6 the repayment calendar quarter.

7 “(B) EXCESSIVE ADVANCE EARNED IN-
8 COME PAYMENT.—For purposes of this section,
9 the term ‘excessive advance income payment’
10 means that portion of any advance earned in-
11 come payment that, when combined with other
12 advance earned income payments previously
13 made to the same participating resident during
14 the same calendar year, exceeds the amount of
15 earned income tax credit to which that partici-
16 pating resident is entitled under section 32 for
17 that year.

18 “(C) REPAYMENT AMOUNT.—For purposes
19 of this subsection, the term ‘repayment amount’
20 means an amount equal to 50 percent of the ex-
21 cess of—

22 “(i) excessive advance earned income
23 payments made by a State during a par-
24 ticular calendar year, over

25 “(ii) the sum of—

1 “(I) 4 percent of all advance
2 earned income payments made by the
3 State during that calendar year, and

4 “(II) the excessive advance
5 earned income payments made by the
6 State during that calendar year that
7 have been collected from participating
8 residents by the Secretary.

9 “(D) REPAYMENT CALENDAR QUARTER.—
10 For purposes of this subsection, the term ‘re-
11 payment calendar quarter’ means the second
12 calendar quarter of the third calendar year be-
13 ginning after the calendar year in which an ex-
14 cessive earned income payment is made.

15 “(7) DEFINITIONS.—For purposes of this subsection:

16 “(A) STATE ADVANCE PAYMENT PRO-
17 GRAM.—The term ‘State Advance Payment
18 Program’ means the program described in a
19 proposal submitted for designation under para-
20 graph (1) and designated by the Secretary
21 under paragraph (2).

22 “(B) RESPONSIBLE STATE AGENCY.—The
23 term ‘responsible State agency’ means the sin-
24 gle State agency that will be making the ad-
25 vance earned income payments to residents of

1 the State who elect to participate in a State Ad-
2 vance Payment Program.

3 “(C) ADVANCE EARNED INCOME PAY-
4 MENTS.—The term ‘advance earned income
5 payments’ means an amount paid by a respon-
6 sible State agency to residents of the State pur-
7 suant to a State Advance Payment Program.

8 “(D) PARTICIPATING RESIDENT.—The
9 term ‘participating resident’ means an individ-
10 ual who—

11 “(i) is a resident of a State that has
12 in effect a designated State Advance Pay-
13 ment Program,

14 “(ii) makes the election described in
15 paragraph (3)(D) pursuant to guidelines
16 prescribed by the State,

17 “(iii) certifies to the State the number
18 of qualifying children the individual has,
19 and

20 “(iv) provides to the State the certifi-
21 cations and statement described in sub-
22 sections (b)(1), (b)(2), (b)(3), and (b)(4)
23 (except that for purposes of this clause,
24 the term ‘any employer’ shall be sub-
25 stituted for ‘another employer’ in sub-

1 section (b)(3)), along with any other infor-
2 mation required by the State.”.

3 (b) TECHNICAL ASSISTANCE.—The Secretaries of the
4 Treasury and Health and Human Services shall jointly en-
5 sure that technical assistance is provided to State Advance
6 Payment Programs and that these programs are rigor-
7 ously evaluated.

8 (c) ANNUAL REPORTS.—The Secretary shall issue
9 annual reports detailing the extent to which—

10 (1) residents participate in the State Advance
11 Payment Programs,

12 (2) participating residents file Federal and
13 State tax returns,

14 (3) participating residents report accurately the
15 amount of the advance earned income payments
16 made to them by the responsible State agency dur-
17 ing the year, and

18 (4) recipients of excessive advance earned in-
19 come payments repay those amounts.

20 The report shall also contain an estimate of the amount
21 of advance earned income payments made by each respon-
22 sible State agency but not reported on the tax returns of
23 a participating resident and the amount of excessive ad-
24 vance earned income payments.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—For pur-
2 poses of providing technical assistance described in sub-
3 section (b), preparing the reports described in subsection
4 (c), and providing grants to States in support of des-
5 ignated State Advance Payment Programs, there are au-
6 thorized to be appropriated in advance to the Secretary
7 of the Treasury and the Secretary of Health and Human
8 Services a total of \$1,400,000 for fiscal years 1999
9 through 2001.

10 **SEC. 114. CONSOLIDATED CHILD CARE AND DEVELOPMENT**

11 **BLOCK GRANT.**

12 (a) PURPOSE.—It is the purpose of this section to
13 amend the Child Care and Development Block Grant Act
14 of 1990 (referred to in this section as the “CCDBG Act”)
15 and to consolidate other child care programs into the pro-
16 gram under that Act, in order to—

17 (1) eliminate program fragmentation and create
18 a seamless system of high quality child care that al-
19 lows for continuity of care for children as parents
20 move from welfare to work;

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

23 (3) increase the availability of high quality af-
24 fordable child care in order to promote self-suffi-
25 ciency and support working families.

1 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
2 658B of the CCDBG Act (42 U.S.C. 9858) is amended
3 to read as follows:

4 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

5 “(a) AUTHORIZATION OF DISCRETIONARY APPRO-
6 PRIATIONS OF BLOCK GRANT FUNDS.—For the purpose
7 of providing child care services for eligible children
8 through the awarding of grants to States under this sub-
9 chapter (other than the grants awarded under subsection
10 (b)) by the Secretary, there are authorized to be appro-
11 priated \$2,000,000,000 for fiscal year 1996 and such
12 sums as may be necessary for fiscal years 1997 through
13 2002.

14 “(b) ENTITLEMENT TO STATES.—For the purpose of
15 providing child care services for eligible children, in addi-
16 tion to grants from appropriations authorized under sub-
17 section (a), there are authorized to be appropriated and
18 States shall be entitled to receive matching grants under
19 section 6580b in amounts not to exceed in total
20 \$1,555,000,000 for fiscal year 1997, \$1,615,000,000 for
21 fiscal year 1998, \$1,800,000,000 for fiscal year 1999,
22 \$2,200,000,000 for fiscal year 2000, \$2,475,000,000 for
23 fiscal year 2001, and \$2,525,000,000 for fiscal year
24 2002.”.

25 (c) USE OF BLOCK GRANT FUNDS.—

1 (1) SERVICES TO FAMILIES IN WELFARE-TO-
2 WORK TRANSITION.—Section 658E(c)(3)(B) of the
3 CCDBG Act (42 U.S.C. 9588(c)(3)(B)) is amend-
4 ed—

5 (A) by redesignating clauses (i) and (ii) as
6 subclauses (I) and (II), respectively, and re-
7 aligning the margins accordingly;

8 (B) by striking “Subject” and inserting
9 the following:

10 “(i) IN GENERAL.—Subject”; and

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

13 “(ii) SPECIAL RULES FOR FAMILIES
14 SEEKING TO BECOME OR BECOMING INDE-
15 PENDENT OF TEMPORARY EMPLOYMENT
16 ASSISTANCE.—

17 “(I) IN GENERAL.—Each State
18 agency referred to in section 658D
19 shall guarantee child care in accord-
20 ance with this Act—

21 “(aa) for any individual who
22 is participating in an education
23 or training activity (including
24 participation in a program estab-
25 lished under part F, G, or H of

1 title IV of the Social Security
2 Act) if the State agency admin-
3 istering the program under part
4 F of that title approves the activ-
5 ity and determines that the indi-
6 vidual is participating satisfactorily
7 in the activity;

8 “(bb) for each family with a
9 needy child (as defined in section
10 402(a)(1) of the Social Security
11 Act) requiring such care, to the
12 extent that such care is deter-
13 mined by the State agency to be
14 necessary to permit an individual
15 in the family to accept employ-
16 ment or remain employed, includ-
17 ing in a community service job
18 under part F, G, or H of title IV
19 of the Social Security Act; and

20 “(cc) to the extent that the
21 State agency determines that
22 such care is necessary for the
23 employment of an individual, if
24 the family of which the individual
25 is a member has ceased to receive

1 assistance under the State plan
2 approved under part A of title IV
3 of the Social Security Act by rea-
4 son of increased hours of, or in-
5 come from, such employment, for
6 12 months after the last month
7 for which the family received as-
8 sistance described in such para-
9 graph.”.

10 (2) SET-ASIDES FOR QUALITY AND EXPAN-
11 SION.—Section 658E(c)(3)(C) of the CCDBG Act
12 (42 U.S.C. 9858c(c)(3)(C)) is amended by striking
13 “25 percent” and inserting “10 percent”.

14 (3) SUPPORT OF WELFARE-TO-WORK.—

15 (A) IN GENERAL.—Section 658E(c) of the
16 CCDBG Act (42 U.S.C. 9858c(c)) is amended
17 by adding the following:

18 “(6) SIGNIFICANT EXPENDITURES TO SUPPORT
19 WELFARE-TO-WORK TRANSITION.—The State plan
20 shall provide that the State will use significant por-
21 tions of amounts provided for child care services for
22 each of the following:

23 “(A) Families containing an individual re-
24 ceiving assistance under a State plan approved
25 under part A of title IV of the Social Security

1 Act and participating in education, job search,
2 job training, work, or workforce programs;

3 “(B) Families containing an individual
4 who—

5 “(i) has ceased to receive assistance
6 under the temporary employment assist-
7 ance program under part A of title IV of
8 the Social Security Act as a result of in-
9 creased hours of, or increased income
10 from, employment, and no longer qualifies
11 for child care assistance on the basis of re-
12 ceiving such assistance under part A of
13 title IV of the Social Security Act; and

14 “(ii) the State determines requires
15 such child care assistance in order to con-
16 tinue such employment.

17 “(C) Families containing an individual
18 who—

19 “(i) is not described in subparagraph
20 (A) or (B); and

21 “(ii) has an annual income for a fiscal
22 year below 75 percent of the State median
23 income.”.

24 (B) CONFORMING AMENDMENTS.—

1 (i) Section 658E(c)(3)(B)(i)(I) of the
 2 CCDBG Act, as redesignated by paragraph
 3 (1), is amended by inserting “consistent
 4 with paragraph (6)” after “child care serv-
 5 ices”.

6 (ii) Subsection 658F(a) is amended by
 7 striking “Nothing” and inserting “Except
 8 as provided in section 658E(c)(B)(ii),
 9 nothing”.

10 (4) SLIDING FEE SCALE.—Section 658E(c)(5)
 11 of the CCDBG Act (42 U.S.C. 9858c(e)(5)) is
 12 amended by inserting “described in subparagraphs
 13 (B) and (C) of paragraph (6)” after “families”.

14 (d) LIMITED ENTITLEMENT; ALLOCATION.—

15 (1) IN GENERAL.—The CCDBG Act (42 U.S.C.
 16 9858) is amended by adding after section 6580 the
 17 following new section:

18 **“SEC. 6580b. ALLOCATION OF LIMITATION ON ENTITLE-**
 19 **MENT.**

20 “(a) Each State shall be entitled to payment from
 21 the Secretary of an amount equal to the lesser of—

22 “(1) the Federal medical assistance percentage
 23 (as defined in section 1905(b) or, as applicable, in
 24 section 1118 of the Social Security Act) of the
 25 amount of expenditures made by the State in provid-

1 ing child care services pursuant to this subchapter,
2 other than expenditures of funds appropriated under
3 subsection 658B(a); or

4 “(2) the limitation determined under subsection
5 (b).

6 “(b) LIMITATION ON ENTITLEMENT.—Subject to the
7 redistribution procedures under subsection (c), the limita-
8 tion for a State for a fiscal year under this paragraph shall
9 be an amount equal to the product of—

10 “(1) the sum of the total amounts of Federal
11 payments for fiscal year 1994 to the State under—

12 “(A) section 402(g)(3)(A) of the Social Se-
13 curity Act (as that section was in effect before
14 October 1, 1995) for amounts expended for
15 child care pursuant to paragraph (1) of such
16 subsection;

17 “(B) section 403(l)(1)(A) of that Act (as
18 so in effect) for amounts expended for child
19 care pursuant to section 402(g)(1)(A) of that
20 Act (as so in effect), in the case of a State with
21 respect to which section 1108 of that Act ap-
22 plies; and

23 “(C) section 403(n) of that Act (as so in
24 effect) for child care services pursuant to sec-
25 tion 402(i) of that Act;

1 divided by the total amount of such Federal pay-
2 ments to all States for fiscal year 1994; and

3 “(2) the total limitation for all States under
4 subsection 658B(b) for such fiscal year, reduced by
5 the amount reserved under subsection (d).

6 “(c) ADJUSTMENT OF LIMITATION; REALLOT-
7 MENT.—

8 “(1) AVAILABILITY OF UNUSED AMOUNTS FOR
9 REALLOTMENT.—If the Secretary determines that a
10 State will not use the full limitation amount avail-
11 able to it for a fiscal year (as calculated under sub-
12 section (b)), the Secretary shall—

13 “(A) reduce that State’s limitation under
14 subsection (b) by the amount the Secretary de-
15 termines the State will not use; and

16 “(B) increase by no more than the amount
17 of reductions under subparagraph (A) the limi-
18 tations available to States under subsection (b)
19 that have requested an increase in their limita-
20 tions.

21 “(2) REALLOTMENT FORMULA.—Limitation in-
22 creases available under paragraph (1) shall be made
23 available to each State requesting an increase in its
24 limitation amount that bears the same ratio to the
25 total available increase in limitations as the State’s

1 historical expenditures described in subsection (b)(1)
2 bear to the sum of such historical expenditures for
3 all States requesting an increase in their limitations.

4 “(d) AMOUNTS RESERVED FOR INDIAN TRIBES.—
5 The Secretary shall reserve not more than 3 percent of
6 the amount appropriated under section 658B(b) each fis-
7 cal year for payments to Indian tribes and tribal organiza-
8 tions with applications approved under section 6580a(c).
9 The amounts reserved under the prior sentence shall be
10 available to make grants to or enter into contracts with
11 Indian tribes or tribal organizations consistent with sec-
12 tion 6580a(c), without a requirement of matching funds
13 by the Indian tribes or tribal organizations.

14 “(e) SAME TREATMENT AS ALLOTMENTS.—Amounts
15 paid to a State or Indian tribe under subsections (a) and
16 (d) shall be subject to the same requirements under this
17 subchapter as amounts paid from the allotment under sec-
18 tion 6580a, except that section 658J(c) shall not apply.”.

19 (2) CONFORMING AMENDMENTS.—(A) Section
20 6580 of the CCDBG Act (42 U.S.C. 9858m) is
21 amended—

22 (i) by striking “SEC. 6580.” and inserting
23 “SEC. 6580a. DISCRETIONARY APPROPRIA-
24 TIONS.”;

25 (ii) in subsection (a)—

1 (I) in paragraph (1), by striking
2 “this subchapter” and inserting “sec-
3 tion 658B(a)”; and

4 (II) in paragraph (2), by striking
5 “658B” and inserting “658B(a)”; and

6 (iii) in subsection (b)(1), by striking “sec-
7 tion 658B” and inserting “section 658B(a)”.

8 (B) Subsection 658J(c) of the CCDBG Act (42
9 U.S.C. 985m) is amended by striking “658O” and
10 inserting “658Oa”.

11 (e) IMPROVING QUALITY.—

12 (1) INCREASE IN REQUIRED FUNDING.—Section
13 658G of the CCDBG Act (42 U.S.C. 9858e) is
14 amended by striking “not less than 20 percent of
15 the”.

16 (2) QUALITY IMPROVEMENT INCENTIVE INITIA-
17 TIVE.—Section 658G of the CCDBG Act (42 U.S.C.
18 9858e) is further amended—

19 (A) by adding at the end the following new
20 paragraphs:

21 “(6) BEFORE- AND AFTER-SCHOOL ACTIVI-
22 TIES.—Increasing the availability of before- and
23 after-school care.

24 “(7) INFANT CARE.—Increasing the availability
25 of child care for infants under the age of 18 months.

1 “(8) NONTRADITIONAL WORK HOURS.—Increasing
2 the availability of child care between the hours
3 of 5:00 p.m. and 8:00 a.m.”;

4 (B) by striking “A State” and inserting
5 “(a) IN GENERAL.—A State”; and

6 (C) by adding at the end the following new
7 subsection:

8 “(b) QUALITY IMPROVEMENT INCENTIVE INITIA-
9 TIVE.—

10 “(1) IN GENERAL.—The Secretary shall estab-
11 lish a child care quality improvement incentive ini-
12 tiative to make funds available to States that dem-
13 onstrate progress in the implementation of—

14 “(A) innovative teacher training programs
15 such as the Department of Defense staff devel-
16 opment and compensation program for child
17 care personnel; or

18 “(B) enhanced child care quality standards
19 and licensing and monitoring procedures.

20 “(2) FUNDING.—From the amounts made
21 available for each fiscal year under subsection (a),
22 the Secretary shall reserve not to exceed
23 \$25,000,000 for each such fiscal year to carry out
24 this subsection.”.

25 (f) PAYMENTS.—

1 (1) Section 658H of the CCDBG Act (42
2 U.S.C. 9858f) is repealed.

3 (2) Section 658J(a) of the CCDBG Act (42
4 U.S.C. 9858h) is amended to read as follows:

5 “(a) IN GENERAL.—Subject to the availability of ap-
6 propriations under Section 658B(a) and the limitations
7 and other requirements under 658Ob, a State that has
8 an application approved by the Secretary under section
9 658E shall be entitled to a payment in a fiscal year in
10 an amount equal to the sum of its allotment under section
11 658Oa for that year and the amount determined for that
12 State for that fiscal year under 658Ob(a).”.

13 (g) ANNUAL REPORT.—Section 658K(a) of the
14 CCDBG Act (42 U.S.C. 9858i) is amended by adding
15 after paragraph (6) the following new paragraph:

16 “(7) specifying the total amount expended by
17 the State for child care under part
18 658E(c)(3)(B)(ii), and describing the types of child
19 care provided, such as child care provided in the
20 case of a family that has ceased to receive assistance
21 under part A of title IV of the Social Security Act
22 because of increased hours of, or increased income
23 from, employment; or child care provided in the case
24 of a family that is not receiving assistance under

1 that part but would be at risk of becoming eligible
2 for such assistance if child care was not provided.”.

3 (h) PROGRAM REPEALS.—

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

8 (2) CHILD DEVELOPMENT ASSOCIATE SCHOLAR-
9 SHIP ASSISTANCE ACT.—The Child Development As-
10 sociate Scholarship Assistance Act of 1985 (42
11 U.S.C. 10901 et seq.) is repealed.

12 **SEC. 115. EFFECTIVE DATES.**

13 The amendments made by this subtitle are effective
14 with respect to calendar quarters beginning on or after
15 October 1, 1996.

16 **Subtitle C—Work First**

17 **SEC. 121. WORK FIRST PROGRAM.**

18 (a) ESTABLISHMENT AND OPERATION OF PRO-
19 GRAM.—Title IV (42 U.S.C. 601 et seq.) is amended by
20 striking part F and inserting the following:

21 **“PART F—WORK FIRST PROGRAM**

22 **“SEC. 481. STATE ROLE.**

23 “(a) PROGRAM REQUIREMENTS.—Each State that
24 operates a program under part A shall establish and oper-

1 ate a Work First program that meets the following re-
2 quirements:

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

7 “(2) METHOD.—the method of the program is
8 to connect recipients of assistance under the State
9 plan under part A with the private sector labor mar-
10 ket as soon as possible and offer them the support
11 and skills necessary to remain in the labor market.
12 Each component of the program should be per-
13 meated with an emphasis on employment and with
14 an understanding that minimum wage jobs are a
15 stepping stone to more highly paid employment. The
16 program shall provide recipients with education,
17 training, job search and placement, work
18 supplementation, temporary subsidized jobs, or such
19 other services as the State considers necessary to
20 help a recipient obtain private sector employment.

21 “(3) JOB CREATION.—The creation of jobs,
22 with an emphasis on private sector jobs, shall be a
23 component of the program and shall be a priority for
24 each State office with responsibilities under the pro-
25 gram.

1 “(4) FORMS OF ASSISTANCE.—The State shall
2 provide assistance to participants in the program in
3 the form of education, training, job placement serv-
4 ices (including vouchers for job placement services),
5 work supplementation programs, temporary sub-
6 sidized job creation, job counseling, assistance in es-
7 tablishing microenterprises, or other services to pro-
8 vide individuals with the support and skills necessary
9 to obtain and keep employment in the private sector.

10 “(5) MUTUAL RESPONSIBILITY PLANS.—

11 “(A) IN GENERAL.—The State agency
12 shall develop a mutual responsibility plan for
13 each program participant, which will be an indi-
14 vidualized comprehensive plan, developed by the
15 State agency and the participant, to move the
16 participant into a full-time unsubsidized job.
17 The agreement should detail the education,
18 training, or skills that the individual will be re-
19 ceiving to obtain a full-time unsubsidized job,
20 and the obligations of the individual.

21 “(B)(i) HOURS OF PARTICIPATION RE-
22 QUIREMENT.—The agreement shall provide that
23 the individual, except as provided in clause (ii),
24 shall participate in activities in accordance with
25 the agreement for—

1 “(I) not fewer than 20 hours per week
2 during fiscal years 1997 and 1998;

3 “(II) not fewer than 25 hours per
4 week during fiscal year 1999; and

5 “(III) not fewer than 30 hours per
6 week thereafter.

7 “(ii) At the option of the State, a parent
8 of a child under age 6 may be required to par-
9 ticipate in such activities for fewer hours than
10 specified in clause (i) (but not fewer than 20
11 hours per week).

12 “(6) CASELOAD PARTICIPATION RATES.—The
13 program shall comply with section 488.

14 “(7) COMMUNITY SERVICE.—On and after the
15 date which is two years after the date of enactment
16 of this part, (unless the State plan under part A
17 specifically opts out of this provision) the State
18 agency shall require a parent or caretaker who—

19 “(A) is receiving assistance under part A,
20 and has received that assistance for three
21 months;

22 “(B) is not exempt from work require-
23 ments; and

24 “(C) is not participating in the programs
25 established under parts F, G, and H as deter-

1 mined under section 488, in community service
 2 employment,
 3 to participate in community service, with minimum
 4 hours per week and tasks to be determined by the
 5 State (and the State shall offer such employment to
 6 the parent or caretaker).

7 “(8) NONDISPLACEMENT IN WORK ACTIVI-
 8 TIES.—

9 “(A) IN GENERAL.—A State program
 10 under this part or under part G or H may not
 11 be operated in a manner that results in—

12 “(i) the displacement of any currently
 13 employed worker or position (including
 14 partial displacement such as a reduction in
 15 the hours of nonovertime work, wages, or
 16 employment benefits), or the impairment
 17 of an existing contract for services or a col-
 18 lective bargaining agreement;

19 “(ii) the employment or assignment of
 20 a participant or the filling of a position
 21 when—

22 “(I) any other individual is on
 23 layoff from the same or an equivalent
 24 position, or

1 “(II) the employer has termi-
2 nated the employment of a regular
3 employee or otherwise reduced its
4 workforce with the effect of filling the
5 vacancy so created with a participant
6 subsidized under the program under
7 this part or under part G or H; or

8 “(iii) an infringement of the pro-
9 motional opportunity of a currently em-
10 ployed individual.

11 Funds available to carry out the program under
12 this part or under part G or H may not be used
13 to assist, promote, or deter union organizing.

14 “(B) ENFORCING NONDISPLACEMENT PRO-
15 TECTIONS.—

16 “(i) GRIEVANCE PROCEDURE.—Each
17 State shall establish and maintain a griev-
18 ance procedure for resolving complaints al-
19 leging violation of a prohibition or require-
20 ment of subparagraph (A). Such a proce-
21 dure shall include an opportunity for a
22 hearing. The procedure’s remedies shall in-
23 clude, but are not limited to, termination
24 or suspension of payments to the employer,
25 prohibition of the placement of the pro-

1 gram participant, reinstatement of an em-
2 ployee, and other relief to make an ag-
3 grieved employee whole.

4 “(ii) OTHER LAWS OR CONTRACTS.—

5 Nothing in clause (i) shall be construed to
6 prohibit a complainant from pursuing a
7 remedy authorized under another Federal,
8 State, or local law or a contract or collec-
9 tive bargaining agreement for a violation of
10 a prohibition or requirement of subpara-
11 graph (A).

12 “(b) ANNUAL REPORTS.—

13 “(1) COMPLIANCE WITH PERFORMANCE MEAS-
14 URES.—Each State that operates a program under
15 this part shall submit to the Secretary annual re-
16 ports on its performance relative to the performance-
17 based measures established under section 413(a)(4).

18 “(2) COMPLIANCE WITH PARTICIPATION
19 RATES.—Each State that operates a program under
20 this part for a fiscal year shall submit to the Sec-
21 retary a report on the participation rate achieved by
22 the State for the fiscal year.

23 **“SEC. 482. REVAMPED JOBS PROGRAM.**

24 “A State that establishes a program under this part
25 may operate a program similar to the program known as

1 the ‘GAIN Program’ that has been operated by Riverside
2 County, California, under this Act in effect immediately
3 before the date this part (as amended by the Work First
4 and Personal Responsibility Act of 1996) first applies to
5 the State of California.

6 **“SEC. 483. USE OF PLACEMENT COMPANIES.**

7 “(a) IN GENERAL.—A State that establishes a pro-
8 gram under this part may enter into contracts with private
9 companies (whether operated for profit or not for profit)
10 for the placement of participants in the program in posi-
11 tions of full-time employment, preferably in the private
12 sector, for wages sufficient to eliminate the need of such
13 participants for cash assistance.

14 “(b) REQUIRED CONTRACT TERMS.—Each contract
15 entered into under this section with a company shall meet
16 the following requirements:

17 “(1) PROVISION OF JOB READINESS AND SUP-
18 PORT SERVICES.—The contract shall require the
19 company to provide, to any program participant who
20 presents to the company, a voucher issued under
21 subsection (d), intensive personalized support and
22 job readiness services designed to prepare the indi-
23 vidual for employment and ensure the continued suc-
24 cess of the individual in employment.

25 “(2) PAYMENTS.—

1 “(A) IN GENERAL.—The contract shall
2 provide for payments to be made to the com-
3 pany with respect to each program participant
4 who presents to the company a voucher issued
5 under subsection (d).

6 “(B) STRUCTURE.—The contract shall
7 provide for payment of the majority of the
8 amounts under the contract with respect to a
9 program participant after the company has
10 placed the participant in a position of full-time
11 employment and the participant has been em-
12 ployed in the position for such period of not less
13 than 5 months as the State deems appropriate.

14 “(c) COMPETITIVE BIDDING REQUIRED.—Contracts
15 under this section shall be awarded only after competitive
16 bidding.

17 “(d) VOUCHERS.—The State shall issue a voucher to
18 each program participant whose mutual responsibility plan
19 provides for the use of placement companies under this
20 section, indicating that the participant is eligible for the
21 services of such a company.

22 **“SEC. 484. TEMPORARY SUBSIDIZED JOB CREATION.**

23 “A State that establishes a program under this part
24 may establish a program similar to the program known
25 as ‘JOBS Plus’ that has been operated by the State of

1 Oregon under this Act in effect immediately before the
2 date this part (as amended by the Work First and Per-
3 sonal Responsibility Act of 1996) first applies to the State
4 of Oregon.

5 **“SEC. 485. MICROENTERPRISE.**

6 “(a) GRANTS AND LOANS TO NONPROFIT ORGANIZA-
7 TIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE,
8 TRAINING, AND CREDIT TO LOW-INCOME ENTRE-
9 PRENEURS.—A State that establishes a program under
10 this part may make grants and loans to nonprofit organi-
11 zations to provide technical assistance, training, and credit
12 to low-income entrepreneurs for the purpose of establish-
13 ing micro enterprises.

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

18 **“SEC. 486. WORK SUPPLEMENTATION PROGRAM.**

19 “(a) IN GENERAL.—A State that establishes a pro-
20 gram under this part may institute a work supple-
21 mentation program under which the State, to the extent
22 it considers appropriate, may reserve sums that would oth-
23 erwise be payable under the State plan under part A to
24 participants in the program and use the sums instead for

1 the purpose of providing and subsidizing jobs for the par-
2 ticipants (as described in subsection (c)(3)(A) and (B)).

3 “(b) STATE FLEXIBILITY.—

4 “(1) Nothing in this part, or in any State plan
5 approved under part A, shall be construed to prevent
6 a State from operating (on such terms and condi-
7 tions and in such cases as the State may find to be
8 necessary or appropriate) a work supplementation
9 program in accordance with this section and section
10 484 (as in effect before the date this part (as
11 amended by the Work First and Personal Respon-
12 sibility Act of 1996) first applies to the State).

13 “(2) Notwithstanding any other provision of
14 law, a State may adjust the levels of the standards
15 of need under the State plan as the State determines
16 to be necessary and appropriate for carrying out a
17 work supplementation program under this section.

18 “(3) Notwithstanding any other provision of
19 law, a State operating a work supplementation pro-
20 gram under this section may provide that the need
21 standards in effect in those areas of the State in
22 which the program is in operation may be different
23 from the need standards in effect in the areas in
24 which the program is not in operation, and the State
25 may provide that the need standards for categories

1 of recipients may vary among such categories to the
2 extent the State determines to be appropriate on the
3 basis of ability to participate in the work
4 supplementation program.

5 “(4) Notwithstanding any other provision of
6 law, a State may make such further adjustments in
7 the amounts of assistance provided under the plan
8 to different categories of recipients (as determined
9 under paragraph (3)) in order to offset increases in
10 benefits from needs-related programs (other than
11 the State plan approved under part A) as the State
12 determines to be necessary and appropriate to fur-
13 ther the purposes of the work supplementation pro-
14 gram.

15 “(5) In determining the amounts to be reserved
16 and used for providing and subsidizing jobs under
17 this section as described in subsection (a), the State
18 may use a sampling methodology.

19 “(6) Notwithstanding any other provision of
20 law, a State operating a work supplementation pro-
21 gram under this section may reduce or eliminate the
22 amount of earned income to be disregarded under
23 the State plan to the extent the State determines to
24 be necessary and appropriate to further the purposes
25 of the work supplementation program.

1 “(c) RULES RELATING TO SUPPLEMENTED JOBS.—

2 “(1) A work supplementation program operated
3 by a State under this section may require that any
4 individual who is an eligible individual (as deter-
5 mined under paragraph (2)) shall take a supple-
6 mented job (as defined in paragraph (3)) to the ex-
7 tent that supplemented jobs are available under the
8 program. Payments by the State to individuals or to
9 employers under the work supplementation program
10 shall be treated as expenditures incurred by the
11 State for temporary employment assistance under
12 part A except as limited by subsection (d).

13 “(2) For purposes of this section, an eligible in-
14 dividual is an individual who is in a category which
15 the State determines should be eligible to participate
16 in the work supplementation program, and who
17 would, at the time of placement in the job involved,
18 be eligible for assistance under an approved State
19 plan if the State did not have a work supple-
20 mentation program in effect.

21 “(3) For purposes of this subsection, a supple-
22 mented job is—

23 “(A) a job provided to an eligible individ-
24 ual by the State or local agency administering
25 the State plan under part A; or

1 “(B) a job provided to an eligible individ-
2 ual by any other employer for which all or part
3 of the wages are paid by the State or local
4 agency.

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

7 “(d) COST LIMITATION.—The amount of the Federal
8 payment to a State under section 413 for expenditures in-
9 curred in making payments to individuals and employers
10 under a work supplementation program under this section
11 shall not exceed the amount which would otherwise be pay-
12 able under section 413 if the family of each individual em-
13 ployed in the State program under this section had re-
14 ceived the maximum amount of assistance payable under
15 the State plan under part A to such a family with no in-
16 come (without regard to adjustments under subsection
17 (b)) for the lesser of—

18 “(1) 9 months; or

19 “(2) the number of months in which the indi-
20 vidual was employed in the program.

21 “(e) RULES OF INTERPRETATION.—

22 “(1) This section shall not be construed as re-
23 quiring the State or local agency administering the
24 State plan under this part to provide employee sta-
25 tus to an eligible individual to whom the State or

1 local agency provides a job under the work
2 supplementation program (or with respect to whom
3 the State or local agency provides all or part of the
4 wages paid to the individual by another entity under
5 the program), or as requiring any State or local
6 agency to require that an eligible individual filling a
7 job position provided by another entity under the
8 program be provided employee status by the entity
9 during the first 13 weeks the individual fills the po-
10 sition.

11 “(2) Wages paid under a work supplementation
12 program shall be considered to be earned income for
13 purposes of any provision of law.

14 “(f) PRESERVATION OF MEDICAID ELIGIBILITY.—
15 Any State that chooses to operate a work supplementation
16 program under this section shall provide that any individ-
17 ual who participates in the program, and any child or rel-
18 ative of the individual (or other individual) living in the
19 same household as the individual who would be eligible for
20 assistance under the State plan under part A if the State
21 did not have a work supplementation program, shall be
22 considered individuals receiving assistance under the State
23 plan under part A for purposes of eligibility for medical
24 assistance under the State plan approved under title XIX.

1 **“SEC. 487. PARTICIPATION RULES.**

2 “A State that establishes a program under this part
 3 may require any individual receiving assistance under the
 4 State plan under part A to participate in the program,
 5 except for an individual described in section
 6 402(c)(2)(C)(ii).

7 **“SEC. 488. CASELOAD PARTICIPATION RATES.**

8 “(a) REQUIREMENT.—A State that operates a pro-
 9 gram under this part shall achieve a participation rate for
 10 the following fiscal years of not less than the following
 11 percentage:

“Fiscal year:	Percentage:
1997	30
1998	35
1999	40
2000	45
2001	50
2002	50
2003 or later	52.

12 “(b) PARTICIPATION RATE DEFINED.—

13 “(1) IN GENERAL.—As used in this subsection,
 14 the term ‘participation rate’ means, with respect to
 15 a State and a fiscal year, an amount equal to—

16 “(A)(i) the average monthly number of
 17 families receiving assistance that include an in-
 18 dividual who, during the fiscal year, participate
 19 in the State program established under this
 20 part or part G or H; plus

21 “(ii) the average monthly number of fami-
 22 lies receiving assistance that include an individ-

1 ual working in unsubsidized employment for the
2 number of hours specified in section
3 481(a)(5)(B); plus

4 “(iii) the average monthly number of fami-
5 lies receiving assistance subject to a penalty de-
6 scribed in section 402(c)(1) but who have not
7 been subject to such a penalty for more than
8 three months within the preceding 12-month
9 period; divided by

10 “(B) the average monthly number of fami-
11 lies receiving assistance that include an individ-
12 ual not described in section 402(c)(2)(C)(ii) and
13 for whom a personal responsibility agreement is
14 in effect under section 402 during the fiscal
15 year.

16 “(2) SPECIAL RULE.—For each of the first six
17 months after an individual ceases to receive assist-
18 ance under a State plan approved under part A by
19 reason of having become employed in an
20 unsubsidized job, the individual shall be considered
21 to be participating in the State program established
22 under this part for the purposes of subparagraph
23 (A), and to be an adult recipient of such assistance
24 for the purposes of subparagraph (B).

1 “(c) STATE COMPLIANCE REPORTS.—Each State
2 that operates a program under this part for a fiscal year
3 shall submit to the Secretary a report on the participation
4 rate of the State for the fiscal year.

5 “(d) EFFECT OF FAILURE TO MEET PARTICIPATION
6 RATES.—

7 “(1) IN GENERAL.—If a State reports that the
8 State has failed to achieve the participation rate re-
9 quired by subsection (a) for the fiscal year, the Sec-
10 retary may make recommendations for changes in
11 the State programs established under this part and
12 part G or H. The State may elect to follow such
13 recommendations, and shall demonstrate to the Sec-
14 retary how the State will achieve the required par-
15 ticipation rates.

16 “(2) SECOND CONSECUTIVE FAILURE.—Not-
17 withstanding paragraph (1), if a State fails to
18 achieve the participation rate required by subsection
19 (a) for 2 consecutive fiscal years, the Secretary
20 may—

21 “(A) require the State to make changes in
22 the State programs established under this part
23 and part G or H; and

1 “(B) reduce by up to 5 percent the amount
2 otherwise payable to the State under section
3 413(a)(1).

4 **“SEC. 489. FEDERAL ROLE.**

5 “(a) APPROVAL OF STATE PLANS.—

6 “(1) IN GENERAL.—Within 60 days after the
7 date a State submits to the Secretary a plan that
8 provides for the establishment and operation of a
9 Work First program that meets the requirements of
10 section 481, the Secretary shall approve the plan.

11 “(2) AUTHORITY TO EXTEND APPROVAL DEAD-
12 LINE.—The 60-day deadline established in para-
13 graph (1) with respect to a State may be extended
14 in accordance with an agreement between the Sec-
15 retary and the State.

16 **“PART G—WORKFARE PROGRAM**

17 **“SEC. 490. ESTABLISHMENT AND OPERATION OF PROGRAM.**

18 “(a) IN GENERAL.—A State that establishes a Work
19 First program under part F shall establish and carry out
20 either a workfare program that meets the requirements
21 of this part or a job placement voucher program under
22 part H.

23 “(b) OBJECTIVE.—The objective of the workfare pro-
24 gram is for each program participant to find and hold a

1 full-time unsubsidized paid job, and for this goal to be
2 achieved in a cost-effective fashion.

3 “(c) CASE MANAGEMENT TEAMS.—The State shall
4 assign to each program participant a case management
5 team that shall meet with the participant and assist the
6 participant to choose the most suitable workfare job under
7 subsection (e), (f), or (g) and to eventually obtain a full-
8 time unsubsidized paid job.

9 “(d) PROVISION OF JOBS.—The State shall provide
10 each participant in the program with a community service
11 job that meets the requirements of subsection (e) or a sub-
12 sidized job that meets the requirements of subsection (f)
13 or (g).

14 “(e) COMMUNITY SERVICE JOBS.—

15 “(1) IN GENERAL.—Except as provided in para-
16 graphs (2) and (3) and section 481(a)(5)(B)(ii),
17 each participant shall work for 20 hours per week
18 during fiscal years 1997 and 1998, not fewer than
19 25 hours per week during fiscal year 1999, and not
20 fewer than 30 hours thereafter in a community serv-
21 ice job, and shall be paid at a rate which is 100 per-
22 cent of the maximum amount of assistance that may
23 be provided under the State plan approved under
24 part A to a family of the same size and composition
25 with no income.

1 “(2) EXCEPTION.—(A) If the participant has
2 obtained unsubsidized part-time employment, the
3 State shall provide the participant with a part-time
4 community service job.

5 “(B) If the State provides a participant a part-
6 time community service job under subparagraph (A),
7 the State shall ensure that the participant works for
8 not fewer than the number of hours specified in
9 paragraph (1).

10 “(3) WAGES NOT CONSIDERED EARNED IN-
11 COME.—Wages paid under a workfare program shall
12 not be considered to be earned income for purposes
13 of any provision of law.

14 “(4) COMMUNITY SERVICE JOB DEFINED.—For
15 purposes of this section, the term ‘community serv-
16 ice job’ means—

17 “(A) a job provided to a participant by the
18 State administering the State plan under part
19 A; or

20 “(B) a job provided to a participant by any
21 other employer for which all or part of the
22 wages are paid by the State.

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

1 “(f) TEMPORARY SUBSIDIZED JOB CREATION.—A
2 State that establishes a workfare program under this part
3 may establish a program under this Act similar to the pro-
4 gram operated by the State of Oregon known as ‘JOBS
5 Plus’.

6 “(g) WORK SUPPLEMENTATION PROGRAM.—

7 “(1) IN GENERAL.—A State that establishes a
8 workfare program under this part may institute a
9 work supplementation program under which the
10 State, to the extent it considers appropriate, may re-
11 serve the sums that would otherwise be payable to
12 participants in the program as a community service
13 minimum wage and use the sums instead for the
14 purpose of providing and subsidizing private sector
15 jobs for the participants.

16 “(2) EMPLOYER AGREEMENT.—An employer
17 who provides a private sector job to a participant
18 under paragraph (1) shall agree to provide to the
19 participant an amount in wages equal to the poverty
20 threshold for a family of three.

21 “(h) JOB SEARCH REQUIREMENT.—The State shall
22 require each participant to spend a minimum of 5 hours
23 per week on activities related to securing unsubsidized
24 full-time employment in the private sector.

1 “(i) USE OF PLACEMENT COMPANIES.—A State that
2 establishes a workfare program under this part may enter
3 into contracts in accordance with section 483 with private
4 companies (whether operated for profit or not for profit)
5 for the placement of participants in the program in posi-
6 tions of full-time employment, preferably in the private
7 sector, for wages sufficient to eliminate the need of such
8 participants for cash assistance.

9 “(j) MAXIMUM OF THREE COMMUNITY SERVICE
10 JOBS.—A program participant may not receive more than
11 3 community service jobs under the program.

12 **“PART H—JOB PLACEMENT VOUCHER PROGRAM**

13 **“SEC. 495. JOB PLACEMENT VOUCHER PROGRAM.**

14 “A State that is not operating a workfare program
15 under part G shall establish and operate a job placement
16 voucher program under this part that meets the following
17 requirements:

18 “(1) The program shall offer each program par-
19 ticipant a voucher which the participant may use to
20 obtain employment in the private sector.

21 “(2) An employer who receives a voucher issued
22 under the program from an individual may redeem
23 the voucher at any time after the individual has been
24 employed by the employer for 6 months, unless an-

1 other employee of the employer was displaced by the
2 employment of the individual.

3 “(3) Upon presentation of a voucher by an em-
4 ployer to the State agency responsible for the admin-
5 istration of the program, the State agency shall pay
6 to the employer an amount equal to 50 percent of
7 that total amount of assistance provided under the
8 State plan under part A to the family of which the
9 individual is a member for the most recent 12
10 months for which the family was eligible for such as-
11 sistance.”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Section 1108 of the Social Security Act (42
14 U.S.C. 1308) is amended—

15 (A) in subsection (a), by striking “or, in
16 the case of part A of title IV, section 403(k)”;
17 and

18 (B) in subsection (d), by striking “(exclu-
19 sive of any amounts on account of services and
20 items to which, in the case of part A of such
21 title, section 403(k) applies)”.

22 (2) Section 1902(a)(10)(A)(i)(I) of that Act (42
23 U.S.C. 1396a(a)(19)(A)(i)(I)) is amended—

24 (A) by striking “402(a)(37), 406(h), or”;
25 and

1 (B) by striking “482(e)(6)” and inserting
2 “486(f)”.

3 (3) Section 1928(a)(1) of the Act (42 U.S.C.
4 1396s(a)(1)) is amended by striking “482(e)(6)”
5 and inserting “486(f)”.

6 (c) INTENT OF THE CONGRESS.—The Congress in-
7 tends for State activities under section 484 of the Social
8 Security Act (as added by section 121(a) of this Act) to
9 emphasize the use of the funds that would otherwise be
10 used to provide individuals with assistance under part A
11 of title IV of the Social Security Act to subsidize the wages
12 of such individuals in temporary jobs.

13 (d) SENSE OF THE CONGRESS.—It is the sense of
14 the Congress that States should focus the resources of the
15 program under part F of title IV of the Social Security
16 Act, as amended by this subtitle, on individuals who have
17 not attained 25 years of age in order to break the cycle
18 of welfare dependency.

19 (e) EFFECTIVE DATE.—This section takes effect Oc-
20 tober 1, 1996.

21 **SEC. 122. REGULATIONS.**

22 The Secretary of Health and Human Services shall
23 prescribe such regulations as may be necessary to imple-
24 ment the amendments made by this subtitle.

1 **SEC. 123. APPLICABILITY TO STATES.**

2 (a) STATE OPTION TO ACCELERATE APPLICABIL-
3 ITY.—If a State formally notifies the Secretary of Health
4 and Human Services that the State desires to accelerate
5 the applicability to the State of the amendments made by
6 this title, the amendments shall apply to the State on and
7 after such earlier date as the State may select; provided,
8 that only funding otherwise provided for grants to States
9 to carry out part F of title IV, as that part as in effect
10 on January 1, 1996, shall be available to States to carry
11 out parts F, G, and H of title IV before October 1, 1996.

