

104TH CONGRESS
1ST SESSION

S. 840

To provide States greater flexibility in providing jobs for, and assistance to, needy families, to improve child support enforcement, to reduce teenage pregnancy, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 22 (legislative day, MAY 15), 1995

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

A BILL

To provide States greater flexibility in providing jobs for, and assistance to, needy families, to improve child support enforcement, to reduce teenage pregnancy, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; REFERENCE; TABLE OF CON-**
4 **TENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Work and Gainful Employment Act”.

7 (b) REFERENCE.—Except as otherwise specifically
8 provided, wherever in this Act an amendment is expressed

1 in terms of an amendment to or repeal of a section or
 2 other provision, the reference shall be considered to be
 3 made to that section or other provision of the Social Secu-
 4 rity Act.

5 (c) TABLE OF CONTENTS.—The table of contents for
 6 this Act is as follows:

Sec. 1. Short title; reference; table of contents.

TITLE I—TRANSITIONAL AID PROGRAM

Sec. 101. Transitional aid program.

TITLE II—WORK AND GAINFUL EMPLOYMENT (WAGE) PROGRAM

Sec. 201. WAGE program.

Sec. 202. Regulations.

Sec. 203. Applicability to States.

TITLE III—WORKING PARENTS CHILD CARE BLOCK GRANT

Sec. 301. Purpose.

Sec. 302. Amendments to Child Care and Development Block Grant Act of
 1990.

Sec. 303. Program repeals.

Sec. 304. References.

TITLE IV—CHILD SUPPORT RESPONSIBILITY

Sec. 400. Short title.

Subtitle A—Improvements to the Child Support Collection System

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

Sec. 401. State obligation to provide paternity establishment and child support
 enforcement services.

Sec. 402. Distribution of payments.

Sec. 403. Rights to notification and hearings.

Sec. 404. Privacy safeguards.

Sec. 405. Cooperation requirements and good cause exceptions.

PART II—PROGRAM ADMINISTRATION AND FUNDING

Sec. 411. Federal matching payments.

Sec. 412. Performance-based incentives and penalties.

Sec. 413. Federal and State reviews and audits.

Sec. 414. Required reporting procedures.

Sec. 415. Automated data processing requirements.

Sec. 416. Director of child support enforcement program; staffing study.

Sec. 417. Funding for secretarial assistance to State programs.

Sec. 418. Data collection and reports by the Secretary.

PART III—LOCATE AND CASE TRACKING

- Sec. 421. Central State and case registry.
- Sec. 422. Centralized collection and disbursement of support payments.
- Sec. 423. State directory of new hires.
- Sec. 424. Amendments concerning income withholding.
- Sec. 425. Locator information from interstate networks.
- Sec. 426. Expansion of the Federal parent locator service.
- Sec. 427. Use of social security numbers.

PART IV—STREAMLINING AND UNIFORMITY OF PROCEDURES

- Sec. 431. Adoption of uniform State laws.
- Sec. 432. Improvements to full faith and credit for child support orders.
- Sec. 433. State laws providing expedited procedures.
- Sec. 434. Administrative enforcement in interstate cases.
- Sec. 435. Use of forms in interstate enforcement.

PART V—PATERNITY ESTABLISHMENT

- Sec. 441. State laws concerning paternity establishment.
- Sec. 442. Outreach for voluntary paternity establishment.

PART VI—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

- Sec. 451. National Child Support Guidelines Commission.
- Sec. 452. Simplified process for review and adjustment of child support orders.

PART VII—ENFORCEMENT OF SUPPORT ORDERS

- Sec. 461. Federal income tax refund offset.
- Sec. 462. Internal Revenue Service collection of arrearages.
- Sec. 463. Authority to collect support from Federal employees.
- Sec. 464. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 465. Motor vehicle liens.
- Sec. 466. Voiding of fraudulent transfers.
- Sec. 467. State law authorizing suspension of licenses.
- Sec. 468. Reporting arrearages to credit bureaus.
- Sec. 469. Extended statute of limitation for collection of arrearages.
- Sec. 470. Charges for arrearages.
- Sec. 471. Denial of passports for nonpayment of child support.
- Sec. 472. International child support enforcement.

PART VIII—MEDICAL SUPPORT

- Sec. 481. Technical correction to ERISA definition of medical child support order.

PART IX—ACCESS AND VISITATION PROGRAMS

- Sec. 491. Grants to States for access and visitation programs.