12 (b) STATE OPTION TO DELAY APPLICABILITY UNTIL
13 WAIVERS EXPIRE.—The amendments made by this sub-
14 title, other than participation requirements under sections
15 481(a)(5)(B), 481(a)(6), and 488 of the Social Security
16 Act, shall not apply to areas in a State with respect to
17 which there is in effect a waiver issued under section 1115
18 of that Act for the State program established under part
19 A of title IV of that Act, until the waiver expires, if the
20 State formally notifies the Secretary of Health and
21 Human Services that the State desires to so delay such
22 effective date and the waiver's terms and conditions have
23 been modified so that all cost comparisons reflect the
24 amendments made to part A of title IV of that Act. States
25 are subject to the funding provisions under parts A, F,

1 G, and H and the participation requirements under sec-
 2 tions 481(a)(5)(B), 481(a)(6), and 488 of that Act.

3 **SEC. 124. ONE TIME INCREASES IN WORK FIRST PROGRAM**
 4 **FUNDS.**

5 To the extent that the Congressional Budget Office
 6 estimates that amendments made by subtitle A of this title
 7 increase the sum of payments to States under section
 8 413(a)(1) of the Social Security Act, title XIX of that Act,
 9 and the Food Stamp Act of 1977 (excluding—

10 (1) any effects from limitations on funding for
 11 activities authorized under section 413(a)(3) of the
 12 Social Security Act, as amended by this Act,

13 (2) any savings resulting from the State option
 14 under section 402(d)(1)(C) of the Social Security
 15 Act, as amended by this Act, and

16 (3) any savings resulting from section 416 of
 17 the Social Security Act, as amended by this Act).

18 by less than—

19 \$170,000,000 in fiscal year 1997,

20 \$405,000,000 in fiscal year 1998,

21 \$635,000,000 in fiscal year 1999,

22 \$785,000,000 in fiscal year 2000,

23 \$775,000,000 in fiscal year 2001, or

24 \$825,000,000 in fiscal year 2002

1 then the amount(s) in section 413(a)(2)(C) of the Social
 2 Security Act for such fiscal year(s) shall be adjusted up-
 3 ward by such difference(s).

4 **Subtitle D—Pregnancy and Family Stability**

5 **SEC. 131. SUPERVISED LIVING ARRANGEMENTS FOR MI-**
 6 **NORS.**

7 (a) IN GENERAL.—Section 402(c) of the Social Secu-
 8 rity Act, as amended by section 102 of this Act, is amend-
 9 ed by adding at the end the following:

10 “(8) SUPERVISED LIVING ARRANGEMENTS FOR
 11 MINORS.—

12 “(A) IN GENERAL.—Except as provided in
 13 subparagraph (B), in the case of any individual
 14 who is under age 18 and has never married,
 15 and who has a needy child in his or her care
 16 (or is pregnant and is eligible for temporary
 17 employment assistance under the State plan—

18 “(i) such individual may receive such
 19 assistance for the individual and such child
 20 (or for herself in the case of a pregnant
 21 woman) only if such individual and child
 22 (or such pregnant woman) reside in a
 23 place of residence maintained by a parent,
 24 legal guardian, or other adult relative of

1 such individual as such parent's, guard-
2 ian's, or adult relative's own home; and

3 “(ii) such assistance (where possible)
4 shall be provided to the parent, legal
5 guardian, or other adult relative on behalf
6 of such individual and child.

7 “(B) ALTERNATIVE APPROPRIATE AR-
8 RANGEMENTS.—(i) In the case of an individual
9 described in clause (ii)—

10 “(I) the State agency shall assist such
11 individual in locating an appropriate adult-
12 supervised supportive living arrangement,
13 taking into consideration the needs and
14 concerns of the individual, unless the State
15 agency determines that the individual's
16 current living arrangement is appropriate,
17 and thereafter shall require that the indi-
18 vidual (and child, if any) reside in such liv-
19 ing arrangement as a condition of the con-
20 tinued receipt of assistance under the plan
21 (or in an alternative appropriate arrange-
22 ment, should circumstances change and the
23 current arrangement cease to be appro-
24 priate), or

1 “(II) if the State agency is unable,
2 after making diligent efforts, to locate any
3 such appropriate living arrangement, the
4 State agency shall provide for comprehen-
5 sive case management, monitoring, and
6 other social services consistent with the
7 best interests of the individual (and child)
8 while living independently (as determined
9 by the State agency).

10 “(ii) For purposes of clause (i), an individ-
11 ual is described in this clause if—

12 “(I) such individual has no parent or
13 legal guardian who is living and whose
14 whereabouts are known;

15 “(II) no living parent or legal guard-
16 ian of such individual allows the individual
17 to live in the home of such parent or
18 guardian;

19 “(III) the State agency determines
20 that the physical or emotional health of
21 such individual or any needy child of the
22 individual would be jeopardized if such in-
23 dividual and such needy child lived in the
24 same residence with such individual’s own
25 parent or legal guardian; or

1 “(IV) the State agency otherwise de-
2 termines (in accordance with regulations
3 issued by the Secretary) that it is in the
4 best interest of the needy child to waive
5 the requirement of subparagraph (A) with
6 respect to such individual.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) takes effect in the same manner as the
9 amendment made by section 102 takes effect.

10 **SEC. 132. NATIONAL CLEARINGHOUSE ON ADOLESCENT**
11 **PREGNANCY.**

12 (a) IN GENERAL.—Title XX of the Social Security
13 Act (42 U.S.C. 1397–1397f), is amended by adding at the
14 end the following:

15 **“SEC. 2008. NATIONAL CLEARINGHOUSE ON ADOLESCENT**
16 **PREGNANCY.**

17 “(a) NATIONAL CLEARINGHOUSE ON ADOLESCENT
18 PREGNANCY.—

19 “(1) ESTABLISHMENT.—The Secretary shall es-
20 tablish, through grant or contract, a national center
21 for the collection and provision of programmatic in-
22 formation and technical assistance that relates to
23 adolescent pregnancy prevention programs, to be
24 known as the ‘National Clearinghouse on Adolescent
25 Pregnancy Prevention Programs’.

1 “(2) FUNCTIONS.—The national center estab-
2 lished under paragraph (1) shall serve as a national
3 information and data clearinghouse, and as a train-
4 ing, technical assistance, and material development
5 source for adolescent pregnancy prevention pro-
6 grams including, but not limited to, abstinence pro-
7 grams. Such center shall—

8 “(A) develop and maintain a system for
9 disseminating information on all types of ado-
10 lescent pregnancy prevention programs, includ-
11 ing abstinence programs, and on the state of
12 adolescent pregnancy prevention program devel-
13 opment, including information concerning the
14 most effective model programs;

15 “(B) develop and sponsor a variety of
16 training institutes and curricula for adolescent
17 pregnancy prevention program staff, including
18 abstinence education;

19 “(C) identify model programs representing
20 the various types of adolescent pregnancy pre-
21 vention programs;

22 “(D) develop technical assistance materials
23 and activities to assist other entities in estab-
24 lishing and improving adolescent pregnancy

1 prevention programs, including abstinence edu-
 2 cation;

3 “(E) develop networks of adolescent preg-
 4 nancy prevention programs for the purpose of
 5 sharing and disseminating information; and

6 “(F) conduct such other activities as the
 7 responsible Federal officials find will assist in
 8 developing and carrying out programs or activi-
 9 ties to reduce adolescent pregnancy.

10 “(b) FUNDING.—There are authorized to be appro-
 11 priated \$6 million for each of fiscal years 1997 through
 12 2001 to carry out this section.”.

13 (b) EFFECTIVE DATE.—The amendments made by
 14 this section become effective October 1, 1996.

15 **SEC. 133. REQUIRED COMPLETION OF HIGH SCHOOL OR**
 16 **OTHER TRAINING FOR TEENAGE PARENTS.**

17 (a) IN GENERAL.—Section 403(b)(1)(D), as added
 18 by section 102 of this Act, is amended—

19 (1) by inserting “(i)” after “(D)”; and

20 (2) by adding at the end the following:

21 “(ii) in the case of a client who is a
 22 custodial or expectant parent who is under
 23 age 18 (or age 19, at the option of the
 24 State), has not successfully completed a
 25 high school education (or its equivalent),

1 and is required to participate in the Work
2 First program (including an individual who
3 would otherwise be exempt from participa-
4 tion in the program), shall provide that—

5 “(I) such parent shall participate

6 in—

7 “(aa) educational activities di-
8 rected toward the attainment of a
9 high school diploma or its equiva-
10 lent on a full-time (as defined by
11 the educational provider) basis;

12 or

13 “(bb) an alternative educational
14 or training program on a full-
15 time (as defined by the provider)
16 basis; and

17 “(II) child care will be provided
18 in accordance with section 114 with
19 respect to the family under the Child
20 Care and Development Block Grant
21 Act of 1990.”.

22 (b) STATE OPTION TO PROVIDE ADDITIONAL INCEN-
23 TIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS
24 TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN
25 PARENTING ACTIVITIES.—

1 (1) STATE PLAN.—Section 403(b)(1)(D), as
2 amended by subsection (a) of this section, is amend-
3 ed further by adding at the end the following:

4 “(iii) at the option of the State, may
5 provide that the client who is a custodial
6 parent or pregnant woman who is under
7 age 19 (or age 21, at the option of the
8 State) shall participate in a program of
9 monetary incentives and penalties which—

10 “(I) may, at the option of the
11 State, require full-time participation
12 by such custodial parent or pregnant
13 woman in secondary school or equiva-
14 lent educational activities, or partici-
15 pation in a course or program leading
16 to a skills certificate found appro-
17 priate by the State agency or
18 parenting education activities (or any
19 combination of such activities and sec-
20 ondary education);

21 “(II) shall require that the needs
22 of such custodial parent or pregnant
23 woman be reviewed and the program
24 assure that, either the initial develop-
25 ment or revision of such individual’s

1 personal responsibility agreement,
2 there will be included a description of
3 the services that will be provided to
4 the client and the way in which the
5 program and service providers will co-
6 ordinate with the educational or skills
7 training activities in which the client
8 is participating;

9 “(III) shall provide monetary in-
10 centives (to be treated as assistance
11 under the State plan) for more than
12 minimally acceptable performance of
13 required educational activities;

14 “(IV) shall provide penalties
15 (which may be those required by sec-
16 tion 402(c)(1)(C) or, with the ap-
17 proval of the Secretary, other mone-
18 tary penalties that the State finds will
19 better achieve the objectives of the
20 program) for less than minimally ac-
21 ceptable performance of required ac-
22 tivities;

23 “(V) shall provide that when a
24 monetary incentive is payable because
25 of the more than minimally acceptable

1 performance of required educational
2 activities by a custodial parent or
3 pregnant woman, the incentive be
4 paid directly to the individual, regard-
5 less of whether the State agency
6 makes payment of assistance under
7 the State plan directly to the individ-
8 ual; and

9 “(VI) for purposes of any other
10 Federal or federally assisted program
11 based on need, shall not consider any
12 monetary incentive paid under the
13 State plan as income in determining a
14 family’s eligibility for or amount of
15 benefits under such program, and if
16 assistance is reduced by reason of a
17 penalty under this clause, such other
18 program shall treat the family in-
19 volved as if no such penalty has been
20 applied.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section take effect in the same manner as the amend-
23 ment made by section 102 takes effect.

1 **SEC. 134. SECOND CHANCE HOMES.**

2 (a) IN GENERAL.—Section 402(c) of the Social Secu-
3 rity Act, as amended by sections 102 and 131 of this Act,
4 is amended by adding after paragraph (8):

5 “(9) SECOND CHANCE HOMES—

6 “(A) IN GENERAL.—States may use funds
7 available under section 413(a)(2)(B) for the es-
8 tablishment, operation, and support of second
9 chance group homes for custodial parents under
10 age 18 (or age 19, at the option of the State)
11 and their children.

12 “(B) DEFINITION OF SECOND CHANCE
13 HOME.—For purposes of this section, the term
14 ‘second chance home’ means an entity that pro-
15 vides custodial parents under age 18 (or age
16 19, at the option of the State) and their chil-
17 dren with a supportive and supervised living ar-
18 rangement in which the parents are required to
19 learn parenting skills, including child develop-
20 ment, family budgeting, health and nutrition,
21 and other skills to promote their long-term eco-
22 nomic independence and the well-being of their
23 children. A second chance home also may serve
24 as a network center for other supportive serv-
25 ices that are available in the community.

1 “(C) TECHNICAL ASSISTANCE.—A State
2 may use a portion of the funds described in
3 subparagraph (A) to purchase technical assist-
4 ance from public or private entities if the State
5 determines that such assistance is required in
6 developing, implementing, or administering the
7 program funded under this section.

8 “(D) LOCAL INVOLVEMENT.—Each State
9 shall seek local involvement from the commu-
10 nity in any area in which a second chance home
11 receiving funds to be expended under this para-
12 graph is to be established. When providing
13 funds to be expended under this paragraph,
14 each State shall evaluate the community’s com-
15 mitment to establishment and planning of the
16 home.

17 “(E) LIMITATIONS ON THE USE OF
18 FUNDS.—

19 “(i) CONSTRUCTION.—Except as pro-
20 vided in clause (ii), expenditures author-
21 ized under this paragraph and section
22 413(a)(2)(B)(i)(V) may not be used by the
23 State, or any person with whom the State
24 makes arrangements to carry out the pur-
25 poses of this section, for the purchase or

1 improvement of land, or the purchase, con-
2 struction, or permanent improvement
3 (other than minor remodeling) of any
4 building or other facility.

5 “(ii) WAIVER.—The Secretary may
6 waive the limitation in clause (i) upon the
7 State’s request if the Secretary finds that
8 the request describes extraordinary cir-
9 cumstances to justify such a waiver and
10 that permitting the waiver would contrib-
11 ute to the State’s ability to carry out the
12 purposes of this section.

13 “(F) RECEIPT OF PAYMENTS BY SECOND
14 CHANCE HOMES.—Section 402(c)(8)(A)(ii) (as
15 added by section 131(a) of the Work First and
16 Personal Responsibility Act of 1996), is amend-
17 ed by striking ‘or other adult relative’ and in-
18 serting ‘other adult relative, or second chance
19 home described under paragraph (9) of this
20 subsection’.”.

21 (b) FUNDING.—Section 413(a)(2)(B)(i) of the Social
22 Security Act, as added by section 102 of this Act, is
23 amended by adding after subclause (IV) the following new
24 subclause:

1 “(V) SECOND CHANCE HOMES.—
2 Costs of establishing and operating
3 Second Chance Homes under section
4 402(a)(9).”.

5 (c) RECOMMENDATIONS ON USE OF GOVERNMENT
6 SURPLUS PROPERTY.—Not later than 6 months after the
7 date of the enactment of this Act, after consulting with
8 the Secretary of Defense, the Secretary of Housing and
9 Urban Development, and the Administrator of the General
10 Services Administration, the Secretary of Health and
11 Human Services shall submit recommendations to the
12 Congress on the extent to which surplus properties of the
13 United States Government may be used for the establish-
14 ment of second chance homes receiving funds under sec-
15 tion 413 of the Social Security Act, as amended by this
16 section.

17 (d) EFFECTIVE DATE.—The amendments made by
18 subsections (a) and (b) take effect October 1, 1996.

1 **TITLE II—CHILD SUPPORT**
2 **ENFORCEMENT**

3 **Subtitle A—Eligibility for Services;**
4 **Distribution of Payments**

5 **SEC. 201. STATE OBLIGATION TO PROVIDE CHILD SUPPORT**
6 **ENFORCEMENT SERVICES.**

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

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

11 “(4) provide that the State will—

12 “(A) provide services relating to the estab-
13 lishment of paternity or the establishment,
14 modification, or enforcement of child support
15 obligations, as appropriate, under the plan with
16 respect to—

17 “(i) each child for whom—

18 “(I) assistance is provided under
19 the State program funded under part
20 A of this title,

21 “(II) benefits or services for fos-
22 ter care maintenance and adoption as-
23 sistance are provided under the State
24 program funded under part B of this
25 title, or

1 “(III) medical assistance is pro-
2 vided under the State plan approved
3 under title XIX,

4 unless the State agency administering the
5 plan determines (in accordance with para-
6 graph (29)) that it is against the best in-
7 terests of the child to do so; and

8 “(ii) any other child, if an individual
9 applies for such services with respect to
10 the child; and

11 “(B) enforce any support obligation estab-
12 lished with respect to—

13 “(i) a child with respect to whom the
14 State provides services under the plan; or

15 “(ii) the custodial parent of such a
16 child;”; and

17 (2) in paragraph (6)—

18 (A) by striking “provide that” and insert-
19 ing “provide that—”;

20 (B) by striking subparagraph (A) and in-
21 serting the following new subparagraph:

22 “(A) services under the plan shall be made
23 available to residents of other States on the
24 same terms as to residents of the State submit-
25 ting the plan;”;

1 (C) in subparagraph (B), by inserting “on
2 individuals not receiving assistance under any
3 State program funded under part A” after
4 “such services shall be imposed”;

5 (D) in each of subparagraphs (B), (C),
6 (D), and (E)—

7 (i) by indenting the subparagraph in
8 the same manner as, and aligning the left
9 margin of the subparagraph with the left
10 margin of, the matter inserted by subpara-
11 graph (B) of this paragraph; and

12 (ii) by striking the final comma and
13 inserting a semicolon; and

14 (E) in subparagraph (E), by indenting
15 each of clauses (i) and (ii) 2 additional ems.

16 (b) CONTINUATION OF SERVICES FOR FAMILIES
17 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE
18 PROGRAM FUNDED UNDER PART A.—Section 454 (42
19 U.S.C. 654) is amended—

20 (1) by striking “and” at the end of paragraph
21 (23);

22 (2) by striking the period at the end of para-
23 graph (24) and inserting “; and”; and

24 (3) by adding after paragraph (24) the follow-
25 ing new paragraph:

1 “(25) provide that if a family with respect to
2 which services are provided under the plan ceases to
3 receive assistance under the State program funded
4 under part A, the State shall provide appropriate no-
5 tice to the family and continue to provide such serv-
6 ices, subject to the same conditions and on the same
7 basis as in the case of other individuals to whom
8 services are furnished under the plan, except that an
9 application or other request to continue services
10 shall not be required of such a family and paragraph
11 (6)(B) shall not apply to the family.”.

12 (c) CONFORMING AMENDMENTS.—

13 (1) Section 452(b) (42 U.S.C. 652(b)) is
14 amended by striking “454(6)” and inserting
15 “454(4)”.

16 (2) Section 452(g)(2)(A) (42 U.S.C.
17 652(g)(2)(A)) is amended by striking “454(6)” each
18 place it appears and inserting “454(4)(A)(ii)”.

19 (3) Section 446(a)(3)(B) (42 U.S.C.
20 666(a)(3)(B)) is amended by striking “in the case of
21 overdue support which a State has agreed to collect
22 under section 454(6)” and inserting “in any other
23 case”.

1 (4) Section 466(e) (42 U.S.C. 666(e)) is
2 amended by striking “paragraph (4) or (6) of sec-
3 tion 454” and inserting “section 454(4)”.

4 **SEC. 202. DISTRIBUTION OF PAYMENTS.**

5 (a) DISTRIBUTIONS THROUGH STATE CHILD SUP-
6 PORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE
7 RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is
8 amended—

9 (1) in subparagraph (A)—

10 (A) by striking “section 402(a)(26) is ef-
11 fective,” and inserting “section 403(b)(1)(E)(i)
12 is effective, except as otherwise specifically pro-
13 vided in section 464 or 466(a)(3),”; and

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

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

18 (b) DISTRIBUTION TO A FAMILY CURRENTLY RE-
19 CEIVING TEMPORARY EMPLOYMENT ASSISTANCE.—Sec-
20 tion 457 (42 U.S.C. 657) is amended—

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

23 (2) in subsection (a) (as so redesignated)—

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

1 “(a) IN THE CASE OF A FAMILY RECEIVING TEA.—
2 Amounts subject to section 1912 collected under this part
3 during any month as support of a child who is receiving
4 assistance under part A (or a parent or caretaker relative
5 of such a child) shall (except in the case of a State exercis-
6 ing the option under subsection (b)) be distributed as fol-
7 lows:

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

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

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

17 and shall be paid to the family without affecting its
18 eligibility for assistance or decreasing any amount
19 otherwise payable as assistance to such family dur-
20 ing such month;”;

21 (B) in paragraph (4), by striking “or (B)”
22 and all that follows through the period and in-
23 serting “; then (B) from any remainder,
24 amounts equal to arrearages of such support
25 obligations assigned, pursuant to part A, to any

1 other state or States shall be paid to such other
2 State or States and used to pay any such ar-
3 rearages (with appropriate reimbursement of
4 the Federal Government to the extent of its
5 participation in the financing); and then (C)
6 any remainder shall be paid to the family.”; and
7 (3) by inserting after subsection (a) (as so re-
8 designated) the following new subsection:

9 “(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAM-
10 ILY RECEIVING TEA.—In the case of a State electing the
11 option under this subsection, amounts collected as de-
12 scribed in subsection (a) that are not subject to section
13 1912 shall be distributed as follows:

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

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

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

23 and shall be paid to the family without affecting its
24 eligibility for assistance or decreasing any amount

1 otherwise payable as assistance to such family dur-
2 ing such month.

3 “(2) Second, from any remainder, amounts
4 equal to the balance of support owed for the current
5 month shall be paid to the family.

6 “(3) Third, from any remainder, amounts equal
7 to arrearages of such support obligations assigned,
8 pursuant to part A, to the State making the collec-
9 tion shall be retained and used by such State to pay
10 any such arrearages (with appropriate reimburse-
11 ment of the Federal Government to the extent of its
12 participation in the financing).

13 “(4) Fourth, from any remainder, amounts
14 equal to arrearages of such support obligation as-
15 signed, pursuant to part A, to any other State or
16 States shall be paid to such other State or States
17 and used to pay any such arrearages (with appro-
18 priate reimbursement of the Federal Government to
19 the extent of its participation in the financing).

20 “(5) Fifth, any remainder shall be paid to the
21 family.”.

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

1 “(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RE-
2 CEIVING TEA.—Amounts that are not subject to section
3 1912 collected by a State agency under this part during
4 any month as support of a child who is not receiving as-
5 sistance under part A (or of a parent or caretaker relative
6 of such a child) shall (subject to the remaining provisions
7 of this section) be distributed as follows:

8 “(1) First, amounts equal to the total of such
9 support owed for such month shall be paid to the
10 family.

11 “(2) Second, from any remainder, amounts
12 equal to arrearages of such support obligations that
13 have not been assigned to the State for months dur-
14 ing which such child did not receive assistance under
15 part A shall be paid to the family.

16 “(3) Third, from any remainder, amounts equal
17 to arrearages of such support obligations assigned to
18 the State making the collection pursuant to part A
19 shall be retained and used by such State to pay any
20 such arrearages (with appropriate reimbursement of
21 the Federal Government to the extent of its partici-
22 pation in the financing).

23 “(4) Fourth, from any remainder, amounts
24 equal to arrearages of such support obligations as-
25 signed to any other State pursuant to part A shall

1 be paid to such other State or States, and used to
2 pay such arrearages, in the order in which such ar-
3 rearages accrued (with appropriate reimbursement
4 of the Federal Government to the extent of its par-
5 ticipation in the financing).”.

6 (d) DISTRIBUTION TO A CHILD RECEIVING ASSIST-
7 ANCE UNDER TITLE IV–E.—Section 457(d) (42 U.S.C.
8 657(d)) is amended, in the matter preceding paragraph
9 (1), by striking “Notwithstanding the preceding provisions
10 of this section, amounts” and inserting the following:

11 “(d) DISTRIBUTIONS IN THE CASE OF A CHILD RE-
12 CEIVING ASSISTANCE UNDER TITLE IV–E.—Amounts”.

13 (e) REGULATIONS.—The Secretary of Health and
14 Human Services shall promulgate regulations under part
15 A of title IV of the Social Security Act, establishing stand-
16 ards applicable to the States electing the alternative for-
17 mula under section 457(b) of such Act for distribution of
18 collections on behalf of families receiving temporary em-
19 ployment assistance, designed to minimize irregular
20 monthly payments to such families.

21 (f) CONFORMING AMENDMENTS CONCERNING COL-
22 LECTION OF CHILD SUPPORT ARREARAGES THROUGH IN-
23 COME TAX REFUND OFFSET.—

24 (1) Section 6402(c) of the Internal Revenue
25 Code of 1986 is amended by striking the third sen-

1 tence after “past due support has been paid to the
2 State”.

3 (2) Section 6402(d)(2) of such Code is amend-
4 ed in the first sentence by striking “after” and in-
5 serting “before” and by striking “with respect to
6 past-due support collected pursuant to an assign-
7 ment under section 402(a)(26) of the Social Security
8 Act and”.

9 (3) Section 464(a) (42 U.S.C. 664) is amend-
10 ed—

11 (A) by striking “(a)” and inserting “(a)
12 OFFSET AUTHORIZED.—”;

13 (B) in paragraph (1)—

14 (i) in the first sentence, by striking
15 “which has been assigned to such State
16 pursuant to section 402(a)(26) or section
17 471(a)(17)”; and

18 (ii) in the second sentence, by striking
19 “in accordance with section 457(b)(4) or
20 (d)(3)” and inserting “as provided in para-
21 graph (2)”;

22 (C) by amending paragraph (2) to read as
23 follows:

1 “(2) The State agency shall distribute amounts
2 paid by the Secretary of the Treasury pursuant to
3 paragraph (1)—

4 “(A) in accordance with section 457(a)(4)
5 or (d)(3), in the case of past-due support as-
6 signed to a State under part A of title IV of the
7 Social Security Act; and

8 “(B) to or on behalf of the child to whom
9 the support was owed, in the case of past-due
10 support not so assigned.”; and

11 (D) in paragraph (3)—

12 (i) by striking “or (2)” each place it
13 appears; and

14 (ii) in subparagraph (B), by striking
15 “under paragraph (2)” and inserting “on
16 account of past-due support described in
17 paragraph (2)(B)”.

18 (4) Section 464(b) is amended—

19 (A) by striking “(b)(1)” and inserting “(b)
20 REGULATIONS.—”; and

21 (B) by striking paragraph (2).

22 (5) Section 464(c) is amended—

23 (A) by striking “(c)(1) Except as provided
24 in paragraph (2), as” and inserting “(c) DEFINI-
25 TION.—As”; and

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

2 (g) CLERICAL AMENDMENTS.—Section 454 (42
3 U.S.C. 654) is amended—

4 (1) in paragraph (11)—

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

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

9 (2) by redesignating paragraph (12) as sub-
10 paragraph (B) of paragraph (11).

11 (h) EFFECTIVE DATES.—

12 (1) IN GENERAL.—Except as otherwise pro-
13 vided in this subsection, the amendments made by
14 this section become effective on October 1, 1996.

15 (2) FAMILY NOT RECEIVING TEA.—The amend-
16 ments made by subsections (c) and (f) (3), (4), and
17 (5) become effective on October 1, 1999.

18 (3) SPECIAL RULES.—

19 (A) APPLICABILITY.—A State may elect to
20 have the amendments made by any subsection
21 of this section become effective only with re-
22 spect to child support cases beginning on or
23 after the effective date of such subsection.

24 (B) DELAYED IMPLEMENTATION.—A State
25 may elect to have the amendments made by this

1 section (other than subsections (c) and (f)) be-
2 come effective on a date later than October 1,
3 1996, which date shall coincide with the oper-
4 ation of the single statewide automated data
5 processing and information retrieval system re-
6 quired by section 454A of the Social Security
7 Act (as added by section 244(a)(2) of this Act)
8 and the State disbursement unit required by
9 section 454B of the Social Security Act (as
10 added by section 212(b) of this Act).

11 **SEC. 203. PRIVACY SAFEGUARDS.**

12 (a) STATE PLAN REQUIREMENT.—Section 454 (42
13 U.S.C. 654), as amended by section 201(b) of this Act,
14 is amended—

15 (1) by striking “and” at the end of paragraph
16 (24);

17 (2) by striking the period at the end of para-
18 graph (25) and inserting “; and”; and

19 (3) by adding after paragraph (25) the follow-
20 ing new paragraph:

21 “(26) will have in effect safeguards, applicable
22 to all confidential information handled by the State
23 agency, that are designed to protect the privacy
24 rights of the parties, including—

1 “(A) safeguards against unauthorized use
2 or disclosure of information relating to proceed-
3 ings or actions to establish paternity, or to es-
4 tablish or enforce support;

5 “(B) prohibitions against the release of in-
6 formation on the whereabouts of one party to
7 another party against whom a protective order
8 with respect to the former party has been en-
9 tered; and

10 “(C) prohibitions against the release of in-
11 formation on the whereabouts of one party to
12 another party if the State has reason to believe
13 that the release of the information may result
14 in physical or emotional harm to the former
15 party.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 subsection (a) becomes effective on October 1, 1997.

18 **SEC. 204. RIGHTS TO NOTIFICATION.**

19 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
20 amended by section 202(g) of this Act, is amended by in-
21 serting after paragraph (11) the following new paragraph:

22 “(12) provide for the establishment of proce-
23 dures to require the State to provide individuals who
24 are applying for or receiving services under the State

1 plan, or who are parties to cases in which services
2 are being provided under the State plan—

3 “(A) with notice of all proceedings in
4 which support obligations might be established
5 or modified; and

6 “(B) with a copy of any order establishing
7 or modifying a child support obligation, or (in
8 the case of a petition for modification) a notice
9 of determination that there should be no change
10 in the amount of the child support award, with-
11 in 14 days after issuance of such order or de-
12 termination;”.

13 (b) EFFECTIVE DATE. —The amendment made by
14 subsection (a) becomes effective on October 1, 1997.

15 **Subtitle B—Locate and Case Tracking**

16 **SEC. 211. STATE CASE REGISTRY.**

17 Section 454A, as added by section 244(a)(2) of this
18 Act, is amended by adding at the end the following new
19 subsections:

20 “(e) STATE CASE REGISTRY.—

21 “(1) CONTENTS.—The automated system re-
22 quired by this section shall include a registry (which
23 shall be known as the ‘State case registry’) that con-
24 tains records with respect to—

1 “(A) each case in which services are being
2 provided by the State agency under the State
3 plan approved under this part; and

4 “(B) each support order established or
5 modified in the State on or after October 1,
6 1998.

7 “(2) LINKING OF LOCAL REGISTRIES.—The
8 State case registry may be established by linking
9 local case registries of support orders through an
10 automated information network, subject to this sec-
11 tion.

12 “(3) USE OF STANDARDIZED DATA ELE-
13 MENTS.—Such records shall use standardized data
14 elements for both parents (such as names, social se-
15 curity numbers and other uniform identification
16 numbers, dates of birth, and case identification
17 numbers), and contain such other information (such
18 as information on case status) as the Secretary may
19 require.

20 “(4) PAYMENT RECORDS.—Each case record in
21 the State case registry with respect to which services
22 are being provided under the State plan approved
23 under this part and with respect to which a support
24 order has been established shall include a record
25 of—

1 “(A) the amount of monthly (or other peri-
2 odic) support owed under the order, and other
3 amounts (including arrearages, interest or late
4 payment penalties, and fees) due or overdue
5 under the order;

6 “(B) any amount described in subpara-
7 graph (A) that has been collected;

8 “(C) the distribution of such collected
9 amounts;

10 “(D) the birth date of any child for whom
11 the order requires the provision of support; and

12 “(E) the amount of any lien imposed with
13 respect to the order pursuant to section
14 466(a)(4).

15 “(5) UPDATING AND MONITORING.—The State
16 agency operating the automated system required by
17 this section shall promptly establish and maintain,
18 and regularly monitor, case records in the State case
19 registry with respect to which services are being pro-
20 vided under the State plan approved under this part,
21 on the basis of—

22 “(A) information on administrative actions
23 and administrative and judicial proceedings and
24 orders relating to paternity and support;

1 “(B) information obtained from compari-
2 son with Federal, State, or local sources of in-
3 formation;

4 “(C) information on support collections
5 and distributions; and

6 “(D) any other relevant information.

7 “(f) INFORMATION COMPARISONS AND OTHER DIS-
8 CLOSURES OF INFORMATION.—The State shall use the
9 automated system required by this section to extract infor-
10 mation from (at such times, and in such standardized for-
11 mat or formats, as may be required by the Secretary), to
12 share and compare information with, and to receive infor-
13 mation from, other data bases and information compari-
14 son services, in order to obtain (or provide) information
15 necessary to enable the State agency (or the Secretary or
16 other State or Federal agencies) to carry out this part,
17 subject to section 6103 of the Internal Revenue Code of
18 1986. Such information comparison activities shall include
19 the following:

20 “(1) FEDERAL CASE REGISTRY OF CHILD SUP-
21 PORT ORDERS.—Furnishing to the Federal Case
22 Registry of Child Support Orders established under
23 section 453(h) (and update as necessary, with infor-
24 mation including notice of expiration of orders) the
25 minimum amount of information on child support

1 cases recorded in the State case registry that is nec-
2 essary to operate the registry (as specified by the
3 Secretary in regulations).

4 “(2) FEDERAL PARENT LOCATOR SERVICE.—
5 Exchanging information with the Federal Parent
6 Locator Service for the purposes specified in section
7 453.

8 “(3) TEMPORARY EMPLOYMENT ASSISTANCE
9 AND MEDICAID AGENCIES.—Exchanging information
10 with State agencies (of the State and of other
11 States) administering programs under part A, pro-
12 grams under State plans under title XIX, and other
13 programs designated by the Secretary, as necessary
14 to perform State agency responsibilities under this
15 part and under such programs.

16 “(4) INTRASTATE AND INTERSTATE INFORMA-
17 TION COMPARISONS.—Exchanging information with
18 other agencies of the State, agencies of other States,
19 and interstate information networks, as necessary
20 and appropriate to carry out (or assist other States
21 to carry out) the purposes of this part.”.

1 **SEC. 212. COLLECTION AND DISBURSEMENT OF SUPPORT**
2 **PAYMENTS.**

3 (a) STATE PLAN REQUIREMENT.—Section 454 (42
4 U.S.C. 654), as amended by sections 201(b) and 203(a)
5 of this Act, is amended—

6 (1) by striking “and” at the end of paragraph
7 (25);

8 (2) by striking the period at the end of para-
9 graph (26) and inserting “; and”; and

10 (3) by adding after paragraph (26) the follow-
11 ing new paragraph:

12 “(27) provide that, on and after October 1,
13 1998, the State agency will—

14 “(A) operate a State disbursement unit in
15 accordance with section 454B; and

16 “(B) have sufficient State staff (consisting
17 of State employees) and (at State option) con-
18 tractors reporting directly to the State agency
19 to—

20 “(i) monitor and enforce support col-
21 lections through the unit in cases being en-
22 forced by the State pursuant to section
23 454(4) (including carrying out the auto-
24 mated data processing responsibilities de-
25 scribed in section 454A(g)); and

1 “(ii) take the actions described in sec-
2 tion 466(c)(1) in appropriate cases.”.

3 (b) ESTABLISHMENT OF STATE DISBURSEMENT
4 UNIT.—Part D of title IV (42 U.S.C. 651–669), as
5 amended by section 245(a)(2) of this Act, is amended by
6 inserting after section 454A the following new section:

7 **“SEC. 454B. COLLECTION AND DISBURSEMENT OF SUP-**
8 **PORT PAYMENTS.**

9 “(a) STATE DISBURSEMENT UNIT.—

10 “(1) IN GENERAL.—In order for a State to
11 meet the requirements of this section, the State
12 agency must establish and operate a unit (which
13 shall be known as the ‘State disbursement unit’) for
14 the collection and disbursement of payments under
15 support orders—

16 “(A) in all cases being enforced by the
17 State pursuant to section 454(4); and

18 “(B) in all cases not being enforced by the
19 State under this part in which the support
20 order is initially issued in the State on or after
21 January 1, 1994, and in which the wages of the
22 absent parent are subject to withholding pursu-
23 ant to section 466(a)(8)(B).

24 “(2) OPERATION.—The State disbursement
25 unit shall be operated—

1 “(A) directly by the State agency (or 2 or
2 more State agencies under a regional coopera-
3 tive agreement), or (to the extent appropriate)
4 by a contractor responsible directly to the State
5 agency; and

6 “(B) except in cases described in para-
7 graph (1)(B), in coordination with the auto-
8 mated system established by the State pursuant
9 to section 454A.

10 “(3) LINKING OF LOCAL DISBURSEMENT
11 UNITS.—The State disbursement unit may be estab-
12 lished by linking local disbursement units through
13 an automated information network, subject to this
14 section, if the Secretary agrees that the system will
15 not cost more nor take more time to establish or op-
16 erate than a centralized system. In addition, employ-
17 ers shall be given one location to which income with-
18 holding is sent.

19 “(b) REQUIRED PROCEDURES.—The State disburse-
20 ment unit shall use automated procedures, electronic proc-
21 esses, and computer-driven technology to the maximum
22 extent feasible, efficient, and economical, for the collection
23 and disbursement of support payments, including proce-
24 dures—

1 “(1) for receipt of payments from parents, em-
2 ployers, and other States, and for disbursements to
3 custodial parents and other obligees, the States
4 agency, and the agencies of other States;

5 “(2) for accurate identification of payments;

6 “(3) to ensure prompt disbursement of the cus-
7 todial parent’s share of any payment; and

8 “(4) to furnish to any parent, upon request,
9 timely information on the current status of support
10 payments under an order requiring payments to be
11 made by or to the parent.

12 “(c) TIMING OF DISBURSEMENTS.—

13 “(1) IN GENERAL.—Except as provided in para-
14 graph (2), the State disbursement unit shall distrib-
15 ute all amounts payable under section 457(a) within
16 2 business days after receipt from the employer or
17 other source of periodic income, if sufficient infor-
18 mation identifying the payee is provided.

19 “(2) PERMISSIVE RETENTION OF ARREAR-
20 AGES.—The State disbursement unit may delay the
21 distribution of collections toward arrearages until
22 the resolution of any timely appeal with respect to
23 such arrearages.

1 “(d) BUSINESS DAY DEFINED.—As used in this sec-
2 tion, the term ‘business day’ means a day on which State
3 offices are open for regular business.”.

4 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
5 added by section 245(a)(2) and as amended by section 211
6 of this Act, is amended by adding at the end the following
7 new subsection:

8 COLLECTION AND DISTRIBUTION OF SUPPORT PAY-
9 MENTS.—

10 “(1) IN GENERAL.—The State shall use the
11 automated system required by this section, to the
12 maximum extent feasible, to assist and facilitate the
13 collection and disbursement of support payments
14 through the State disbursement unit operated under
15 section 454B, through the performance of functions,
16 including, at a minimum—

17 “(A) transmission of orders and notices to
18 employers (and other debtors) for the withhold-
19 ing of wages and other income—

20 “(i) within 2 business days after re-
21 ceipt from a court, another State, an em-
22 ployer, the Federal Parent Locator Service,
23 or another source recognized by the State
24 of notice of, and the income source subject
25 to, such withholding; and

1 “(ii) using uniform formats prescribed
2 by the Secretary;

3 “(B) ongoing monitoring to promptly iden-
4 tify failures to make timely payment of support;
5 and

6 “(C) automatic use of enforcement proce-
7 dures (including procedures authorized pursu-
8 ant to section 466(c)) if payments are not time-
9 ly made.

10 “(2) BUSINESS DAY DEFINED.—As used in
11 paragraph (1), the term ‘business day’ means a day
12 on which State offices are open for regular busi-
13 ness.”.

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

16 **SEC. 213. STATE DIRECTORY OF NEW HIRES.**

17 (a) STATE PLAN REQUIREMENT.—Section 454 (42
18 U.S.C. 654), as amended by sections 201(b), 203(a), and
19 212(a) of this Act, is amended—

20 (1) by striking “and” at the end of paragraph
21 (26);

22 (2) by striking the period at the end of para-
23 graph (27) and inserting “; and”; and

24 (3) by adding after paragraph (27) the follow-
25 ing new paragraph:

1 “(28) provide that, on and after October 1,
2 1997, the State will operate a State Directory of
3 New Hires in accordance with section 453A.”.

4 (b) STATE DIRECTORY OF NEW HIRES.—Part D of
5 title IV (42 U.S.C. 651–669) is amended by inserting
6 after section 453 the following new section:

7 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

8 “(a) ESTABLISHMENT.—

9 “(1) IN GENERAL.—

10 “(A) REQUIREMENT FOR STATES THAT
11 HAVE NO DIRECTORY.—Except as provided in
12 subparagraph (B), not later than October 1,
13 1997, each State shall establish an automated
14 directory (to be known as the ‘State Directory
15 of New Hires’) which shall contain information
16 supplied in accordance with subsection (b) by
17 employers on each newly hired employee.

18 “(B) STATES WITH NEW HIRE REPORTING
19 IN EXISTENCE.—A State which has a new hire
20 reporting law in existence on the date of the en-
21 actment of this section may continue to operate
22 under the State law, but the State must meet
23 the requirements of this section (other than
24 subsection (f)) not later than October 1, 1997.

25 “(2) DEFINITIONS.—As used in this section:

1 “(A) EMPLOYEE.—The term ‘employee’—

2 “(i) means an individual who is an
3 employee within the meaning of chapter 24
4 of the Internal Revenue Code of 1986; and

5 “(ii) does not include an employee of
6 a Federal or State agency performing in-
7 telligence or counterintelligence functions,
8 if the head of such agency has determined
9 that reporting pursuant to paragraph (1)
10 with respect to the employee could endan-
11 ger the safety of the employee or com-
12 promise an ongoing investigation or intel-
13 ligence mission.

14 “(B) EMPLOYER.—

15 “(i) IN GENERAL.—The term ‘em-
16 ployer’ has the meaning given such term in
17 section 3401(d) of the Internal Revenue
18 Code of 1996 and includes any govern-
19 mental entity and any labor organization.

20 “(ii) LABOR ORGANIZATION.—The
21 term ‘labor organization’ has the meaning
22 given such term in section 2(5) of the Na-
23 tional Labor Relations Act, and includes
24 any entity (also known as a ‘hiring hall’)
25 which is used by the organization and an

1 employer to carry out requirements de-
2 scribed in section 8(f)(3) of such Act of an
3 agreement between the organization and
4 the employer.

5 “(b) EMPLOYER INFORMATION.—

6 “(1) REPORTING REQUIREMENT.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraphs (B) and (C), each employer shall
9 furnish to the Directory of New Hires of the
10 State in which a newly hired employee works, a
11 report that contains the name, address, and so-
12 cial security number of the employee, and the
13 name and address of, and identifying number
14 assigned under section 6109 of the Internal
15 Revenue Code of 1986 to, the employer.

16 “(B) MULTISTATE EMPLOYERS.—An em-
17 ployer that has employees who are employed in
18 two or more States and that transmits reports
19 magnetically or electronically may comply with
20 subparagraph (A) by designating one State in
21 which such employer has employees to which
22 the employer will transmit the report described
23 in subparagraph (A), and transmitting such re-
24 port to such State. Any employer that transmits
25 reports pursuant to this subparagraph shall no-

1 tify the Secretary in writing as to which State
2 such employer designates for the purpose of
3 sending reports.

4 “(C) FEDERAL GOVERNMENT EMPLOY-
5 ERS.—Any department, agency, or instrumen-
6 tality of the United States shall comply with
7 subparagraph (A) by transmitting the report
8 described in subparagraph (A) to the National
9 directory of New Hires established pursuant to
10 section 453.

11 “(2) TIMING OF REPORT.—Each State may
12 provide the time within which the report required by
13 paragraph (1) shall be made with respect to an em-
14 ployee, but such report shall be made—

15 “(A) not later than 20 days after the date
16 the employer hires the employee; or

17 “(B) in the case of an employer transmit-
18 ting reports magnetically or electronically, by
19 two monthly transmissions (if necessary) not
20 less than 12 days nor more than 16 days apart.

21 “(c) REPORTING FORMAT AND METHOD.—Each re-
22 port required by subsection (b) shall be made on a
23 W-4 form or, at the option of the employer, an equivalent
24 form, and may be transmitted by first class mail, magneti-
25 cally, or electronically.

1 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING
2 EMPLOYERS.—The State shall have the option to set a
3 State civil money penalty which does not exceed—

4 “(1) \$25; or

5 “(2) \$500 if, under State law, the failure is the
6 result of a conspiracy between the employer and the
7 employee to not supply the required report or to
8 supply a false or incomplete report.

9 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-
10 mation shall be entered into the data base maintained by
11 the State Directory of New Hires within 5 business days
12 of receipt from an employer pursuant to subsection (b).

13 “(f) INFORMATION COMPARISONS.—

14 “(1) IN GENERAL.—Not later than May 1,
15 1998, an agency designated by the State shall, di-
16 rectly or by contract, conduct automated compari-
17 sons of the social security numbers reported by em-
18 ployers pursuant to subsection (b) and the social se-
19 curity numbers appearing in the records of the State
20 case registry for cases being enforced under the
21 State plan.

22 “(2) NOTICE OF MATCH.—When an information
23 comparison conducted under paragraph (1) reveals a
24 match with respect to the social security number of
25 an individual required to provide support under a

1 support order, the State Directory of New Hires
2 shall provide the agency administering the State
3 plan approved under this part of the appropriate
4 State with the name, address, and social security
5 number of the employee to whom the social security
6 number is assigned, and the name of, and identify-
7 ing number assigned under section 6109 of the In-
8 ternal Revenue Code of 1986 to the employer.

9 “(g) TRANSMISSION OF INFORMATION.—

10 “(1) TRANSMISSION OF WAGE WITHHOLDING
11 NOTICES TO EMPLOYERS.—Within 2 business days
12 after the date information regarding a newly hired
13 employee is entered into the State Directory of New
14 Hires, the State agency enforcing the employee’s
15 child support obligation shall transmit a notice to
16 the employer of the employee directing the employer
17 to withhold from the wages of the employee an
18 amount equal to the monthly (or other periodic)
19 child support obligation (including any past due sup-
20 port obligation) of the employee, unless the employ-
21 ee’s wages are not subject to withholding pursuant
22 to section 466(b)(3).

23 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-
24 TORY OF NEW HIRES.—

1 “(A) NEW HIRE INFORMATION.—Within 3
2 business days after the date information re-
3 garding a newly hired employee is entered into
4 the State Directory of New Hires, the State Di-
5 rectory of New Hires shall furnish the informa-
6 tion to the National Directory of New Hires.

7 “(B) WAGE AND UNEMPLOYMENT COM-
8 PENSATION.—The State Directory of New
9 Hires shall, on a quarterly basis, furnish to the
10 National Directory of New Hires extracts of the
11 reports required under section 303(a)(6) to be
12 made to the Secretary of Labor concerning the
13 wages and unemployment compensation paid to
14 individuals, by such dates, in such format, and
15 containing such information as the Secretary of
16 Health and Human Services shall specify in
17 regulations.

18 “(3) BUSINESS DAY DEFINED.—As used in this
19 subsection, the term ‘business day’ means a day on
20 which State offices are open for regular business.

21 “(h) OTHER USES OF NEW HIRE INFORMATION.—

22 “(1) LOCATION OF CHILD SUPPORT OBLI-
23 GORS.—The agency administering the State plan ap-
24 proved under this part shall use information received
25 pursuant to subsection (f)(2) to locate individuals

1 for purposes of establishing paternity and establish-
2 ing, modifying, and enforcing child support obliga-
3 tions.

4 “(2) VERIFICATION OF ELIGIBILITY FOR CER-
5 TAIN PROGRAMS.—A State agency responsible for
6 administering a program specified in section 1137(b)
7 shall have access to information reported by employ-
8 ers pursuant to subsection (b) of this section for
9 purposes of verifying eligibility for the program.

10 “(3) ADMINISTRATION OF EMPLOYMENT SECUR-
11 ITY AND WORKERS’ COMPENSATION.—State agen-
12 cies operating employment security and workers’
13 compensation programs shall have access to informa-
14 tion reported by employers pursuant to subsection
15 (b) for the purposes of administering such pro-
16 grams.”.

17 (c) QUARTERLY WAGE REPORTING.—Section
18 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

19 (1) by inserting “(including State and local gov-
20 ernmental entities and labor organizations (as de-
21 fined in section 453A(a)(2)(B)(iii))” after “employ-
22 ers”; and

23 (2) by inserting “, and except that no report
24 shall be filed with respect to an employee of a State
25 or local agency performing intelligence or counter-

1 intelligence functions, if the head of such agency has
2 determined that filing such a report could endanger
3 the safety of the employee or compromise an ongoing
4 investigation or intelligence mission” after
5 “paragraph (2)”.

6 **SEC. 214. AMENDMENTS CONCERNING INCOME WITHHOLD-**
7 **ING.**

8 (a) MANDATORY INCOME WITHHOLDING.—

9 (1) IN GENERAL.—Section 466(a)(1) (42
10 U.S.C. 666(a)(1)) is amended to read as follows:

11 “(1)(A) Procedures described in subsection (b)
12 for the withholding from income of amounts payable
13 as support in cases subject to enforcement under the
14 State plan.

15 “(B) Procedures under which the wages of a
16 person with a support obligation imposed by a sup-
17 port order issued (or modified) in the State before
18 October 1, 1996, if not otherwise subject to with-
19 holding under subsection (b), shall become subject to
20 withholding as provided in subsection (b) if arrear-
21 ages occur, without the need for a judicial or admin-
22 istrative hearing.”.

23 (2) CONFORMING AMENDMENTS.—

24 (A) Section 466(b) (42 U.S.C. 666(b)) is
25 amended in the matter preceding paragraph

1 (1), by striking “subsection (a)(1)” and insert-
2 ing “subsection (a)(1)(A)”.

3 (B) Section 466(b)(4) (42 U.S.C.
4 666(b)(4)) is amended to read as follows:

5 “(4)(A) Such withholding must be carried out
6 in full compliance with all procedural due process re-
7 quirements of the State, and the State must send
8 notice to each noncustodial parent to whom para-
9 graph (1) applies—

10 “(i) that the withholding has commenced;
11 and

12 “(ii) of the procedures to follow if the non-
13 custodial parent desires to contest such with-
14 holding on the grounds that the withholding or
15 the amount withheld is improper due to a mis-
16 take of fact.

17 “(B) The notice under subparagraph (A) of this
18 paragraph shall include the information provided to
19 the employer under paragraph (6)(A).”.

20 (C) Section 466(b)(5) (42 U.S.C.
21 666(b)(5)) is amended by striking all that fol-
22 lows “administered by” and inserting “the
23 State through the State disbursement unit es-
24 tablished pursuant to section 454B, in accord-
25 ance with the requirements of section 454B.”.

1 (D) Section 466(b)(6)(A) (42 U.S.C.
2 666(b)(6)(A)) is amended—

3 (i) in clause (i), by striking “to the
4 appropriate agency” and all that follows
5 and inserting “to the State disbursement
6 unit within 2 business days after the date
7 the amount would (but for this subsection)
8 have been paid or credited to the employee,
9 for distribution in accordance with this
10 part. The employer shall comply with the
11 procedural rules relating to income with-
12 holding of the State in which the employee
13 works, regardless of the State where the
14 notice originates.”;

15 (ii) in clause (ii), by inserting “be in
16 a standard format prescribed by the Sec-
17 retary, and” after “shall”; and

18 (iii) by adding at the end the follow-
19 ing new clause:

20 “(iii) As used in this subparagraph,
21 the term ‘business day’ means a day on
22 which State offices are open for regular
23 business.”.

24 (E) Section 466(b)(6)(D) (42 U.S.C.
25 666(b)(6)(D)) is amended by striking “any em-

1 ployer” and all that follows and inserting “any
2 employer who—

3 “(i) discharges from employment, re-
4 fuses to employ, or takes disciplinary ac-
5 tion against any noncustodial parent sub-
6 ject to wage withholding required by this
7 subsection because of the existence of such
8 withholding and the obligations or addi-
9 tional obligations which it imposes upon
10 the employer; or

11 “(ii) fails to withhold support from
12 wages, or to pay such amounts to the
13 State disbursement unit in accordance with
14 this subsection.”.

15 (F) Section 466(b) (42 U.S.C. 666(b)) is
16 amended by adding at the end the following
17 new paragraph:

18 “(11) Procedures under which the agency ad-
19 ministering the State plan approved under this part
20 may execute a withholding order without advance
21 notice to the obligor, including issuing the withhold-
22 ing order through electronic means.”.

23 (b) CONFORMING AMENDMENT.—Section 466(c) (42
24 U.S.C. 666(c)) is repealed.

1 **SEC. 215. LOCATOR INFORMATION FROM INTERSTATE NET-**
2 **WORKS.**

3 Section 466(a) (42 U.S.C. 666(a)) is amended by
4 adding at the end the following new paragraph:

5 “(12) LOCATOR INFORMATION FROM INTER-
6 STATE NETWORKS.—Procedures to ensure that all
7 Federal and State agencies conducting activities
8 under this part have access to any system used by
9 the State to locate an individual for purposes relat-
10 ing to motor vehicles or law enforcement.”.

11 **SEC. 216. EXPANSION OF THE FEDERAL PARENT LOCATOR**
12 **SERVICE.**

13 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-
14 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is
15 amended—

16 (1) in subsection (a), by striking all that follows
17 subsection (c)) and inserting “, for the purposes of
18 establishing parentage, establishing, setting the
19 amount of, modifying, or enforcing child support ob-
20 ligations, or enforcing child custody or visitation or-
21 ders—

22 “(1) information on, or facilitating the discov-
23 ery of, the location of any individual—

24 “(A) who is under an obligation to pay
25 child support or provide child custody or visita-
26 tion rights;

1 “(B) against whom such an obligation is
2 sought; or

3 “(C) to whom such an obligation is owed,
4 including the individual’s social security number (or
5 numbers), most recent address, and the name, ad-
6 dress, and employer identification number of the in-
7 dividual’s employer;

8 “(2) information on the individual’s wages (or
9 other income) from, and benefits of, employment (in-
10 cluding rights to or enrollment in group health care
11 coverage); and

12 “(3) information on the type, status, location,
13 and amount of any assets of, or debts owed by or
14 to, any such individual.”; and

15 (2) in subsection (b)—

16 (A) in the matter preceding paragraph (1),
17 by striking “social security” and all that follows
18 through “absent parent” and inserting “infor-
19 mation described in subsection (a)”;

20 (B) in the flush paragraph at the end, by
21 adding the following: “No information shall be
22 disclosed to any person if the State has notified
23 the Secretary that the State has reasonable evi-
24 dence of domestic violence or child abuse and
25 the disclosure of such information could be

1 harmful to the custodial parent or the child of
2 such parent. Information received or transmit-
3 ted pursuant to this section shall be subject to
4 the safeguard provisions contained in section
5 454(26).”.

6 (b) AUTHORIZED PERSON FOR INFORMATION RE-
7 GARDING VISITATION RIGHTS.—Section 453(c) (42
8 U.S.C. 653(c)) is amended—

9 (1) in paragraph (1), by striking “support” and
10 inserting “support or to seek to enforce orders pro-
11 viding child custody or visitation rights”; and

12 (2) in paragraph (2), by striking “, or any
13 agent of such court; and” and inserting “or to issue
14 an order against a resident parent for child custody
15 or visitation rights, or any agent of such court;”.

16 (c) REIMBURSEMENT FOR INFORMATION FROM FED-
17 ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.
18 653(e)(2)) is amended in the 4th sentence by inserting
19 “in an amount which the Secretary determines to be rea-
20 sonable payment for the information exchange (which
21 amount shall not include payment for the costs of obtain-
22 ing, compiling, or maintaining the information)” before
23 the period.

1 (d) REIMBURSEMENT FOR REPORTS BY STATE
2 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by
3 adding at the end the following new subsection:

4 “(g) REIMBURSEMENT FOR REPORTS BY STATE
5 AGENCIES.—The Secretary may reimburse Federal and
6 State agencies for the costs incurred by such entities in
7 furnishing information requested by the Secretary under
8 this section in an amount which the Secretary determines
9 to be reasonable payment for the information exchange
10 (which amount shall not include payment for the costs of
11 obtaining, compiling, or maintaining the information).”.

12 (e) CONFORMING AMENDMENTS.—

13 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
14 463(e), and 463(f), (42 U.S.C. 652(a)(9), 653(a),
15 653(b), 663(a), 663(e), and 663(f)) are each amend-
16 ed by inserting “Federal” before “Parent” each
17 place such term appears.

18 (2) Section 453 (42 U.S.C. 653) is amended in
19 the heading by adding “**FEDERAL**” before “**PAR-**
20 **ENT**”.

21 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.
22 653), as amended by subsection (d) of this section, is
23 amended by adding at the end the following new sub-
24 sections:

1 “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT
2 ORDERS.—

3 “(1) IN GENERAL.—Not later than October 1,
4 1998, in order to assist States in administering pro-
5 grams under State plans approved under this part
6 and programs funded under part A, and for the
7 other purposes specified in this section, the Sec-
8 retary shall establish and maintain in the Federal
9 Parent Locator Service an automated registry
10 (which shall be known as the ‘Federal Case Registry
11 of Child Support Orders’), which shall contain ab-
12 stracts of support orders and other information de-
13 scribed in paragraph (2) with respect to each case
14 in each State case registry maintained pursuant to
15 section 454A(e), as furnished (and regularly up-
16 dated), pursuant to section 454A(f), by State agen-
17 cies administering programs under this part.

18 “(2) CASE INFORMATION.—The information re-
19 ferred to in paragraph (1) with respect to a case
20 shall be such information as the Secretary may
21 specify in regulations (including the names, social
22 security numbers or other uniform identification
23 numbers, and State case identification numbers)
24 identify the individuals who owe or are owed support
25 (or with respect to or on behalf of whom support ob-

1 ligations are sought to be established), and the State
2 or States which have the case.

3 “(i) NATIONAL DIRECTORY OF NEW HIRES.—

4 “(1) IN GENERAL.—In order to assist States in
5 administering programs under State plans approved
6 under this part and programs funded under part A,
7 and for the other purposes specified in this section,
8 the Secretary, not later than April 1, 1997, shall es-
9 tablish and maintain in the Federal Parent Locator
10 Service an automated directory to be known as the
11 National Directory of New Hires, which shall con-
12 tain the information supplied pursuant to section
13 453A(g)(2).

14 “(2) ENTRY OF DATA.—Information shall be
15 entered into the data base maintained by the Na-
16 tional Directory of New Hires within 2 business
17 days of receipt pursuant to section 453A(g)(2).

18 “(3) ADMINISTRATION OF FEDERAL TAX
19 LAWS.—The Secretary of the Treasury shall have
20 access to the information in the National Directory
21 of New Hires for purposes of administering section
22 32 of the Internal Revenue Code of 1986, or the ad-
23 vance payment of the earned income tax credit
24 under section 3507 of such Code, and verifying a
25 claim with respect to employment in a tax return.

1 “(4) LIST OF MULTISTATE EMPLOYERS.—The
2 Secretary shall maintain within the National Direc-
3 tory of New Hires a list of multistate employers that
4 report information regarding newly hired employees
5 pursuant to section 453A(b)(1)(B), and the State
6 which each such employer has designated to receive
7 such information.

8 “(j) INFORMATION COMPARISONS AND OTHER DIS-
9 CLOSURES.—

10 “(1) VERIFICATION BY SOCIAL SECURITY AD-
11 MINISTRATION.—

12 “(A) IN GENERAL.—The Secretary shall
13 transmit information on individuals and em-
14 ployers maintained under this section to the So-
15 cial Security Administration to the extent nec-
16 essary for verification in accordance with sub-
17 paragraph (B).

18 “(B) VERIFICATION BY SSA.—The Social
19 Security Administration shall verify the accu-
20 racy of, correct, or supply to the extent pos-
21 sible, and report to the Secretary, the following
22 information supplied by the Secretary pursuant
23 to subparagraph (A):

24 “(i) The name, social security num-
25 ber, and birth date of each such individual.

1 “(ii) The employer identification num-
2 ber of each such employer.

3 “(2) INFORMATION COMPARISONS.—For the
4 purpose of locating individuals in a parterntiy estab-
5 lishment case or a case involving the establishment,
6 modification, or enforcement of a support order, the
7 Secretary shall—

8 “(A) compare information in the National
9 Directory of New Hires against information in
10 the support case abstracts in the Federal Case
11 Registry of Child Support Orders not less often
12 than every 2 business days; and

13 “(B) within 2 such days after such a com-
14 parison reveals a match with respect to an indi-
15 vidual, report the information to the State
16 agency responsible for the case.

17 “(3) INFORMATION COMPARISONS AND DISCLO-
18 SURES OF INFORMATION IN ALL REGISTRIES FOR
19 TITLE IV PROGRAM PURPOSES.—To the extent and
20 with the frequency that the Secretary determines to
21 be effective in assisting States to carry out their re-
22 sponsibilities under programs operated under this
23 part and programs funded under part A, the Sec-
24 retary shall—

1 “(A) compare the information in each com-
2 ponent of the Federal Parent Locator Service
3 maintained under this section against the infor-
4 mation in each other such component (other
5 than the comparison required by paragraph
6 (2)), and report instances in which such a com-
7 parison reveals a match with respect to an indi-
8 vidual to State agencies operating such pro-
9 grams; and

10 “(B) disclosure information in such reg-
11 istries to such State agencies.

12 “(4) PROVISION OF NEW HIRE INFORMATION
13 TO THE SOCIAL SECURITY ADMINISTRATION.—The
14 National Directory of New Hires shall provide the
15 Commissioner of Social Security with all information
16 in the National Directory, which shall be used to de-
17 termine the accuracy of payments under the supple-
18 mental security income program under title XVI and
19 in connection with benefits under title II.

20 “(5) RESEARCH.—The Secretary may provide
21 access to information reported by employers pursu-
22 ant to section 453A(b) for research purposes found
23 by the Secretary to be likely to contribute to achiev-
24 ing the purposes of part A or this part, but without
25 personal identifiers.

1 “(k) FEES.—

2 “(1) FOR SSA VERIFICATION.—The Secretary
3 shall reimburse the Commissioner of Social Security,
4 at a rate negotiated between the Secretary and the
5 Commissioner, for the costs incurred by the Com-
6 missioner in performing the verification services de-
7 scribed in subsection (j).

8 “(2) FOR INFORMATION FROM STATE DIREC-
9 TORIES OF NEW HIRES.—The Secretary shall reim-
10 burse costs incurred by State directories of new
11 hires in furnishing information as required by sub-
12 section (j)(3), at rates which the Secretary deter-
13 mines to be reasonable (which rates shall not include
14 payment for the costs of obtaining, compiling, or
15 maintaining such information).

16 “(3) FOR INFORMATION FURNISHED TO STATE
17 AND FEDERAL AGENCIES.—A State or Federal agen-
18 cy that receives information from the Secretary pur-
19 suant to this section shall reimburse the Secretary
20 for costs incurred by the Secretary in furnishing the
21 information, at rates which the Secretary determines
22 to be reasonable (which rates shall include payment
23 for the costs of obtaining, verifying, maintaining,
24 and comparing the information).

1 “(l) RESTRICTION ON DISCLOSURE AND USE.—In-
2 formation in the Federal Parent Locator Service, and in-
3 formation resulting from comparisons using such informa-
4 tion, shall not be used or disclosed except as expressly pro-
5 vided in this section, subject to section 6103 of the Inter-
6 nal Revenue Code of 1986.

7 “(m) INFORMATION INTEGRITY AND SECURITY.—
8 The Secretary shall establish and implement safeguards
9 with respect to the entities established under this section
10 designed to—

11 “(1) ensure the accuracy and completeness of
12 information in the Federal Parent Locator Service;
13 and

14 “(2) restrict access to confidential information
15 in the Federal Parent Locator Service to authorized
16 persons, and restrict use of such information to au-
17 thorized purposes.

18 “(n) FEDERAL GOVERNMENT REPORTING.—Each
19 department, agency, and instrumentality of the United
20 States on a quarterly basis shall report to the Federal
21 Parent Locator Service the name and social security num-
22 ber of each employee and the wages paid to the employee
23 during the previous quarter, except that such a report
24 shall not be filed with respect to an employee of a depart-
25 ment, agency, or instrumentality performing intelligence

1 or counterintelligence functions, if the head of such de-
2 partment, agency, or instrumentality has determined that
3 filing such a report could endanger the safety of the em-
4 ployee or compromise an ongoing investigation or intel-
5 ligence mission.”.

6 (g) CONFORMING AMENDMENTS.—

7 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
8 CURITY ACT.—

9 (A) Section 454(8)(B) (42 U.S.C.
10 654(8)(B)) is amended to read as follows:

11 “(B) the Federal Parent Locator Service
12 established under section 453;”.

13 (B) Section 454(13) (42 U.S.C. 654(13))
14 is amended by inserting “and provide that in-
15 formation requests by parents who are residents
16 of other States be treated with the same prior-
17 ity as requests by parents who are residents of
18 the State submitting the plan” before the semi-
19 colon.

20 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—

21 Section 3304(a)(16) of the Internal Revenue Code of
22 1986 is amended—

23 (A) by striking “Secretary of Health, Edu-
24 cation, and Welfare” each place such term ap-

1 pears and inserting “Secretary of Health and
2 Human Services”;

3 (B) in subparagraph (B), by striking
4 “such information” and all that follows and in-
5 serting “information furnished under subpara-
6 graph (A) or (B) is used only for the purposes
7 authorized under such subparagraph;”;

8 (C) by striking “and” at the end of sub-
9 paragraph (A);

10 (D) by redesignating subparagraph (B) as
11 subparagraph (C); and

12 (E) by inserting after subparagraph (A)
13 the following new subparagraph:

14 “(B) wage and unemployment compensa-
15 tion information contained in the records of
16 such agency shall be furnished to the Secretary
17 of Health and Human Services (in accordance
18 with regulations promulgated by such Sec-
19 retary) as necessary for the purposes of the Na-
20 tional Director of New Hires established under
21 section 453(i) of the Social Security Act, and”.

22 (3) TO STATE GRANT PROGRAM UNDER TITLE
23 III OF THE SOCIAL SECURITY ACT.—Subsection (h)
24 of section 303 (42 U.S.C. 503) is amended to read
25 as follows:

1 “(h)(1) The State agency charged with the adminis-
2 tration of the State law shall, on a reimbursable basis—

3 “(A) disclose quarterly, to the Secretary of
4 Health and Human Services, wage and claim infor-
5 mation, as required pursuant to section 453(i)(1),
6 contained in the records of such agency;

7 “(B) ensure that information provided pursuant
8 to subparagraph (A) meets such standards relating
9 to correctness and verification as the Secretary of
10 Health and Human Services, with the concurrence
11 of the Secretary of Labor, may find necessary; and

12 “(C) establish such safeguards as the Secretary
13 of Labor determines are necessary to insure that in-
14 formation disclosed under subparagraph (A) is used
15 only for purposes of section 453(i)(1) in carrying out
16 the child support enforcement program under title
17 IV.

18 “(2) Whenever the Secretary of Labor, after reason-
19 able notice and opportunity for hearing to the State agen-
20 cy charged with the administration of the State law, finds
21 that there is a failure to comply substantially with the re-
22 quirements of paragraph (1), the Secretary of Labor shall
23 notify such State agency that further payments will not
24 be made to the State until the Secretary of Labor is satis-
25 fied that there is no longer any such failure. Until the

1 Secretary of Labor is so satisfied, the Secretary shall
2 make no future certification to the Secretary of the Treas-
3 ury with respect to the State.

4 “(3) For purposes of this subsection—

5 “(A) the term ‘wage information’ means infor-
6 mation regarding wages paid to an individual, the
7 social security account number of such individual,
8 and the name, address, State, and the Federal em-
9 ployer identification number of the employer paying
10 such wages to such individual; and

11 “(B) the term ‘claim information’ means infor-
12 mation regarding whether an individual is receiving,
13 has received, or has made application for, unemploy-
14 ment compensation, the amount of any such com-
15 pensation being received (or to be received by such
16 individual), and the individual’s current (or most re-
17 cent) home address.”.

18 (4) DISCLOSURE OF CERTAIN INFORMATION TO
19 AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-
20 CIES.—

21 (A) IN GENERAL.—Paragraph (6) of sec-
22 tion 6103(l) of the Internal Revenue Code of
23 1986 (relating to disclosure of return informa-
24 tion to Federal, State, and local child support
25 enforcement agencies) is amended by redesignig-

1 nating subparagraph (B) as subparagraph (C)
2 and by inserting after subparagraph (A) the fol-
3 lowing new subparagraph:

4 “(B) DISCLOSURE TO CERTAIN AGENTS.—

5 The following information disclosed to any child
6 support enforcement agency under subpara-
7 graph (A) with respect to any individual with
8 respect to whom child support obligations are
9 sought to be established or enforced may be dis-
10 closed by such agency to any agent of such
11 agency which is under contract with such agen-
12 cy to carry out the purposes described in sub-
13 paragraph (C):

14 “(i) The address and social security
15 account number (or numbers) of such indi-
16 vidual.

17 “(ii) The amount of any reduction
18 under section 6402(c) (relating to offset of
19 past-due support against overpayments) in
20 any overpayment otherwise payable to such
21 individual.”.

22 (B) CONFORMING AMENDMENTS.—

23 (i) Paragraph (3) of section 6103(a)
24 of such Code is amended by striking

1 “(l)(12)” and inserting “paragraph (6) or
2 (12) of subsection (l)”.

3 (ii) Subparagraph (C) of section
4 6103(l)(6) of such Code, as redesignated
5 by subsection (a), is amended to read as
6 follows:

7 “(C) RESTRICTION ON DISCLOSURE.—In-
8 formation may be disclosed under this para-
9 graph only for purposes of, and to the extent
10 necessary in, establishing and collecting child
11 support obligations from, and locating, individ-
12 uals owing such obligations.”.

13 (iii) The material following subpara-
14 graph (F) of section 6103(p)(4) of such
15 Code is amended by striking “subsection
16 (l)(12)(B)” and inserting “paragraph
17 (6)(A) or (12)(B) of subsection (l)”.

18 **SEC. 217. COLLECTION AND USE OF SOCIAL SECURITY**
19 **NUMBERS FOR USE IN CHILD SUPPORT EN-**
20 **FORCEMENT.**

21 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
22 U.S.C. 666(a)), as amended by section 215 of this Act,
23 is amended by adding at the end the following new para-
24 graph:

1 “(13) RECORDING OF SOCIAL SECURITY NUM-
2 BERS IN CERTAIN MATTERS.—Procedures requiring
3 that the social security number of—

4 “(A) any applicant for a professional li-
5 cense, commercial driver’s license, occupational
6 license, or marriage license be recorded on the
7 application;

8 “(B) any individual who is subject to a di-
9 vorce decree, support order, or paternity deter-
10 mination or acknowledgment be placed in the
11 records relating to the matter; and

12 “(C) any individual who has died be placed
13 in the records relating to the death and be re-
14 corded on the death certificate.

15 For purposes of subparagraph (A), if a State allows
16 the use of a number other than the social security
17 number, the State shall so advise any applicants.”.

18 (b) CONFORMING AMENDMENTS.—Section
19 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C) is amended—

20 (1) in clause (i), by striking “may require” and
21 inserting “shall require”;

22 (2) in clause (ii), by inserting after the first
23 sentence the following: “In the administration of any
24 law involving the issuance of a marriage certificate
25 or license, each State shall require each party named

1 in the certificate or license to furnish to the State
2 (or political subdivision thereof), or any State agen-
3 cy having administrative responsibility for the law
4 involved, the social security number of the party.”;

5 (3) in clause (ii), by inserting “or marriage cer-
6 tificate” after “Such numbers shall not be recorded
7 on the birth certificate”;

8 (4) in clause (vi), by striking “may” and insert-
9 ing “shall”; and

10 (5) by adding at the end the following new
11 clauses:

12 “(x) An agency of a State (or a political
13 subdivision thereof) charged with the adminis-
14 tration of any law concerning the issuance or
15 renewal of a license, certificate, permit, or other
16 authorization to engage in a profession, an oc-
17 cupation, or a commercial activity shall require
18 all applicants for issuance or renewal of the li-
19 cense, certificate, permit, or other authorization
20 to provide the applicant’s social security num-
21 ber to the agency for the purpose of administer-
22 ing such laws, and for the purpose of respond-
23 ing to requests for information from an agency
24 operating pursuant to part D of title IV.

1 “(xi) All divorce decrees, support orders,
 2 and paternity determinations issued, and all pa-
 3 ternity acknowledgments made, in each State
 4 shall include the social security number of each
 5 party to the decree, order, determination, or ac-
 6 knowledgment in the records relating to the
 7 matter, for the purpose of responding to re-
 8 quests for information from any agency operat-
 9 ing pursuant to part D of title IV.”.

10 **Subtitle C—Streamlining and Uniformity of**
 11 **Procedures**

12 **SEC. 221. ADOPTION OF UNIFORM STATE LAWS.**

13 Section 466 (42 U.S.C. 666) is amended by adding
 14 at the end the following new subsection:

15 “(f) UNIFORM INTERSTATE FAMILY SUPPORT
 16 ACT.—

17 “(1) ENACTMENT AND USE.—In order to
 18 satisfy section 454(20)(A), on and after Janu-
 19 ary 1, 1998, each State must have in effect the
 20 Uniform Interstate Family Support Act, as ap-
 21 proved by the American Bar Association on
 22 February 9, 1993, together with any amend-
 23 ments officially adopted before January 1, 1998
 24 by the National Conference of Commissioners
 25 on Uniform State Laws.

1 (2) EMPLOYERS TO FOLLOW PROCEDURAL
2 RULES OF STATE WHERE EMPLOYEE WORKS.—The
3 State law enacted pursuant to paragraph (1) shall
4 provide that an employer that receives an income
5 withholding order or notice pursuant to section 501
6 of the Uniform Interstate Family Support Act shall
7 follow the procedural rules that apply with respect to
8 such order or notice under the laws of the State in
9 which the obligor is employed.

10 **SEC. 222. IMPROVEMENTS TO FULL FAITH AND CREDIT**
11 **FOR CHILD SUPPORT ORDERS.**

12 Section 1738B of title 28, United States Code, is
13 amended—

14 (1) in subsection (a)(2), by striking “subsection
15 (e)” and inserting “subsections (e), (f), and (i);

16 (2) in subsection (b), by inserting after the 2nd
17 undesignated paragraph the following:

18 “‘child’s home State’ means the State in which
19 a child lived with a parent or a person acting as par-
20 ent for at least 6 consecutive months immediately
21 preceding the time of filing of a petition or com-
22 parable pleading for support and, if a child is less
23 than 6 months old, the State in which the child lived
24 from birth with any of them. A period of temporary

1 absence of any of them is counted as part of the 6-
2 month period.”;

3 (3) in subsection (c), by inserting “by a court
4 of a State” before “is made”;

5 (4) in subsection (c)(1), by inserting “and sub-
6 sections (e), (f), and (g)” after “located”;

7 (5) in subsection (d)—

8 (A) by inserting “individual” before “con-
9 testant”; and

10 (B) by striking “subsection (e)” and in-
11 serting “subsections (e) and (f)”;

12 (6) in subsection (e), by striking “make a modi-
13 fication of a child support order with respect to a
14 child that is made” and inserting “modify a child
15 support order issued”;

16 (7) in subsection (e)(1), by inserting “pursuant
17 to subsection (i)” before the semicolon;

18 (8) in subsection (e)(2)—

19 (A) by inserting “individual” before “con-
20 testant” each place such term appears; and

21 (B) by striking “to that court’s making the
22 modification and assuming” and inserting “with
23 the State of continuing, exclusive jurisdiction
24 for a court of another State to modify the order
25 and assume”;

1 (9) by redesignating subsections (f) and (g) as
2 subsections (g) and (h) respectively;

3 (10) by inserting after subsection (e) the follow-
4 ing new subsection:

5 (f) RECOGNITION OF CHILD SUPPORT ORDERS.—If
6 1 or more child support orders have been issued in this
7 or another State with regard to an obligor and a child,
8 a court shall apply the following rules in determining
9 which order to recognize for purposes of continuing, exclu-
10 sive jurisdiction and enforcement:

11 “(1) If only 1 court has issued a child support
12 order, the order of that court must be recognized.

13 “(2) If 2 or more courts have issued child sup-
14 port orders for the same obligor and child, and only
15 1 of the courts would have continuing, exclusive ju-
16 risdiction under this section, the order of that court
17 must be recognized.

18 “(3) If 2 or more courts have issued child sup-
19 port orders for the same obligor and child, and more
20 than 1 of the courts would have continuing, exclusive
21 jurisdiction under this section, an order issued by a
22 court in the current home State of the child must
23 be recognized, but if an order has not been issued
24 in the current home State of the child, the order
25 most recently issued must be recognized.

1 “(4) If 2 or more courts have issued child sup-
2 port orders for the same obligor and child, and none
3 of the courts would have continuing, exclusive juris-
4 diction under this section, a court may issue a child
5 support order, which must be recognized.

6 “(5) The court that has issued an order recog-
7 nized under this subsection is the court having con-
8 tinuing, exclusive jurisdiction,”;

9 (11) in subsection (g) (as so redesignated)—

10 (A) by striking “**PRIOR**” and inserting
11 “**MODIFIED**”; and

12 (B) by striking “subsection (e)” and in-
13 serting “subsections (e) and (f)”;

14 (12) in subsection (h) (as so redesignated)—

15 (A) in paragraph (2), by inserting “includ-
16 ing the duration of current payments and other
17 obligations of support” before the comma; and

18 (B) in paragraph (3), by inserting “arrear
19 under” after “enforce”; and

20 (13) by adding at the end the following new
21 subsection:

22 “(i) **REGISTRATION FOR MODIFICATION.**—If there is
23 no individual contestant or child residing in the issuing
24 State, the party or support enforcement agency seeking
25 to modify, or to modify and enforce, a child support order

1 issued in another State shall register that order in a State
2 with jurisdiction over the nonmovant for the purpose of
3 modification.”.

4 **SEC. 223. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE**
5 **CASES.**

6 Section 466(a) (42 U.S.C. 666(a)), as amended by
7 sections 215 and 217(a) of this Act, is amended by adding
8 at the end the following new paragraph:

9 “(14) ADMINISTRATIVE ENFORCEMENT IN
10 INTERSTATE CASES.—Procedures under which—

11 “(A) the State shall respond within 5 busi-
12 ness days to a request made by another State
13 to enforce a support order (and for this purpose
14 the term ‘business day’ means a day on which
15 State offices are open for regular business);

16 “(B) the State may, by electronic or other
17 means, transmit to another State a request for
18 assistance in a case involving the enforcement
19 of a support order, which request—

20 “(i) shall include such information as
21 will enable the State to which the request
22 is transmitted to compare the information
23 about the case to the information in the
24 data bases of the State; and

1 “(ii) shall constitute a certification by
2 the requesting State—

3 “(I) of the amount of support
4 under the order the payment of which
5 is in arrears; and

6 “(II) that the requesting State
7 has complied with all procedural due
8 process requirements applicable to the
9 case;

10 “(C) if the State provides assistance to an-
11 other State pursuant to this paragraph with re-
12 spect to a case, neither State shall consider the
13 case to be transferred to the caseload of such
14 other State; and

15 “(D) the State shall maintain records of—

16 “(i) the number of such requests for
17 assistance received by the State;

18 “(ii) the number of cases for which
19 the State collected support in response to
20 such a request; and

21 “(iii) the amount of such collected
22 support.”.

23 **SEC. 224. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

24 (a) PROMULGATION.—Section 452(a) (42 U.S.C.
25 652(a)) is amended—

1 (1) by striking “and” at the end of paragraph
2 (9);

3 (2) by striking the period at the end of para-
4 graph (10) and inserting “; and”; and

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

7 “(11) not later than December 31, 1996, after
8 consulting with the State directors of programs
9 under this part, promulgate forms to be used by
10 States in interstate cases for—

11 “(A) collection of child support through in-
12 come withholding;

13 “(B) imposition of liens; and

14 “(C) administrative subpoenas.”.

15 (b) USE BY STATES.—Section 454(9) (42 U.S.C.
16 654(9)) is amended—

17 (1) by striking “and” at the end of subpara-
18 graph (C);

19 (2) by inserting “and” at the end of subpara-
20 graph (D); and

21 (3) by adding at the end the following new sub-
22 paragraph:

23 “(E) no later than April 1, 1997, in using
24 the forms promulgated pursuant to section
25 452(a)(11) for income withholding, imposition

1 of liens, and issuance of administrative subpoe-
2 nas in interstate child support cases;”.

3 **SEC. 225. STATE LAWS PROVIDING EXPEDITED PROCE-**
4 **DURES.**

5 (a) STATE LAW REQUIREMENTS.—Section 466 (42
6 U.S.C. 666), as amended by section 214 of this Act, is
7 amended—

8 (1) in subsection (a)(2), by striking the first
9 sentence and inserting the following: “Expedited ad-
10 ministrative and judicial procedures (including the
11 procedures specified in subsection (c)) for establish-
12 ing paternity and for establishing, modifying, and
13 enforcing support obligations.”; and

14 (2) by inserting after subsection (b) the follow-
15 ing new subsection:

16 “(c) EXPEDITED PROCEDURES.—The procedures
17 specified in this subsection, for purposes of the require-
18 ment of subsection (a)(2), are the following:

19 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-
20 CY.—Procedures which give the State agency the au-
21 thority to take the following actions relating to es-
22 tablishment or enforcement of support orders, with-
23 out the necessity of obtaining an order from any
24 other judicial or administrative tribunal, and to rec-

1 ognize and enforce the authority of State agencies of
2 other States) to take the following actions:

3 “(A) GENETIC TESTING.—To order genetic
4 testing for the purpose of paternity establish-
5 ment as provided in section 466(a)(5).

6 “(B) FINANCIAL OR OTHER INFORMA-
7 TION.—To subpoena any financial or other in-
8 formation needed to establish, modify, or en-
9 force a support order, and to impose penalties
10 for failure to respond to such a subpoena.

11 “(C) RESPONSE TO STATE AGENCY RE-
12 QUEST.—To require all entities in the State (in-
13 cluding for-profit, nonprofit, and governmental
14 employers) to provide promptly, in response to
15 a request by the State agency of that or any
16 other State administering a program under this
17 part, information on the employment, com-
18 pensation, and benefits of any individual em-
19 ployed by such entity as an employee or con-
20 tractor, and to sanction failure to respond to
21 any such request.

22 “(D) ACCESS TO CERTAIN RECORDS.—To
23 obtain access, subject to safeguards on privacy
24 and information security, to the following
25 records (including automated access, in the case

1 of records maintained in automated data
2 bases):

3 “(i) Records of other State and local
4 government agencies, including—

5 “(I) vital statistics (including
6 records of marriage, birth, and di-
7 vorce);

8 “(II) State and local tax and rev-
9 enue records (including information
10 on residence address, employer, in-
11 come and assets);

12 “(III) records concerning real
13 and titled personal property;

14 “(IV) records of occupational and
15 professional licenses, and records con-
16 cerning the ownership and control of
17 corporations, partnerships, and other
18 business entities;

19 “(V) employment security
20 records;

21 “(VI) records of agencies admin-
22 istering public assistance programs;

23 “(VII) records of the motor vehi-
24 cle department; and

25 “(VIII) corrections records.

1 “(ii) Certain records held by private
2 entities, including—

3 “(I) customer records of public
4 utilities and cable television compa-
5 nies; and

6 “(II) information (including in-
7 formation on assets and liabilities) on
8 individuals who owe or are owed sup-
9 port (or against or with respect to
10 whom a support obligation is sought)
11 held by financial institutions (subject
12 to limitations on liability of such enti-
13 ties arising from affording such ac-
14 cess), as provided pursuant to agree-
15 ments described in subsection (a)(18).

16 “(E) CHANGE IN PAYEE.—In cases in
17 which support is subject to an assignment in
18 order to comply with a requirement imposed
19 pursuant to part A or section 1912, or to a re-
20 quirement to pay through the State disburse-
21 ment unit established pursuant to section
22 454B, upon providing notice to obligor and obli-
23 gee, to direct the obligor or other payor to
24 change the payee to the appropriate government
25 entity.

1 “(F) INCOME WITHHOLDING.—To order
2 income withholding in accordance with sub-
3 sections (a)(1) and (b) of section 466.

4 “(G) SECURING ASSETS.—In cases in
5 which there is a support arrearage, to secure
6 assets to satisfy the arrearage by—

7 “(i) intercepting or seizing periodic or
8 lump-sum payments from—

9 “(I) a State or local agency, in-
10 cluding unemployment compensation,
11 workers’ compensation, and other ben-
12 efits; and

13 “(II) judgments, settlements, and
14 lotteries;

15 “(ii) attaching and seizing assets of
16 the obligor held in financial institutions;

17 “(iii) attaching public and private re-
18 tirement funds; and

19 “(iv) imposing liens in accordance
20 with subsection (a)(4) and, in appropriate
21 cases, to force sale of property and dis-
22 tribution of proceeds.

23 “(H) INCREASED MONTHLY PAYMENTS.—

24 For the purpose of securing overdue support, to
25 increase the amount of monthly support pay-

1 ments to include amounts for arrearages, sub-
2 ject to such conditions or limitations as the
3 State may provide.

4 Such procedures shall be subject to due process safe-
5 guards, including (as appropriate) requirements for
6 notice, opportunity to contest the action, and oppor-
7 tunity for an appeal on the record to an independent
8 administrative or judicial tribunal.

9 “(2) SUBSTANTIVE AND PROCEDURAL RULES.—
10 The expedited procedures required under subsection
11 (a)(2) shall include the following rules and author-
12 ity, applicable with respect to all proceedings to es-
13 tablish paternity or to establish, modify, or enforce
14 support orders:

15 “(A) LOCATOR INFORMATION; PRESUMP-
16 TIONS CONCERNING NOTICE.—Procedures
17 under which—

18 “(i) each party to any paternity or
19 child support proceeding is required (sub-
20 ject to privacy safeguards) to file with the
21 tribunal and the State case registry upon
22 entry of an order, and to update as appro-
23 priate, information on location and identity
24 of the party, including social security num-
25 ber, residential and mailing addresses, tele-

1 phone number, driver's license number,
2 and name, address, and name and tele-
3 phone number of employer; and

4 “(ii) in any subsequent child support
5 enforcement action between the parties,
6 upon sufficient showing that diligent effort
7 has been made to ascertain the location of
8 such a party, the tribunal may deem State
9 due process requirements for notice and
10 service of process to be met with respect to
11 the party, upon delivery of written notice
12 to the most recent residential or employer
13 address filed with the tribunal pursuant to
14 clause (i).

15 “(B) STATEWIDE JURISDICTION.—Proce-
16 dures under which—

17 “(i) the State agency and any admin-
18 istrative or judicial tribunal with authority
19 to hear child support and paternity cases
20 exerts statewide jurisdiction over the par-
21 ties; and

22 “(ii) in a State in which orders are is-
23 sued by courts or administrative tribunals,
24 a case may be transferred between local ju-
25 risdictions in the State without need for

1 any additional filing by the petitioner, or
2 service of process upon the respondent, to
3 retain jurisdiction over the parties.

4 “(3) COORDINATION WITH ERISA.—Notwith-
5 standing subsection (d) of section 514 of the Em-
6 ployee Retirement Income Security Act of 1974 (re-
7 lating to effect on other laws), nothing in this sub-
8 section shall be construed to alter, amend, modify,
9 invalidate, impair, or supersede subsections (a), (b),
10 and (c) of such section 514 as it applies with respect
11 to any procedure referred to in paragraph (1) and
12 any expedited procedure referred to in paragraph
13 (2), except to the extent that such procedure would
14 be consistent with the requirements of section
15 206(d)(3) of such Act (relating to qualified domestic
16 relations orders) or the requirements of section
17 609(a) of such Act (relating to qualified medical
18 child support orders) if the reference in such section
19 206(d)(3) to a domestic relations order and the ref-
20 erence in such section 609(a) to a medical child sup-
21 port order were a reference to a support order re-
22 ferred to in paragraphs (1) and (2) relating to the
23 same matters, respectively.”.

24 “(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—
25 Section 454A, as added by section 245(a)(2) and as

1 amended by sections 211 and 212(c) of this Act, is amend-
 2 ed by adding at the end the following new subsection:

3 “(h) **EXPEDITED ADMINISTRATIVE PROCEDURES.**—
 4 The automated system required by this section shall be
 5 used, to the maximum extent feasible, to implement the
 6 expedited administrative procedures required by section
 7 466(c).”.

8 **Subtitle D—Paternity Establishment**

9 **SEC. 231. STATE LAWS CONCERNING PATERNITY ESTAB-**
 10 **LISHMENT.**

11 “(a) **STATE LAWS REQUIRED.**—Section 466(a)(5)
 12 (42 U.S.C. 666(a)(5)) is amended to read as follows:

13 “(5) **PROCEDURES CONCERNING PATERNITY ES-**
 14 **TABLISHMENT.**

15 “(A) **ESTABLISHMENT PROCESS AVAIL-**
 16 **ABLE FROM BIRTH UNTIL AGE 18.**—

17 “(i) Procedures which permit the es-
 18 tablishment of the paternity of a child at
 19 any time before the child attains 18 years
 20 of age.

21 “(ii) As of August 16, 1984, clause (i)
 22 shall also apply to a child for whom pater-
 23 nity has not been established or for whom
 24 a paternity action was brought but dis-
 25 missed because a statute of limitations of

1 less than 18 years was then in effect in the
2 State.

3 “(B) PROCEDURES CONCERNING GENETIC
4 TESTING.—

5 “(i) GENETIC TESTING REQUIRED IN
6 CERTAIN CONTESTED CASES.—Procedures
7 under which the State is required, in a
8 contested paternity case (unless otherwise
9 barred by State law) to require the child
10 and all other parties (other than individ-
11 uals found under section 454(29) to have
12 good cause for refusing to cooperate) to
13 submit to genetic tests upon the request of
14 any such party, if the request is supported
15 by a sworn statement by the party—

16 “(I) alleging paternity, and set-
17 ting forth facts establishing a reason-
18 able possibility of the requisite sexual
19 contact between the parties; or

20 “(II) denying paternity, and set-
21 ting forth facts establishing a reason-
22 able possibility of the nonexistence of
23 sexual contact between the parties.