Subtitle B—Child Support Enforcement and Assurance Demonstrations

- Sec. 494. Child support enforcement and assurance demonstrations.

Subtitle C—Demonstration Projects To Provide Services to Certain
Noncustodial Parents

- Sec. 495. Establishment of demonstration projects for providing services to certain noncustodial parents.

Subtitle D—Severability

- Sec. 496. Severability.

TITLE V—TRANSITIONAL MEDICAID

- Sec. 501. State option to extend transitional medicaid benefits.

TITLE VI—TEENAGE PREGNANCY PREVENTION

- Sec. 601. Supervised living arrangements for minors.
Sec. 602. Reinforcing families.
Sec. 603. Required completion of high school or other training for teenage parents.
Sec. 604. Targeting youth at risk of teenage pregnancy.
Sec. 605. National clearinghouse on teenage pregnancy.
Sec. 606. Denial of Federal housing benefits to minors who bear children out-of-wedlock.
Sec. 607. National campaign against teenage pregnancy.

TITLE VII—CHILDREN'S ELIGIBILITY FOR SUPPLEMENTAL
SECURITY INCOME

- Sec. 701. Short title.
Sec. 702. Purpose.
Sec. 703. Supplemental security income benefits for disabled children.
Sec. 704. Better targeting and use of benefits.
Sec. 705. Encouraging movement toward independence.

TITLE VIII—FINANCING AND FOOD ASSISTANCE REFORM

Subtitle A—Treatment of Aliens

- Sec. 801. Uniform alien eligibility criteria for public assistance programs.
Sec. 802. Extension of deeming of income and resources under transitional aid, SSI, and food stamp programs.
Sec. 803. Requirements for sponsor's affidavit of support.
Sec. 804. Extending requirement for affidavits of support to family-related and diversity immigrants.

Subtitle B—Revenue Provision

- Sec. 811. Earned income tax credit denied to individuals not authorized to be employed in the United States.

Subtitle C—Food Assistance Provisions

- Sec. 821. Mandatory claims collection methods.
Sec. 822. Reduction of basic benefit level.
Sec. 823. Prorating benefits after interruptions in participation.
Sec. 824. Work requirement for able-bodied recipients.
Sec. 825. Extending current claims retention rates.
Sec. 826. Two-year freeze of standard deduction.

1 “(C) The State’s policy for determining the
2 extent to which child support received on behalf
3 of a member of the family is disregarded in de-
4 termining eligibility for, and the amount of, as-
5 sistance.

6 “(D) The treatment of earnings of a child
7 living in the home.

8 “(E) The State’s resource limit, including
9 a description of the policy determined by the
10 State regarding any exclusion allowed for vehi-
11 cles owned by family members, resources set
12 aside for future needs of a child, individual de-
13 velopment accounts, or other policies estab-
14 lished by the State to encourage savings.

15 “(F) Any restrictions the State elects to
16 impose relating to eligibility for assistance of
17 two-parent families.

18 “(G) The criteria for participating in the
19 program including requirements that a family
20 must comply with as a condition of receiving
21 aid, such as school attendance, participation in
22 appropriate preemployment activities, and re-
23 ceipt of appropriate childhood immunizations.
24 The plan shall specify whether the State elects
25 to provide incentives for compliance with the re-

1 requirements, sanctions for noncompliance, or a
2 combination of incentives and sanctions that
3 the State determines appropriate.

4 “(H) The sanctions imposed on individuals
5 who fail to comply with the State’s program re-
6 quirements without good cause, including the
7 amount and length of time of such sanctions,
8 provided that if the sanction results in complete
9 elimination of aid to the family, the State plan
10 shall describe the procedures used to ensure the
11 well-being of children.

12 “(I) Whether payment is made or denied
13 for a child conceived during a period in which
14 such child’s parent was receiving aid under the
15 program.

16 “(J) Whether the State elects to establish
17 a time limit after which an individual must
18 comply with continuous or additional work re-
19 quirements under part F as a condition for re-
20 ceiving aid under the State plan approved under
21 this part.

22 “(2) PARENTAL RESPONSIBILITY AGREEMENTS
23 AND WAGE PLANS.—

1 “(A) IN GENERAL.—The State plan shall
2 provide that the State require the parent or
3 caretaker relative to enter into—

4 “(i) a Parental Responsibility Agree-
5 ment in accordance with subparagraph
6 (B), or

7 “(ii) a Parental Responsibility Agree-
8 ment in accordance with subparagraph (B)
9 and a Wage Plan in accordance with sec-
10 tion 491(b) if such parent or caretaker rel-
11 ative is required to participate in the
12 WAGE program.