24 “(ii) OTHER REQUIREMENTS.—Proce-
25 dures which require the State agency, in

1 any case in which the agency orders ge-
2 netic testing—

3 “(I) to pay costs of such tests,
4 subject to recoupment (if the State so
5 elects) from the alleged father if pa-
6 ternity is established; and

7 “(II) to obtain additional testing
8 in any case if an original test result is
9 contested, upon request and advance
10 payment by the contestant.

11 “(C) VOLUNTARY PATERNITY ACKNOWL-
12 EDGMENT.—

13 “(i) SIMPLE CIVIL PROCESS.—Proce-
14 dures for a simple civil process for volun-
15 tarily acknowledging paternity under which
16 the State must provide that, before a
17 mother and a putative father can sign an
18 acknowledgment of paternity, the mother
19 and the putative father must be given no-
20 tice, orally and in writing, of the alter-
21 natives to, the legal consequences of, and
22 the rights (including, if 1 parent is a
23 minor, any rights afforded due to minority
24 status) and responsibilities that arise from,
25 signing the acknowledgment.

1 “(ii) HOSPITAL-BASED PROGRAM.—

2 Such procedures must include a hospital-
3 based program for the voluntary acknowl-
4 edgment of paternity focusing on the pe-
5 riod immediately before or after the birth
6 of a child, subject to such good cause ex-
7 ceptions, taking into account the best in-
8 terests of the child, as the State may es-
9 tablish.

10 “(iii) PATERNITY ESTABLISHMENT
11 SERVICES.—

12 “(I) STATE-OFFERED SERV-
13 ICES.—Such procedures must require
14 the State agency responsible for main-
15 taining birth records to offer vol-
16 untary paternity establishment serv-
17 ices.

18 “(II) REGULATIONS.—

19 “(aa) SERVICES OFFERED
20 BY HOSPITALS AND BIRTH
21 RECORD AGENCIES.—The Sec-
22 retary shall prescribe regulations
23 governing voluntary paternity es-
24 tablishment services offered by

1 hospitals and birth record agen-
2 cies.

3 “(bb) SERVICES OFFERED
4 BY OTHER ENTITIES.—The Sec-
5 retary shall prescribe regulations
6 specifying the types of other enti-
7 ties that may offer voluntary pa-
8 ternity establishment services,
9 and governing the provision of
10 such services, which shall include
11 a requirement that such an entity
12 must use the same notice provi-
13 sions used by, use the same ma-
14 terials used by, provide the per-
15 sonnel providing such services
16 with the same training provided
17 by, and evaluate the provision of
18 such services in the same manner
19 as the provision of such services
20 is evaluated by, voluntary pater-
21 nity establishment programs of
22 hospitals and birth record agen-
23 cies.

24 “(iv) USE OF PATERNITY ACKNOWL-
25 EDGMENT AFFIDAVIT.—Such procedures

1 must require the State to develop and use
2 an affidavit for the voluntary acknowledg-
3 ment of paternity which includes the mini-
4 mum requirements of the affidavit devel-
5 oped by the Secretary under section
6 452(a)(7) for the voluntary acknowledg-
7 ment of paternity, and to give full faith
8 and credit to such an affidavit signed in
9 any other State according to its proce-
10 dures.

11 “(D) STATUS OF SIGNED PATERNITY AC-
12 KNOWLEDGMENT.—

13 “(i) INCLUSION IN BIRTH RECORDS.—
14 Procedures under which the name of the
15 father shall be included on the record of
16 birth of the child of unmarried parents
17 only if—

18 “(I) the father and mother have
19 signed a voluntary acknowledgment of
20 paternity; or

21 “(II) a court or an administrative
22 agency of competent jurisdiction has
23 issued an adjudication of paternity.

24 Nothing in this clause precludes a State
25 agency from obtaining an admission of pa-

1 ternity from the father for submission in a
2 judicial or administrative proceeding, or
3 prohibit the issuance of an order in a judi-
4 cial or administrative proceeding which
5 bases a legal finding of paternity on an ad-
6 mission of paternity by the father and any
7 other additional showing required by State
8 law.

9 “(ii) LEGAL FINDING OF PATER-
10 NITY.—Procedures under which a signed
11 voluntary acknowledgement of paternity is
12 considered a legal finding of paternity,
13 subject to the right of any signatory to re-
14 scind the acknowledgement within the ear-
15 lier of—

16 “(I) 60 days; or

17 “(II) the date of an administra-
18 tive or judicial proceeding relating to
19 the child (including a proceeding to
20 establish a support order) in which
21 the signatory is a party.

22 “(iii) CONTEST.—Procedures under
23 which, after the 60-day period referred to
24 in clause (ii), a signed voluntary acknowl-
25 edgement of paternity may be challenged

1 in court only on the basis of fraud, duress,
2 or material mistake of fact, with the bur-
3 den of proof upon the challenger, and
4 under which the legal responsibilities (in-
5 cluding child support obligations) of any
6 signatory arising from the acknowledgment
7 may not be suspended during the chal-
8 lenge, except for good cause shown.

9 “(E) BAR ON ACKNOWLEDGEMENT RATIFI-
10 CATION PROCEEDINGS.—Procedures under
11 which judicial or administrative proceedings are
12 not required or permitted to ratify an unchal-
13 lenged acknowledgement of paternity.

14 “(F) ADMISSIBILITY OF GENETIC TESTING
15 RESULTS.—Procedures—

16 “(i) requiring the admission into evi-
17 dence, for purposes of establishing pater-
18 nity, of the results of any genetic test that
19 is—

20 “(I) of a type generally acknowl-
21 edged as reliable by accreditation bod-
22 ies designated by the Secretary; and

23 “(II) performed by a laboratory
24 approved by such an accreditation
25 body;

1 “(ii) requiring an objection to genetic
2 testing results to be made in writing not
3 later than a specified number of days be-
4 fore any hearing at which the results may
5 be introduced into evidence (or, at State
6 option, not later than a specified number
7 of days after receipt of the results); and

8 “(iii) making the test results admissi-
9 ble as evidence of paternity without the
10 need for foundation testimony or other
11 proof of authenticity or accuracy, unless
12 objection is made.

13 “(G) PRESUMPTION OF PATERNITY IN
14 CERTAIN CASES.—Procedures which create a re-
15 buttable or, at the option of the State, conclu-
16 sive presumption of paternity upon genetic test-
17 ing results indicating a threshold probability
18 that the alleged father is the father of the child.

19 “(H) DEFAULT ORDERS.—Procedures re-
20 quiring a default order to be entered in a pater-
21 nity case upon a showing of service of process
22 on the defendant and any additional showing
23 required by State law.

24 “(I) NO RIGHT TO JURY TRIAL.—Proce-
25 dures providing that the parties to an action to

1 establish paternity are not entitled to a trial by
2 jury.

3 “(J) TEMPORARY SUPPORT ORDER BASED
4 ON PROBABLE PATERNITY IN CONTESTED
5 CASES.—Procedures which require that a tem-
6 porary order be issued, upon motion by a party,
7 requiring the provision of child support pending
8 an administrative or judicial determination of
9 parentage, if there is clear and convincing evi-
10 dence of paternity (on the basis of genetic tests
11 or other evidence).

12 “(K) PROOF OF CERTAIN SUPPORT AND
13 PATERNITY ESTABLISHMENT COSTS.—Proce-
14 dures under which bills for pregnancy, child-
15 birth, and genetic testing are admissible as evi-
16 dence without requiring third-party foundation
17 testimony, and shall constitute prima facie evi-
18 dence of amounts incurred for such services or
19 for testing on behalf of the child.

20 “(L) STANDING OF PUTATIVE FATHERS.—
21 Procedures ensuring that the putative father
22 has a reasonable opportunity to initiate a pater-
23 nity action.

24 “(M) FILING OF ACKNOWLEDGEMENTS
25 AND ADJUDICATIONS IN STATE REGISTRY OF

1 BIRTH RECORDS.—Procedures under which vol-
 2 untary acknowledgements and adjudications of
 3 paternity by judicial or administrative processes
 4 are filed with the State registry of birth records
 5 for comparison with information in the State
 6 case registry.”.

7 (b) NATIONAL PATERNITY ACKNOWLEDGEMENT AF-
 8 FIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is
 9 amended by inserting “, and develop an affidavit to be
 10 used for the voluntary acknowledgment of paternity which
 11 shall include the social security number of each parent
 12 and, after consultation with the States, other common ele-
 13 ments as determined by such designee” before the semi-
 14 colon.

15 (c) CONFORMING AMENDMENT.—Section 468 (42
 16 U.S.C. 668) is amended by striking “a simple civil process
 17 for voluntarily acknowledging paternity and”.

18 **SEC. 232. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
 19 **LISHMENT.**

20 Section 454(23) (42 U.S.C. 654(23)) is amended by
 21 inserting “and will publicize the availability and encourage
 22 the use of procedures for voluntary establishment of pater-
 23 nity and child support by means the State deems appro-
 24 priate” before the semicolon.

1 **SEC. 233. COOPERATION REQUIREMENT AND GOOD CAUSE**
2 **EXCEPTION.**

3 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
4 amended by sections 201(b), 203(a), 212(a), and 213(a)
5 of this Act, is amended—

6 (1) by striking “and” at the end of paragraph
7 (27);

8 (2) by striking the period at the end of para-
9 graph (28 and inserting “; and”; and

10 (3) by inserting after paragraph (28) the fol-
11 lowing new paragraph:

12 “(29) provide that the State agency administer-
13 ing the plan under this part—

14 “(A) will make the determination specified
15 under paragraph (4), as to whether an individ-
16 ual is cooperating with efforts to establish pa-
17 ternity and secure support (or has good cause
18 not to cooperate with such efforts) for purposes
19 of the requirements of sections 403(b)(1)(E)(i)
20 and 1912;

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

25 “(C) will take the best interests of the
26 child into consideration in making the deter-

1 mination whether such individual has good
2 cause not to cooperate with such efforts;

3 “(D)(i) will make the initial determination
4 as to whether an individual is cooperating (or
5 has good cause not to cooperate) with efforts to
6 establish paternity within 10 days after such in-
7 dividual is referred to such State agency by the
8 State agency administering the program under
9 part A or title XIX;

10 “(ii) will make redeterminations as to co-
11 operation or good cause at appropriate inter-
12 vals; and

13 “(iii) will promptly notify the individual,
14 and the State agencies administering such pro-
15 grams, of each such determination and redeter-
16 mination;

17 “(E) with respect to any child born on or
18 after the date 10 months after enactment of
19 this provision, will not determine (or redeter-
20 mine) the mother (or other custodial relative) of
21 such child to be cooperating with efforts to es-
22 tablish paternity unless such individual fur-
23 nishes—

24 “(i) the name of the putative father
25 (or fathers); and

1 “(ii) sufficient additional information
2 to enable the State agency, if reasonable
3 efforts were made, to verify the identity of
4 the person named as the putative father
5 (including such information as the putative
6 father’s present address, telephone num-
7 ber, date of birth, past or present place of
8 employment, school previously or currently
9 attended, names and addresses of parents,
10 friends, or relatives able to provide location
11 information, or other information that
12 could enable service of process on such per-
13 son); and

14 “(F)(i) (where a custodial parent who was
15 initially determined not to be cooperating (or to
16 have good cause not to cooperate) is later deter-
17 mined to be cooperating or to have good cause
18 not to cooperate) will immediately notify the
19 State agencies administering the programs
20 under part A and title XIX that this eligibility
21 condition has been met; and

22 “(ii) (where a custodial parent was initially
23 determined to be cooperating (or to have good
24 cause not to cooperate)) will not later determine
25 such individual not to be cooperating (or not to

1 have good cause not to cooperate) until such in-
2 dividual has been afforded an opportunity for a
3 hearing.”.

4 (b) MEDICAID AMENDMENTS.—Section 1912(a) (42
5 U.S.C. 1396k(a)) is amended—

6 (1) in paragraph (1)(B), by inserting “(except
7 as provided in paragraph (2))” after “to cooperate
8 with the State”;

9 (2) in subparagraphs (B) and (C) of paragraph
10 (1) by striking “, unless” and all that follows and
11 inserting a semicolon; and

12 (3) by redesignating paragraph (2) as para-
13 graph (6), and inserting after paragraph (1) the fol-
14 lowing new paragraphs:

15 “(2) provide that the State agency will imme-
16 diately refer each applicant or recipient requiring
17 paternity establishment services to the State agency
18 administering the program under part D of title IV;

19 “(3) provide that an individual will not be re-
20 quired to cooperate with the State, as provided
21 under paragraph (1), if the individual is found to
22 have good cause for refusing to cooperate, as deter-
23 mined in accordance with standards prescribed by
24 the Secretary, which standards shall take into con-

1 sideration the best interests of the individuals in-
2 volved—

3 “(A) to the satisfaction of the State agency
4 administering the program under part D, as de-
5 termined in accordance with section 454(29),
6 with respect to the requirements to cooperate
7 with efforts to establish paternity and to obtain
8 support (including medical support) from a par-
9 ent; and

10 “(B) to the satisfaction of the State agen-
11 cy administering the program under this title,
12 with respect to other requirements to cooperate
13 under paragraph (1);

14 “(4) provide that (except as provided in para-
15 graph (5)) an applicant requiring paternity estab-
16 lishment services (other than an individual presump-
17 tively eligible pursuant to section 1920) shall not be
18 eligible for medical assistance under this title until
19 such applicant—

20 “(i) has furnished to the agency admin-
21 istering the State plan under part D of title IV
22 the information specified in section 454(29)(E);
23 or

24 “(ii) has been determined by such agency
25 to have good cause not to cooperate; and

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

3 “(i) if such agency has not, within 10 days
4 after such individual was referred to such agen-
5 cy, provided the notification required by section
6 454(29)(D)(iii), until such notification is re-
7 ceived); and

8 “(ii) if such individual appeals a deter-
9 mination that the individual lacks good cause
10 for noncooperation, until after such determina-
11 tion is affirmed after notice and opportunity for
12 a hearing.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section are effective with respect to applications filed
15 in or after the first calendar quarter beginning 10 months
16 or more after the date of the enactment of this amendment
17 (or such earlier quarter as the State may select) for assist-
18 ance under a State plan approved under part A of title
19 IV of the Social Security Act or for medical assistance
20 under a State plan approved under title XIX of such Act.

1 proved under part A of this title” and inserting “as-
2 sistance under a program funded under part A”;

3 (2) in subsection (b)(1)(A), by striking “section
4 402(a)(26)” and inserting “section 402(a)(2)”;

5 (3) in subsections (b) and (c)—

6 (A) by striking “AFDC collections” each
7 place it appears and inserting “title IV–A col-
8 lections”, and

9 (B) by striking “non-AFDC collections”
10 each place it appears and inserting “non-title
11 IV–A collections”; and

12 (4) in subsection (c), by striking “combined
13 AFDC/non-AFDC administrative costs” both places
14 it appears and inserting “combined title IV–A/non-
15 title IV–A administrative costs”.

16 (c) CALCULATION OF IV–D PATERNITY ESTABLISH-
17 MENT PERCENTAGE.—

18 (1) Section 452(g)(1)(A) (42 U.S.C.
19 652(g)(1)(A)) is amended by striking “75” and in-
20 sserting “90”.

21 (2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is
22 amended by redesignating subparagraphs (B)
23 through (E) as subparagraphs (C) through (F), re-
24 spectively, and by inserting after subparagraph (A)
25 the following new subparagraph:

1 “(B) for a State with a paternity establish-
2 ment percentage of not less than 75 percent but
3 less than 90 percent for such fiscal year, the
4 paternity establishment percentage of the State
5 for the immediately preceding fiscal year plus 2
6 percentage points;”.

7 (3) Section 452(g)(2)(A) (42 U.S.C.
8 652(g)(2)(A)) is amended in the matter preceding
9 clause (i)—

10 (A) by striking “paternity establishment
11 percentage” and inserting “IV–D paternity es-
12 tablishment percentage”; and

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

15 (4) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
16 amended by adding at the end the following new
17 sentence: “In meeting the 90 percent paternity es-
18 tablishment requirement, a State may calculate ei-
19 ther the paternity establishment rate of cases in the
20 program funded under this part or the paternity es-
21 tablishment rate of all out-of-wedlock births in the
22 State.”.

23 (5) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
24 amended—

1 (A) by striking subparagraph (A) and re-
2 designating subparagraphs (B) and (C) as sub-
3 paragraphs (A) and (B), respectively;

4 (B) in subparagraph (A) (as so redesign-
5 ated), by striking “the percentage of children
6 born out-of-wedlock in a State” and inserting
7 “the percentage of children in a State who are
8 born out of wedlock or for whom support has
9 not been established”; and

10 (C) in subparagraph (B) (as so redesign-
11 ated) by inserting “and securing support” be-
12 fore the period.

13 (d) EFFECTIVE DATES.—

14 (1) INCENTIVE ADJUSTMENTS.—

15 (A) IN GENERAL.—The system developed
16 under subsection (a) and the amendments made
17 by subsection (b) become effective on October 1,
18 1997, except to the extent provided in subpara-
19 graph (B).

20 (B) APPLICATION OF SECTION 458.—Sec-
21 tion 458 of the Social Security Act, as in effect
22 on the day before the date of the enactment of
23 this section, shall be effective for purposes of
24 incentive payments to States for fiscal years be-
25 fore fiscal year 1999.

1 (2) PENALTY REDUCTIONS.—The amendments
2 made by subsection (c) become effective with respect
3 to calendar quarters beginning on or after the date
4 of the enactment of this Act.

5 **SEC. 242. FEDERAL AND STATE REVIEWS AND AUDITS.**

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

8 (1) in paragraph (14), by striking “(14)” and
9 inserting “(14)(A)”;

10 (2) by redesignating paragraph (15) as sub-
11 paragraph (B) of paragraph (14); and

12 (3) by inserting after paragraph (14) the fol-
13 lowing new paragraph:

14 “(15) provide for—

15 “(A) a process for annual reviews of and
16 reports to the Secretary on the State program
17 operated under the State plan approved under
18 this part, including such information as may be
19 necessary to measure State compliance with
20 Federal requirements for expedited procedures,
21 using such standards and procedures as are re-
22 quired by the Secretary, under which the State
23 agency will determine the extent to which the
24 program is operated in compliance with this
25 part; and

1 “(B) a process of extracting from the auto-
2 mated data processing system required by para-
3 graph (16) and transmitting to the Secretary
4 data and calculations concerning the levels of
5 accomplishment (and rates of improvement)
6 with respect to applicable performance indica-
7 tors (including IV–D paternity establishment
8 percentages to the extent necessary for pur-
9 poses of sections 452(g) and 458).”.

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

12 “(4)(A) review data and calculations transmit-
13 ted by State agencies pursuant to section
14 454(15)(B) on State program accomplishments with
15 respect to performance indicators for purposes of
16 subsection (g) of this section and section 458;

17 “(B) review annual reports submitted pursuant
18 to section 454(15)(A) and, as appropriate, provide
19 to the State comments, recommendations for addi-
20 tional or alternative corrective actions, and technical
21 assistance; and

22 “(C) conduct audits, in accordance with the
23 Government auditing standards of the Comptroller
24 General of the United States—

1 “(i) at least once every 3 years (or more
2 frequently, in the case of a State which fails to
3 meet the requirements of this part concerning
4 performance standards and reliability of pro-
5 gram data) to assess the completeness, reliabil-
6 ity, and security of the data, and the accuracy
7 of the reporting systems, used in calculating
8 performance indicators under subsection (g) of
9 this section and section 458;

10 “(ii) of the adequacy of financial manage-
11 ment of the State program operated under the
12 State plan approved under this part, including
13 assessments of—

14 “(I) whether Federal and other funds
15 made available to carry out the State pro-
16 gram are being appropriately expended,
17 and are properly and fully accounted for;
18 and

19 “(II) whether collections and disburse-
20 ments of support payments are carried out
21 correctly and are fully accounted for; and

22 “(iii) for such other purposes as the Sec-
23 retary may find necessary;”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall be effective with respect to calendar

1 quarters beginning 12 months or more after the date of
2 the enactment of this Act.

3 **SEC. 243. REQUIRED REPORTING PROCEDURES.**

4 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.
5 652(a)(5)) is amended by inserting “, and establish proce-
6 dures to be followed by States for collecting and reporting
7 information required to be provided under this part, and
8 establish uniform definitions (including those necessary to
9 enable the measurement of State compliance with the re-
10 quirements of this part relating to expedited processes) to
11 be applied in following such procedures” before the semi-
12 colon.

13 (b) STATE PLAN REQUIREMENT.—Section 454 (42
14 U.S.C. 654), as amended by sections 201(b), 203(a),
15 212(a), 213(a), and 233 of this Act, is amended—

16 (1) by striking “and” at the end of paragraph
17 (28);

18 (2) by striking the period at the end of para-
19 graph (29) and inserting “; and”; and

20 (3) by adding after paragraph (29) the follow-
21 ing new paragraph:

22 “(30) provide that the State shall use the defi-
23 nitions established under section 452(a)(5) in col-
24 lecting and reporting information as required under
25 this part.”.

1 **SEC. 244. AUTOMATED DATA PROCESSING REQUIREMENTS.**

2 (a) REVISED REQUIREMENTS.—

3 (1) IN GENERAL. Section 454(16) (42 U.S.C.
4 654(16)) is amended—

5 (A) by striking “, at the option of the
6 State,”;

7 (B) by inserting “and operation by the
8 State agency” after “for the establishment”;

9 (C) by inserting “meeting the requirements
10 of section 454A” after “information retrieval
11 system”;

12 (D) by striking “in the State and localities
13 thereof, so as (A)” and inserting “so as”;

14 (E) by striking “(i)”; and

15 (F) by striking “(including” and all that
16 follows and inserting a semicolon.

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

20 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

21 “(a) IN GENERAL.—In order for a State to meet the
22 requirements of this section, the State agency administer-
23 ing the State program under this part shall have in oper-
24 ation a single statewide automated data processing and
25 information retrieval system which has the capability to

1 perform the tasks specified in this section with the fre-
2 quency and in the manner required by or under this part.

3 “(b) PROGRAM MANAGEMENT.—The automated sys-
4 tem required by this section shall perform such functions
5 as the Secretary may specify relating to management of
6 the State program under this part, including—

7 “(1) controlling and accounting for use of Fed-
8 eral, State, and local funds in carrying out the pro-
9 gram; and

10 “(2) maintaining the data necessary to meet
11 Federal reporting requirements under this part on a
12 timely basis.

13 “(c) CALCULATION OF PERFORMANCE INDICA-
14 TORS.—In order to enable the Secretary to determine the
15 incentive payments and penalty adjustments required by
16 sections 452(g) and 458, the State agency shall—

17 “(1) use the automated system—

18 “(A) to maintain the requisite data on
19 State performance with respect to paternity es-
20 tablishment and child support enforcement in
21 the State; and

22 “(B) to calculate the IV–D paternity es-
23 tablishment percentage for the State for each
24 fiscal year; and

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

6 “(d) INFORMATION INTEGRITY AND SECURITY.—The
7 State agency shall have in effect safeguards on the integ-
8 rity, accuracy, and completeness of, access to, and use of
9 data in the automated system required by this section,
10 which shall include the following (in addition to such other
11 safeguards as the Secretary may specify in regulations):

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

16 “(A) permit access to and use of data only
17 to the extent necessary to carry out the State
18 program under this part; and

19 “(B) specify the data which may be used
20 for particular program purposes, and the per-
21 sonnel permitted access to such data.

22 “(2) SYSTEMS CONTROLS.—Systems controls
23 (such as passwords or blocking of fields) to ensure
24 strict adherence to the policies described in para-
25 graph (1).

1 “(3) MONITORING OF ACCESS.—Routine mon-
2 itoring of access to and use of the automated sys-
3 tem, through methods such as audit trails and feed-
4 back mechanisms, to guard against and promptly
5 identify unauthorized access or use.

6 “(4) TRAINING AND INFORMATION.—Proce-
7 dures to ensure that all personnel (including State
8 and local agency staff and contractors) who may
9 have access to or be required to use confidential pro-
10 gram data are informed of applicable requirements
11 and penalties (including those in section 6103 of the
12 Internal Revenue Code of 1986), and are adequately
13 trained in security procedures.

14 “(5) PENALTIES.—Administrative penalties (up
15 to and including dismissal from employment) for un-
16 authorized access to, or disclosure or use of, con-
17 fidential data.”.

18 (3) REGULATIONS.—The Secretary of Health
19 and Human Services shall prescribe final regulations
20 for implementation of section 454A of the Social Se-
21 curity Act no later than 2 years after the date of the
22 enactment of this Act.

23 (4) IMPLEMENTATION TIMETABLE.—Section
24 454(24) (42 U.S.C. 654(24)), as amended by section
25 203(a)(1) of this Act, is amended to read as follows:

1 “(24) provide that the State will have in effect
2 an automated data processing and information re-
3 trieval system—

4 “(A) by October 1, 1997, which meets all
5 requirements of this part which were enacted on
6 or before the date of enactment of the Family
7 Support Act of 1988, and

8 “(B) by October 1, 1999, which meets all
9 requirements of this part enacted on or before
10 the date of the enactment of this Act, except
11 that such deadline shall be extended by 1 day
12 for each day (if any) by which the Secretary
13 fails to meet the deadline imposed by section
14 244(a)(3) of the Work First and Personal Re-
15 sponsibility Act of 1996;”.

16 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-
17 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—

18 (1) IN GENERAL.—Section 455(a) (42 U.S.C.
19 655(a)) is amended—

20 (A) in paragraph (1)(B)—

21 (i) by striking “90 percent” and in-
22 serting “the percent specified in paragraph
23 (3)”;

24 (ii) by striking “so much of”; and

1 (iii) by striking “which the Secretary”
2 and all that follows and inserting “, and”;
3 and

4 (B) by adding at the end the following new
5 paragraph:

6 “(3)(A) Subject to the limitation in subpara-
7 graph (C), the Secretary shall pay to each State, for
8 each quarter in fiscal years 1996 and 1997, 90 per-
9 cent of so much of the State expenditures described
10 in paragraph (1)(B) as the Secretary finds are for
11 a system meeting the requirements specified in sec-
12 tion 454(16) (as in effect on September 30, 1995),
13 but limited to the amount approved for States in the
14 advance planning documents of such States submit-
15 ted on or before May 1, 1995.

16 “(B) Subject to the limitation in subparagraph
17 (C), the Secretary shall pay to each State, for each
18 quarter in fiscal years 1996 through 2001, 80 per-
19 cent of so much of the State expenditures described
20 in paragraph (1)(B) (other than expenditures with
21 respect to which payment is made under subpara-
22 graph (A)) as the Secretary finds are for a system
23 meeting the requirements of sections 454(16) and
24 454A.

1 “(C) LIMITATION ON PAYMENTS UNDER TEM-
2 PORARY SPECIAL FEDERAL MATCHING RATE.—

3 “(i) IN GENERAL.—The Secretary of
4 Health and Human Services may not pay more
5 than \$400,000,000 in the aggregate under this
6 paragraph for fiscal years 1996 through 2001,
7 which is the maximum amount to which States
8 may be entitled under this paragraph for such
9 fiscal period.

10 “(ii) ALLOCATION OF LIMITATION AMONG
11 STATES.—The total amount payable to a State
12 under this paragraph for fiscal years 1996
13 through 2001 shall not exceed the limitation de-
14 termined for the State by the Secretary of
15 Health and Human Services in regulations.

16 “(iii) ALLOCATION FORMULA.—The regula-
17 tions referred to in clause (ii) shall prescribe a
18 formula for allocating the amount specified in
19 clause (i) among States with plans approved
20 under part D of title IV of the Social Security
21 Act, which shall take into account—

22 “(I) the relative size of State case-
23 loads under such part; and

1 “(II) the level of automation needed
2 to meet the automated data processing re-
3 quirements of such part.”.

4 (c) Subsection (b) of this section is repealed effective
5 September 30, 2001.

6 (d) CONFORMING AMENDMENT.—Section 123(c) of
7 the Family Support Act of 1988 (102 Stat. 2352; Public
8 Law 100–485) is amended by striking “1995” and insert-
9 ing “2001”.

10 **SEC. 245. TECHNICAL ASSISTANCE.**

11 (a) FOR TRAINING OF FEDERAL AND STATE STAFF,
12 RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-
13 CIAL PROJECTS OF REGIONAL OR NATIONAL PROGRAMS,
14 AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL
15 SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended
16 by adding at the end the following new subsection:

17 “(j) From the appropriation account providing funds
18 for payments to States under section 455(a) for a fiscal
19 year, the Secretary may use an amount not to exceed 0.5
20 percent of reimbursements by States to the Federal Gov-
21 ernment pursuant to section 457(a) during the preceding
22 fiscal year (as determined on the basis of the most recent
23 reliable data available to the Secretary as of the end of
24 the 3rd calendar quarter following the end of such preced-

1 ing fiscal year), to cover costs incurred by the Secretary
2 for—

3 “(1) information dissemination and technical
4 assistance to States, training of State and Federal
5 staff, staffing studies, and related activities needed
6 to improve programs under this part (including tech-
7 nical assistance concerning State automated systems
8 required by this part); and

9 “(2) research, demonstration, and special
10 projects of regional or national significance relating
11 to the operation of State programs under this
12 part.”.

13 (b) OPERATION OF FEDERAL PARENT LOCATOR
14 SERVICE.—Section 453 (42 U.S.C. 653), as amended by
15 section 216 of this Act, is amended by adding at the end
16 the following new subsection:

17 “(o) RECOVERY OF COSTS.—From the appropriation
18 account providing funds for payments to States for under
19 section 455(a), the Secretary may use an amount not to
20 exceed 2 percent of the total reimbursements by States
21 to the Federal Government pursuant to section 457(a)
22 during the preceding fiscal year (as determined on the
23 basis of the most recent reliable data available to the Sec-
24 retary as of the end of the 3rd calendar quarter following
25 the end of such preceding fiscal year), to cover costs in-

1 curred by the Secretary for operation of the Federal Par-
2 ent Locator Service under this section, to the extent such
3 costs are not recovered through user fees.”.

4 **SEC. 246. REPORTS AND DATA COLLECTION BY THE SEC-**
5 **RETARY.**

6 (a) ANNUAL REPORT TO CONGRESS.—

7 (1) Section 452(a)(10)(A) (42 U.S.C.
8 652(a)(10)(A)) is amended—

9 (A) by striking “this part;” and inserting
10 “this part, including—”; and

11 (B) by adding at the end the following new
12 clauses:

13 “(i) the total amount of child support
14 payments collected as a result of services
15 furnished during the fiscal year to individ-
16 uals receiving services under this part;

17 “(ii) the cost to the States and to the
18 Federal Government of so furnishing the
19 services; and

20 “(iii) the number of cases involving
21 families—

22 “(I) who became ineligible for as-
23 sistance under State programs funded
24 under part A during a month in the
25 fiscal year; and

1 “(II) with respect to whom a
2 child support payment was received in
3 the month;”.

4 (2) Section 452(a)(10)(C) (42 U.S.C.
5 652(a)(10)(C)) is amended—

6 (A) in the matter preceding clause (i)—

7 (i) by striking “with the data required
8 under each clause being separately stated
9 for cases” and inserting “separately stated
10 for (1) cases”;

11 (ii) by striking “cases where the child
12 was formerly receiving” and inserting “or
13 formerly received”;

14 (iii) by inserting “or 1912” after
15 “471(a)(17)”; and

16 (iv) by inserting “(2)” before “all
17 other”;

18 (B) in each of clauses (i) and (ii), by strik-
19 ing “, and the total amount of such obliga-
20 tions”;

21 (C) in clause (iii), by striking “described
22 in” and all that follows and inserting “in which
23 support was collected during the fiscal year;”;

24 (D) by striking clause (iv); and

1 (E) by redesignating clause (v) as clause
2 (vii), and inserting after clause (iii) the follow-
3 ing new clauses:

4 “(iv) the total amount of support col-
5 lected during such fiscal year and distrib-
6 uted as current support;

7 “(v) the total amount of support col-
8 lected during such fiscal year and distrib-
9 uted as arrearages;

10 “(vi) the total amount of support due
11 and unpaid for all fiscal years; and”.

12 (3) Section 452(a)(10)(G) (42 U.S.C.
13 652(a)(10)(G)) is amended by striking “on the use
14 of Federal courts and”.

15 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10))
16 is amended—

17 (A) in subparagraph (H), by striking
18 “and”;

19 (B) in subparagraph (I), by striking the
20 period and inserting “; and”; and

21 (C) by inserting after subparagraph (I) the
22 following new subparagraph:

23 “(J) compliance, by State, with the stand-
24 ards established pursuant to subsections (h)
25 and (i).”.

1 “(ii) METHODS OF ADJUSTMENT.—

2 The State may elect to review and, if ap-
3 propriate, adjust an order pursuant to
4 clause (i) by—

5 “(I) reviewing and, if appro-
6 priate, adjusting the order in accord-
7 ance with the guidelines established
8 pursuant to section 467(a) if the
9 amount of the child support award
10 under the order differs from the
11 amount that would be awarded in ac-
12 cordance with the guidelines; or

13 “(II) applying a cost-of-living ad-
14 justment to the order in accordance
15 with a formula developed by the State
16 and permit either party to contest the
17 adjustment, within 30 days after the
18 date of the notice of the adjustment,
19 by making a request for review and, if
20 appropriate, adjustment of the order
21 in accordance with the child support
22 guidelines established pursuant to sec-
23 tion 467(a).

24 “(iii) NO PROOF OF CHANGE IN CIR-
25 CUMSTANCES NECESSARY.—Any adjust-

1 ment under this subparagraph (A) shall be
2 made without a requirement for proof or
3 showing of a change in circumstances.

4 “(B) AUTOMATED METHOD.—The State
5 may use automated methods (including auto-
6 mated comparisons with wage or State income
7 tax data) to identify orders eligible for review,
8 conduct the review, identify orders eligible for
9 adjustment, and apply the appropriate adjust-
10 ment to the orders eligible for adjustment
11 under the threshold established by the State.

12 “(C) REQUEST UPON SUBSTANTIAL
13 CHANGE IN CIRCUMSTANCES.—The State shall,
14 at the request of either parent subject to such
15 an order or of any State child support enforce-
16 ment agency, review and, if appropriate, adjust
17 the order in accordance with the guidelines es-
18 tablished pursuant to section 467(a) based
19 upon a substantial change in the circumstances
20 of either parent.

21 “(D) NOTICE OF RIGHT TO REVIEW.—The
22 State shall provide notice not less than once
23 every 3 years to the parents subject to such an
24 order informing them of their right to request
25 the State to review and, if appropriate, adjust

1 the order pursuant to this paragraph. The no-
2 tice may be included in the order.”.

3 **SEC. 252. FURNISHING CONSUMER REPORTS FOR CERTAIN**
4 **PURPOSES RELATING TO CHILD SUPPORT.**

5 Section 604 of the Fair Credit Reporting Act (15
6 U.S.C. 1681b) is amended by adding at the end the follow-
7 ing new paragraphs:

8 “(4) In response to a request by the head of a
9 State or local child support enforcement agency (or
10 a State or local government official authorized by
11 the head of such an agency), if the person making
12 the request certifies to the consumer reporting agen-
13 cy that—

14 “(A) the consumer report is needed for the
15 purpose of establishing an individual’s capacity
16 to make child support payments or determining
17 the appropriate level of such payments;

18 “(B) the paternity of the consumer for the
19 child to which the obligation relates has been
20 established or acknowledged by the consumer in
21 accordance with State laws under which the ob-
22 ligation arises (if required by those laws);

23 “(C) the person has provided at least 10
24 days’ prior notice to the consumer whose report
25 is requested, by certified or registered mail to

1 the last known address of the consumer, that
 2 the report will be requested; and

3 “(D) the consumer report will be kept con-
 4 fidential, will be used solely for a purpose de-
 5 scribed in subparagraph (A), and will not be
 6 used in connection with any other civil, admin-
 7 istrative, or criminal proceeding, or for any
 8 other purpose.

9 “(5) To an agency administering a State plan
 10 under section 454 of the Social Security Act (42
 11 U.S.C. 654) for use to set an initial or modified
 12 child support award.”.

13 **SEC. 253. NONLIABILITY FOR FINANCIAL INSTITUTIONS**
 14 **PROVIDING FINANCIAL RECORDS TO STATE**
 15 **CHILD SUPPORT ENFORCEMENT AGENCIES**
 16 **IN CHILD SUPPORT CASES.**

17 (a) IN GENERAL.—Notwithstanding any other provi-
 18 sion of Federal or State law, a financial institution shall
 19 not be liable under any Federal or State law to any person
 20 for disclosing any financial record of an individual to a
 21 State child support enforcement agency attempting to es-
 22 tablish, modify, or enforce a child support obligation of
 23 such individual.

24 (b) PROHIBITION OF DISCLOSURE OF FINANCIAL
 25 RECORD OBTAINED BY STATE CHILD SUPPORT EN-

1 FORCEMENT AGENCY.—A State child support enforcement
2 agency which obtains a financial record of an individual
3 from a financial institution pursuant to subsection (a)
4 may disclose such financial record only for the purpose
5 of establishing, modifying, or enforcing a child support ob-
6 ligation of that individual.

7 (c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-
8 SURE.—

9 (1) DISCLOSURE BY STATE OFFICER OR EM-
10 PLOYEE.—If any person knowingly or negligently
11 discloses a financial record of an individual in viola-
12 tion of subsection (b), such individual may bring a
13 civil action for damages against such person in a
14 district court of the United States.

15 (2) NO LIABILITY FOR GOOD FAITH BUT ERRO-
16 NEOUS INTERPRETATION.—No liability shall arise
17 under this subsection with respect to any disclosure
18 which results from a good faith, but erroneous, in-
19 terpretation of subsection (b).

20 (3) DAMAGES.—In any action brought under
21 paragraph (1), upon a finding of liability on the part
22 of the defendant, the defendant shall be liable to the
23 plaintiff in an amount equal to the sum of—

24 (A) the greater of—

1 (i) \$1,000 for each act of unauthor-
2 ized disclosure of a financial record with
3 respect to which such defendant is found
4 liable; or

5 (ii) the sum of—

6 (I) the actual damages sustained
7 by the plaintiff as a result of such un-
8 authorized disclosure; plus

9 (II) in the case of a willful disclo-
10 sure or a disclosure which is the re-
11 sult of gross negligence, punitive dam-
12 ages; plus

13 (B) the costs (including attorney's fees) of
14 the action.

15 (d) DEFINITIONS.—For purposes of this section—

16 (1) FINANCIAL INSTITUTION.—The term “fi-
17 nancial institution” means—

18 (A) a depository institution, as defined in
19 section 3(c) of the Federal Deposit Insurance
20 Act (12 U.S.C. 1813(c));

21 (B) an institution-affiliated party, as de-
22 fined in section 3(u) of such Act (12 U.S.C.
23 1813(v));

24 (C) any Federal credit union or State cred-
25 it union, as defined in section 101 of the Fed-

1 eral Credit Union Act (12 U.S.C. 1752), includ-
 2 ing an institution-affiliated party of such a
 3 credit union, as defined in section 206(r) of
 4 such Act (12 U.S.C. 1786(r)); and

5 (D) any benefit association, insurance com-
 6 pany, safe deposit company, money-market mu-
 7 tual fund, or similar entity authorized to do
 8 business in the State.

9 (2) FINANCIAL RECORD.—The term “financial
 10 record” has the meaning given such term in section
 11 1101 of the Right to Financial Privacy Act of 1978
 12 (12 U.S.C. 3401).

13 (3) STATE CHILD SUPPORT ENFORCEMENT
 14 AGENCY.—The term “State child support enforce-
 15 ment agency” means a State agency which admin-
 16 isters a State program for establishing and enforcing
 17 child support obligations.

18 **Subtitle G—Enforcement of Support Orders**

19 **SEC. 261. INTERNAL REVENUE SERVICE COLLECTION OF** 20 **ARREARAGES.**

21 (a) COLLECTION OF FEES.—Section 6305(a) of the
 22 Internal Revenue Code of 1986 (relating to collection of
 23 certain liability) is amended—

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

25 (3);

1 (2) by striking the period at the end of para-
2 graph (4) and inserting “, and”;

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

5 “(5) no additional fee may be assessed for ad-
6 justments to an amount previously certified pursu-
7 ant to such section 452(b) with respect to the same
8 obligor.”; and

9 (4) by striking “Secretary of Health, Edu-
10 cation, and Welfare” each place it appears and in-
11 serting “Secretary of Health and Human Services”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section become effective October 1, 1997.

14 **SEC. 262. AUTHORITY TO COLLECT SUPPORT FROM FED-**
15 **ERAL EMPLOYEES.**

16 (a) CONSOLIDATION AND STREAMLINING OF AU-
17 THORITIES.—Section 459 (42 U.S.C. 659) is amended to
18 read as follows:

19 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**
20 **WITHHOLDING, GARNISHMENT, AND SIMILAR**
21 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**
22 **SUPPORT AND ALIMONY OBLIGATIONS.**

23 “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-
24 withstanding any other provision of law (including section
25 207 of this Act and section 5301 of title 38, United States

1 Code), effective January 1, 1975, moneys (the entitlement
2 to which is based upon remuneration for employment) due
3 from, or payable by, the United States or the District of
4 Columbia (including any agency, subdivision, or instru-
5 mentality thereof) to any individual, including members
6 of the Armed Forces of the United States, shall be subject,
7 in like manner and to the same extent as if the United
8 States or the District of Columbia were a private person,
9 to withholding in accordance with State law enacted pur-
10 suant to subsections (a)(1) and (b) of section 466 and reg-
11 ulations of the Secretary under such subsections, and to
12 any other legal process brought, by a State agency admin-
13 istering a program under a State plan approved under this
14 part or by an individual obligee, to enforce the legal obliga-
15 tion of the individual to provide child support or alimony.

16 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO
17 PRIVATE PERSON.—With respect to notice to withhold in-
18 come pursuant to subsection (a)(1) or (b) of section 466,
19 or any other order or process to enforce support obliga-
20 tions against an individual (if the order or process con-
21 tains or is accompanied by sufficient data to permit
22 prompt identification of the individual and the moneys in-
23 volved), each governmental entity specified in subsection
24 (a) shall be subject to the same requirements as would

1 apply if the entity were a private person, except as other-
2 wise provided in this section.

3 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE
4 OR PROCESS.—

5 “(1) DESIGNATION OF AGENT.—The head of
6 each agency subject to this section shall—

7 “(A) designate an agent or agents to re-
8 ceive orders and accept service of process in
9 matters relating to child support or alimony;
10 and

11 “(B) annually publish in the Federal Reg-
12 ister the designation of the agent or agents,
13 identified by title or position, mailing address,
14 and telephone number.

15 “(2) RESPONSE TO NOTICE OR PROCESS.—If an
16 agent designated pursuant to paragraph (1) of this
17 subsection receives notice pursuant to State proce-
18 dures in effect pursuant to subsection (a)(1) or (b)
19 of section 466, or is effectively served with any
20 order, process, or interrogatory, with respect to an
21 individual’s child support or alimony payment obli-
22 gations, the agent shall—

23 “(A) as soon as possible (but not later
24 than 15 days) thereafter, send written notice of
25 the notice or service (together with a copy of

1 the notice or service) to the individual at the
2 duty station or last-known home address of the
3 individual;

4 “(B) within 30 days (or such longer period
5 as may be prescribed in applicable State law)
6 after receipt of a notice pursuant to such State
7 procedures, comply with all applicable provi-
8 sions of section 466; and

9 “(C) within 30 days (or such longer period
10 as may be prescribed by applicable State law)
11 after effective service of any other such order,
12 process, or interrogatory, respond to the order,
13 process, or interrogatory.

14 “(d) PRIORITY OF CLAIMS.—If a governmental entity
15 specified in subsection (a) receives notice or is served with
16 process, as provided in this section, concerning amounts
17 owed by an individual to more than 1 person—

18 “(1) support collection under section 466(b)
19 must be given priority over any other process, as
20 provided in section 466(b)(7);

21 “(2) allocation of moneys due or payable to an
22 individual among claimants under section 466(b)
23 shall be governed by section 466(b) and the regula-
24 tions prescribed under such section; and

1 “(3) such moneys as remain after compliance
2 with paragraphs (1) and (2) shall be available to
3 satisfy any other such processes on a first-come,
4 first-served basis, with any such process being satis-
5 fied out of such moneys as remain after the satisfac-
6 tion of all such processes which have been previously
7 served.

8 “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A
9 governmental entity that is affected by legal process
10 served for the enforcement of an individual’s child support
11 or alimony payment obligations shall not be required to
12 vary its normal pay and disbursement cycle in order to
13 comply with the legal process.

14 “(f) RELIEF FROM LIABILITY.—

15 “(1) Neither the United States, nor the govern-
16 ment of the District of Columbia, nor any disbursing
17 officer shall be liable with respect to any payment
18 made from moneys due or payable from the United
19 States to any individual pursuant to legal process
20 regular on its face, if the payment is made in ac-
21 cordance with this section and the regulations issued
22 to carry out this section.

23 “(2) No Federal employee whose duties include
24 taking actions necessary to comply with the require-
25 ments of subsection (a) with regard to any individ-

1 ual shall be subject under any law to any discipli-
2 nary action or civil or criminal liability or penalty
3 for, or on account of, any disclosure of information
4 made by the employee in connection with the carry-
5 ing out of such actions.

6 “(g) REGULATIONS.—Authority to promulgate regu-
7 lations for the implementation of this section shall, insofar
8 as this section applies to moneys due from (or payable
9 by)—

10 “(1) the United States (other than the legisla-
11 tive or judicial branches of the Federal Government)
12 or the government of the District of Columbia, be
13 vested in the President (or the designee of the Presi-
14 dent);

15 “(2) the legislative branch of the Federal Gov-
16 ernment, be vested jointly in the President pro tem-
17 pore of the Senate and the Speaker of the House of
18 Representatives (or their designees), and

19 “(3) the judicial branch of the Federal Govern-
20 ment, be vested in the Chief Justice of the United
21 States (or the designee of the Chief Justice).

22 “(h) MONEYS SUBJECT TO PROCESS.—

23 “(1) IN GENERAL.—Subject to paragraph (2),
24 moneys paid or payable to an individual which are

1 considered to be based upon remuneration for em-
2 ployment, for purposes of this section—

3 “(A) consist of—

4 “(i) compensation paid or payable for
5 personal services of the individual, whether
6 the compensation is denominated as wages,
7 salary, commission, bonus, pay, allowances,
8 or otherwise (including severance pay, sick
9 pay, and incentive pay);

10 “(ii) periodic benefits (including a
11 periodic benefit as defined in section
12 228(h)(3)) or other payments—

13 “(I) under the insurance system
14 established by title II;

15 “(II) under any other system or
16 fund established by the United States
17 which provides for the payment of
18 pensions, retirement or retired pay,
19 annuities, dependents’ or survivors’
20 benefits, or similar amounts payable
21 on account of personal services per-
22 formed by the individual or any other
23 individual;

24 “(III) as compensation for death
25 under any Federal program;

1 “(IV) under any Federal pro-
2 gram established to provide ‘black
3 lung’ benefits; or

4 “(V) by the Secretary of Veter-
5 ans Affairs as compensation for a
6 service-connected disability paid by
7 the Secretary to a former member of
8 the Armed Forces who is in receipt of
9 retired or retainer pay if the former
10 member has waived a portion of the
11 retired or retainer pay in order to re-
12 ceive such compensation; and

13 “(iii) worker’s compensation benefits
14 paid under Federal or State law but

15 “(B) do not include any payment—

16 “(i) by way of reimbursement or oth-
17 erwise, to defray expenses incurred by the
18 individual in carrying out duties associated
19 with the employment of the individual; or

20 “(ii) as allowances for members of the
21 uniformed services payable pursuant to
22 chapter 7 of title 37, United States Code,
23 as prescribed by the Secretaries concerned
24 (defined by section 101(5) of such title) as

1 necessary for the efficient performance of
2 duty.

3 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-
4 mining the amount of any moneys due from, or pay-
5 able by, the United States to any individual, there
6 shall be excluded amounts which—

7 “(A) are owned by the individual to the
8 United States;

9 “(B) are required by law to be, and are,
10 deducted from the remuneration or other pay-
11 ment involved, including Federal employment
12 taxes, and fines and forfeitures ordered by
13 court-martial;

14 “(C) are properly withheld for Federal,
15 State, or local income tax purposes, if the with-
16 holding of the amounts is authorized or re-
17 quired by law and if amounts withheld are not
18 greater than would be the case if the individual
19 claimed all dependents to which he was entitled
20 (the withholding or additional amounts pursu-
21 ant to section 3402(i) of the Internal Revenue
22 Code of 1986 may be permitted only when the
23 individual presents evidence of a tax obligation
24 which supports the additional withholding);

1 “(D) are deducted as health insurance pre-
2 miums;

3 “(E) are deducted as normal retirement
4 contributions (not including amounts deducted
5 for supplementary coverage); or

6 “(F) are deducted as normal life insurance
7 premiums from salary or other remuneration
8 for employment (not including amounts de-
9 ducted for supplementary coverage).

10 “(i) DEFINITIONS.—For purposes of this section—

11 “(1) UNITED STATES.—The term ‘United
12 States’ includes any department, agency, or instru-
13 mentality of the legislative, judicial, or executive
14 branch of the Federal Government, the United
15 States Postal Service, the Postal Rate Commission,
16 any Federal corporation created by an Act of Con-
17 gress that is wholly owned by the Federal Govern-
18 ment, and the governments of the territories and
19 possessions of the United States.

20 “(2) CHILD SUPPORT.—The term ‘child sup-
21 port’, when used in reference to the legal obligations
22 of an individual to provide such support, means
23 amounts required to be paid under a judgment, de-
24 cree, or order, whether temporary, final, or subject
25 to modification, issued by a court or an administra-

1 tive agency of competent jurisdiction, for the sup-
2 port and maintenance of a child, including a child
3 who has attained the age of majority under the law
4 of the issuing State, or a child and the parent with
5 whom the child is living, which provides for mone-
6 tary support, health care, arrearages or reimburse-
7 ment, and which may include other related costs and
8 fees, interest and penalties, income withholding, at-
9 torney’s fees, and other relief.

10 “(3) ALIMONY.—

11 “(A) IN GENERAL.—The term ‘alimony’,
12 when used in reference to the legal obligations
13 of an individual to provide the same, means
14 periodic payments of funds for the support and
15 maintenance of the spouse (or former spouse)
16 of the individual, and (subject to and in accord-
17 ance with State law) includes separate mainte-
18 nance, alimony pendente lite, maintenance, and
19 spousal support, and includes attorney’s fees,
20 interest, and court costs when and to the extent
21 that the same are expressly made recoverable as
22 such pursuant to a decree, order, or judgment
23 issued in accordance with applicable State law
24 by a court of competent jurisdiction.

1 “(B) EXCEPTIONS.—Such term does not
2 include—

3 “(i) any child support; or

4 “(ii) any payment or transfer of prop-
5 erty or its value by an individual to the
6 spouse or a former spouse of the individual
7 in compliance with any community prop-
8 erty settlement, equitable distribution of
9 property, or other division of property be-
10 tween spouses or former spouses.

11 “(4) PRIVATE PERSON.—The term ‘private per-
12 son’ means a person who does not have sovereign or
13 other special immunity or privilege which causes the
14 person not to be subject to legal process.

15 “(5) LEGAL PROCESS.—The term ‘legal proc-
16 ess’ means any writ, order, summons, or other simi-
17 lar process in the nature of garnishment—

18 “(A) which is issued by—

19 “(i) a court or an administrative
20 agency of competent jurisdiction in any
21 State, territory, or possession of the Unit-
22 ed States;

23 “(ii) a court or an administrative
24 agency of competent jurisdiction in any
25 foreign country with which the United

1 States has entered into an agreement
2 which requires the United States to honor
3 the process; or

4 “(iii) an authorized official pursuant
5 to an order of such a court or an adminis-
6 trative agency of competent jurisdiction or
7 pursuant to State or local law; and

8 “(B) which is directed to, and the purpose
9 of which is to compel, a governmental entity
10 which holds moneys which are otherwise pay-
11 able to an individual to make a payment from
12 the moneys to another party in order to satisfy
13 a legal obligation of the individual to provide
14 child support or make alimony payments.”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) TO PART D OF TITLE IV.—Sections 461 and
17 462 (42 U.S.C. 661 and 662) are repealed.

18 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
19 tion 5520a of title 5, United States Code, is amend-
20 ed, in subsections (h)(2) and (i), by striking “sec-
21 tions 459, 461, and 462 of the Social Security Act
22 (42 U.S.C. 659, 661, and 662)” and inserting “sec-
23 tion 459 of the Social Security Act (42 U.S.C.
24 659)”.

25 (c) MILITARY RETIRED AND RETAINER PAY.—

1 (1) DEFINITION OF COURT.—Section
2 1408(a)(1) of title 10, United States Code, is
3 amended—

4 (A) by striking “and” at the end of sub-
5 paragraph (B);

6 (B) by striking the period at the end of
7 subparagraph (C) and inserting “; and”; and

8 (C) by adding after subparagraph (C) the
9 following: new subparagraph:

10 “(D) any administrative or judicial tribu-
11 nal of a State competent to enter orders for
12 support or maintenance (including a State
13 agency administering a program under a State
14 plan approved under part D of title IV of the
15 Social Security Act), and, for purposes of this
16 subparagraph, the term ‘State’ includes the
17 District of Columbia, the Commonwealth of
18 Puerto Rico, the Virgin Islands, Guam, and
19 American Samoa.”.

20 (2) DEFINITION OF COURT ORDER.—Section
21 1408(a)(2) of such title is amended—

22 (A) by inserting “or a support order, as
23 defined in section 453(p) of the Social Security
24 Act (42 U.S.C. 653(p)),” before “which—”;

1 (B) in subparagraph (B)(i), by striking
2 “(as defined in section 462(b) of the Social Se-
3 curity Act (42 U.S.C. 662(b)))” and inserting
4 “(as defined in section 459(i)(2) of the Social
5 Security Act (42 U.S.C. 662(i)(2)))”; and

6 (C) in subparagraph (B)(ii), by striking
7 “(as defined in section 462(c) of the Social Se-
8 curity Act (42 U.S.C. 662(c)))” and inserting
9 “(as defined in section 459(i)(3) of the Social
10 Security Act (42 U.S.C. 662(i)(3)))”.

11 (3) PUBLIC PAYEE.—Section 1408(d) of such
12 title is amended—

13 (A) in the heading, by inserting “(OR
14 FOR BENEFIT OF)” before “SPOUSE OR”;
15 and

16 (B) in paragraph (1), in the 1st sentence,
17 by inserting “(or for the benefit of such spouse
18 or former spouse to a State disbursement unit
19 established pursuant to section 454B of the So-
20 cial Security Act or other public payee des-
21 ignated by a State, in accordance with part D
22 of title IV of the Social Security Act, as di-
23 rected by court order, or as otherwise directed
24 in accordance with such part D)” before “in an
25 amount sufficient”.

1 (4) RELATIONSHIP TO PART D OF TITLE IV.—

2 Section 1408 of such title is amended by adding at
3 the end the following new subsection:

4 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
5 involving an order providing for payment of child support
6 (as defined in section 459(i)(2) of the Social Security Act)
7 by a member who has never been married to the other
8 parent of the child, the provisions of this section shall not
9 apply, and the case shall be subject to the provisions of
10 section 459 of such Act.”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section become effective 6 months after the date of
13 the enactment of this Act.

14 **SEC. 263. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
15 **TIONS OF MEMBERS OF THE ARMED FORCES.**

16 (a) AVAILABILITY OF LOCATOR INFORMATION.—

17 (1) MAINTENANCE OF ADDRESS INFORMA-
18 TION.—The Secretary of Defense shall establish a
19 centralized personnel locator service that includes
20 the address of each member of the Armed Forces
21 under the jurisdiction of the Secretary. Upon re-
22 quest of the Secretary of Transportation, addresses
23 for members of the Coast Guard shall be included in
24 the centralized personnel locator service.

25 (2) TYPE OF ADDRESS.—

1 (A) RESIDENTIAL ADDRESS.—Except as
2 provided in subparagraph (B), the address for
3 a member of the Armed Forces shown in the lo-
4 cator service shall be the residential address of
5 that member.

6 (B) DUTY ADDRESS.—The address for a
7 member of the Armed Forces shown in the loca-
8 tor service shall be the duty address of that
9 member in the case of a member—

10 (i) who is permanently assigned over-
11 seas, to a vessel, or to a routinely
12 deployable unit; or

13 (ii) with respect to whom the Sec-
14 retary concerned makes a determination
15 that the member's residential address
16 should not be disclosed due to national se-
17 curity or safety concerns.

18 (3) UPDATING OF LOCATOR INFORMATION.—
19 Within 30 days after a member listed in the locator
20 service establishes a new residential address (or a
21 new duty address, in the case of a member covered
22 by paragraph (2)(B)), the Secretary concerned shall
23 update the locator service to indicate the new ad-
24 dress of the member.

1 (4) AVAILABILITY OF INFORMATION.—The Sec-
2 retary of Defense shall make information regarding
3 the address of a member of the Armed Forces listed
4 in the locator service available, on request, to the
5 Federal Parent Locator Service established under
6 section 453 of the Social Security Act.

7 (b) FACILITATING GRANTING OF LEAVE FOR AT-
8 TENDANCE AT HEARINGS.—

9 (1) REGULATIONS.—The Secretary of each
10 military department, and the Secretary of transpor-
11 tation with respect to the Coast Guard when it is
12 not operating as a service in the Navy, shall pre-
13 scribe regulations to facilitate the granting of leave
14 to a member of the Armed Forces under the juris-
15 diction of that Secretary in a case in which—

16 (A) the leave is needed for the member to
17 attend a hearing described in paragraph (2);

18 (B) the member is not serving in or with
19 a unit deployed in a contingency operation (as
20 defined in section 101 of title 10, United States
21 Code); and

22 (C) the exigencies of military service (as
23 determined by the Secretary concerned) do not
24 otherwise require that such leave not be grant-
25 ed.

1 (2) COVERED HEARINGS.—Paragraph (1) ap-
2 plies to a hearing that is conducted by a court or
3 pursuant to an administrative process established
4 under State law, in connection with a civil action—

5 (A) to determine whether a member of the
6 Armed Forces is a natural parent of a child; or

7 (B) to determine an obligation of a mem-
8 ber of the Armed Forces to provide child sup-
9 port.

10 (3) DEFINITIONS.—For purposes of this sub-
11 section—

12 (A) The term “court” has the meaning
13 given that term in section 1408(a) of title 10,
14 United States Code.

15 (B) the term “child support” has the
16 meaning given such term in section 459(i) of
17 the Social Security Act (42 U.S.C. 659(i)).

18 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
19 PLIANCE WITH CHILD SUPPORT ORDERS.—

20 (1) DATE OF CERTIFICATION OF COURT
21 ORDER.—Section 1408 of title 10, United States
22 Code, as amended by section 262(c)(4) of this Act,
23 is amended—

24 (A) by redesignating subsections (i) and (j)
25 as subsections (j) and (k), respectively; and

1 “(B) by inserting after subsection (h) the
2 following new subsection:

3 “(i) CERTIFICATION DATE.—It is not necessary that
4 the date of a certification of the authenticity or complete-
5 ness of a copy of a court order for child support received
6 by the Secretary concerned for the purposes of this section
7 be recent in relation to the date of receipt by the Sec-
8 retary.”

9 (2) PAYMENTS CONSISTENT WITH ASSIGNMENT
10 OF RIGHTS TO STATES.—Section 1408(d)(1) of such
11 title is amended by inserting after the 1st sentence
12 the following new sentence: “In the case of a spouse
13 or former spouse who, pursuant to section 402(a)(2)
14 of the Social Security Act (42 U.S.C. 602(a)(2)), as-
15 signs to a State the rights of the spouse or former
16 spouse to receive support, the Secretary concerned
17 may make the child support payments referred to
18 in the preceding sentence to that State in amounts
19 consistent with that assignment of rights.”.

20 (3) ARREARAGES OWED BY MEMBERS OF THE
21 UNIFORMED SERVICES.—Section 1408(d) of such
22 title is amended by adding at the end the following
23 new paragraph:

24 “(6) In the case of a court order for which ef-
25 fective service is made on the Secretary concerned

1 on or after the date of the enactment of this para-
2 graph and which provides for payments from the
3 disposable retired pay of a member to satisfy the
4 amount of child support set forth in the order, the
5 authority provided in paragraph (1) to make pay-
6 ments from the disposable retired pay of a member
7 to satisfy the amount of child support set forth in
8 a court order shall apply to payment of any amount
9 of child support arrearages set forth in that order as
10 well as to amounts of child support that currently
11 become due.”.

12 (4) PAYROLL DEDUCTIONS.—The Secretary of
13 Defense shall begin payroll deductions within 30
14 days after receiving notice of withholding, or for the
15 1st pay period that begins after such 30-day period.

16 **SEC. 264. VOIDING OF FRAUDULENT TRANSFERS.**

17 Section 466 (42 U.S.C. 666), as amended by section
18 221 of this Act, is amended by adding at the end the fol-
19 lowing new subsection:

20 “(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In
21 order to satisfy section 454(20)(A), each State must have
22 in effect—

23 “(1)(A) the Uniform Fraudulent Conveyance
24 Act of 1981;

1 “(B) the Uniform Fraudulent Transfer Act of
2 1984; or

3 “(C) another law, specifying indicia or fraud
4 which create a prima facie case that a debtor trans-
5 ferred income or property to avoid payment to a
6 child support creditor, which the Secretary finds af-
7 fords comparable rights to child support creditors;
8 and

9 “(2) procedures under which, in any case in
10 which the State knows of a transfer by a child sup-
11 port debtor with respect to which such a prima facie
12 case is established, the State must—

13 “(A) seek to void such transfer; or

14 “(B) obtain a settlement in the best inter-
15 ests of the child support creditor.”.

16 **SEC. 265. WORK REQUIREMENT FOR PERSONS OWING**
17 **PAST-DUE CHILD SUPPORT.**

18 (a) IN GENERAL.—Section 466(a) of the Social Secu-
19 rity Act (42 U.S.C. 666(a)), as amended by sections 215,
20 217(a), and 223 of this Act, is amended by adding at the
21 end the following new paragraph:

22 “(15) PROCEDURES TO ENSURE THAT PERSONS
23 OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN
24 FOR PAYMENT OF SUCH SUPPORT.—

1 “(A) IN GENERAL.—Procedures under
2 which the State has the authority, in any case
3 in which an individual owes past-due support
4 with respect to a child receiving assistance
5 under a State program funded under part A, to
6 seek a court order that requires the individual
7 to—

8 “(i) pay such support in accordance
9 with a plan approved by the court, or, at
10 the option of the State, a plan approved by
11 the State agency administering the State
12 program under this part; or

13 “(ii) if the individual is subject to
14 such a plan and is not incapacitated, par-
15 ticipate in such work activities (as defined
16 in section 407(d)) as the court, or, at the
17 option of the State, the State agency ad-
18 ministering the State program under this
19 part, deems appropriate.

20 “(B) PAST-DUE SUPPORT DEFINED.—For
21 purposes of subparagraph (A), the term ‘past-
22 due support’ means the amount whose payment
23 is overdue as determined under a court order,
24 or an order of an administrative process estab-
25 lished under State law, for support and mainte-

1 nance of a child, or of a child and the parent
2 with whom the child is living.”.

3 (b) CONFORMING AMENDMENT.—The flush para-
4 graph at the end of section 466(a) (42 U.S.C. 666(a)) is
5 amended by striking “and (7)” and inserting “(7), and
6 (15)”.

7 **SEC. 266. DEFINITION OF SUPPORT ORDER.**

8 Section 453 (42 U.S.C. 653) as amended by sections
9 216 and 246(b) of this Act, is amended by adding at the
10 end the following new subsection:

11 “(p) SUPPORT ORDER DEFINED.—As used in this
12 part, the term ‘support order’ means a judgment, decree,
13 or order, whether temporary, final, or subject to modifica-
14 tion, issued by a court or an administrative agency of com-
15 petent jurisdiction, for the support and maintenance of a
16 child, including a child who has attained the age of major-
17 ity under the law of the issuing State, or a child and the
18 parent with whom the child is living, which provides for
19 monetary support, health care, arrearages, or reimburse-
20 ment, and which may include related costs and fees, inter-
21 est and penalties, income withholding, attorneys’ fees, and
22 other relief.”.

23 **SEC. 267. REPORTING ARREARAGES TO CREDIT BUREAUS.**

24 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
25 to read as follows:

1 “(7) REPORTING ARREARAGES TO CREDIT BU-
2 REAUS.—

3 “(A) IN GENERAL.—Procedures (subject to
4 safeguards pursuant to subparagraph (B)) re-
5 quiring the State to report periodically to
6 consumer reporting agencies (as defined in sec-
7 tion 603(f) of the Fair Credit Reporting Act
8 (15 U.S.C. 1681a(f)) the name of any non-
9 custodial parent who is delinquent in the pay-
10 ment of support, and the amount of overdue
11 support owed by such parent.

12 “(B) SAFEGUARDS.—Procedures ensuring
13 that, in carrying out subparagraph (A), infor-
14 mation with respect to a noncustodial parent is
15 reported—

16 “(i) only after such parent has been
17 afforded all due process required under
18 State law, including notice and a reason-
19 able opportunity to contest the accuracy of
20 such information; and

21 “(ii) only to an entity that has fur-
22 nished evidence satisfactory to the State
23 that the entity is a consumer reporting
24 agency (as so defined).”.

1 **SEC. 268. LIENS.**

2 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended
3 to read as follows:

4 “(4) LIENS.—Procedures under which—

5 “(A) liens arise by operation of law against
6 real and personal property for amounts of over-
7 due support owed by a noncustodial parent who
8 resides or owns property in the State; and

9 “(B) the State accords full faith and credit
10 to liens described in subparagraph (A) arising
11 in another State, without registration of the un-
12 derlying order.”.

13 **SEC. 269. STATE LAW AUTHORIZING SUSPENSION OF LI-**
14 **CENSES.**

15 Section 466(a) (42 U.S.C. 666(a)), as amended by
16 sections 215, 217(a), 223, and 265 of this Act, is amended
17 by adding at the end the following:

18 “(16) AUTHORITY TO WITHHOLD OR SUSPEND
19 LICENSES.—Procedures under which the State has
20 (and uses in appropriate cases) authority to withhold
21 or suspend, or to restrict the use of, driver’s li-
22 censes, professional and occupational licenses, and
23 recreational licenses of individuals owing overdue
24 support or failing, after receiving appropriate notice,
25 to comply with subpoenas or warrants relating to
26 paternity or child support proceedings.”.

1 **SEC. 270. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
2 **CHILD SUPPORT.**

3 (a) HHS CERTIFICATION PROCEDURE.—

4 (1) SECRETARIAL RESPONSIBILITY.—Section
5 452 (42 U.S.C. 652), as amended by section 246 of
6 this Act, is amended by adding at the end the fol-
7 lowing new subsection:

8 “(k)(1) If the Secretary receives a certification by a
9 State agency in accordance with the requirements of sec-
10 tion 454(31) that an individual owes arrearages of child
11 support in an amount exceeding \$5,000, the Secretary
12 shall transmit such certification to the Secretary of State
13 for action (with respect to denial, revocation, limitation
14 of passports) pursuant to section 270(b) of the Work First
15 and Personal Responsibility Act of 1996.

16 “(2) The Secretary shall not be liable to an individual
17 for any action with respect to a certification by a State
18 agency under this section.”.

19 (2) STATE AGENCY RESPONSIBILITY.—Section
20 454 (42 U.S.C. 654) as amended by sections 201(b),
21 203(a), 212(b), 213(a), 233, and 244(b) of this Act,
22 is amended—

23 (A) by striking “and” at the end of para-
24 graph (29);

25 (B) by striking the period at the end of
26 paragraph (30) and inserting “; and”; and

1 (C) by adding after paragraph (30) the fol-
2 lowing new paragraph:

3 “(31) provide that the State agency will have in
4 effect a procedure for certifying to the Secretary, for
5 purposes of the procedure under section 452(k), de-
6 terminations that individuals owe arrearages of child
7 support in an amount exceeding \$5,000, under
8 which procedure—

9 “(A) each individual concerned is afforded
10 notice of such determination and the con-
11 sequences thereof, and an opportunity to con-
12 test the determination; and

13 “(B) the certification by the State agency
14 is furnished to the Secretary in such format,
15 and accompanied by such supporting docu-
16 mentation, as the Secretary may require.”.

17 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL
18 OF PASSPORTS.—

19 (1) IN GENERAL.—The Secretary of State shall,
20 upon certification by the Secretary of Health and
21 Human Services transmitted under section 452(k) of
22 the Social Security Act, refuse to issue a passport to
23 such individual, and may revoke, restrict, or limit a
24 passport issued previously to such individual.

1 (2) LIMIT ON LIABILITY.—The Secretary of
2 State shall not be liable to an individual for any ac-
3 tion with respect to a certification by a State agency
4 under this section.

5 (c) EFFECTIVE DATE.—This section and the amend-
6 ments made by this section become effective October 1,
7 1996.

8 **SEC. 271. INTERNATIONAL CHILD SUPPORT ENFORCE-**
9 **MENT.**

10 (a) AUTHORITY FOR INTERNATIONAL AGREE-
11 MENTS.—Part D of title IV, as amended by section 262(a)
12 of this Act, is amended by adding after section 459 the
13 following new section:

14 **“SEC. 459A. INTERNATIONAL CHILD SUPPORT ENFORCE-**
15 **MENT.**

16 “(a) AUTHORITY FOR DECLARATIONS.—

17 “(1) DECLARATION.—The Secretary of State,
18 with the concurrence of the Secretary of Health and
19 Human Services, is authorized to declare any foreign
20 country (or a political subdivision thereof) to be a
21 foreign reciprocating country if the foreign country
22 has established, or undertakes to establish, proce-
23 dures for the establishment and enforcement of du-
24 ties of support owed to obligees who are residents of
25 the United States, and such procedures are substan-

1 tially in conformity with the standards prescribed
2 under subsection (b).

3 “(2) REVOCATION.—A declaration with respect
4 to a foreign country made pursuant to paragraph
5 (1) may be revoked if the Secretaries of State and
6 Health and Human Services determine that—

7 “(A) the procedures established by the for-
8 eign nation regarding the establishment and en-
9 forcement of duties of support have been so
10 changed, or the foreign nation’s implementation
11 of such procedures is so unsatisfactory, that
12 such procedures do not meet the criteria for
13 such a declaration; or

14 “(B) continued operation of the declaration
15 is not consistent with the purposes of this part.

16 “(3) FORM OF DECLARATION.—A declaration
17 under paragraph (1) may be made in the form of an
18 international agreement or corresponding foreign
19 declaration, or on a unilateral basis.

20 “(b) STANDARDS FOR FOREIGN SUPPORT ENFORCE-
21 MENT PROCEDURES.—

22 “(1) MANDATORY ELEMENTS.—Child support
23 enforcement procedures of a foreign country which
24 may be the subject of a declaration pursuant to sub-
25 section (a)(1) shall include the following elements:

1 “(A) The foreign country (or political sub-
2 division thereof) has in effect procedures, avail-
3 able to residents of the United States—

4 “(i) for establishment of paternity,
5 and for establishment of orders of support
6 for children and custodial parents; and

7 “(ii) for enforcement of orders to pro-
8 vide support to children and custodial par-
9 ents, including procedures for collection
10 and appropriate distribution of support
11 payments under such orders.

12 “(B) The procedures described in subpara-
13 graph (A), including legal and administrative
14 assistance, are provided to residents of the
15 United States at no cost.

16 “(C) An agency of the foreign country is
17 designated as a Central Authority responsible
18 for—

19 “(i) facilitating child support enforce-
20 ment in cases involving residents of the
21 foreign nation and residents of the United
22 States; and

23 “(ii) ensuring compliance with the
24 standards established pursuant to this sub-
25 section.

1 “(2) ADDITIONAL ELEMENTS.—The Secretary
2 of Health and Human Services and the Secretary of
3 State, in consultation with the States, may establish
4 such additional standards as may be considered nec-
5 essary to further the purposes of this section.

6 “(c) DESIGNATION OF UNITED STATES CENTRAL
7 AUTHORITY.—It shall be the responsibility of the Sec-
8 retary of Health and Human Services to facilitate child
9 support enforcement in cases involving residents of the
10 United States and residents of foreign nations that are
11 the subject of a declaration under this section, by activities
12 including—

13 “(1) development of uniform forms and proce-
14 dures for use in such cases;

15 “(2) notification of foreign reciprocating coun-
16 tries of the State of residence of individuals sought
17 for support enforcement purposes, on the basis of in-
18 formation provided by the Federal Parent Locator
19 Service; and

20 “(3) such other oversight, assistance, and co-
21 ordination activities as the Secretary may find nec-
22 essary and appropriate.

23 “(d) EFFECT ON OTHER LAWS.—States may enter
24 into reciprocal arrangements for the establishment and en-
25 forcement of child support obligations with foreign coun-

1 tries that are not the subject of a declaration pursuant
2 to subsection (a), to the extent consistent with Federal
3 law.”.

4 “(b) STATE PLAN REQUIREMENT.—Section 454 (42
5 U.S.C. 654), as amended by sections 201(b), 203(a),
6 212(b), 213(a), 233, 244(b), and 270(a)(2) of this Act,
7 is amended—

8 (1) by striking “and” at the end of paragraph
9 (30);

10 (2) by striking the period at the end of para-
11 graph (31) and inserting “; and”; and

12 (3) by adding after paragraph (31) the follow-
13 ing new paragraph:

14 “(32)(A) provide that any request for services
15 under this part by a foreign reciprocating country or
16 a foreign country with which the State has an ar-
17 rangement described in section 459A(d)(2) shall be
18 treated as a request by a State;

19 “(B) provide, at State option, notwithstanding
20 paragraph (4) or any other provision of this part,
21 for services under the plan for enforcement of a
22 spousal support order not described in paragraph
23 (4)(B) entered by such a country (or subdivision);
24 and

1 “(C) provide that no applications will be re-
 2 quired from, and no costs will be assessed for such
 3 services against, the foreign reciprocating country of
 4 foreign obligee (but costs may at State option be as-
 5 sessed against the obligor).”.

6 **SEC. 272. FINANCIAL INSTITUTION DATA MATCHES.**

7 Section 466(a) (42 U.S.C. 666(a)), as amended by
 8 sections 215, 217(a), 223, 265, and 269 of this Act, is
 9 amended by adding at the end the following new para-
 10 graph:

11 “(17) FINANCIAL INSTITUTION DATA
 12 MATCHES.—

13 “(A) IN GENERAL.—Procedures under
 14 which the State agency shall enter into agree-
 15 ments with financial institutions doing business
 16 in the State—

17 “(i) to develop and operate, in coordi-
 18 nation with such financial institutions, a
 19 data match system, using automated data
 20 exchanges to the maximum extent feasible,
 21 in which each such financial institution is
 22 required to provide for each calendar quar-
 23 ter the name, record address, social secu-
 24 rity number or other taxpayer identifica-
 25 tion number, and other identifying infor-

1 mation for each noncustodial parent who
2 maintains an account at such institution
3 and who owes past-due support, as identi-
4 fied by the State by name and social secu-
5 rity number or other taxpayer identifica-
6 tion number; and

7 “(ii) in response to a notice of lien or
8 levy, encumber or surrender, as the case
9 may be, assets held by such institution on
10 behalf of any noncustodial parent who is
11 subject to a child support lien pursuant to
12 paragraph (4).

13 “(B) REASONABLE FEES.—The State
14 agency may pay a reasonable fee to a financial
15 institution for conducting the data match pro-
16 vided for in subparagraph (A)(i), not to exceed
17 the actual costs incurred by such financial insti-
18 tution.

19 “(C) LIABILITY.—A financial institution
20 shall not be liable under any Federal or State
21 law to any person—

22 “(i) for any disclosure of information
23 to the State agency under subparagraph
24 (A)(i);

1 “(ii) for encumbering or surrendering
2 any assets held by such financial institu-
3 tion in response to a notice of lien or levy
4 issued by the State agency as provided in
5 subparagraph (A)(ii); or

6 “(iii) for any other action taken in
7 good faith to comply with the requirements
8 of subparagraph (A).

9 “(D) DEFINITIONS.—For purposes of this
10 paragraph—

11 “(i) FINANCIAL INSTITUTION.—The
12 term ‘financial institution’ means any Fed-
13 eral or State commercial savings bank, in-
14 cluding savings association or cooperative
15 bank, Federal- or State-chartered credit
16 union, benefit association, insurance com-
17 pany, safe deposit company, money-market
18 mutual fund, or any similar entity author-
19 ized to do business in the State; and

20 “(ii) ACCOUNT.—The term ‘account’
21 means a demand deposit account, checking
22 or negotiable withdrawal order account,
23 savings account, time deposit account, or
24 money-market mutual fund account.”.

1 **SEC. 273. ENFORCEMENT OF ORDERS AGAINST PATERNAL**
2 **OR MATERNAL GRANDPARENTS IN CASES OF**
3 **MINOR PARENTS.**

4 Section 466(a) (42 U.S.C. 666(a)), as amended by
5 sections 215, 217(a), 223, 265, 269, and 272 of this Act,
6 is amended by adding at the end the following new para-
7 graph:

8 “(18) ENFORCEMENT OF ORDERS AGAINST PA-
9 TERNAL OR MATERNAL GRANDPARENTS.—Proce-
10 dures under which, at the State’s option, any child
11 support order enforced under this part with respect
12 to a child of minor parents, if the custodial parents
13 of such child is receiving assistance under the State
14 program under part A, shall be enforceable, joint
15 and severally, against the parents of the noncusto-
16 dial parents of such child.”.

17 **SEC. 274. NONDISCHARGEABILITY IN BANKRUPTCY OF**
18 **CERTAIN DEBTS FOR THE SUPPORT OF A**
19 **CHILD.**

20 (a) AMENDMENT TO TITLE 11 OF THE UNITED
21 STATES CODE.—Section 523(a) of title 11, United States
22 Code, is amended—

23 (1) in paragraph (16) by striking the period at
24 the end and inserting “; or”,

25 (2) by adding at the end the following:

1 “(17) to a State or municipality for assistance
2 provided by such State or municipality under a
3 State program funded under part A of title IV of the
4 Social Security Act to the extent that such assist-
5 ance is provided for the support of a child of the
6 debtor.”, and

7 (3) in paragraph (5), by striking “(26)” and in-
8 serting “(2)”.

9 (b) AMENDMENT TO THE SOCIAL SECURITY ACT.—
10 Section 456(b) of the Social Security Act (42 U.S.C.
11 656(b)) is amended to read as follows:

12 “(b) NONDISCHARGEABILITY.—A debt (as defined in
13 section 101 of title 11 of the United States Code) to a
14 State (as defined in such section) or municipality (as de-
15 fined in such section) for assistance provided by such
16 State or municipality under a State program funded under
17 part A of title IV is not dischargeable under section 727,
18 1141, 1228(a), 1228(b), or 1328(b) of title 11 of the Unit-
19 ed States Code to the extent that such assistance is pro-
20 vided for the support of a child of the debtor (as defined
21 in such section).”.

22 (c) APPLICATION OF AMENDMENTS.—The amend-
23 ments made by this section apply only with respect to
24 cases commenced under title 11 of the United State Code
25 after the effective date of this section.

Subtitle H—Medical Support**SEC. 276. CORRECTION TO ERISA DEFINITION OF MEDICAL
CHILD SUPPORT ORDER.**

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking “issued by a court of competent jurisdiction”;

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following: “if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JULY 1, 1996.—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 July 1, 1996, if—

1 (A) during the period following the day be-
2 fore the date of enactment of this Act and be-
3 fore the first plan year, the plan is operated in
4 accordance with the requirements of the amend-
5 ments made by this section; and

6 (B) the plan amendment applies retro-
7 actively to the period specified in subparagraph
8 (A).

9 A plan shall not be treated as failing to be op-
10 erated in accordance with the provisions of the plan
11 merely because it operates in accordance with this
12 paragraph.

13 **SEC. 277. ENFORCEMENT OF ORDERS FOR HEALTH CARE**
14 **COVERAGE.**

15 Section 466(a) (42 U.S.C. 666(a)), as amended by
16 sections 215, 217(a), 223, 265, 269, 272, and 273 of this
17 Act, is amended by adding at the end the following new
18 paragraph:

19 “(19) HEALTH CARE COVERAGE.—Procedures
20 under which all child support orders established or
21 modified pursuant to this part shall include a provi-
22 sion for the health care coverage of the child, and
23 in the case in which a noncustodial parent provides
24 such coverage and changes employment, and the new
25 employer provides health care coverage, the State

1 agency shall transfer notice of the provision to the
2 employer, which notice shall operate to enroll the
3 child in the noncustodial parent’s health plan, unless
4 the noncustodial parent contests the notice.”.

5 **Subtitle I—Enhancing Responsibility and**
6 **Opportunity for Non-Residential Parents**

7 **SEC. 281. GRANTS TO STATES FOR ACCESS AND VISITATION**
8 **PROGRAMS.**

9 Part D of title IV (42 U.S.C. 651–669) is amended
10 by adding at the end the following:

11 **“SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITA-**
12 **TION PROGRAMS.**

13 “(a) IN GENERAL.—The Secretary shall make grants
14 under this section to enable States to establish and admin-
15 ister programs to support and facilitate noncustodial par-
16 ents’ access to and visitation of their children, by means
17 of activities including mediation (both voluntary and man-
18 datory), counseling, education, development of parenting
19 plans, visitation enforcement (including monitoring, super-
20 vision and neutral drop-off and pickup), and development
21 of guidelines for visitation and alternative custody ar-
22 rangements.

23 “(b) AMOUNT OF GRANT.—The amount of the grant
24 to be made to a State under this section for a fiscal year
25 shall be an amount equal to the lesser of—

1 “(1) 90 percent of State expenditures during
2 the fiscal year for activities described in subsection
3 (a); or

4 “(2) the allotment of the State under sub-
5 section (c) for the fiscal year.

6 “(c) ALLOTMENTS TO STATES.—

7 “(1) IN GENERAL.—The allotment of a State
8 for a fiscal year is the amount that bears the same
9 ratio to the amount appropriated for grants under
10 this section for the fiscal year as the number of chil-
11 dren in the State living with only 1 biological parent
12 bears to the total number of such children in all
13 States.

14 “(2) MINIMUM ALLOTMENT.—The Administra-
15 tion for Children and Families shall adjust allot-
16 ments to States under paragraph (1) as necessary to
17 ensure that no State is allotted less than—

18 “(A) \$50,000 for fiscal year 1996 or 1997;

19 or

20 “(B) \$100,000 for any succeeding fiscal
21 year.

22 “(d) NO SUPPLANTATION OF STATE EXPENDITURES
23 FOR SIMILAR ACTIVITIES.—A State to which a grant is
24 made under this section may not use the grant to supplant
25 expenditures by the State for activities specified in sub-

1 section (a), but shall use the grant to supplement such
2 expenditures at a level at least equal to the level of such
3 expenditures for fiscal year 1995.

4 “(e) STATE ADMINISTRATION.—Each State to which
5 a grant is made under this section—

6 “(1) may administer State programs funded
7 with the grant, directly or through grants to or con-
8 tracts with courts, local public agencies, or non-prof-
9 it private entities;

10 “(2) shall not be required to operate such pro-
11 grams on a statewide basis; and

12 “(3) shall monitor, evaluate, and report on such
13 programs in accordance with regulations prescribed
14 by the Secretary.”.

15 **Subtitle J—Effect of Enactment**

16 **SEC. 291. EFFECTIVE DATES.**

17 (a) IN GENERAL.—Except as otherwise specifically
18 provided (but subject to subsections (b) and (c))—

19 (1) the provisions of this title requiring the en-
20 actment or amendment of State laws under section
21 466 of the Social Security Act, or revision of State
22 plans under section 454 of such Act, are effective
23 with respect to periods beginning on and after Octo-
24 ber 1, 1996; and

1 (2) all other provisions of this title are effective
2 upon the date of the enactment of this Act.

3 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The
4 provisions of this title shall become effective with respect
5 to a State on the later of—

6 (1) the date specified in this title, or

7 (2) the effective date of laws enacted by the leg-
8 islature of such State implementing such provisions,
9 but in no event later than the 1st day of the 1st cal-
10 endar quarter beginning after the close of the 1st
11 regular session of the State legislature that begins
12 after the date of the enactment of this Act. For pur-
13 poses of the previous sentence, in the case of a State
14 that has a 2-year legislative session, each year of
15 such session shall be deemed to be a separate regu-
16 lar session of the State legislature.

17 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL
18 AMENDMENT.—A State shall not be found out of compli-
19 ance with any requirement enacted by this title if the State
20 is unable to so comply without amending the State con-
21 stitution until the earlier of—

22 (1) 1 year after the effective date of the nec-
23 essary State constitutional amendment; or

24 (2) 5 years after the date of the enactment of
25 this Act.

1 **TITLE III—FOOD ASSISTANCE**

2 **Subtitle A—Food Stamps**

3 **SEC. 301. SHORT TITLE.**

4 This subtitle may be cited as “The Food Stamp Act
5 Amendments of 1996”.

6 **PART 1—BUDGETARY PROPOSALS**

7 **SEC. 311. INCLUDE CHILDREN UNDER 22 YEARS OLD IN**
8 **THEIR PARENTS’ HOUSEHOLDS.**

9 Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C.
10 2012(i)) is amended by striking the first parenthetical
11 phrase in the second sentence.

12 **SEC. 312. USE THE COST OF THE THRIFTY FOOD PLAN FOR**
13 **ALLOTMENT ADJUSTMENTS.**

14 Section 3(o) of the Food Stamp Act of 1977 (7
15 U.S.C. 2012(o)) is amended—

16 (1) in clause (11), by inserting “until October
17 1, 1996,” after “thereafter,”; and

18 (2) by adding a new third sentence at the end
19 as follows: “On October 1, 1996, and each October
20 1 thereafter, adjust the cost of such diet to reflect
21 the cost of the thrifty food plan in the preceding
22 June, and round the result to the nearest lower dol-
23 lar increment for each household size.”.

1 **SEC. 313. LOWER AGE FOR EXCLUDING STUDENTS' EARN-**
 2 **INGS.**

3 Section 5(d)(7) of the Food Stamp Act of 1977 (7
 4 U.S.C. 2014(d)(7)) is amended by striking “is 21 years
 5 of age or younger” and inserting “has not reached the
 6 age of 18”.

7 **SEC. 314. COUNT GOVERNMENTAL ENERGY ASSISTANCE AS**
 8 **INCOME.**

9 (a) Section 5(d)(11) of the Food Stamp Act of 1977
 10 (7 U.S.C. 2014(d)) is amended to read as follows:

11 “(11) a 1-time payment or allowance made
 12 under a Federal or State law for the costs of weath-
 13 erization or emergency repair or replacement of an
 14 unsafe or inoperative furnace or other heating or
 15 cooling device.”.

16 (b) Section 5(e) of the Food Stamp Act of 1977 (7
 17 U.S.C. 2104(e)) is amended by striking “If a State agency
 18 elects” and all that follows through “season for which it
 19 was provided.”.

20 (c) Section 5(k) of the Food Stamp Act of 1977 (7
 21 U.S.C. 2014(k)) is amended by—

- 22 (1) striking, in paragraph (1)(B), “, not includ-
 23 ing energy or utility-cost assistance,”;
 24 (2) striking paragraph (2)(C); and
 25 (3) adding at the end the following:

1 “(4)(A) For purposes of subsection (d)(1), a
2 payment made under a Federal or State law to pro-
3 vide energy assistance to a household shall be con-
4 sidered money payable directly to the household.

5 “(B) For purposes of subsection (e), an expense
6 paid on behalf of a household under a Federal or
7 State law to provide energy assistance shall be con-
8 sidered an out-of-pocket expense incurred and paid
9 by the household.”.

10 (d) Section 2605(f) of the Low-Income Home Energy
11 Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended
12 by—

13 (1) striking “(1) Notwithstanding any other
14 provision of law unless” and inserting “Notwith-
15 standing any other provision of law except the Food
16 Stamp Act of 1977 (7 U.S.C. 2011 et seq.), and
17 any”;

18 (2) striking, in paragraph (1), “food stamps,”;
19 and

20 (3) striking paragraph (2).

21 **SEC. 315. REDUCE THE STANDARD DEDUCTION.**

22 Section 5(e) of the Food Stamp Act of 1977 (7
23 U.S.C. 2014(e)) is amended by striking the first two sen-
24 tences and inserting “The Secretary shall allow a standard
25 deduction for each household in the 48 contiguous States

1 and the District of Columbia, Alaska, Hawaii, Guam, and
2 the Virgin Islands of the United States of—

3 “(1) for fiscal year 1996, \$130, \$222, \$183,
4 \$260, and \$114, respectively;

5 “(2) for fiscal years 1997 through 2000, \$122,
6 \$208, \$171, \$244, and \$106, respectively; and

7 “(3) on October 1, 2000, and each October 1
8 thereafter, the Secretary shall adjust the standard
9 deduction to the nearest lower dollar increment to
10 reflect changes in the Consumer Price Index for all
11 urban consumers published by the Bureau of Labor
12 Statistics, for items other than food, for the 12-
13 month period ending the preceding June 30.”.