13 “(B) DESCRIPTION OF PARENTAL RESPON-
14 SIBILITY AGREEMENT.—A Parental Respon-
15 sibility Agreement is a statement signed by the
16 applicant for aid that—

17 “(i) specifies that the transitional aid
18 program is a privilege,

19 “(ii) the transitional aid program is a
20 transitional program to move recipients
21 into work and self-sufficiency, and

22 “(iii) the individual must abide by any
23 requirements of the State or risk forfeiting
24 eligibility for transitional aid.

1 “(3) STATEWIDE PLAN.—The State plan shall
2 be in effect in all political subdivisions of the State.
3 If such plan is not administered uniformly through-
4 out the State, the plan shall describe the variations.

5 “(4) GENERAL ELIGIBILITY REQUIREMENT.—

6 “(A) IN GENERAL.—The State plan shall
7 ensure that transitional aid is provided to all
8 families with needy children and that such aid
9 is furnished with reasonable promptness to indi-
10 viduals found eligible under the State plan. In
11 providing such assistance, States will take into
12 account the income and needs of a parent of a
13 needy child if the parent is living in the same
14 home as the child.

15 “(B) NEEDY CHILD.—For purposes of
16 subparagraph (A), a needy child shall be deter-
17 mined by the State, but shall be a child who—

18 “(i) is under the age of 18, or

19 “(ii) at the option of the State, under
20 the age of 19 and a full-time student in a
21 secondary school (or in the equivalent level
22 of vocational or technical training).

23 “(C) PREGNANT WOMAN.—At the option
24 of the State, the State may provide transitional
25 aid to an individual who does not have a needy

1 child if such individual is pregnant, and such
2 transitional aid is provided—

3 “(i) in order to meet the needs of the
4 individual occasioned by or resulting from
5 her pregnancy, and

6 “(ii) not more than 3 months before
7 and after the date the woman’s child is ex-
8 pected to be born.

9 “(D) PERSONS OTHER THAN PARENTS.—
10 For purposes of this paragraph, a State may
11 provide that the following individuals shall con-
12 stitute a family with a needy child if such indi-
13 viduals are living in the same home as the child:

14 “(i) Any relative or legal guardian of
15 the child.

16 “(ii) Any person who participates in
17 the Food Stamp program with the child.

18 “(iii) Any other person who pro-
19 vides—

20 “(I) care for an incapacitated
21 family member (which, for purposes of
22 this subparagraph only, may include a
23 child receiving supplemental security
24 income benefits under title XVI; or

1 “(II) child care to enable a care-
2 taker relative to work outside the
3 home or to participate in the WAGE
4 program.

5 “(5) CHILD CARE SERVICES.—The State plan
6 shall provide that no individual shall be sanctioned
7 for failure to comply with the State’s WAGE pro-
8 gram requirements if such individual needs child
9 care assistance in order to participate, and the State
10 fails to provide such assistance.

11 “(6) VERIFICATION SYSTEM.—The State plan
12 shall provide that information is requested and ex-
13 changed for purposes of income and eligibility ver-
14 ification in accordance with a State system which
15 meets the requirements of section 1137, unless the
16 State has established an alternative system under
17 section 411 to prevent fraud and abuse.

18 “(7) ALIEN ELIGIBILITY.—The State plan shall
19 provide that in order for an individual to be eligible
20 for transitional aid under this part, the individual
21 shall be—

22 “(A) a citizen or national of the United
23 States, or

24 “(B) a qualified alien (as defined in section
25 1101(a)(10)), provided that such alien is not

1 disqualified from receiving aid under this part
2 by reason of section 210(f) or 245A(h) of the
3 Immigration and Nationality Act (8 U.S.C.
4 1160(f) or 1255a(h)) or any other provision of
5 law.

6 “(8) DETECTION OF FRAUD.—

7 “(A) IN GENERAL.—The State plan shall
8 provide (in accordance with regulations issued
9 by the Secretary) for appropriate measures to
10 detect fraudulent applications for transitional
11 aid to families with needy children before estab-
12 lishing eligibility for such aid.