14 **SEC. 316. PROVIDE A STATE OPTION TO MANDATE USE OF**
15 **STANDARD UTILITY ALLOWANCES.**

16 Section 5(e) of the Food Stamp Act of 1977 (7
17 U.S.C. 2014(e)) is amended by inserting before “No such
18 allowance may be used“ the following new sentence “A
19 State agency may make the use of a standard utility allow-
20 ance mandatory for all households with qualifying utility
21 costs if (1) the State agency has developed one or more
22 standards that include the cost of heating and cooling and
23 one or more standards that do not include the cost of heat-
24 ing and cooling; and (2) the Secretary finds that the
25 standards will not result in increased program costs.”.

1 **SEC. 317. REVISE INDEXATION OF VEHICLE ASSET LIMITA-**
 2 **TION.**

3 The first sentence of section 5(g)(2) of the Food
 4 Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by
 5 striking “through September 30, 1996” and all that fol-
 6 lows through “such date and on” and inserting “and shall
 7 be adjusted on October 1, 1996, and”.

8 **SEC. 318. COUNT VENDOR PAYMENTS FOR TRANSITIONAL**
 9 **HOUSING AS INCOME.**

10 Section 5(k)(2) of the Food Stamp Act of 1977 (7
 11 U.S.C. 2014(k)(2)) is amended by—

12 (1) striking subparagraph (F); and

13 (2) redesignating subparagraphs (G) and (H)
 14 as subparagraphs (F) and (G), respectively.

15 **SEC. 319. STRENGTHEN PENALTIES FOR NONCOMPLIANCE**
 16 **WITH WORK REQUIREMENTS.**

17 (a) Section 6(d) of the Food Stamp Act of 1977 (7
 18 U.S.C. 2015(d)) is amended by striking “(d)(1) Unless
 19 otherwise exempted by the provisions” and all that follows
 20 through the end of paragraph (1) and inserting the follow-
 21 ing:

22 “(d)(1)(A) No physically and mentally fit individual
 23 over the age of 15 and under the age of 60 shall be eligible
 24 to participate in the food stamp program if the individ-
 25 ual—

1 “(i) refuses, at the time of application and
2 every 12 months thereafter, to register for employ-
3 ment in a manner prescribed by the Secretary;

4 “(ii) refuses without good cause to participate
5 in an employment and training program under para-
6 graph (4), to the extent required by the State agen-
7 cy;

8 “(iii) refuses without good cause to accept an
9 offer of employment, at a site or plant not subject
10 to a strike or lockout at the time of the refusal, at
11 a wage not less than the higher of—

12 “(I) the applicable Federal or State mini-
13 mum wage; or

14 “(II) 80 percent of the wage that would
15 have governed had the minimum hourly rate
16 under section 6(a)(1) of the Fair Labor Stand-
17 ards Act of 1938 (29 U.S.C. 206(a)(1)) been
18 applicable to the offer of employment;

19 “(iv) refuses without good cause to provide a
20 State agency with sufficient information to allow the
21 State agency to determine the employment status or
22 the job availability of the individual;

23 “(v) voluntarily and without good cause—

24 “(I) quits a job; or

1 “(II) reduces work effort and, after the re-
2 duction, the individual is working less than 30
3 hours per week; or

4 “(vi) fails to comply with section 20.

5 “(B) If an individual who is the head of a household
6 becomes ineligible to participate in the food stamp pro-
7 gram under subparagraph (A), the household shall, at the
8 option of the State agency, become ineligible to participate
9 in the food stamp program for a period, determined by
10 the State agency, that does not exceed the lesser of—

11 “(i) the duration of the ineligibility of the indi-
12 vidual determined under subparagraph (C); or

13 “(ii) 180 days.

14 “(C)(i) The first time that an individual becomes in-
15 eligible to participate in the food stamp program under
16 subparagraph (A), the individual shall remain ineligible
17 until the later of—

18 “(I) the date the individual becomes eligible
19 under subparagraph (A);

20 “(II) the date that is 1 month after the date
21 the individual became ineligible; or

22 “(III) a date determined by the State agency
23 that is not later than 3 months after the date the
24 individual became ineligible.

1 “(ii) The second time that an individual becomes in-
2 eligible to participate in the food stamp program under
3 subparagraph (A), the individual shall remain ineligible
4 until the later of—

5 “(I) the date the individual becomes eligible
6 under subparagraph (A);

7 “(II) the date that is 3 months after the date
8 the individual became ineligible; or

9 “(III) a date determined by the State agency
10 that is not later than 6 months after the date the
11 individual became ineligible.

12 “(iii) The third or subsequent time that an individual
13 becomes ineligible to participate in the food stamp pro-
14 gram under subparagraph (A), the individual shall remain
15 ineligible until the later of—

16 “(I) the date the individual becomes eligible
17 under subparagraph (A);

18 “(II) the date that is 6 months after the date
19 the individual became ineligible;

20 “(III) a date determined by the State agency;
21 or

22 “(IV) at the option of the State agency, perma-
23 nently.

24 “(D)(i) The Secretary shall determine the meaning
25 of ‘good cause’ for the purpose of this paragraph.

1 “(ii) The Secretary shall determine the meaning of
2 ‘voluntarily quitting’ and ‘reduces work effort’ for the pur-
3 pose of this paragraph.

4 “(iii)(I) Subject to subclause (II) and clauses (i) and
5 (ii), a State agency shall determine—

6 “(aa) the meaning of any term in subparagraph
7 (A);

8 “(bb) the procedures for determining whether
9 an individual is in compliance with a requirement
10 under subparagraph (A); and

11 “(cc) whether an individual is in compliance
12 with a requirement under subparagraph (A).

13 “(II) A State agency may not determine a meaning,
14 procedure, or determination under subclause (I) to be less
15 restrictive than a comparable meaning, procedure, or de-
16 termination under a State program funded under part A
17 of title IV of the Social Security Act (42 U.S.C. 601 et
18 seq.).

19 “(iv) For the purpose of subparagraph (A)(v), an em-
20 ployee of the Federal Government, a State, or a political
21 subdivision of a State, who is dismissed for participating
22 in a strike against the Federal Government, the State, or
23 the political subdivision of the State shall be considered
24 to have voluntarily quit without good cause.

1 “(v)(I) For the purpose of this paragraph, the State
2 agency shall allow the household to select any adult parent
3 of a child in the household as the head of the household
4 if all adult household members making application under
5 the food stamp program agree to the selection.

6 “(II) A household may designate the head of the
7 household under subclause (I) each time the household is
8 certified for participation in the food stamp program, but
9 may not change the designation during a certification pe-
10 riod unless there is a change in the composition of the
11 household.

12 “(vi) If the head of a household leaves the household
13 during a period in which the household is ineligible to par-
14 ticipate in the food stamp program under subparagraph
15 (B)—

16 “(I) the household shall, if otherwise eligible,
17 become eligible to participate in the food stamp pro-
18 gram; and

19 “(II) if the head of the household becomes the
20 head of another household, the household that be-
21 comes headed by the individual shall become ineli-
22 gible to participate in the food stamp program for
23 the remaining period of ineligibility.”.

1 (b)(1) The second sentence of section 17(b)(2) of the
2 Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is amend-
3 ed by striking “6(d)(1)(i)” and inserting “6(d)(1)(A)(i)”.

4 (2) Section 20 of the Food Stamp Act of 1977 (7
5 U.S.C. 2029) is amended by striking subsection (f) and
6 inserting the following:

7 “(f) An individual or a household may become ineli-
8 gible under section 6(d)(1) to participate in the food
9 stamp program for failing to comply with this section.”.

10 **SEC. 320. PROVIDE A STATE OPTION TO REQUIRE CO-**
11 **OPERATION WITH CHILD SUPPORT ENFORCE-**
12 **MENT AGENCIES.**

13 (a) Section 6 of the Food Stamp Act of 1977 (7
14 U.S.C. 2015) is amended by adding new subsections (i)
15 and (j) at the end as follows:

16 “(i) At the option of the State, no natural or adoptive
17 parent or other individual who is living with and exercising
18 parental control over a child under the age of eighteen
19 who has an absent parent shall be eligible to participate
20 in the food stamp program unless the natural or adoptive
21 parent or individual cooperates with the State agency ad-
22 ministering the program under part D of title IV of the
23 Social Security Act (or is determined by such State agency
24 to have good cause not to cooperate) in (1) establishing
25 the paternity of such child (if born out of wedlock), and

1 (2) obtaining support for such child or for the parent or
2 individual and for such child. Notwithstanding any provi-
3 sion of part D of title IV of the Social Security Act, no
4 person required under this subsection to cooperate with
5 the State agency administering the program under part
6 D of title IV of the Social Security Act may be required
7 to pay a fee or other costs for services provided under such
8 program.

9 “(j)(1) At the option of a State agency, subject to
10 paragraphs (2) and (3), a putative or identified non-custo-
11 dial parent of a child under the age of 18 (referred to
12 in this subsection as ‘the individual’) shall not be eligible
13 to participate in the food stamp program if the individual
14 refuses to cooperate with the State agency administering
15 the program established under part D of title IV of the
16 Social Security Act (42 U.S.C. 651 et seq.)—

17 “(A) in establishing the paternity of the child
18 (if the child is born out of wedlock); and

19 “(B) in providing support for the child.

20 “(2)(A) The Secretary, in consultation with the Sec-
21 retary of Health and Human Services, shall develop guide-
22 lines on what constitutes a refusal to cooperate under
23 paragraph (1).

24 “(B) The State agency shall develop procedures,
25 using guidelines developed under subparagraph (A), for

1 determining whether an individual is refusing to cooperate
2 under paragraph (1).

3 “(3) Paragraph (1) shall not require the payment of
4 a fee or other cost for services provided under part D of
5 title IV of the Social Security Act (42 U.S.C. 651 et seq.).

6 “(4) The State agency shall have in effect, with re-
7 spect to information collected by the State agency admin-
8 istering the program established under part D of title IV
9 of the Social Security Act (42 U.S.C. 651 et seq.)—

10 “(A) procedures for obtaining such information
11 which are compatible with procedures established
12 under and consistent with the requirements of that
13 part; and

14 “(B) safeguards on the maintenance, disclosure,
15 and use of such information which comply with
16 standards and requirements of that part with re-
17 spect to such safeguards.”.

18 **SEC. 321. PROVIDE FOR DISQUALIFICATION FOR RECEIPT**
19 **OF MULTIPLE FOOD STAMP BENEFITS.**

20 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
21 2015), as amended by this Act, is further amended by
22 adding at the end the following new subsection:

23 “(k) An individual shall be ineligible to participate
24 in the food stamp program as a member of any household
25 for a 10-year period if the individual is found by a State

1 agency to have made, or is convicted in Federal or State
2 court of having made, a fraudulent statement or represen-
3 tation with respect to the identity or place of residence
4 of the individual in order to receive multiple benefits si-
5 multaneously under the food stamp program.”.

6 **SEC. 322. ESTABLISH ADDITIONAL WORK REQUIREMENTS.**

7 (a) Section 6 of the Food Stamp Act of 1977 (7
8 U.S.C. 2015), as amended by this Act, is further amended
9 by adding at the end the following new subsection:

10 “(1)(1) In this subsection, the term ‘work program’
11 means—

12 “(A) a program under the Job Training Part-
13 nership Act (29 U.S.C. 1501 et seq.);

14 “(B) a program under section 236 of the Trade
15 Act of 1974 (19 U.S.C. 2296); or

16 “(C) a program of employment or training op-
17 erated or supervised by a State or local government
18 which meets standards deemed appropriate by the
19 Governor, including a program under section
20 6(d)(4).

21 “(2) An individual is not eligible to participate in the
22 food stamp program as a member of any household if, dur-
23 ing the preceding 12 months, the individual received food
24 stamp benefits for not less than 6 months during which
25 the individual did not—

1 “(A) work 20 hours or more per week, averaged
2 monthly;

3 “(B) participate in a workfare program under
4 section 20 or a comparable State or local workfare
5 program;

6 “(C) participate in and comply with the require-
7 ments of an approved employment and training pro-
8 gram under subsection (d)(4); or

9 “(D) participate in and comply with the re-
10 quirements of a work program for 20 hours or more
11 per week.

12 “(3) Paragraph (2) shall not apply to an individual
13 if the individual is—

14 “(A) under 18 or over 50 years of age;

15 “(B) medically certified as physically or men-
16 tally unfit for employment;

17 “(C) a parent or other member of a household
18 with a dependent child under 18 years of age;

19 “(D) a pregnant woman;

20 “(E) unable to participate in an employment
21 and training program because the State in which the
22 individual resides does not provide sufficient oppor-
23 tunities for participation in such programs; or

24 “(F) otherwise exempt under section 6(d)(2).

1 “(4)(A) The Secretary may waive the applicability of
2 paragraph (2) to any group of individuals in the State if
3 the Secretary makes a determination that the area in
4 which the individual reside—

5 “(i) has an unemployment rate of over 7 per-
6 cent; or

7 “(ii) does not have a sufficient number of jobs
8 to provide employment for the individuals.

9 “(B) The Secretary shall report the basis for a waiver
10 under subparagraph (A) the Committee on Agriculture of
11 the House of Representatives and the Committee on Agri-
12 culture, Nutrition, and Forestry of the Senate.”.

13 (b) Section 16(h) of the Food Stamp Act of 1977
14 (7 U.S.C. 2025(h)) is amended by striking paragraph (1)
15 and inserting the following:

16 “(1)(A) To carry out employment and training
17 programs, the Secretary shall reserve for allocation
18 to State agencies from funds made available for each
19 fiscal year under section 18(a)(1) the amount of—

20 “(i) for fiscal year 1996, \$75,000,000;

21 “(ii) for fiscal year 1997, \$80,000,000;

22 “(iii) for fiscal year 1998, \$90,000,000;

23 “(iv) for fiscal year 1999, \$95,000,000;

24 “(v) for fiscal year 2000, \$95,000,000;

1 “(vi) for fiscal year 2001, \$95,000,000;
2 and

3 “(vii) for fiscal year 2002, \$95,000,000.

4 “(B) A State agency shall not reduce non-federal expenditures to carry out employment and
5 training programs during any fiscal year after fiscal
6 year 1995 from the level of State agency expenditures to carry out employment and training programs in fiscal year 1995.

7 “(C) The Secretary shall allocate the amounts
8 reserved under subparagraph (A) among the State
9 agencies using a reasonable formula (as determined
10 by the Secretary) that considers the population in
11 each State affected by section 6(d)(4)(O).

12 “(D)(i) A State agency promptly shall notify
13 the Secretary if the State agency determines that
14 the State agency will not expend all of the funds allocated to the State agency under subparagraph (C).

15 “(ii) On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

16 “(E) Notwithstanding subparagraphs (A)
17 through (D), the Secretary shall ensure that each
18 State agency operating an employment and training

1 program shall receive not less than \$50,000 in each
2 fiscal year.”.

3 (c) Section 16(h)(2) of the Food Stamp Act of 1977
4 (7 U.S.C. 2025(h)(2)) is amended by inserting before the
5 period at the end the following: “, including the costs for
6 case management and casework to facilitate the transition
7 from economic dependency to self-sufficiency through
8 work”.

9 **SEC. 323. ESTABLISH COMPARABLE TREATMENT FOR DIS-**
10 **QUALIFICATION.**

11 (a) Section 6 of the Food Stamp Act of 1977 (7
12 U.S.C. 2015), as amended by this Act, is further amended
13 by adding at the end the following new subsection:

14 “(m)(1) If a disqualification is imposed on a member
15 of a household for a failure of the member to perform an
16 action required under a Federal, State, or local law relat-
17 ing to a means tested public assistance program, the State
18 agency may impose the same disqualification on the mem-
19 ber of the household under the food stamp program.

20 “(2) If a disqualification is imposed under
21 paragraph (1) for a failure of an individual to per-
22 form an action required under part A of title IV of
23 the Social Security Act (42 U.S.C. 601 et seq.), the
24 State agency may use the rules and procedures that
25 apply under part A of title IV of the Social Security

1 Act (42 U.S.C. 601 et seq.) to impose the same dis-
2 qualification under the food stamp program.

3 “(3) A member of a household disqualified under
4 paragraph (1) may, after the disqualification period has
5 expired, apply for benefits under this Act and shall be
6 treated as a new applicant, except that a prior disquali-
7 fication under subsection (d) shall be considered in deter-
8 mining eligibility.”.

9 (b) Section 11(e) of the Food Stamp Act of 1977 (7
10 U.S.C. 2020(e)) is amended—

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

13 (2) in paragraph (25), by striking the period at
14 the end and inserting a semicolon; and

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

16 “(26) the guidelines the State agency uses in
17 carrying out section 6(m); and”.

18 (c) Section 6(d)(2)(A) of the Food Stamp Act of
19 1977 (7 U.S.C. 2015(d)(2)(A)) is amended by striking
20 “that is comparable to a requirement of paragraph (1)”.

21 **SEC. 324. REPEAL MINIMUM BENEFIT ADJUSTMENTS.**

22 Section 8(a) of the Food Stamp Act of 1977 (7
23 U.S.C. 2017(a)) is amended by striking in the proviso
24 “, and shall be adjusted” and all that follows through
25 “\$5”.

1 **SEC. 325. PRORATE BENEFITS ON RECERTIFICATION.**

2 Section 8(c)(2)(B) of the Food Stamp Act of 1977
3 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more
4 than one month”.

5 **SEC. 326. PROHIBIT ALLOTMENT INCREASES FOR PEN-**
6 **ALTIES UNDER OTHER WELFARE AND PUB-**
7 **LIC ASSISTANCE PROGRAMS.**

8 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
9 2017) is amended by striking subsection (d) and inserting
10 the following:

11 “(d) If the benefits of a household are reduced under
12 a Federal, State, or local law relating to a welfare or pub-
13 lic assistance program because of a penalty or for the fail-
14 ure to perform an action required under the law or pro-
15 gram, for the duration of the reduction the household may
16 not receive an increased allotment as the result of a de-
17 crease is the income of the household to the extent that
18 the decrease is the result of the reduction. The State agen-
19 cy may reduce the allotment of the household by not more
20 than 25 percent.”.

21 **SEC. 327. PERMIT STATES TO DETERMINE MOST USEFUL**
22 **AND RELIABLE MEANS OF VERIFICATION.**

23 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
24 2020) is amended by—

25 (1) striking in subsection (e)(3) all that follows
26 “, and that the State agency shall” through “(E)”;

1 (2) inserting after the paragraph designation
2 (19) of subsection (e) “at the option of the State
3 agency,”; and

4 (3) adding at the end the following new sub-
5 section:

6 “(p) Notwithstanding any other provision of law,
7 State agencies (described in section 3(n)(1) of this Act)
8 shall not be required to use an income and eligibility ver-
9 ification system established under section 1137 of the So-
10 cial Security Act (42 U.S.C. 1320b-7) or the immigration
11 status verification system established under section
12 1137(d) of the Social Security Act (42 U.S.C. 1320b-
13 7Id)).”.

14 **SEC. 328. EXPAND CLAIMS COLLECTION METHODS.**

15 (a) Section 13 of the Food Stamp Act of 1977 (7
16 U.S.C. 2022) is amended by—

17 (1) striking subsection (b) and inserting the fol-
18 lowing:

19 “(b)(1) Except as otherwise provided in this sub-
20 section, a State agency shall collect any overissuance of
21 coupons issued to a household by—

22 “(A) reducing the allotment of the household;

23 “(B) withholding amounts from unemployment
24 compensation from a member of the household
25 under subsection (c);

1 “(C) recovering from Federal pay or a Federal
2 income tax refund under subsection (d); or

3 “(D) any other means.

4 “(2) Paragraph (1) shall not apply if the State agen-
5 cy demonstrates to the satisfaction of the Secretary that
6 all of the means referred to in paragraph (1) are not cost
7 effective.

8 “(3) If a household received an overissuance of cou-
9 pons without any member of the household being found
10 ineligible to participate in the program under section
11 6(b)(1) and a State agency elects to reduce the allotment
12 of the household under paragraph (1)(A), the State agen-
13 cy shall reduce the monthly allotment of the household
14 under paragraph (1)(A) by the greater of—

15 “(A) 10 percent of the monthly allotment of the
16 household; or

17 “(B) \$10.

18 “(4) A State agency shall collect an overissuance of
19 coupons issued to a household under paragraph (1) in ac-
20 cordance with requirements established by the State agen-
21 cy for providing notice, electing a means of payment, and
22 establishing a time schedule for payment.”; and

23 (2) in subsection (d) by—

24 (A) striking “as determined under sub-
25 section (b) and except for claims arising from

1 an error of the State agency,” and inserting
2 “, as determined under subsection (b)(1),”; and
3 (B) inserting before the period at the end
4 the following: “or a Federal income tax refund
5 as authorized by section 3720A of title 31,
6 United States Code”.

7 (b) Section 11(e)(8) of the Food Stamp Act of 1977
8 (7 U.S.C. 2020(e)(8)) is amended by—

9 (1) striking “and excluding claims” and all that
10 follows through “such section”; and

11 (2) inserting before the semicolon at the end
12 the following: “or a Federal income tax refund as
13 authorized by section 3720A of title 31, United
14 States Code”.

15 (c) Section 16(a) of the Food Stamp Act of 1977 (7
16 U.S.C. 2025(a)) is amended by striking “25 percent dur-
17 ing the period beginning October 1, 1990” and all that
18 follows through “error of a State agency” and inserting
19 the following:

20 “25 percent of the overissuances collected by
21 the State agency under section 13, except those
22 overissuances arising from an error of the State
23 agency”.

24 (d) Section 6402(d) of the Internal Revenue Code (26
25 U.S.C. 6402(d)) is amended by—

1 (1) inserting in paragraph (1) after “any Fed-
 2 eral agency” the following: “(or any State agency
 3 that has the responsibility for the administration of
 4 the food stamp program operated pursuant to the
 5 Food Stamp Act of 1977)”; and

6 (2) inserting in the second sentence of para-
 7 graph (2) after “a Federal agency” the following:
 8 “(or a State agency that has the responsibility for
 9 the administration of the food stamp program oper-
 10 ated pursuant to the Food Stamp Act of 1977)”.

11 **SEC. 329. AUTHORIZE STATES TO OPERATE SIMPLIFIED**
 12 **FOOD STAMP PROGRAMS.**

13 (a) The Food Stamp Act of 1977 (7 U.S.C. 2011 et
 14 seq.) is amended by adding the following new section 24:

15 “SIMPLIFIED FOOD STAMP PROGRAM

16 “SEC. 24. (a) In this section, the term ‘Federal costs’
 17 does not include any Federal costs incurred under section
 18 17.

19 “(b) Subject to subsection (d), a State may elect to
 20 carry out a Simplified Food Stamp Program (referred to
 21 in this section as ‘Simplified Program’) for households de-
 22 scribed in paragraph (c)(1), statewide or in a political sub-
 23 division of the state, in accordance with this section.

24 “(c) If a State elects to carry out a Simplified Pro-
 25 gram, within the State or a political subdivision of the
 26 State—

1 “(1) only households in which all members re-
2 ceive assistance under a State program funded
3 under part A of title IV of the Social Security Act
4 (42 U.S.C. 601 et seq.) shall receive benefits under
5 this section. Such households shall be eligible auto-
6 matically to participate in the Simplified Program;
7 and

8 “(2) subject to subsection (f), benefits under
9 the Simplified Program shall be determined under
10 rules and procedures established by the State
11 under—

12 “(A) a State program funded under part A
13 of title IV of the Social Security Act (42 U.S.C.
14 601 et seq.);

15 “(B) the food stamp program; or

16 “(C) a combination of a State program
17 funded under part A of title IV of the Social
18 Security Act (42 U.S.C. 601 et seq.) and the
19 food stamp program.

20 “(d)(1) A State agency may not operate a Simplified
21 Program unless the Secretary approves a State plan for
22 the operation of the Simplified Program under paragraph
23 (2).

1 “(2) The Secretary may approve any State plan to
2 carry out a Simplified Program if the Secretary deter-
3 mines that the plan—

4 “(A) simplifies program administration while
5 fulfilling the goals of the food stamp program to
6 permit low-income households to obtain a more nu-
7 tritious diet;

8 “(B) complies with this section;

9 “(C) would not increase Federal costs for any
10 fiscal year; and

11 “(D) would not substantially alter, as deter-
12 mined by the Secretary, the appropriate distribution
13 of benefits according to household need.

14 “(e)(1) During each fiscal year and not later than
15 90 days after the end of each fiscal year, the Secretary
16 shall determine, using data provided by the State agency
17 and which the Secretary considers appropriate, whether
18 a Simplified Program being carried out by a State agency
19 is increasing Federal costs under this Act above what the
20 costs would have been for the same population had they
21 been subject to the rules of the Food Stamp Program.

22 “(2) If the Secretary determines that the Simplified
23 Program has increased Federal costs under this Act for
24 any fiscal year or any portion of any fiscal year, the Sec-
25 retary shall notify the State not later than 30 days after

1 the Secretary makes the determination under paragraph
2 (1).

3 “(3)(A) Not later than 90 days after the date of a
4 notification under paragraph (2), the State shall submit
5 a plan for approval by the Secretary for prompt corrective
6 action that is designed to prevent the Simplified Program
7 from increasing Federal costs under this Act.

8 “(B) If the State does not submit a plan under sub-
9 paragraph (A) or carry out a plan approved by the Sec-
10 retary, the Secretary shall terminate the approval of the
11 State agency operating the Simplified Program and the
12 State agency shall be ineligible to operate a future Sim-
13 plified Program.

14 “(f)(1) In operating a Simplified Program, a State
15 or political subdivision of a State may follow the rules and
16 procedures established by the State or political subdivision
17 under a State program funded part A of title IV of the
18 Social Security Act (42 U.S.C. 601 et seq.) or under the
19 food stamp program.

20 “(2) In operating a Simplified Program, a State or
21 political subdivision shall comply with the requirements
22 of—

23 “(A) subsection 5(e) to the extent that it re-
24 quires an excess shelter expense deduction;

25 “(B) section 7 (a) through (g);

1 “(C) section 8(a) (except that the income of a
2 household may be determined under a State pro-
3 gram funded under part A of title IV of the Social
4 Security Act (42 U.S.C. 601 et seq.);

5 “(D) section 8 (b) and (d);

6 “(E) section 11 (a), (c), (d), and (n);

7 “(F) section 11(e) (8), (9), (12), (15), (17),
8 (19), (23), and (24);

9 “(G) section 11(e)(2), to the extent that it re-
10 quires the State agency to provide an application to
11 households on the first day they contact a food
12 stamp office in person during office hours to make
13 what reasonably may be interpreted as an oral or
14 written request for food stamp assistance and to
15 allow those households to file the application on the
16 same day.

17 “(H) section 11(e)(3), to the extent that it re-
18 quires the State agency to complete certification of
19 an eligible household and provide an allotment retro-
20 active to the period of application to an eligible
21 household not later than 30 days following the filing
22 of an application;

23 “(I) section 11(e)(10) (or a comparable require-
24 ment established by the State under a State pro-

1 gram funded under part A of title IV of the Social
2 Security Act (42 U.S.C. 601 et seq.); and

3 “(J) section 16.

4 “(3) Notwithstanding any other provision of this sec-
5 tion, a household may not receive benefits under this sec-
6 tion as a result of the eligibility of the household under
7 a State program funded under part A of title IV of the
8 Social Security Act (42 U.S.C. 601 et seq.), unless the
9 Secretary determines that any household with income
10 above 130 percent of the poverty guidelines is not eligible
11 for the Program.”.

12 (b) Section 8 of the Food Stamp Act of 1977 (7
13 U.S.C. 2017), as amended by this Act, is further amended
14 by striking subsection (e) and redesignating subsection (f)
15 as subsection (e).

16 (c) Section 11(e) of the Food Stamp Act of 1977 (7
17 U.S.C. 2020(e)), as amended by this Act, is further
18 amended by adding after paragraph (26), as added by sec-
19 tion 323(b) of this Act, the following new paragraph:

20 “(27) if a State elects to carry out a Simplified
21 Food Stamp Program under section 24, the plans of
22 the State agency for operating the Simplified Pro-
23 gram, including—

1 “(A) the rules and procedures to be fol-
2 lowed by the State to determine food stamp
3 benefits; and

4 “(B) a description of the method by which
5 the State will carry out a quality control system
6 under section 16(c).”.

7 (d) Section 17 of the Food Stamp Act of 1977 (7
8 U.S.C. 2026) is amended by—

9 (1) striking subsection (i); and

10 (2) redesignating subsections (j) through (l) as
11 subsections (i) through (k), respectively.

12 **SEC. 330. REAUTHORIZE APPROPRIATIONS FOR THE FOOD**
13 **STAMP PROGRAM.**

14 The first sentence of section 18(a)(1) of the Food
15 Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by
16 striking “1997” and inserting “2002”.

17 **PART 2—NONBUDGETARY PROPOSALS**

18 **SEC. 341. EXPAND DEFINITION OF COUPON.**

19 Section 3(d) of the Food Stamp Act of 1977 (7
20 U.S.C. 2012(d)) is amended by striking “or type of certifi-
21 cate” and inserting “type of certificate, authorization
22 card, cash or check issued in lieu of a coupon, or an access
23 device, including an electronic benefits transfer card or a
24 personal identification number,”.

1 **SEC. 342. CLARIFY DEFINITION OF HOMELESS INDIVIDUAL.**

2 Section 3(s)(2)(C) of the Food Stamp Act of 1977
3 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not
4 more than 90 days” after “temporary accommodation”.

5 **SEC. 343. PROVIDE STATE OPTION FOR ELIGIBILITY STAND-**
6 **ARDS.**

7 Section 5(b) of the Food Stamp Act of 1977 (7
8 U.S.C. 2014(d)) is amended by striking “(b) The Sec-
9 retary” and inserting the following:

10 “(b) Except as otherwise provided in this Act, the
11 Secretary.”.

12 **SEC. 344. DOUBLE PENALTIES FOR VIOLATING FOOD**
13 **STAMP PROGRAM REQUIREMENTS.**

14 Section 6(b)(1) of the Food Stamp Act of 1977 (7
15 U.S.C. 2015(b)(1)) is amended—

16 (1) in clause (i), by striking “six months upon”
17 and inserting “1 year on”; and

18 (2) in clause (ii), by striking “1 year” and in-
19 serting “2 years”.

20 **SEC. 345. PROVIDE STATE OPTION TO LOWER AGE OF**
21 **CARETAKER EXEMPTION.**

22 Section 6(d)(2) of the Food Stamp Act of 1977 (7
23 U.S.C. 2015(d)(2)) is amended by striking subparagraph
24 (B) and inserting the following:

25 “(B) a parent or other member of a house-
26 hold with responsibility for the care of (i) a de-

1 pendent child under the age of 6 or any lower
2 age designated by the State agency that is not
3 under the age of 1 if adequate child care is not
4 available, or (ii) an incapacitated person;”.

5 **SEC. 346. REVISE EMPLOYMENT AND TRAINING.**

6 (a) IN GENERAL.—Section 6(d)(4) of the Food
7 Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

8 (1) in subparagraph (A)—

9 (A) by striking “Not later than April 1,
10 1987, each” and inserting “Each”;

11 (B) by inserting “work,” after “skills,
12 training,”; and

13 (C) by adding at the end the following:
14 “Each component of an employment and train-
15 ing program carried out under this paragraph
16 may be delivered through a statewide workforce
17 development system, unless the component is
18 not available locally through the statewide
19 workforce development system.”;

20 (2) in subparagraph (B)—

21 (A) in the matter preceding clause (i), by
22 striking the colon at the end and inserting the
23 following: “, except that the State agency shall
24 retain the option to apply employment require-

1 ments prescribed under this subparagraph to a
2 program applicant at the time of application.”;

3 (B) in clause (i), by striking “with terms
4 and conditions” and all that follows through
5 “time of application”; and

6 (C) in clause (iv)—

7 (i) by striking subclauses (I) and (II);

8 and

9 (ii) by redesignating subclauses (III)

10 and (IV) as subclauses (I) and (II), respec-

11 tively;

12 (3) in subparagraph (D)—

13 (A) in clause (i), by striking “to which the
14 application” and all that follows through “30
15 days or less”;

16 (B) in clause (ii), by striking “but with re-
17 spect” and all that follows through “child
18 care”; and

19 (C) in clause (iii), by striking “, on the
20 basis of” and all that follows through “clause
21 (ii)” and inserting “the exemption continues to
22 be valid”;

23 (4) in subparagraph (E), by striking the third
24 sentence;

25 (5) in subparagraph (G)—

1 (A) by striking “(G)(i) The State” and in-
2 serting “(G) The State”; and

3 (B) by striking clause (ii);

4 (6) in subparagraph (H), by striking “(H)(i)
5 The Secretary” and all that follows through “(ii)
6 Federal funds” and inserting “(H) Federal funds”;

7 (7)(A) by striking subparagraphs (K) and (L)
8 and inserting the following:

9 “(K) Notwithstanding any other provision
10 of this paragraph, the amount of funds a State
11 agency uses to carry out this paragraph (includ-
12 ing under subparagraph (I)) for participants
13 who are receiving benefits under a State pro-
14 gram funded under part A of title IV of the So-
15 cial Security Act (42 U.S.C. 601 et seq.) shall
16 not exceed the amount of funds the State agen-
17 cy used in fiscal year 1995 to carry out this
18 paragraph for participants who were receiving
19 benefits in fiscal year 1995 under a State pro-
20 gram funded under part A of title IV of the So-
21 cial Security Act (42 U.S.C. 601 et seq.)”; and

22 (B) by redesignating subparagraphs (M) and
23 (N) as subparagraphs (L) and (M), respectively; and

24 (8) in subparagraph (L) (as redesignated by
25 paragraph (8)(B))—

1 (A) by striking “(L)(i) The Secretary” and
2 inserting “(L) The Secretary”; and
3 (B) by striking clause (ii).

4 (b) Section 16(h) of the Food Stamp Act of 1977
5 (7 U.S.C. 2025(h)) is amended—

6 (1) in paragraph (5)—

7 (A) by striking “(5)(A) The Secretary”
8 and inserting “(5) The Secretary”; and

9 (B) by striking subparagraph (B); and

10 (2) by striking paragraph (6).

11 **SEC. 347. DISQUALIFY FLEEING FELONS.**

12 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
13 2015), as amended by this Act, is further amended by
14 adding at the end the following new subsection:

15 “(k) No member of a household who is otherwise eli-
16 gible to participate in the food stamp program shall be
17 eligible to participate in the program as a member of that
18 or any other household during any period during which
19 the individual is—

20 “(1) fleeing to avoid prosecution, or custody or
21 confinement after conviction, under the law of the
22 place from which the individual is fleeing, for a
23 crime, or attempt to commit a crime, that is a felony
24 under the law of the place from which the individual

1 fleeing or that, in the case of New Jersey, is a high
2 misdemeanor under the law of New Jersey; or

3 “(2) violating a condition of probation or parole
4 imposed under Federal or State law.”.

5 **SEC. 348. ENCOURAGE ELECTRONIC BENEFIT TRANSFER**
6 **SYSTEMS.**

7 (a) Section 7(g) of the Food Stamp Act of 1977 (7
8 U.S.C. 2016(g)) is amended by—

9 (1) striking “(1)”;

10 (2) striking paragraph (2); and

11 (3) striking “(A)” and “(B)” and inserting in
12 lieu thereof “(1)” and “(2)”, respectively.

13 (b) Section 7(i) of the Food Stamp Act of 1977 (7
14 U.S.C. 2016(i)) is amended by—

15 (1) striking paragraph (1) and inserting the fol-
16 lowing:

17 “(1)(A) Each State agency shall implement an
18 electronic benefit transfer system in which household
19 benefits determined under section 8(a) or 24 are is-
20 sued from and stored in a central databank before
21 October 1, 2002, unless the Secretary provides a
22 waiver for a State agency that faces unusual bar-
23 riers to implementing an electronic benefit transfer
24 system.

1 “(B) Subject to paragraph (2), a State agency
2 may procure and implement an electronic benefit
3 transfer system under the terms, conditions, and de-
4 sign that the State agency considers appropriate.

5 “(C) An electronic benefit transfer system
6 should take into account generally accepted standard
7 operating rules based on—

8 “(i) commercial electronic funds transfer
9 technology;

10 “(ii) the need to permit interstate oper-
11 ation and law enforcement monitoring; and

12 “(iii) the need to permit monitoring and
13 investigations by authorized law enforcement
14 agencies.”;

15 (2) striking subparagraph (2)(A) and redesign-
16 nating subparagraphs (B) through (H) as (A)
17 through (G), respectively; and

18 (3) adding at the end the following:

19 “(7) A State agency may collect a charge for
20 replacement of an electronic benefit transfer card by
21 reducing the monthly allotment of the household re-
22 ceiving the replacement card.

23 “(8)(A) A State agency may require that an
24 electronic benefit card contain a photograph of 1 or
25 more members of a household.

1 “(B) If a State agency requires a photograph
2 on an electronic benefit card under subparagraph
3 (A), the State agency shall establish procedures to
4 ensure that any other appropriate member of the
5 household or any authorized representative of the
6 household may utilize the card.”; and

7 (c) Section 10 of the Food Stamp Act of 1977 (7
8 U.S.C. 2019) is amended by inserting before the period
9 at the end of the first sentence the following: “unless such
10 centers, organizations, institutions, shelters, group living
11 arrangements, and establishments are equipped with
12 point-of-sale devices for the purpose of participating in
13 electronic benefit transfer delivery systems”.

14 **SEC. 349. AUTHORIZE EXCHANGE OF LAW ENFORCEMENT**
15 **INFORMATION.**

16 Section 11(e)(8) of the Food Stamp Act of 1977 (7
17 U.S.C. 2020(e)(8)), as amended by this Act, is further
18 amended as follows—

19 (1) by striking “and” before “(C)”; and

20 (2) by adding at the end the following: “and

21 (D) notwithstanding any other law, the address, so-
22 cial security number, and, if available, photograph of
23 any member of a household shall be made available,
24 on request, to any Federal, State, or local law en-
25 forcement officer if the officer furnishes the State

1 agency with the name of the member and notifies
2 the agency that—

3 “(i) the member—

4 “(I) is fleeing to avoid prosecution, or
5 custody or confinement after conviction,
6 for a crime (or attempt to commit a crime)
7 that, under the law of the place the mem-
8 ber is fleeing, is a felony (or, in the case
9 of New Jersey, a high misdemeanor), or is
10 violating a condition of probation or parole
11 imposed under Federal or State law; or

12 “(II) has information that is nec-
13 essary for the officer to conduct an official
14 duty related to subclause (I);

15 “(ii) locating or apprehending the member
16 is an official duty; and

17 “(iii) the request is being made in the
18 proper exercise of an official duty; and

19 “(E) the safeguards shall not prevent compli-
20 ance with paragraph (16);”.

21 **SEC. 350. SIMPLIFY ADMINISTRATION OF EXPEDITED SERV-**
22 **ICE.**

23 Section 11(e)(9) of the Food Stamp Act of 1977 (7
24 U.S.C. 2020(e)(9)) is amended—

25 (1) in subparagraph (A)—

1 (A) by striking “five days” and inserting
2 “7 days”; and

3 (B) by inserting “and” at the end;

4 (2) by striking subparagraphs (B) and (C);

5 (3) by redesignating subparagraph (D) as sub-
6 paragraph (B); and

7 (4) in subparagraph (B), as redesignated by
8 paragraph (3), by striking “, (B), or (C)”.

9 **PART 3—ADMINISTRATIVE FLEXIBILITY**

10 **PROPOSALS**

11 **SEC. 361. EXPAND STATE AUTHORITY TO DEFINE CERTIFI-**
12 **CATION PERIOD.**

13 Section 3(c) of the Food Stamp Act of 1977 (7
14 U.S.C. 2012(c)) is amended by striking “Except as pro-
15 vided” and all that follows and inserting the following:
16 “The certification period shall not exceed 12 months, ex-
17 cept that the certification period may be up to 24 months
18 if all adult household members are elderly or disabled. A
19 State agency shall have at least 1 contact with each cer-
20 tified household every 12 months.”.

1 **SEC. 362. PROVIDE STATE OPTION TO COMBINE ALLOT-**
2 **MENTS FOR EXPEDITED SERVICE HOUSE-**
3 **HOLDS.**

4 Section 8(c) of the Food Stamp Act of 1977 (7
5 U.S.C. 2017(c)) is amended by striking paragraph (3) and
6 inserting the following:

7 “(3) A State agency may provide to an eligible
8 household applying after the 15th day of the month,
9 in lieu of the initial allotment of the household and
10 the regular allotment of the household for the follow-
11 ing month, an allotment that is equal to the total
12 amount of the initial allotment and the first regular
13 allotment. The allotment shall be provided in accord-
14 ance with section 11(e)(3) in the case of a household
15 that is not entitled to expedited service and in ac-
16 cordance with paragraphs (3) and (9) of section
17 11(e) in the case of a household that is entitled to
18 expedited service.”.

19 **SEC. 363. REVISE TREATMENT OF ALLOTMENTS FOR**
20 **HOUSEHOLDS RESIDING IN CENTERS.**

21 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
22 2017) is amended by adding at the end the following:

23 “(f)(1) In the case of an individual who resides in
24 a center for the purpose of a drug or alcoholic treatment
25 program described in the last sentence of section 3(i), a
26 State may provide an allotment for the individual to—

1 “(A) the center as an authorized representative
2 of the individual for a period that is less than 1
3 month; and

4 “(B) the individual, if the individual leaves the
5 center.

6 “(2) A State agency may require an individual re-
7 ferred to in paragraph (1) to designate the center in which
8 the individual resides as the authorized representative of
9 the individual for the purpose of receiving an allotment.”.

10 **SEC. 364. IMPROVE OPERATION OF FOOD STAMP OFFICES.**

11 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
12 2020) is amended—

13 (1) in subsection (e)—

14 (A) by striking paragraph (2) and insert-
15 ing the following:

16 “(2)(A) that the State agency shall establish
17 procedures governing the operation of food stamp of-
18 fices that the State agency determines best serve
19 households in the State, including households with
20 special needs, such as households with elderly or dis-
21 abled members, households with low-income mem-
22 bers who reside in rural areas, homeless individuals,
23 households residing on reservations, and households
24 in which a substantial number of members speak a
25 language other than English.

1 “(B) In carrying out subparagraph (A), a State
2 agency—

3 “(i) shall provide timely, accurate, and fair
4 service to applicants for, and participants in,
5 the food stamp program;

6 “(ii) shall develop an application contain-
7 ing the information necessary to comply with
8 this Act;

9 “(iii) shall permit an applicant household
10 to apply to participate in the program on the
11 same day that the household first contacts a
12 food stamp office in person during office hours;

13 “(iv) shall consider an application that
14 contains the name, address, and signature of
15 the applicant filed on the date the applicant
16 submits the application; and

17 “(v) shall require that an adult representa-
18 tive of each applicant household certify in writ-
19 ing, under penalty of perjury, that—

20 “(I) the information contained in the
21 application is true; and

22 “(II) all members of the household
23 are citizens or are aliens eligible to receive
24 food stamps under section 6(f);

1 “(vi) shall provide a method of certifying
2 and issuing coupons to eligible homeless individ-
3 uals, to ensure that participation in the food
4 stamp program is limited to eligible households;
5 and

6 “(vii) may establish operating procedures
7 that vary for local food stamp offices to reflect
8 regional and local differences within the State.

9 “(C) Nothing in this Act shall prohibit the use
10 of signatures provided and maintained electronically,
11 storage of records using automated retrieval systems
12 only, or any other features of a State agency’s appli-
13 cation system that does not rely exclusively on the
14 collection and retention of paper applications or
15 other records.

16 “(D) The signature of any adult under this
17 paragraph shall be sufficient to comply with any
18 provision of Federal law requiring a household mem-
19 ber to sign an application or statement.”;

20 (B) in paragraph (3) by striking “and that
21 the State agency shall provide the household”
22 and all that follows through “representative of
23 the State agency.”;

24 (C) by striking paragraphs (14) and (25);
25 and

1 (D)(i) by redesignating paragraphs (15)
2 through (27) as paragraphs (14) through (25),
3 respectively; and
4 (2) in subsection (i)—

5 (A) by striking “(i) Notwithstanding” and
6 all that follows through “(2) and inserting the
7 following:

8 “(i)(1) Notwithstanding any other
9 provision of law,”; and

10 (B) by striking “; (3) households” and all
11 that follows through “title IV of the Social Se-
12 curity Act. No” and inserting a period and the
13 following:

14 “(2) Other than in a case of disqualification as
15 a penalty for failure to comply with a public assist-
16 ance program rule or regulation, no.”.

17 **SEC. 365. DELETE FEDERAL REQUIREMENT FOR STATE EM-**
18 **PLOYEE TRAINING.**

19 Section 11(e)(6) of the Food Stamp Act of 1977 (7
20 U.S.C. 2020(e)(6)) is amended by—

21 (1) inserting “and” at the end of subparagraph
22 (B);

23 (2) striking in subparagraph (B), “United
24 States Civil Service Commission” and inserting “Of-
25 fice of Personnel Management”; and

1 (3) striking subparagraphs (C) through (E).

2 **SEC. 366. AUTHORIZE ORAL WITHDRAWAL OF FAIR HEAR-**
3 **ING REQUESTS.**

4 Section 11(e)(10) of the Food Stamp Act of 1977 (7
5 U.S.C. 2020(e)(10)) is amended by inserting before the
6 semicolon at the end a period and the following: “At the
7 option of a State, at any time prior to a fair hearing deter-
8 mination under this paragraph, a household may with-
9 draw, orally or in writing, a request by the household for
10 a fair hearing. If the withdrawal request is an oral request,
11 the State agency shall provide a written notice to the
12 household confirming the withdrawal request and provid-
13 ing the household with an opportunity to request a hear-
14 ing.”.

15 **SEC. 367. DELETE REDUNDANT FEDERAL STANDARDS FOR**
16 **ADMINISTRATION.**

17 (a) Section 16 of the Food Stamp Act of 1977 (7
18 U.S.C. 2025) is amended by striking subsection (b).

19 (b) The first sentence of section 11(g) of the Food
20 Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by
21 striking “the Secretary’s standards for the efficient and
22 effective administration of the program established under
23 section 16(b)(1) or”.

1 (c) Section 16(c)(1)(B) of the Food Stamp Act of
2 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by striking
3 “pursuant to subsection (b)”.

4 **PART 4—PROPOSALS FOR STRENGTHENING**
5 **RETAILER MANAGEMENT**

6 **SEC. 371. PROVIDE AUTHORITY TO ESTABLISH AUTHORIZA-**
7 **TION PERIODS.**

8 Section 9(a) of the Food Stamp Act of 1977 (7
9 U.S.C. 2018(a)) is amended by adding at the end the fol-
10 lowing—

11 “(3) The Secretary shall establish specific time
12 periods during which authorization to accept and re-
13 deem coupons or to redeem benefits through an elec-
14 tronic benefit transfer system shall be valid under
15 the food stamp program.”.

16 **SEC. 372. PROVIDE AUTHORITY TO REQUIRE INFORMATION**
17 **FOR VERIFYING ELIGIBILITY FOR AUTHOR-**
18 **IZATION.**

19 Section 9(c) of the Food Stamp Act of 1977 (7
20 U.S.C. 2018(c)) is amended—

21 (1) in the first sentence, by inserting “, which
22 may include relevant income and sales tax filing doc-
23 uments,” after “submit information”; and

24 (2) by inserting after the first sentence the fol-
25 lowing: “The regulations may require retail food

1 stores and wholesale food concerns to provide writ-
2 ten authorization for the Secretary to verify all rel-
3 evant tax filings with appropriate agencies and to
4 obtain corroborating documentation from other
5 sources so that the accuracy of information provided
6 by the stores and concerns may be verified.”.

7 **SEC. 373. ESTABLISH WAITING PERIOD FOR STORES THAT**
8 **INITIALLY FAIL TO MEET AUTHORIZATION**
9 **CRITERIA.**

10 Section 9(d) of the Food Stamp Act of 1977 (7
11 U.S.C. 2018(d)) is amended by adding at the end the fol-
12 lowing: “A retail food store or wholesale food concern that
13 is denied approval to accept and redeem coupons because
14 the store or concern does not meet criteria for approval
15 established by the Secretary may not, for at least 6
16 months, submit a new application to participate in the
17 program. The Secretary may establish a longer time pe-
18 riod under the preceding sentence, including permanent
19 disqualification, that reflects the severity of the basis of
20 the denial.”.

21 **SEC. 374. DISQUALIFY RETAILERS WHO INTENTIONALLY**
22 **SUBMIT FALSIFIED APPLICATIONS.**

23 Section 12(b) of the Food Stamp Act of 1977 (7
24 U.S.C. 2021(b)) is amended by—

25 (1) striking at the end of paragraph (2) “and”;

1 “(B) may begin at a later date than the dis-
2 qualification from the program referred to in para-
3 graph (1); and

4 “(C) notwithstanding section 14, shall not be
5 subject to judicial or administrative review.”.

6 **SEC. 376. AUTHORIZE SUSPENSION OF STORES VIOLATING**
7 **PROGRAM REQUIREMENTS PENDING ADMIN-**
8 **ISTRATIVE AND JUDICIAL REVIEW.**

9 Section 14(a) of the Food Stamp Act of 1977 (7
10 U.S.C. 2023(a)) is amended by—

11 (1) redesignating the first through seventeenth
12 sentences as paragraphs (1) through (17), respec-
13 tively; and

14 (2) adding at the end the following:

15 “(18) Notwithstanding any other provision of
16 this subsection, any permanent disqualification of a
17 retail food store or wholesale food concern under
18 paragraph (3) or (4) of section 12(b) shall be effec-
19 tive from the date of receipt of the notice of dis-
20 qualification. If the disqualification is reversed
21 through administrative or judicial review, the Sec-
22 retary shall not be liable for the value of any sales
23 lost during the disqualification period.”.

1 **SEC. 377. EXPAND CIVIL AND CRIMINAL FORFEITURE FOR**
2 **VIOLATIONS OF THE FOOD STAMP ACT.**

3 (a) The first sentence of section 15(g) of the Food
4 Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by
5 striking “or intended to be furnished”.

6 (b) Section 15 of the Food Stamp Act of 1977 (7
7 U.S.C. 2024) is amended by adding the following new sub-
8 sections:

9 “(h) CIVIL FORFEITURE.—

10 “(1) any property, real or personal,

11 “(A) constituting, derived from, or trace-
12 able to any proceeds obtained directly or indi-
13 rectly from, or

14 “(B) used, or intended to be used, to com-
15 mit or to facilitate,

16 the commission of a violation (other than a mis-
17 demeanor) of subsection (b) or (c) of this section,
18 shall be subject to forfeiture to the United States.

19 “(2) The provisions of chapter 46 of title 18,
20 relating to civil forfeitures shall extend to a seizure
21 or forfeiture under this subsection, insofar as appli-
22 cable and not inconsistent with the provisions of this
23 subsection, except that such duties as are imposed
24 upon the Secretary of the Treasury under chapter
25 46 shall be performed with respect to seizures and
26 forfeitures under this section by such officers,

1 agents, and other persons as designated for that
2 purpose by the Secretary, U.S. Department of Agri-
3 culture.

4 “(3) Forfeitures imposed under this subsection
5 shall be in addition to any criminal sanctions im-
6 posed against the owner of the forfeited property.

7 “(i) CRIMINAL FORFEITURE.—

8 “(1) In imposing sentence upon any person con-
9 victed of a violation (other than a misdemeanor) of
10 subsection (b) or subsection (c) of this section, the
11 court shall order that the person forfeit to the
12 United States, irrespective of any State law—

13 “(A) any property, real or personal, con-
14 stituting, derived from, or traceable to any pro-
15 ceeds such person obtained directly or indirectly
16 as a result of such violation; and

17 “(B) any of such person’s property used,
18 or intended to be used, to commit or to facili-
19 tate the commission of such violation.

20 “(2) All property subject to forfeiture under
21 this subsection, any seizure and disposition thereof,
22 and any proceeding relating thereto, shall be gov-
23 erned by section 413 of the Comprehensive Drug
24 Abuse Prevention and Control Act of 1970 (21
25 U.S.C. 853), with the exception of section 413(d),

1 insofar as applicable and not inconsistent with the
2 provisions of this subsection.

3 “(3) Restraining orders available under section
4 413(e) of the Comprehensive Drug Abuse Prevention
5 and Control Act of 1970 (21 U.S.C. 853(e)) shall
6 apply to assets otherwise subject to forfeiture under
7 section 413(p) of that Act (21 U.S.C. 853(p)), as in-
8 corporated in this subsection.”.

9 **SEC. 378. EXPAND AUTHORITY FOR SHARING INFORMA-**
10 **TION PROVIDED BY RETAIL FOOD STORES**
11 **AND WHOLESALE FOOD CONCERNS.**

12 (a) Section 205(c)(2)(C)(iii) of the Social Security
13 Act (42 U.S.C. 405(c)(2)(C)(iii)) as amended by section
14 316(a) of the Social Security Administrative Reform Act
15 of 1994 (P.L. 103–296; 108 Stat. 1464), is amended by—

16 (1) inserting in the first sentence of subclause
17 (II) after “instrumentality of the United States” the
18 following: “, or State government officers and em-
19 ployees with law enforcement or investigative respon-
20 sibilities, or State agencies that have the responsibil-
21 ity for administering the Special Supplemental Nu-
22 trition Program for Women, Infants and Children
23 (WIC)”;

24 (2) inserting in the last sentence of subclause
25 (II) “or State” after “other Federal”; and

1 (3) inserting in subclause (III) “or a State”
2 after “United States”.

3 (b) Section 6109(f)(2) of the Internal Revenue Code
4 of 1986 (26 U.S.C. 6109(f)(2)) (as added by section
5 316(b) of the Social Security Administrative Reform Act
6 of 1994 (P.L. 103–296; 108 Stat. 1464), is amended by—

7 (1) inserting in paragraph (A) after “instru-
8 mentality of the United States” the following “, or
9 State government officers and employees with law
10 enforcement or investigative responsibilities, or State
11 agencies that have the responsibility for administer-
12 ing the Special Supplemental Nutrition Program for
13 Women, Infants and Children (WIC)”;

14 (2) inserting in the last sentence of subpara-
15 graph (A) “or State” after “other Federal”; and

16 (3) inserting in subparagraph (B) “or a State”
17 after “United States”.

18 **PART 5—CONFORMING AMENDMENTS AND**

19 **EFFECTIVE DATES**

20 **SEC. 381. CONFORMING AMENDMENTS.**

21 (a) Section 5(k)(1)(A) of the Food Stamp Act of
22 1977 (7 U.S.C. 2014(k)(1)(A)) is amended by striking
23 “for aid to families with dependent children”.

1 (b) Section 6(e)(6) of the Food Stamp Act of 1977
2 (7 U.S.C. 2015(e)(6)) is amended by striking “aid to fam-
3 ilies with dependent children” and inserting “assistance”.

4 (c) Section 11 of the Food Stamp Act of 1977 (7
5 U.S.C. 2020) is amended by—

6 (1) striking in the first complete sentence of
7 subsection (e)(2) “aid to families with dependent
8 children”; and

9 (2) striking in subsection (i) “aid to families
10 with dependent children”.

11 (d) Section 16(g) of the Food Stamp Act of 1977
12 (7 U.S.C. 2025(g)) is amended in item (4) by striking
13 “Aid to Families with Dependent Children Program” and
14 inserting “program”.

15 (e) Section 17(b) of the Food Stamp Act of 1977 (7
16 U.S.C. 2026(b)) is amended by—

17 (1) striking in the first sentence of paragraph
18 (1)(A) “aid to families with dependent children” and
19 inserting “assistance”;

20 (2) striking in paragraph (3)(B) “for recipients
21 of aid to families with dependent children”;

22 (3) inserting before the period at the end of the
23 first sentence in paragraph (3)(B) the following:
24 “for recipients of assistance under part A of title IV

1 of the Social Security Act (42 U.S.C. 601 et seq.)”;
 2 and

3 (4) striking in paragraph (3)(C) “‘aid to fami-
 4 lies with dependent children’” and inserting the fol-
 5 lowing: “assistance under part A of title IV of the
 6 Social Security Act (42 U.S.C. 601 et seq.)”.

7 **SEC. 382. EFFECTIVE DATES.**

8 Except as otherwise provided in this subtitle, the pro-
 9 visions of this subtitle become effective on the first day
 10 of the second month after the month of enactment.

11 **Subtitle B—Child Nutrition**

12 **SEC. 391. FAMILY OR GROUP DAY CARE HOMES.**

13 (a) RESTRUCTURED DAY CARE HOME REIMBURSE-
 14 MENTS.—Section 17(f)(3) of the National School Lunch
 15 Act (42 U.S.C. 1766(f)(3)) is amended by striking “(3)(A)
 16 Institutions” and all that follows through the end of sub-
 17 paragraph (A) and inserting the following:

18 “(3) REIMBURSEMENT OF FAMILY OR GROUP
 19 DAY CARE HOME SPONSORING ORGANIZATION.—

20 “(A) REIMBURSEMENT FACTOR.—

21 “(i) IN GENERAL.—An institution
 22 that participates in the program under this
 23 section as a family or group day care home
 24 sponsoring organization shall be provided,
 25 for payment to a home sponsored by the

1 organization, reimbursement factors in ac-
2 cordance with this subparagraph for the
3 cost of obtaining and preparing food and
4 prescribed labor costs involved in providing
5 meals under this section.

6 “(ii) TIER I FAMILY OR GROUP DAY
7 CARE HOMES.—

8 “(I) DEFINITION.—In this para-
9 graph, the term ‘tier I family or group
10 day care home’ means—

11 “(aa) a family or group day
12 care home that is located in a ge-
13 ographic area, as defined by the
14 Secretary based on census data,
15 in which at least 50 percent of
16 the children residing in the area
17 are members of households whose
18 incomes meet the income eligi-
19 bility guidelines for free or re-
20 duced price meals under section
21 9;

22 “(bb) a family or group day
23 care home that is located in an
24 area served by a school enrolling
25 elementary students in which at

1 least 50 percent of the total num-
2 ber of children enrolled are cer-
3 tified eligible to receive free or
4 reduced price school meals under
5 this Act or the Child Nutrition
6 Act of 1966 (42 U.S.C. 1771 et
7 seq.); or

8 “(cc) a family or group day
9 care home that is operated by a
10 provider whose household meets
11 the eligibility requirements for
12 free or reduced price meals under
13 section 9 and whose eligibility is
14 verified by the sponsoring organi-
15 zation of the home under regula-
16 tions established by the Sec-
17 retary.

18 “(II) REIMBURSEMENT.—Except
19 as provided in subclause (III), a tier
20 I family or group day care home shall
21 be provided reimbursement factors
22 under this clause without a require-
23 ment for documentation of the costs
24 described in clause (i), except that re-
25 imbursement shall not be provided

1 under this subclause for meals or sup-
2 plements served to the children of a
3 person acting as a family or group
4 day care home provider unless the
5 children meet the eligibility require-
6 ments for free or reduced price meals
7 under section 9.

8 “(III) FACTORS.—Except as pro-
9 vided in subclause (IV), the reim-
10 bursement factors applied to a home
11 referred to in subclause (II) shall be
12 the factors in effect on the date of en-
13 actment of this subclause.

14 “(IV) ADJUSTMENTS.—The re-
15 imbursement factors under this sub-
16 paragraph shall be adjusted on Octo-
17 ber 1, 1996, July 1, 1997, and each
18 July 1 thereafter, to reflect changes in
19 the Consumer Price Index for food at
20 home for the most recent 12-month
21 period for which the data are avail-
22 able. The reimbursement factors
23 under this subparagraph shall be
24 rounded to the nearest lower cent in-
25 crement and based on the unrounded

1 adjustment in effect on June 30 of
2 the preceding school year.

3 “(iii) TIER II FAMILY OR GROUP DAY
4 CARE HOMES.—

5 “(I) IN GENERAL.—

6 “(aa) FACTORS.—Except as
7 provided in subclause (II), with
8 respect to meals or supplements
9 served under this clause by a
10 family or group day care home
11 that does not meet the criteria
12 set forth in clause (ii)(I), the re-
13 imbursement factors shall be \$1
14 for lunches and suppers, 30 cents
15 for breakfasts, and 15 cents for
16 supplements.

17 “(bb) ADJUSTMENTS.—The
18 factors shall be adjusted on July
19 1, 1997, and each July 1 there-
20 after, to reflect changes in the
21 Consumer Price Index for food at
22 home for the most recent 12-
23 month period for which the data
24 are available. The reimbursement
25 factors under this item shall be

1 rounded down to the nearest
2 lower cent increment and based
3 on the unrounded adjustment for
4 the preceding 12-month period.

5 “(cc) REIMBURSEMENT.—A
6 family or group day care home
7 shall be provided reimbursement
8 factors under this subclause with-
9 out a requirement for docu-
10 mentation of the costs described
11 in clause (i), except that reim-
12 bursement shall not be provided
13 under this subclause for meals or
14 supplements served to the chil-
15 dren of a person acting as a fam-
16 ily or group day care home pro-
17 vider unless the children meet the
18 eligibility requirements for free
19 or reduced price meals under sec-
20 tion 9.

21 “(II) OTHER FACTORS.—A fam-
22 ily or group day care home that does
23 not meet the criteria set forth in
24 clause (ii)(I) may elect to be provided
25 reimbursement factors determined in

1 accordance with the following require-
2 ments:

3 “(aa) CHILDREN ELIGIBLE
4 FOR FREE OR REDUCED PRICE
5 MEALS.—In the case of meals or
6 supplements served under this
7 subsection to children who meet
8 the eligibility requirements for
9 free or reduce price meals under
10 section 9, the family or group
11 day care home shall be provided
12 reimbursement factors set by the
13 Secretary in accordance with
14 clause (ii)(III).

15 “(bb) INELIGIBLE CHIL-
16 DREN.—In the case of meals or
17 supplements served under this
18 subsection to children who do not
19 meet the eligibility requirements
20 for free or reduced price meals
21 under section 9, the family or
22 group day care home shall be
23 provided reimbursement factors
24 in accordance with subclause (I).

1 “(III) INFORMATION AND DE-
2 TERMINATIONS.—

3 “(aa) IN GENERAL.—If a
4 family or group day care home
5 elects to claim the factors de-
6 scribe in subclause (II), the fam-
7 ily or group day care home spon-
8 soring organization serving the
9 home shall collect the necessary
10 eligibility information, as deter-
11 mined by the Secretary, from any
12 parent or other caretaker to
13 make the determinations speci-
14 fied in subclause (II) and shall
15 make the determinations in ac-
16 cordance with rules prescribed by
17 the Secretary.

18 “(bb) CATEGORICAL ELIGI-
19 BILITY.—In making a determina-
20 tion under item (aa), a family or
21 group day care home sponsoring
22 organization may consider a child
23 participating in or subsidized
24 under, or a child with a parent
25 participating in or subsidized

1 under, a federally or State sup-
2 ported child care or other benefit
3 program with an income eligi-
4 bility limit that does not exceed
5 the income eligibility guidelines
6 standard for free or reduced
7 price meals under section 9 to be
8 a child who is eligible for free or
9 reduced price meals under section
10 9.

11 “(cc) FACTORS FOR CHIL-
12 DREN ONLY.—A family or group
13 day care home may elect to re-
14 ceive the reimbursement factors
15 prescribed under clause (ii)(III)
16 solely for the children participat-
17 ing in a program referred to in
18 item (bb) if the home elects not
19 to have eligibility information col-
20 lected from parents or other care-
21 takers.”.

22 (b) GRANTS TO STATES TO PROVIDE ASSISTANCE TO
23 FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3)
24 of the National School Lunch Act (42 U.S.C. 1766(f)(3))
25 is amended by adding at the end the following:

1 “(D) GRANTS TO STATES TO PROVIDE AS-
2 SISTANCE TO FAMILY OR GROUP DAY CARE
3 HOMES.—

4 “(i) IN GENERAL.—

5 “(I) RESERVATION.—The Sec-
6 retary shall reserve \$5,000,000 of the
7 amount made available to carry out
8 this section for fiscal year 1996.

9 “(II) PURPOSE.—The Secretary
10 shall use the funds made available
11 under subclause (I) to provide grants
12 to States for the purpose of provid-
13 ing—

14 “(aa) assistance, including
15 grants, to family and day care
16 home sponsoring organizations
17 and other appropriate organiza-
18 tions, in securing and providing
19 training, materials, automated
20 data processing assistance, and
21 other assistance for the staff of
22 the sponsoring organizations; and

23 “(bb) training and other as-
24 sistance to family and group day
25 care homes in the implementation

1 of the amendments to subpara-
2 graph (A) made by section
3 391(a) of the Work First and
4 Personal Responsibility Act of
5 1996.

6 “(ii) ALLOCATION.—The Secretary
7 shall allocate from the funds reserved
8 under clause (i)(I)—

9 “(I) \$30,000 in base funding to
10 each State; and

11 “(II) any remaining amount
12 among the States, based on the num-
13 ber of family day care homes partici-
14 pating in the program in a State dur-
15 ing fiscal year 1994 as a percentage
16 of the number of all family day care
17 homes participating in the program
18 during fiscal year 1994.

19 “(iii) RETENTION OF FUNDS.—Of the
20 amount of funds made available to a State
21 for fiscal year 1996 under clause (i), the
22 State may retain not to exceed 30 percent
23 of the amount to carry out this subpara-
24 graph.

1 “(iv) ADDITIONAL PAYMENTS.—Any
2 payments received under this subpara-
3 graph shall be in addition to payments
4 that a State receives under subparagraph
5 (A) (as amended by section 391(a) of the
6 Work First and Personal Responsibility
7 Act of 1996).”.

8 (c) PROVISION OF DATA.—Section 17(f)(3) of the
9 National School Lunch Act (42 U.S.C. 1766(f)(3)), as
10 amended by subsection (b), is further amended by adding
11 at the end the following:

12 “(E) PROVISION OF DATA TO FAMILY OR
13 GROUP DAY CARE HOME SPONSORING ORGANI-
14 ZATIONS.—

15 “(i) CENSUS DATA.—The Secretary
16 shall provide to each State agency admin-
17 istering a child and adult care food pro-
18 gram under this section data from the
19 most recent decennial census survey or
20 other appropriate census survey for which
21 the data are available showing which areas
22 in the State meet the requirements of sub-
23 paragraph (A)(ii)(I)(aa). The State agency
24 shall provide the data to family or group

1 day care home sponsoring organizations lo-
2 cated in the State.

3 “(ii) SCHOOL DATA.—

4 “(I) IN GENERAL.—A State
5 agency administering the school lunch
6 program under this Act or the school
7 breakfast program under the Child
8 Nutrition Act of 1966 (42 U.S.C.
9 1771 et seq.) shall provide data for
10 each elementary school in the State,
11 or shall direct each school within the
12 State to provide data for the school,
13 to approve family or group day care
14 home sponsoring organizations that
15 request the data, on the percentage of
16 entrolled children who are certified eli-
17 gible for free or reduced price meals.

18 “(II) USE OF DATA FROM PRE-
19 CEDING SCHOOL YEAR.—In determin-
20 ing for a fiscal year or other annual
21 period whether a home qualifies as a
22 tier I family or group day care home
23 under subparagraph (A)(ii)(I), the
24 State agency administering the pro-
25 gram under this section, and a family

1 or group day care home sponsoring
2 organization, shall use the most cur-
3 rent available data at the time of the
4 determination.

5 “(iii) DURATION OF DETERMINA-
6 TION.—For purposes of this section, a de-
7 termination that a family or group day
8 care home is located in an area that quali-
9 fies the home as a tier I family or group
10 day care home (as the term is defined in
11 subparagraph (A)(ii)(I)), shall be in effect
12 for 3 years (unless the determination is
13 made on the basis of census data, in which
14 case the determination shall remain in ef-
15 fect until more recent census data are
16 available) unless the State agency deter-
17 mines that the area in which the home is
18 located no longer qualifies the home as a
19 tier I family or group day care home.”.

20 (d) CONFORMING AMENDMENTS.—Section 17(c) of
21 the National School Lunch act is amended by inserting
22 “except as provided in subsection (f)(3),” after “For pur-
23 poses of this section,” each place it appears in paragraphs
24 (1), (2), and (3).

25 (e) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section be-
3 come effective on the date of enactment of this sub-
4 title.

5 (2) IMPROVED TARGETING OF DAY CARE HOME
6 REIMBURSEMENTS.—The amendments made by sub-
7 sections (a), (c), and (d) become effective on October
8 1, 1996.

9 **SEC. 392. REIMBURSEMENT RATE ADJUSTMENTS.**

10 (a) IN GENERAL.—

11 (1) COMMODITY RATE.—Section 6(e)(1)(B) of
12 the National School Lunch Act (42 U.S.C.
13 1755(e)(1)(B)) is amended by striking “ $\frac{1}{4}$ cent”
14 and inserting “lower cent increment”.

15 (2) LUNCH, BREAKFAST, AND SUPPLEMENT
16 RATES.—Section 11(a)(3)(B) of the National School
17 Lunch Act (42 U.S.C. 1759(a)(3)(B)) is amended
18 by striking “one fourth cent” and inserting “lower
19 cent increment”.

20 (3) SUMMER PROGRAM RATES.—Section
21 13(b)(1) of the National School Lunch Act (42
22 U.S.C. 1761(b)(1)) is amended by striking “one
23 fourth cent” and inserting “lower cent increment”.

24 (4) SPECIAL MILK PROGRAM RATES.—Section
25 3(a)(8) of the Child Nutrition Act of 1966 (42

1 U.S.C. 1772(a)(8)) is amended by striking “one-
2 fourth cent” and inserting “lower cent increment”.

3 (5) REDUCED PRICE BREAKFAST RATES.—Sec-
4 tion 4(b)(1)(B) of the Child Nutrition Act of 1966
5 (42 U.S.C. 1773(b)(1)(B)) is amended by striking
6 “one fourth cent” and inserting “lower cent incre-
7 ment”.

8 (6) SEVERE NEED RATES.—Section
9 4(b)(2)(B)(ii) of the Child Nutrition Act of 1966
10 (42 U.S.C. 1773(b)(2)(B)(ii)) is amended by strik-
11 ing “one-fourth cent” and inserting “lower cent in-
12 crement”.

13 (b) EFFECTIVE DATES.—The amendments made by
14 subsection (a) become effective on July 1, 1996.

15 **SEC. 393. ELIMINATION OF START-UP AND EXPANSION**
16 **GRANTS.**

17 (a) Section 4 of the Child Nutrition Act of 1996 (42
18 U.S.C. 1773) is amended by striking subsection (g).

19 (b) The amendment made by this subsection (a) be-
20 comes effective on October 1, 1996.

21 **SEC. 394. AUTHORIZATION OF APPROPRIATIONS.**

22 Section 19(i) of the Child Nutrition Act (42 U.S.C.
23 1788(i)) is amended—

24 (a) in the first sentence of paragraph (2)(A), by
25 striking “and each succeeding fiscal Year”;

1 (b) by redesignating paragraphs (3) and (4) as
2 paragraphs (4) and (5), respectively; and

3 (c) by inserting after paragraph (2) the follow-
4 ing:

5 “(3) FISCAL YEARS 1997 THROUGH 2002.—

6 “(A) IN GENERAL.—There are authorized
7 to be appropriated to carry out this section
8 \$10,000,000 for each of the fiscal years 1997
9 through 2002.

10 “(B) GRANTS.—

11 “(i) IN GENERAL.—Grants to each
12 State from the amounts made available
13 under subparagraph (A) shall be based on
14 a rate of 50 cents for each child enrolled
15 in schools or institutions within the State,
16 except that no State shall receive an
17 amount less than \$75,000 per fiscal year.

18 “(ii) INSUFFICIENT FUNDS.—If an
19 amount made available for any fiscal year
20 is insufficient to pay the amount to which
21 each State is entitled under clause (i), the
22 amount of each grant, including minimum
23 grants, shall be ratably reduced.”.

1 **SEC. 395. DIRECT FEDERAL EXPENDITURES.**

2 (a) COMMODITY ASSISTANCE.—Section 6(g) of the
3 National School Lunch Act (42 U.S.C. 1755(g)) is amend-
4 ed by striking “12 percent” and inserting “8 percent”.

5 (b) The amendment made by this section becomes ef-
6 fective on July 1, 1996.

7 **TITLE D—TREATMENT OF ALIENS**

8 **SEC. 401. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUB-
9 LIC ASSISTANCE PROGRAMS.**

10 (a) FEDERAL AND FEDERALLY-ASSISTED PRO-
11 GRAMS.—

12 (1) PROGRAM ELIGIBILITY CRITERIA.—

13 (A) TEMPORARY EMPLOYMENT ASSIST-
14 ANCE.—Section 402(c), as amended by sections
15 101(a) and 112 of this Act, is further amended
16 by adding at the end the following paragraph:

17 “(9) RESTRICTION OF ELIGIBILITY TO CITIZENS
18 AND LEGAL IMMIGRANTS.—The State plan shall pro-
19 vide that, in order to be eligible for assistance under
20 the State plan, an individual must be either—

21 “(A) a citizen or national of the United
22 States, or

23 “(B) a qualified alien (as defined in section
24 1145(a)), provided that such alien is not dis-
25 qualified from receiving assistance under a
26 State plan approved under this part by or pur-

1 suant to section 210(f) or 245A(h) of the Immi-
2 gration and Nationality Act or any other provi-
3 sion of law;”.

4 (B) SUPPLEMENTAL SECURITY INCOME.—
5 Section 1614(a)(1)(B)(i) is amended to read as
6 follows:

7 “(B)(i) is a resident of the United States,
8 and is either (I) a citizen or national of the
9 United States, or (II) a qualified alien (as de-
10 fined in section 1145(a)), or”.

11 (C) MEDICAID.—

12 (i) Section 1903(v)(1) is amended to
13 read as follows:

14 “(v)(1) Notwithstanding the preceding provisions of
15 this section—

16 “(A) no payment may be made to a State under
17 this section for medical assistance furnished to an
18 individual who is disqualified from receiving such as-
19 sistance by or pursuant to section 210(f) or 245A(h)
20 of the Immigration and Nationality Act or any other
21 provision of law, and

22 “(B) except as provided in paragraph (2), no
23 such payment may be made for medical assistance
24 furnished to an individual who is not—

1 “(i) a citizen or national of the United
2 States, or

3 “(ii) a qualified alien (as defined in section
4 1145(a)).”.

5 (ii) Section 1903(v)(2) is amended—

6 (I) by striking “paragraph (1)”
7 and inserting “paragraph (1)(B)”;
8 and

9 (II) by striking “alien” each
10 place it appears and inserting “indi-
11 vidual”.

12 (iii) Section 1902(a) is amended in
13 the last sentence by striking “alien” and
14 all that follows and inserting “individual
15 who is not (A) a citizen or national of the
16 United States, or (B) a qualified alien (as
17 defined in section 1145(a)) only in accord-
18 ance with section 1903(v).”.

19 (iv) Section 1902(b)(3) is amended by
20 inserting “or national” after “citizen”.

21 (2) DEFINITION OF “QUALIFIED ALIEN”.—Title
22 XI is amended by adding at the end the following
23 new section:

1 “UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC
2 ASSISTANCE PROGRAMS

3 “SEC. 1145. (a) DEFINITIONS.—For purposes of the
4 programs under part A of title IV and titles XVI and XIX
5 of this Act—

6 “(1) QUALIFIED ALIEN.—The term ‘qualified
7 alien’ means an alien—

8 “(A) who is lawfully admitted for perma-
9 nent residence within the meaning of section
10 101(a)(20) of the Immigration and Nationality
11 Act;

12 “(B) who is admitted as a refugee pursu-
13 ant to section 207 of such Act;

14 “(C) who is granted asylum pursuant to
15 section 208 of such Act;

16 “(D) who is a Cuban or Haitian entrant,
17 as defined in section 501(e) of the Refugee
18 Education Assistance Act of 1980 (Public Law
19 96-422);

20 “(E) whose deportation is withheld pursu-
21 ant to section 243(h) of the Immigration and
22 Nationality Act;

23 “(F) whose deportation is suspended pur-
24 suant to section 244 of such Act;

1 “(G) who is granted conditional entry pur-
2 suant to section 203(a)(7) of such Act as in ef-
3 fect prior to April 1, 1980;

4 “(H) who is lawfully admitted for tem-
5 porary residence pursuant to section 210 or
6 245A of such Act;

7 “(I) who is paroled into the United States
8 under section 212(d)(5) of such Act for a pe-
9 riod of at least 1 year;

10 “(J) who is within a class of aliens lawfully
11 present within the United States pursuant to
12 any other provision of such Act, provided
13 that—

14 “(i) the Attorney General determines
15 (and such determination shall not be judi-
16 cially reviewable) that the continued pres-
17 ence of such class of aliens serves a hu-
18 manitarian or other compelling public in-
19 terest, and

20 “(ii) the Secretary of Health and
21 Human Services and the Commissioner of
22 Social Security determine (and such deter-
23 mination shall not be judicially reviewable)
24 that such interest would be further served
25 by treating each alien within such class as

1 a ‘qualified alien’ for purposes of this Act;

2 or

3 “(K) who is the spouse or unmarried child
4 under 21 years of age of a citizen of the United
5 States, or the parent of such a citizen if the cit-
6 izen is 21 years of age or older, and with re-
7 spect to whom an application for adjustment to
8 lawful permanent residence is pending;
9 such status not having changed.

10 “(2) SPONSOR.—The term ‘sponsor’ means,
11 with respect to a qualified alien, an individual who—

12 “(A) is a citizen or national of the United
13 States or an alien who is lawfully admitted to
14 the United States for permanent residence;

15 “(B) is 18 years of age or over;

16 “(C) is domiciled in any State, the District
17 of Columbia, or any territory or possession of
18 the United States; and

19 “(D) has executed an affidavit of support
20 for such alien in accordance with section 213 of
21 the Immigration and Nationality Act.”.

22 (3) CONFORMING AMENDMENT.—Section
23 244A(f)(1) of the Immigration and Nationality Act
24 is amended by inserting “and shall not be considered
25 to be a ‘qualified alien’ within the meaning of sec-

1 “(b) DEEMING OF INCOME TO SPONSORED ALIEN
2 UNTIL NATURALIZATION FOR PURPOSES OF CERTAIN AS-
3 SISTANCE PROGRAMS.—

4 “(1) IN GENERAL.—Except as otherwise pro-
5 vided in this subsection, for purposes of the pro-
6 grams under titles IV–A and XVI and the program
7 under the Food Stamp Act of 1977, the income and
8 resources of the sponsor of a qualified alien, and of
9 the sponsor’s spouse, shall be deemed to be available
10 to such alien, in accordance with the applicable pro-
11 visions of each such program, until the date on
12 which the alien achieves United States citizenship
13 through naturalization pursuant to the Immigration
14 and Nationality Act.

15 “(2) EXCEPTIONS.—The income and resources
16 of a sponsor shall not be deemed available to a
17 qualified alien in the following circumstances:

18 “(A) ELDERLY ALIEN AFTER 5 YEARS’
19 RESIDENCE.—The alien has been lawfully ad-
20 mitted to the United States for permanent resi-
21 dence, has attained 75 years of age, and has re-
22 sided in the United States for at least 5 years.

23 “(B) ALIEN A VETERAN.—The alien—

24 “(i) is a veteran (as defined in section
25 101 of title 38, United States Code) with

1 a discharge characterized as an honorable
2 discharge,

3 “(ii) is on active duty (other than ac-
4 tive duty for training) in the Armed Forces
5 of the United States, or

6 “(iii) is the spouse (other than a di-
7 vorced spouse), surviving spouse, or un-
8 married minor dependent child of an indi-
9 vidual described in clause (i) or (ii).

10 “(C) ALIEN A TAXPAYER.—(i) Taxes have
11 been paid (as determined in accordance with
12 clause (ii)) under chapter 2 or chapter 21 of
13 the Internal Revenue Code of 1986 for each of
14 20 different calendar quarters with respect to
15 the self-employment income or employment of
16 the alien, or spouse of the alien, or parent of
17 the alien (in the case of an alien under age 25).

18 “(ii) For purposes of clause (i), the taxes
19 described in such clause shall, in the absence
20 of any evidence to the contrary, be assumed to
21 have been paid with respect to any wages and
22 self-employment income for which such alien,
23 parent, or spouse has been credited in the
24 records maintained by the Commissioner of So-
25 cial Security for purposes of the administration

1 of the Federal Old-Age, Survivors, and Disabil-
2 ity Insurance program authorized by title II of
3 this Act.

4 “(iii) The Social Security Administration,
5 by regulation, shall provide a simplified method
6 for assigning an individual’s annual earnings in
7 a year to a given calendar quarter. Earnings as-
8 signed to a given calendar quarter are consid-
9 ered to be acquired as of the first day of that
10 quarter.

11 “(D) ALIEN WHOSE SPONSOR RECEIVES
12 TEA OR SSI BENEFITS.—The provisions of para-
13 graph (1) shall not apply to any alien for any
14 month for which such alien’s sponsor receives
15 any of the following benefits—

16 “(i) temporary employment assistance
17 under part A of title IV;

18 “(ii) supplemental security income
19 under title XVI; or

20 “(iii) federally administered State
21 supplementary payments pursuant to sec-
22 tion 1616(a) of this Act or to section
23 212(b) of Public Law 93–66.

24 “(E) FOOD STAMPS EXEMPTION FOR
25 BLIND OR DISABLED ALIEN.—The provisions of

1 paragraph (1) shall not apply to the program
2 under the Food Stamp Act of 1977 with respect
3 to an alien for any month for which such alien
4 receives supplemental security income under
5 title XVI by reason of blindness (as determined
6 under section 1614(a)(2)) or disability (as de-
7 termined under section 1614(a)(3)), provided
8 that such blindness or disability commenced
9 after the date of such individual's admission
10 into the United States for permanent residence.

11 “(3) REGULATIONS PROVIDING FOR HARDSHIP
12 EXCEPTIONS.—The Secretary of Health and Human
13 Services, the Commissioner of Social Security, and
14 the Secretary of Agriculture, after consultation to-
15 gether, may each promulgate regulations providing
16 for alteration or suspension of the application of
17 paragraph (1) in cases (including cases in which the
18 sponsored alien is the subject of domestic violence or
19 other abuse by the sponsor) where such application
20 to a qualified alien, for purposes of determining eli-
21 gibility for a program administered by such official,
22 would be inequitable in the circumstances.

23 “(4) INAPPLICABILITY TO MEDICAID.—The pro-
24 visions of paragraph (1) shall be inapplicable to the

1 determination of the eligibility of a qualified alien
2 for benefits under title XIX.”.

3 (b) AMENDMENTS TO PROGRAM STATUTES.—

4 (1) TEMPORARY EMPLOYMENT ASSISTANCE.—

5 Section 415 of the Social Security Act is redesignated as section 407, and is amended—

6 (A) in subsection (a)—

7 (i) by striking “an alien described in
8 clause (B) of section 402(a)(33)” and inserting “a qualified alien (as defined in
9 section 1145(a))”; and
10 section 1145(a))”; and
11

12 (ii) by striking “for a period of three
13 years after the individual’s entry into the
14 United States” and inserting “, subject to
15 the exceptions in subsection (f), during the
16 period (if any) determined pursuant to section
17 1145(b) with respect to such alien”;

18 (B) in subsection (b)—

19 (i) in paragraph (1)(B)(ii), by striking
20 “section 402(a)(7)” and inserting “section
21 402(d)”;

22 (ii) in paragraph (2)(A), by striking
23 “aid” and inserting “assistance”; and

24 (iii) in paragraph (2)(B), by striking
25 “\$1,500” and inserting “\$2,000”; and

1 (C) in subsection (e)(1), in the first and
2 second sentences, and in subsection (d)—

3 (i) by striking “aid” each place it ap-
4 pears and inserting “assistance”; and

5 (ii) by striking “during the period of
6 three years after his or her entry into the
7 United States” and inserting “during the
8 period (if any) determined pursuant to sec-
9 tion 1145(b) with respect to such alien”.

10 (2) SUPPLEMENTAL SECURITY INCOME.—

11 (A) Section 1621(a) of the Social Security
12 Act is amended by striking “for a period of 5
13 years after the individual’s entry into the
14 United States” and inserting “during the pe-
15 riod (if any) determined pursuant to section
16 1145(b) with respect to such alien”.

17 (B) Section 1621(c) of the Social Security
18 Act is amended by striking “during the period
19 of 5 years after such alien’s entry into the
20 United States” and inserting “during the pe-
21 riod (if any) determined pursuant to section
22 1145 with respect to such alien”.

23 (C) Section 1621(d) of the Social Security
24 Act is amended by striking “during the period
25 of 5 years after entry into the United States”

1 and inserting “during the period (if any) deter-
2 mined pursuant to section 1145(b) with respect
3 to such alien”.

4 (D) Section 1621(e) of the Social Security
5 Act is amended by striking “during the period
6 of 5 years after such alien’s entry into the
7 United States” and inserting “during the pe-
8 riod (if any) determined pursuant to section
9 1145(b) with respect to such alien”.

10 (3) FOOD STAMPS.—Section 5(i) of the Food
11 Stamp Act of 1977 is amended—

12 (A) in paragraph (1), by striking “for a
13 period of three years after the individual’s entry
14 into the United States” and inserting “for the
15 period (if any) determined pursuant to section
16 1145(b) of the Social Security Act with respect
17 to such alien”;

18 (B) in paragraph (2)(B)(ii), by striking
19 “\$1,500” and inserting “\$2,000”;

20 (C) in paragraph (2)(C), by striking “dur-
21 ing the period of three years after entry into
22 the United States” and inserting “during the
23 period (if any) determined pursuant to section
24 1145(b) of the Social Security Act with respect
25 to such alien”; and

1 (D) in paragraph (2)(D), by striking “dur-
2 ing the period of three years after such alien’s
3 entry into the United States” and inserting
4 “during the period (if any) determined pursu-
5 ant to section 1145(b) of the Social Security
6 Act with respect to such alien”.

7 (c) STATE AND LOCAL PROGRAMS.—A State, or a po-
8 litical subdivision of a State, may provide that an alien
9 is not eligible for any program of cash assistance (other
10 than assistance related to pre-school, elementary, or sec-
11 ondary education) based on need that is furnished by such
12 State or political subdivision for any month if such alien
13 has been determined to be ineligible for such month for
14 benefits under—

15 (1) the program of temporary employment as-
16 sistance under part A of title IV of the Social Secu-
17 rity Act, as a result of the application of section 407
18 of such Act;

19 (2) the program of supplemental security in-
20 come under title XVI of the Social Security Act, as
21 a result of the application of section 1611(e)(4) or
22 1621 of such Act; or

23 (3) the Food Stamp Act of 1977, as a result of
24 the application of section 5(i) or 6(i) of such Act.

25 (d) EFFECTIVE DATE.—

1 (1) The amendments made by this section are
 2 effective with respect to benefits under the program
 3 of temporary employment assistance authorized by
 4 part A of title IV of the Social Security Act, the pro-
 5 gram of supplemental security income authorized by
 6 title XVI of the Social Security Act, and the pro-
 7 gram authorized by the Food Stamp Act of 1977,
 8 payable for months beginning on or after the date
 9 60 days after enactment of this Act, on the basis
 10 of—

11 (A) an application filed after such date, or

12 (B) an application filed on or before such
 13 date by or on behalf of an individual subject to
 14 the provisions of section 1621(a) or section 415
 15 (which is renumbered as section 407 by sub-
 16 section (b) of this section and section 102 of
 17 this Act, effective as of October 1, 1996) of the
 18 Social Security Act or section 5(i)(1) of the
 19 Food Stamp Act of 1977 (as the case may be)
 20 on such date.

21 **SEC. 403. CONTINUED LIABILITY OF ALIEN AND SPONSOR**

22 **FOR OVERPAYMENTS.**

23 (a) TEMPORARY EMPLOYMENT ASSISTANCE.—Sec-
 24 tion 407(d) (as redesignated and amended by section
 25 402(b) of this Act) is amended by adding at the end the

1 following sentence: “If an individual who is an alien sub-
2 ject to this subsection is naturalized as a citizen of the
3 United States, such naturalization shall have no effect
4 upon the continued application of this subsection to such
5 individual or to such individual’s sponsor.”.

6 (b) SUPPLEMENTAL SECURITY INCOME.—Section
7 1621(e) is amended by adding at the end the following
8 sentence: “If an individual who is an alien subject to this
9 subsection is naturalized as a citizen of the United States,
10 such naturalization shall have no effect upon the contin-
11 ued application of this subsection to such individual or to
12 such individual’s sponsor.”.

13 (c) FOOD STAMPS.—Section 5(i)(2)(D) of the Food
14 Stamp Act of 1977 is amended by adding at the end the
15 following sentence: “If an individual who is an alien sub-
16 ject to this subsection is naturalized as a citizen of the
17 United States, such naturalization shall have no effect
18 upon the continued application of this subsection to such
19 individual or to such individual’s sponsor.”.

20 **SEC. 404. REQUIREMENTS FOR SPONSOR’S AFFIDAVIT OF**
21 **SUPPORT.**

22 (a) SPONSOR’S AFFIDAVIT OF SUPPORT.—Section
23 213 of the Immigration and Nationality Act (8 U.S.C.
24 1183) is amended—

1 (1) in the heading, by striking “ON GIVING
2 BOND” and inserting “UPON PROVISION OF BOND OR
3 GUARANTEE OF FINANCIAL RESPONSIBILITY”;

4 (2) by designating the existing matter as sub-
5 section (a); and

6 (3) by adding at the end a new subsection as
7 follows:

8 “(b)(1) ATTORNEY GENERAL’S DISCRETION TO
9 ADMIT ALIEN.—An alien excludable under paragraph (4)
10 of section 212(a) may, if otherwise admissible, be admitted
11 in the discretion of the Attorney General upon a finding
12 by the Attorney General that—

13 “(A) the alien has received a guarantee of fi-
14 nancial responsibility in such form as may be pre-
15 scribed pursuant to paragraph (4) and meeting the
16 conditions described in paragraph (2); and

17 “(B) taking into consideration all relevant cir-
18 cumstances, it is reasonable to expect that the spon-
19 sor has the financial capacity to meet the obligations
20 of the guarantee.”

21 “(2) SUBSTANCE OF GUARANTEE OF SUPPORT.—A
22 guarantee of financial responsibility for an alien must—

23 “(A) be signed in the presence of an immigra-
24 tion officer or consular officer (or in the presence of
25 a notary public) by an individual (referred to in this

1 subsection as the ‘sponsor’) who is 18 years of age
2 or older, is of good moral character, and is a citizen
3 or national of the United States or an alien lawfully
4 admitted for permanent residence domiciled in any
5 of the several States of the United States, the Dis-
6 trict of Columbia, or any territory or possession of
7 the United States; and

8 “(B) provide that the sponsor enters into a le-
9 gally binding commitment to furnish to or on behalf
10 of the alien financial support sufficient to meet the
11 alien’s basic subsistence needs until the alien
12 achieves United States citizenship through natu-
13 ralization pursuant to the Immigration and Nation-
14 ality Act.

15 “(3) ENFORCEABILITY OF GUARANTEE OF SUP-
16 PORT.—Any guarantee of financial support executed on
17 behalf of an alien pursuant to this subsection must be en-
18 forceable against the sponsor and may be enforced against
19 the sponsor in a civil suit brought by the sponsored alien
20 or by the Federal government, any State, district, terri-
21 tory, or possession of the United States (or any subdivi-
22 sion of such State, district, territory, or possession of the
23 United States) which provides benefits to the alien in any
24 court of competent jurisdiction, except that no action may

1 be brought against a sponsor if the sponsor is receiving
2 cash or food stamp benefits (as defined in paragraph (7)).

3 “(4) FORM OF GUARANTEE OF SUPPORT.—Not later
4 than 90 days after the date of enactment of this section,
5 the Secretary of State, the Attorney General, the Sec-
6 retary of Health and Human Services, the Secretary of
7 Agriculture, and the Commissioner of Social Security shall
8 jointly establish the form of the guarantee of financial
9 support described in this section.

10 “(5) LIMITATION OF LIABILITY.—The guarantee of
11 financial support established pursuant to this section shall
12 only apply with respect to cash or food stamp benefits (as
13 defined in paragraph (7)) provided to an alien before the
14 earliest of the following:

15 “(A) CITIZENSHIP.—The date the alien be-
16 comes a citizen of the United States.

17 “(B) VETERAN.—The first date the alien is de-
18 scribed in section 1145(b)(2)(B) of the Social Secu-
19 rity Act.

20 “(C) PAYMENT OF SOCIAL SECURITY TAXES.—
21 The first date as of which the condition described in
22 section 1145(b)(2)(C) of the Social Security Act is
23 met with respect to the alien.

1 “(D) ELDERLY ALIEN.—The first date the
2 alien is described in section 1145(b)(2)(A) of the So-
3 cial Security Act.

4 “(6) NONAPPLICATION DURING CERTAIN PERIODS.—
5 The contract established by this section shall not apply
6 with respect to cash or food stamp benefits (as defined
7 in paragraph (7)) provided to an alien during any period
8 in which the sponsor is receiving such benefits.

9 “(7) DEFINITION OF CASH OR FOOD STAMP BENE-
10 FITS.—For the purposes of this section the term ‘cash or
11 food stamp benefits’ means Federal assistance provided
12 under title IV–A or XVI of the Social Security Act, under
13 the Food Stamp Act of 1977, or under similar programs
14 of a State or a political subdivision of a State that provides
15 direct cash (or cash equivalent) assistance for the purpose
16 of income maintenance and in which the eligibility of an
17 individual, household, or family unit for such benefits
18 under the program, or the amount of such benefits, or
19 both, are determined on the basis of income, resources,
20 or financial need of the individual, household, or unit.
21 Such term does not include any program insofar as it pro-
22 vides medical, housing, education, job training, food, or
23 in-kind assistance or social services.”.

24 (b) EFFECTIVE DATE.—The amendments made by
25 this section apply to affidavits of support executed on or

1 after the date 90 days after the date of establishment of
2 the form for such affidavits under section 213(b)(4) of the
3 Immigration and Nationality Act, as added by this section.

4 **TITLE V—SUPPLEMENTAL SECURITY**
5 **INCOME REFORMS**

6 **SEC. 501. DEFINITION AND ELIGIBILITY RULES.**

7 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-
8 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

9 (1) in subparagraph (A), by striking “An indi-
10 vidual” and inserting “Except as provided in sub-
11 paragraph (C), an individual”;

12 (2) in subparagraph (A), by striking “(or, in
13 the case of an individual under the age of 18, if he
14 suffers from any medically determinable physical or
15 mental impairment of comparable severity)”;

16 (3) by redesignating subparagraphs (C) through
17 (H) as subparagraphs (D) through (I), respectively;

18 (4) by inserting after subparagraph (B) the fol-
19 lowing new subparagraph:

20 “(C) An individual under the age of 18 shall be con-
21 sidered disabled for the purposes of this title if that indi-
22 vidual has a medically determinable physical or mental im-
23 pairment, which results in marked and severe functional
24 limitations, and which can be expected to result in death
25 or which has lasted or can be expected to last for a contin-

1 uous period of not less than 12 months. Notwithstanding
2 the preceding sentence, no individual under the age of 18
3 who engages in substantial gainful activity (determined in
4 accordance with regulations prescribed pursuant to sub-
5 paragraph (E)) may be considered to be disabled.”; and

6 (5) in subparagraph (F), as so redesignated by
7 paragraph (3) of this subsection, by striking “(D)”
8 and inserting “(E)”.

9 (b) CHANGES RESPECTING CHILDHOOD SSI REGU-
10 LATIONS.—

11 (1) MODIFICATION TO MEDICAL CRITERIA FOR
12 EVALUATION OF MENTAL AND EMOTIONAL DIS-
13 ORDERS.—The Commissioner of Social Security
14 shall modify sections 112.00C.2. and
15 112.02B.2.c.(2) of appendix 1 to subpart P of part
16 404 of title 20, Code of Federal Regulations, to
17 eliminate references to maladaptive behavior in the
18 domain of personal/behavioral function.

19 (2) DISCONTINUANCE OF INDIVIDUALIZED
20 FUNCTIONAL ASSESSMENT.—The Commissioner of
21 Social Security shall discontinue the individualized
22 functional assessment for children set forth in sec-
23 tions 416.924d and 416.924e of title 20, Code of
24 Federal Regulations.

1 (c) CONFORMING AMENDMENT TO MEDICAL IM-
2 PROVEMENT REVIEW STANDARD AS IT APPLIES TO INDI-
3 VIDUALS UNDER THE AGE OF 18.—

4 (1) IN GENERAL.—Section 1614(a)(4) (42
5 U.S.C. 1382c(a)(4)) is amended—

6 (A) by redesignating subclauses (I) and
7 (II) of clauses (i) and (ii) of subparagraph (B)
8 as subclauses (aa) and (bb), respectively;

9 (B) by redesignating clauses (i) and (ii) of
10 subparagraphs (A) and (B) as subclauses (I)
11 and (II), respectively;

12 (C) by redesignating subparagraphs (A)
13 through (D) as clauses (i) through (iv), respec-
14 tively, and by moving their left hand margin 2
15 ems to the right;

16 (D) by inserting before clause (i) (as redesi-
17 gnated by subparagraph (C)) the following:

18 “(A) in the case of an individual who is
19 age 18 or older—”;

20 (E) at the end of subparagraph (A)(iv) (as
21 redesignated by subparagraphs (C) and (D)),
22 by striking the period and inserting “; or”;

23 (F) by inserting after and below subpara-
24 graph (A)(iv) (as so redesignated) the following:

1 “(B) in the case of an individual who is
2 under the age of 18—

3 “(i) substantial evidence which dem-
4 onstrates that there has been any medical
5 improvement in the individual’s impair-
6 ment or combination of impairments, and
7 that such impairment or combination of
8 impairments no longer results in marked
9 and severe functional limitations; or

10 “(ii) substantial evidence which dem-
11 onstrates that, as determined on the basis
12 of new or improved diagnostic techniques
13 or evaluations, the individual’s impairment
14 or combination of impairments is not as
15 disabling as it was considered to be at the
16 time of the most recent prior decision that
17 he or she was under a disability or contin-
18 ued to be under a disability, and such im-
19 pairment or combination of impairments
20 does not result in marked and severe func-
21 tional limitations; or

22 “(iii) substantial evidence (which may
23 be evidence on the record at the time any
24 prior determination of eligibility for bene-
25 fits based on disability was made, or newly

1 obtained evidence which relates to that de-
2 termination) which demonstrates that a
3 prior determination was in error.”; and

4 (G) in the first sentence following subpara-
5 graph (B) (as added by subparagraph (F)),
6 by—

7 (i) inserting “(i)” before “to restore”;

8 and

9 (ii) inserting “, or (ii) in the case of
10 an individual under the age of 18, to elimi-
11 nate or improve the individual’s impair-
12 ment or combination of impairments so
13 that it no longer results in marked and se-
14 vere functional limitations” before the pe-
15 riod.

16 (2) EFFECTIVE DATE.—The amendments made
17 by this subsection are effective upon enactment.

18 (d) EFFECTIVE DATE; REGULATIONS; APPLICATION
19 TO CURRENT RECIPIENTS.—

20 (1) IN GENERAL.—Except where otherwise
21 specified, subsections (a) and (b) apply to applica-
22 tions filed on or after the date of the enactment of
23 this Act, without regard to whether implementing
24 regulations have been issued.

1 (2) REGULATIONS.—The Commissioner of So-
2 cial Security shall issue regulations implementing
3 subsections (a), (b), and (c).

4 (3) APPLICATION TO CURRENT RECIPIENTS.—

5 (A) ELIGIBILITY DETERMINATIONS.—Be-
6 ginning on January 1, 1997, and ending not
7 later than January 1, 1998, the Commissioner
8 of Social Security shall redetermine the eligi-
9 bility of any individual under age 18 who is eli-
10 gible for supplemental security income benefits
11 based on a disability under title XVI of the So-
12 cial Security Act as of the date of the enact-
13 ment of this Act and whose eligibility for such
14 benefits may terminate by reason of subsections
15 (a) or (b) of this section. With respect to any
16 redetermination under this subparagraph—

17 (i) section 1614(a)(4) of the Social
18 Security Act (42 U.S.C. 1382c(a)(4)) shall
19 not apply;

20 (ii) the Commissioner of Social Secu-
21 rity shall apply the eligibility criteria for
22 new applicants for benefits under title XVI
23 of such Act;

24 (iii) the Commissioner shall give such
25 redetermination priority over all continuing

1 eligibility reviews and other reviews under
2 such title; and

3 (iv) such redetermination shall be
4 counted as a review or redetermination
5 otherwise required to be made under sec-
6 tion 208 of the Social Security Independ-
7 ence and Program Improvements Act of
8 1994 or any other provision of title XVI
9 of the Social Security Act.

10 (B) GRANDFATHER PROVISION.—Sub-
11 sections (a) and (b) of this section and the re-
12 determination under subparagraph (A) of this
13 paragraph only apply with respect to the bene-
14 fits of an individual described in subparagraph
15 (A) for months beginning on or after January
16 1, 1998.

17 (C) NOTICE.—Not later than January 1,
18 1997, the Commissioner of Social Security shall
19 notify an individual described in subparagraph
20 (A) of the provisions of this paragraph.

21 **SEC. 502. ELIGIBILITY REDETERMINATIONS AND CONTINU-**
22 **ING DISABILITY REVIEWS.**

23 (a) CONTINUING DISABILITY REVIEWS RELATING TO
24 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.

1 1382c(a)(3)(H)), as so redesignated by section 501(a)(3)
 2 of this Act, is amended—

3 (1) by inserting “(i)” after “(H)”; and

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

6 “(ii)(I) Not less frequently than once every 3 years,
 7 the Commissioner shall review in accordance with para-
 8 graph (4) the continued eligibility for benefits under this
 9 title of each individual who has not attained 18 years of
 10 age and is eligible for such benefits by reason of an im-
 11 pairment (or combination of impairments) which may im-
 12 prove (or, which is unlikely to improve, at the option of
 13 the Commissioner).

14 “(II) A parent or guardian of a recipient whose case
 15 is reviewed under this clause shall present, at the time
 16 of review, evidence demonstrating that the recipient is,
 17 and has been, receiving treatment, to the extent consid-
 18 ered medically necessary and available, of the condition
 19 which was the basis for providing benefits under this
 20 title.”.

21 (b) DISABILITY ELIGIBILITY REDETERMINATIONS
 22 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS
 23 OF AGE.—

24 (1) IN GENERAL.—Section 1614(a)(3)(H) (42
 25 U.S.C. 1382c(a)(3)(H)), as so redesignated by sec-

1 tion 501(a)(3) of this Act and as amended by sub-
2 section (a) of this section, is amended by adding at
3 the end the following new clause:

4 “(iii) If an individual is eligible for benefits under this
5 title by reason of disability for the month preceding the
6 month in which the individual attains the age of 18 years,
7 the Commissioner shall redetermine such eligibility—

8 “(I) during the 1-year period beginning on the
9 individual’s 18th birthday; and

10 “(II) by applying the criteria used in determin-
11 ing the initial eligibility for applicants who have at-
12 tained the age of 18 years.

13 With respect to a redetermination under this clause, para-
14 graph (4) shall not apply and such redetermination shall
15 be considered a substitute for a review or redetermination
16 otherwise required under any other provision of this sub-
17 paragraph during that 1-year period.”.

18 (2) CONFORMING REPEAL.—Section 207 of the
19 Social Security Independence and Program Improve-
20 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.
21 1516) is repealed.

22 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR
23 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)
24 (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section
25 501(a)(3) of this Act and as amended by subsections (a)

1 and (b) of this section, is amended by adding at the end
2 the following new clause:

3 “(iv)(I) Not later than 12 months after the first
4 month of eligibility based on an application of an in-
5 dividual for benefits under this title, the Commis-
6 sioner shall review in accordance with paragraph (4)
7 the continuing eligibility for benefits by reason of
8 disability of such individual whose low birth weight
9 is a contributing factor material to the Commis-
10 sioner’s determination that the individual is dis-
11 abled.

12 “(II) A review under subclause (I) shall be con-
13 sidered a substitute for a review otherwise required
14 under any other provision of this subparagraph dur-
15 ing that 12-month period.

16 “(III) A parent or guardian of a recipient
17 whose case is reviewed under this clause shall
18 present, at the time of review, evidence demonstrat-
19 ing that the recipient is, and has been, receiving
20 treatment, to the extent considered medically nec-
21 essary and available, for the condition which was the
22 basis for proving benefits under this title.”.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section apply to benefits for months beginning on or
25 after the date of the enactment of this Act, without regard

1 to whether regulations have been issued to implement such
2 amendments.

3 **SEC. 503. DEDICATED SAVINGS ACCOUNTS.**

4 (a) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C.
5 1383(a)(2)(B)) is amended by adding at the end the fol-
6 lowing:

7 “(xiv) A representative payee may pay any lump sum
8 payment equal to or greater than 6 times the Federal ben-
9 efit rate for the benefit of a child into a dedicated savings
10 account that must only be used to purchase for such child,
11 or an individual for whom such an account was established
12 prior to his attainment of age 18—

13 “(I) education and job skills training;

14 “(II) special equipment or housing modifica-
15 tions or both specifically related to, and required by
16 the nature of, the child’s disability; and

17 “(III) appropriate therapy and rehabilitation.”.

18 (b) EXCLUSION OF DEDICATED SAVINGS AC-
19 COUNTS.—

20 (1) Section 1613(a) (42 U.S.C. 1382b(a)) is
21 amended—

22 (A) by striking “and” at the end of para-
23 graph (10),

24 (B) by striking the period at the end of
25 paragraph (11) and inserting “; and”, and

1 (C) by inserting after paragraph (11) the
2 following:

3 “(12) the initial and any subsequent lump sum
4 payment deposited in, or interest credited to, a dedi-
5 cated savings account described in section
6 1631(a)(2)(B)(xiv), so long as such monies are being
7 used for a purpose listed in that section.”.

8 (2) Section 1612(b) (42 U.S.C. 1382a(b)) is
9 amended:

10 (A) by striking “and” at the end of para-
11 graph (19),

12 (B) by striking the period at the end of
13 paragraph (20) and inserting thereafter “and,”
14 and

15 (C) by inserting after paragraph (20) the
16 following new paragraph:

17 “(21) interest earned on a dedicated savings ac-
18 count as described in section 1631(a)(2)(B)(xiv) so
19 long as monies in such account are used for a pur-
20 pose listed in such section.”.

21 (c) PENALTIES FOR MISUSE OF FUNDS.—Knowing
22 and willful use of funds in a dedicated savings account
23 by the representative payee for any purpose other than
24 those listed in subsection (a) constitutes fraud and is sub-
25 ject to penalties under section 1632.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section apply to payments made after the date of en-
3 actment of this Act.

4 **SEC. 504. DENIAL OF SSI BENEFITS BY REASON OF DISABIL-**
5 **ITY TO DRUG ADDICTS AND ALCOHOLICS.**

6 (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.
7 1382c(a)(3)), as amended by section 501(a)(3) of this Act,
8 is amended by adding at the end the following:

9 “(J) Notwithstanding subparagraph (A), an individ-
10 ual shall not be considered to be disabled for purposes of
11 this title if alcoholism or drug addiction would (but for
12 this subparagraph) be a contributing factor material to
13 the Commissioner’s determination that the individual is
14 disabled.”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) Section 1611(e) (42 U.S.C. 1382(e)) is
17 amended by striking paragraph (3).

18 (2) Section 1631(a)(2)(A)(ii) (42 U.S.C.
19 1383(a)(2)(A)(ii)) is amended—

20 (A) by striking “(I)”; and

21 (B) by striking subclause (II).

22 (3) Section 1631(a)(2)(B) (42 U.S.C.
23 1383(a)(2)(B)) is amended—

24 (A) by striking clause (vii);

1 (B) in clause (viii), by striking “(ix)” and
2 inserting “(viii)”;

3 (C) in clause (ix)—

4 (i) in subclause (I), by striking
5 “(viii)” and inserting “(vii)” and

6 (ii) in subclause (II),

7 (I) by striking the comma after
8 “incompetent” and inserting “or”;
9 and

10 (II) by striking all that follows
11 “15 years” and inserting a period;

12 (D) in clause (xiii)—

13 (i) by striking “(xii)” and inserting
14 “(xi)” and

15 (ii) by striking “(xi)” and inserting
16 “(x)” and

17 (E) by redesignating clauses (viii) through
18 (xiv) as clauses (vii) through (xiii), respectively.

19 (4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.
20 1383(a)(2)(D)(i)(II)) is amended by striking all that
21 follows “\$25.00 per month” and inserting a period.

22 (5) Section 1634 (42 U.S.C. 1383c) is amended
23 by striking subsection (e).

1 (6) Section 201(c)(1) of the Social Security
2 Independence and Program Improvements Act of
3 1994 (42 U.S.C. 425 note) is amended—

4 (A) by striking “—” and all that follows
5 through “(A)” the 1st place such term appears;

6 (B) by striking “and” the 3rd place such
7 term appears;

8 (C) by striking subparagraph (B);

9 (D) by striking “either subparagraph (A)
10 or subparagraph (B)” and inserting “the pre-
11 ceding sentence”; and

12 (E) by striking “subparagraph (A) or (B)”
13 and inserting “the preceding sentence”.

14 (c) EFFECTIVE DATE.—(1) The amendments made
15 by this section apply to applications filed on or after the
16 date of the enactment of this Act, without regard to
17 whether regulations have been issued to implement such
18 amendments.

19 (2) APPLICATION AND NOTICE TO CURRENT RECIPI-
20 ENTS.—Notwithstanding any other provision of law, in the
21 case of an individual who is eligible for supplemental secu-
22 rity income benefits under title XVI of the Social Security
23 Act as of the date of the enactment of this Act and whose
24 eligibility for such benefits would terminate by reason of
25 the amendments made by this section, such amendments

1 shall apply with respect to the benefits of such individual
2 for months beginning on or after January 1, 1997, and
3 the Commissioner of Social Security shall so notify the in-
4 dividual not later than 90 days after the date of the enact-
5 ment of this Act. As used in the preceding sentence, the
6 phrase “supplemental security income benefits under title
7 XVI” includes supplementary payments pursuant to an
8 agreement for federal administration under section
9 1616(a) of the Social Security Act and payments pursuant
10 to an agreement for federal administration under section
11 212(b) of Public Law 93–66.

12 (d) SUPPLEMENTAL FUNDING FOR ALCOHOL AND
13 SUBSTANCE ABUSE TREATMENT PROGRAMS.—

14 (1) IN GENERAL.—Out of any money in the
15 Treasury not otherwise appropriated, there are here-
16 by appropriated to supplement State and Tribal pro-
17 grams funded under section 1933 of the Public
18 Health Service Act (42 U.S.C. 300x–33),
19 \$50,000,000 for each of the fiscal years 1997 and
20 1998.

21 (2) ADDITIONAL FUNDS.—Amounts appro-
22 priated under paragraph (1) shall be in addition to
23 any funds otherwise appropriated for allotments
24 under section 1933 of the Public Health Service Act

1 (42 U.S.C. 300x-33) and shall be allocated pursuant
2 to that section.

3 (3) USE OF FUNDS.—A State or Tribal govern-
4 ment receiving an allotment under this subsection
5 shall consider as priorities, for purposes of expend-
6 ing funds allotted under this subsection, activities
7 relating to the treatment of the abuse of alcohol and
8 other drugs.

9 **SEC. 505. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**
10 **VIDUALS FOUND TO HAVE FRAUDULENTLY**
11 **MISREPRESENTED RESIDENCE IN ORDER TO**
12 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**
13 **MORE STATES.**

14 Section 1632 (42 U.S.C. 1383a) is amended by add-
15 ing at the end the following:

16 “(c)(1) If any individual is convicted of fraudulently
17 misrepresenting residence in order to obtain benefits si-
18 multaneously in two or more States, then the court may,
19 in addition to all other penalties provided by law, impose
20 a penalty that an individual shall not be considered an
21 eligible individual for purposes of this title during the 10-
22 year period beginning on the date the individual is found
23 by a State to have made, or is convicted in Federal or
24 State court of having made, a fraudulent statement or rep-
25 resentation with respect to the place of residence of the

1 individual in order to receive benefits simultaneously from
2 2 or more States under programs that are funded under
3 part A of title IV, or title XIX of this Act, the consolidated
4 program of food assistance under title III of the Work
5 First and Personal Responsibility Act of 1996, or the
6 Food Stamp Act of 1977 (as in effect before the effective
7 date of title III of the Work First and Personal Respon-
8 sibility Act of 1996), or benefits in 2 or more States under
9 the supplemental security income program under title XVI
10 of this Act.

11 “(2) As soon as practicable after an additional pen-
12 alty has, pursuant to paragraph (1), been imposed with
13 respect to any individual, an official of a court making
14 such imposition shall notify the Commissioner of such im-
15 position.

16 “(3) If any individual with respect to whom an addi-
17 tional penalty has been imposed pursuant to paragraph
18 (1) is granted a pardon by the President of the United
19 States, such additional penalty shall not apply for any
20 month beginning after the date on which such pardon was
21 granted.”.

1 **SEC. 506. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**
2 **AND PROBATION AND PAROLE VIOLATORS.**

3 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.
4 1382(e)), as amended by section 504(b)(1) of this Act,
5 is amended by inserting after paragraph (2) the following:

6 “(3) A court of law may, in addition to all other
7 penalties provided by law, impose on the individual
8 ineligibility for benefits under this title with respect
9 to any month if, throughout the month, the person
10 is—

11 “(A) fleeing custody or confinement after
12 conviction, under the laws of the place from
13 which the person flees, for a crime which is a
14 felony under the laws of the place from which
15 the person flees, or which, in the case of the
16 State of New Jersey, is a high misdemeanor
17 under the laws of such State; or

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

20 “(4) As soon as practicable after the additional
21 penalty has been imposed pursuant to paragraph (3)
22 with respect to any individual, an official of the
23 court making such imposition shall notify the Com-
24 missioner of such imposition.”.

25 (b) EXCHANGE OF INFORMATION WITH LAW EN-
26 FORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C.

1 1383(e)) is amended by inserting after paragraph (3) the
2 following:

3 “(4) Notwithstanding any other provision of
4 law (other than section 6103 of the Internal Reve-
5 nue Code of 1986), the Commissioner shall furnish
6 any Federal, State, or local law enforcement agency,
7 upon the written request of the head of the agency,
8 with the current address of any recipient of benefits
9 under this title, if the agency furnishes the Commis-
10 sioner with the name of the recipient, and other
11 identifying information as required by the Commis-
12 sioner reasonably to establish the unique identity of
13 the recipient, and a statement from a court of com-
14 petent jurisdiction and notifies the Commissioner
15 that the recipient—

16 “(A) has been found by a court of com-
17 petent jurisdiction to be fleeing to avoid pros-
18 ecution, or custody or confinement after convic-
19 tion, under the laws of the place from which the
20 person flees, for a crime, or an attempt to com-
21 mit a crime, which is a felony under the laws
22 of the place from which the person flees, or
23 which, in the case of the State of New Jersey,
24 is a high misdemeanor under the laws of such
25 State; or

1 “(B) has been found by a court of com-
 2 petent jurisdiction to be violating a condition of
 3 probation or parole imposed for a crime as in
 4 (A) above under Federal or State law.”.

5 **SEC. 507. ALLOWANCE UNDER THE DISCRETIONARY**
 6 **SPENDING LIMITS FOR INCREASED EXPENDI-**
 7 **TURES FOR CONTINUING DISABILITY RE-**
 8 **VIEWS AND DISABILITY ELIGIBILITY RE-**
 9 **DETERMINATIONS.**

10 (a) Section 251(b)(2) of the Balanced Budget and
 11 Emergency Deficit Control Act of 1985 is amended by
 12 adding the following new subparagraph:

13 “(H) CONTINUING DISABILITY REVIEWS AND
 14 DISABILITY ELIGIBILITY REDETERMINATIONS.—(i)
 15 When an appropriations Act is enacted for fiscal
 16 year 1996, 1997, 1998, 1999, 2000, 2001, or 2002
 17 that specifies, under the heading “Limitation on Ad-
 18 ministrative Expenses” for the Social Security Ad-
 19 ministration, an amount for expenses for continuing
 20 disability reviews or disability eligibility redetermina-
 21 tions conducted pursuant to section 221(i) of the So-
 22 cial Security Act (42 U.S.C. 421(i)), section
 23 1614(a)(3)(H) of the Social Security Act (42 U.S.C.
 24 1382e(a)(3)(H)), section 1633 of the Social Security
 25 Act (42 U.S.C. 1383(b), or section 208 of the Social

1 Security Independence and Program Improvements
2 Act of 1994 (Public Law 103–296), to the extent
3 that appropriations are enacted that provide new
4 budget authority, provide additional obligations limi-
5 tation, or result in additional outlays, the discre-
6 tionary spending limits for that fiscal year under
7 section 601(a)(2) of the Congressional Budget Act
8 of 1974 shall be adjusted by the new budget author-
9 ity and the additional outlays for that purpose, but
10 shall not exceed the amounts set forth below—

11 “(I) for fiscal year 1996, \$60,000,000 in
12 new budget authority and additional obligations
13 limitation and \$60,000,000 in additional out-
14 lays;

15 “(II) for fiscal year 1997, \$260,000,000 in
16 new budget authority and additional obligations
17 limitation and \$250,000,000 in additional out-
18 lays;

19 “(III) for fiscal year 1998, \$475,000,000
20 in new budget authority and additional obliga-
21 tions limitation and \$460,000,000 in additional
22 outlays;

23 “(IV) for fiscal year 1999, \$715,000,000
24 in new budget authority and additional obliga-

1 tions limitation and \$700,000,000 in additional
2 outlays;

3 “(V) for fiscal year 2000, \$760,000,000 in
4 new budget authority and additional obligations
5 limitation and \$760,000,000 in outlays;

6 “(VI) for fiscal year 2001, \$715,000,000
7 in new budget authority and additional obliga-
8 tions limitation and \$715,000,000 in outlays;

9 “(VII) for fiscal year 2002, \$665,000,000
10 in new budget authority and additional obliga-
11 tions limitation and \$665,000,000 in outlays;

12 “(ii) As used in this subparagraph—

13 “(I) the term ‘new budget authority’ shall
14 mean budget authority, in any fiscal year, in
15 excess of \$100 million;

16 “(II) the term ‘additional obligations limi-
17 tation’ shall mean obligations limitation, in any
18 fiscal year, in excess of \$100 million; and

19 “(III) the term ‘additional outlays’ shall
20 mean outlays, in any fiscal year, in excess of
21 \$200 million.”.

22 (b) Section 606 of the Congressional Budget and Im-
23 poundment Control Act of 1974 is amended by adding the
24 following new subsection:

1 “(e) DISABILITY REVIEW AND ELIGIBILITY REDE-
2 TERMINATION ADJUSTMENT.—(1) For purposes of points
3 of order under this Act and concurrent resolutions on the
4 budget, when the Appropriations Committee reports an
5 appropriations measure for fiscal year 1996, 1997, 1988,
6 1999, 2000, 2001, or 2002 that specifies, under the head-
7 ing ‘Limitation on Administrative Expenses’ for the Social
8 Security Administration, an amount for expenses for con-
9 tinuing disability reviews or disability eligibility redeter-
10 minations pursuant to section 221(i) of the Social Security
11 Act (42 U.S.C. 421(i)), section 1614(a)(3)(H) of the So-
12 cial Security Act (42 U.S.C. 1382c(a)(3)(H)), section
13 1633 of the Social Security Act (42 U.S.C. 1383b), or sec-
14 tion 208 of the Social Security Independence and Program
15 Improvements Act of 1994 (Public Law 103–296), or
16 when a conference committee submits a conference report
17 thereon—

18 “(A) the discretionary spending limits for that
19 fiscal year—

20 “(i) under section 601(a)(2), or

21 “(ii) as set forth in the most recently
22 adopted concurrent resolution on the budget;

23 “(B) the allocations to the Committee on Ap-
24 propriations of the Senate and the House for that
25 fiscal year under sections 302(a) and 602(a); and

1 “(C) the appropriate budgetary aggregates for
2 that fiscal year in the most recently adopted concur-
3 rent resolution on the budget
4 shall be adjusted in accordance with paragraph (2).

5 “(2) ADJUSTMENT OF BUDGETARY LEVELS.—The
6 adjustments required by paragraph (1) shall be made by
7 the Chairman of the Committee on the Budget of the Sen-
8 ate or the House of Representatives (as the case may be)
9 and shall reflect the new budget authority and the addi-
10 tional outlays for continuing disability reviews and disabil-
11 ity eligibility redeterminations provided in that measure
12 or conference report, but shall not exceed the levels set
13 forth in section 251(b)(2)(H) of the Balanced Budget and
14 Emergency Deficit Control Act of 1985, for any year.
15 These adjusted discretionary spending limits, allocations,
16 and aggregates shall be considered the appropriate limits,
17 allocations, and aggregates for purposes of congressional
18 enforcement of this Act and concurrent budget resolutions
19 under this Act.

20 “(3) REPORTING REVISED SUBALLOCATIONS.—Fol-
21 lowing the adjustments made under paragraph (2), the
22 Committees on Appropriations of the Senate and the
23 House of Representatives may report appropriately revised
24 suballocations pursuant to sections 302(b) and 602(b) of
25 this Act to carry out this subsection.

1 “(4) **ADDITIONAL AMOUNTS.**—As used in this sec-
 2 tion, the term ‘new budget authority’ shall mean budget
 3 authority for a fiscal year in excess of \$100 million, and
 4 the term ‘additional outlays’ shall mean outlays for a fiscal
 5 year in excess of \$200 million.”.

6 **SEC. 508. INSTALLMENT PAYMENT OF LARGE PAST-DUE**
 7 **SUPPLEMENTAL SECURITY INCOME BENE-**
 8 **FITS.**

9 (a) **IN GENERAL.**—Section 1631(a) is amended by
 10 adding at the end a new paragraph as follows:

11 “(10)(A) If an individual is eligible for past-due
 12 monthly benefits under this title (which includes, for pur-
 13 poses of this paragraph, State supplementary payments
 14 made by the Commissioner pursuant to an agreement
 15 under section 1616(a) of this title or section 212(b) of
 16 Public Law 93–66) in an amount that (after any withhold-
 17 ing for reimbursement to a State for interim assistance
 18 under subsection (g)) equals or exceeds the product of—

19 “(i) twelve, and

20 “(ii) the maximum monthly benefit payable
 21 under this title to an eligible individual (or, if appro-
 22 appropriate, to an eligible individual and eligible spouse),
 23 then the payment of such past-due benefits (after any such
 24 reimbursement to a State) shall be made in installments
 25 as provided in subparagraph (B).

1 “(B)(i) The payment of past-due benefits subject to
2 this subparagraph shall be made in not to exceed three
3 installments that are made at six-month intervals.

4 “(ii) Except as provided in clause (iii), the amount
5 of each of the first and second installments may not exceed
6 an amount equal to the product of clauses (i) and (ii) of
7 subparagraph (A).

8 “(iii) In the case of an individual who has—

9 “(I) outstanding debt attributable to—

10 “(aa) food,

11 “(bb) clothing,

12 “(cc) shelter, or

13 “(dd) medically necessary services, supplies
14 or equipment, or medicine; or

15 “(II) current expenses or expenses anticipated
16 in the near term attributable to—

17 “(aa) medically necessary services, supplies
18 or equipment, or medicine; or

19 “(bb) the purchase of a home, and

20 such debt or expenses are not subject to reimbursement
21 by a public assistance program, the Secretary of Health
22 and Human Services under title XVIII, a State plan ap-
23 proved under title XIX, or any private entity legally liable
24 to provide payment pursuant to an insurance policy, pre-
25 paid plan, or other arrangement, the limitation specified

1 in clause (ii) may be exceeded by an amount equal to the
2 total of such debt and expenses.

3 “(C) This paragraph shall not apply to any individual
4 who, at the time of the Commissioner’s determination that
5 such individual is eligible for the payment of past-due
6 monthly benefits under this title—

7 “(i) is afflicted with a medically determinable
8 impairment that is expected to result in death within
9 twelve months; or

10 “(ii) is ineligible for benefits under this title
11 and the Commissioner determines that such individ-
12 ual is likely to remain ineligible for the next 12
13 months.”.

14 (b) CONFORMING AMENDMENT.—Section 1631(a)(1)
15 is amended by inserting “(subject to paragraph (10))” be-
16 fore “in such installments”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section are effective with respect to past-due benefits
19 payable under title XVI of the Social Security Act (includ-
20 ing State supplementary payments made by the Commis-
21 sioner of Social Security pursuant to an agreement under
22 section 1616(a) of such Act or section 212(b) of Public
23 Law 93–66) after the third month following the month
24 in which this Act is enacted.

1 **SEC. 509. RECOVERY OF SUPPLEMENTAL SECURITY IN-**
2 **COME OVERPAYMENTS FROM SOCIAL SECU-**
3 **RITY BENEFITS.**

4 “(a) IN GENERAL.—Title XI is amended by adding
5 after section 1145 (as added by section 401 and amended
6 by section 402 of this Act) a new section as follows:

7 **“SEC. 1146. RECOVERY OF SSI OVERPAYMENTS FROM SO-**
8 **CIAL SECURITY BENEFITS.**

9 “(a) IN GENERAL.—Whenever the Commissioner of
10 Social Security determines that more than the correct
11 amount of any payment has been made to any person
12 under the supplemental security income program author-
13 ized by title XVI of this Act (which includes, for purposes
14 of this section, State supplementary payments which are
15 made by the Commissioner under an agreement pursuant
16 to section 1616(a) of this Act or section 212(b) of Public
17 Law 93–66), and the Commissioner is unable to make
18 proper adjustment or recovery of the amount so incor-
19 rectly paid as provided in section 1631(b) of this Act, the
20 Commissioner (notwithstanding section 207 of this Act)
21 may recover the amount incorrectly paid by decreasing any
22 amount which is payable under the Federal Old-Age and
23 Survivors Insurance program or the Federal Disability In-
24 surance program authorized by title II of this Act to that
25 person or his estate.

1 “(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR
2 AMOUNT.—Notwithstanding sections 1611 (a) and (b) of
3 this Act, in any case in which the Commissioner takes ac-
4 tion in accordance with subsection (a) to recover an over-
5 payment from any person, neither that person, nor any
6 individual whose eligibility or benefit amount is deter-
7 mined by considering any part of that person’s income,
8 shall, as a result of such action—

9 “(1) become eligible under the program of sup-
10 plemental security income benefits under title XVI
11 of this Act, or

12 “(2) if such person or individual is already so
13 eligible, become eligible for increased benefits there-
14 under.”.

15 (b) CONFORMING CHANGES.—

16 (1) Section 204 is amended by adding at the
17 end a new subsection as follows:

18 “(g) For payments which are adjusted or withheld
19 to recover an overpayment of supplemental security in-
20 come benefits paid under title XVI of this Act (including
21 State supplementary payments which were paid under an
22 agreement pursuant to section 1616(a) of this Act or sec-
23 tion 212(b) of Public Law 93–66), see section 1146.”.

24 (2) Section 1631(b) is amended by adding at
25 the end a new paragraph as follows:

1 “(5) For the recovery of overpayments of benefits
2 under this title from benefits payable under title II, see
3 section 1146.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section take effect upon the date of the enactment
6 of this Act and shall apply to overpayments outstanding
7 on or after such date.

8 **SEC. 510. ALLOWANCE UNDER THE DISCRETIONARY**
9 **SPENDING LIMITS FOR ADMINISTRATIVE EX-**
10 **PENSES TO IMPLEMENT CHANGES TO SUP-**
11 **PLEMENTAL SECURITY INCOME PROGRAM.**

12 (a) Section 251(b)(2) of the Balanced Budget and
13 Emergency Deficit Control Act of 1985, as amended by
14 section 507 of this Act, is further amended by adding at
15 the end the following new subparagraph:

16 “(I) ADMINISTRATIVE EXPENSES TO IMPLE-
17 MENT REFORMS TO SUPPLEMENTAL SECURITY IN-
18 COME PROGRAM MADE BY THE WORK FIRST AND
19 PERSONAL RESPONSIBILITY ACT OF 1996.—When an
20 appropriations Act is enacted for fiscal year 1996,
21 1997, or 1998 that specifies, under the heading
22 ‘Limitation on Administrative Expenses’ for the So-
23 cial Security Administration, an amount for ex-
24 penses to implement reforms to the supplemental se-
25 curity income program made by the Work First and

1 Personal Responsibility Act of 1996, to the extent
2 that appropriations are enacted that provide budget
3 authority and result in outlays, the discretionary
4 spending limits for that fiscal year under section
5 601(a)(2) of the Congressional Budget Act of 1974
6 shall be adjusted by the budget authority and the
7 outlays for that purpose, but shall not exceed the
8 amounts set forth below—

9 “(i) for fiscal year 1996, \$50,000,000 in
10 budget authority and \$47,000,000 in outlays;

11 “(ii) for fiscal year 1997, \$250,000,000 in
12 budget authority and \$238,000,000 in outlays;

13 “(iii) for fiscal year 1998, \$0 in budget au-
14 thority and \$15,000,000 in outlays.”.

15 (b) Section 606 of the Congressional Budget and Im-
16 poundment Control Act of 1974 is amended by adding the
17 following new subsection:

18 “(f) ADMINISTRATIVE EXPENSES TO IMPLEMENT
19 REFORMS TO SUPPLEMENTAL SECURITY INCOME PRO-
20 GRAM ADJUSTMENT.—(1) For purposes of points of order
21 under this Act and concurrent resolutions on the budget,
22 when the Appropriations Committee reports an appropria-
23 tions measure for fiscal year 1996, 1997, or 1998 that
24 specifies, under the heading ‘Limitation on Administrative
25 Expenses’ for the Social Security Administration, an

1 amount for expenses to implement reforms to the supple-
2 mental security income program made by the Work First
3 and Personal Responsibility Act of 1996, or when a con-
4 ference committee submits a conference report thereon—

5 “(A) the discretionary spending limits for that
6 fiscal year—

7 “(i) under section 601(a)(2), or

8 “(ii) as set forth in the most recently
9 adopted concurrent resolution on the budget;

10 “(B) the allocations to the Committees on Ap-
11 propriations of the Senate and the House for that
12 fiscal year under sections 302(a) and 602(a); and

13 “(C) the appropriate budgetary aggregates for
14 that fiscal year in the most recently adopted concur-
15 rent resolution on the budget

16 shall be adjusted in accordance with paragraph (2).

17 “(2) ADJUSTMENT OF BUDGETARY LEVELS.—The
18 adjustments required by paragraph (1) shall be made by
19 the chairman of the Committee on the Budget of the Sen-
20 ate or the House of Representatives (as the case may be)
21 and shall reflect the budget authority and the outlays for
22 expenses to implement reforms to the supplemental secu-
23 rity income program made by the Work First and Per-
24 sonal Responsibility Act of 1996 provided in that measure
25 or conference report, but shall not exceed the levels set

1 forth in section 251(b)(2)(I) of the Balanced Budget and
2 Emergency Deficit Control Act of 1985, for any year.
3 These adjusted discretionary spending limits, allocations,
4 and aggregates shall be considered the appropriate limits,
5 allocations, and aggregates for purposes of congressional
6 enforcement of this Act and concurrent budget resolutions
7 under this Act.

8 “(3) REPORTING REVISED SUBALLOCATIONS.—Fol-
9 lowing the adjustments made under paragraph (2), the
10 Committees on Appropriations of the Senate and the
11 House of Representatives may report appropriately revised
12 suballocations pursuant to sections 302(b) and 602(b) of
13 this Act to carry out this subsection.”.

14 **SEC. 511. REDUCTION IN CASH BENEFITS PAYABLE TO IN-**
15 **STITUTIONALIZED INDIVIDUALS WHOSE MED-**
16 **ICAL COSTS ARE COVERED BY PRIVATE IN-**
17 **SURANCE.**

18 (a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C.
19 1382(e)(1)(B)) is amended—

20 (1) by striking “or” after “XIX,”; and

21 (2) by inserting “or, in the case of an eligible
22 individual under the age of 18 receiving payments
23 (with respect to such individual) under any health
24 insurance policy issued by a private provider of such
25 insurance” after “section 1614(f)(2)(B),”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section apply to benefits for months beginning 90 or
3 more days after the date of the enactment of this Act,
4 without regard to whether regulations have been issued
5 to implement such amendments.

6 **TITLE F—SOCIAL SERVICES BLOCK**

7 **GRANTS**

8 **SEC. 601. REDUCTION IN TITLE XX BLOCK GRANTS TO**
9 **STATES FOR SOCIAL SERVICES.**

10 Section 2003(c) of the Social Security Act (42 U.S.C.
11 1397b(c)) is amended—

12 (1) by striking “and” at the end of paragraph
13 (4);

14 (2) in paragraph (5), by striking “fiscal year
15 after fiscal year 1989.” and inserting “of fiscal
16 years 1990 through 1995;”; and

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

18 “(6) \$2,730,000,000 for fiscal year 1996; and

19 “(7) \$2,520,000,000 for fiscal year 1997 and
20 each succeeding fiscal year.”.

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