13 “(B) DESCRIPTION OF FRAUD CONTROL
14 PROGRAM.—If the State has elected to establish
15 and operate a fraud control program under sec-
16 tion 411, the State shall submit to the Sec-
17 retary (with such revisions as may from time to
18 time be necessary) a description of such pro-
19 gram and will operate such program in full
20 compliance with such section 411.

21 “(9) PARTICIPATION IN CHILD SUPPORT EN-
22 FORCEMENT.—The State plan shall provide—

23 “(A) that the State has in effect a plan ap-
24 proved under part D and operates a child sup-

1 port enforcement program in substantial com-
2 pliance with such plan, and

3 “(B) that, as a condition of eligibility for
4 aid, each applicant or recipient will be required
5 (subject to subparagraph (D))—

6 “(i) to assign the State any rights to
7 support from any other person such appli-
8 cant may have in such applicant’s own be-
9 half or in behalf of any other family mem-
10 ber for whom the applicant is applying for
11 or receiving aid; and

12 “(ii) to cooperate with the State—

13 “(I) in establishing the paternity
14 of a child born out of wedlock with re-
15 spect to whom aid is claimed, and

16 “(II) in obtaining support pay-
17 ments for such applicant and for a
18 child with respect to whom such aid is
19 claimed;

20 “(C) that the State agency will imme-
21 diately refer each applicant requiring paternity
22 establishment, award establishment, or child
23 support enforcement services to the State agen-
24 cy administering the program under part D;

1 “(D) that an individual shall be required
2 to cooperate with the State, as provided under
3 subparagraph (B), unless the individual is
4 found to have good cause for refusing to co-
5 operate, as determined in accordance with
6 standards prescribed by the Secretary, which
7 standards shall take into consideration the best
8 interests of the child on whose behalf aid is
9 claimed to the satisfaction of the State agency
10 administering the program under part D, as de-
11 termined in accordance with section 454(26);

12 “(E) that—

13 “(i) (except as provided in clause (ii))
14 an applicant requiring services provided
15 under part D shall not be eligible for any
16 aid under this part until such applicant—

17 “(I) has furnished to the agency
18 administering the State plan under
19 part D the information specified in
20 section 454(26)(E); or

21 “(II) has been determined by
22 such agency to have good cause not to
23 cooperate; and

24 “(ii) that the provisions of clause (i)
25 shall not apply—

1 “(I) if the agency specified in
2 clause (i) has not within 10 days after
3 such individual was referred to such
4 agency, provided the notification re-
5 quired by section 454(26)(D)(iii),
6 until such notification is received; and

7 “(II) if such individual appeals a
8 determination that the individual
9 lacks good cause for noncooperation,
10 until after such determination is af-
11 firmed after notice and opportunity
12 for a hearing; and

13 “(F) that, if the relative with whom a child
14 is living is found to be ineligible because of fail-
15 ure to comply with the requirements of sub-
16 paragraph (B), the State may authorize protec-
17 tive payments as provided for in section 405.

18 “(10) AUTOMATED DATA PROCESSING SYS-
19 TEM.—The State plan may, at the option of the
20 State, provide for the establishment and operation,
21 in accordance with an (initial and annually updated)
22 advance automated data processing planning docu-
23 ment approved under subsection (c) of an automated
24 statewide management information system designed
25 effectively and efficiently, to assist management in

1 the administration of the State plan for transitional
2 aid to families with needy children approved under
3 this part, so as—

4 “(A) to control and account for—

5 “(i) all the factors in the total eligi-
6 bility determination process under such
7 plan for aid (including but not limited to
8 (I) identifiable correlation factors (such as
9 social security numbers, names, dates of
10 birth, home addresses, and mailing ad-
11 dresses (including postal ZIP codes) of all
12 applicants and recipients of such aid and
13 the relative with whom any child who is
14 such an applicant or recipient is living) to
15 assure sufficient compatibility among the
16 systems of different jurisdictions to permit
17 periodic screening to determine whether an
18 individual is or has been receiving benefits
19 from more than one jurisdiction, (II)
20 checking records of applicants and recipi-
21 ents of such aid on a periodic basis with
22 other agencies, both intra- and inter-State,
23 for determination and verification of eligi-
24 bility and payment pursuant to require-

1 ments imposed by other provisions of this
2 title),

3 “(ii) the costs, quality, and delivery of
4 funds and services furnished to applicants
5 for and recipients of such aid;

6 “(B) to notify the appropriate officials of
7 child support, food stamp, social service, and
8 medical assistance programs approved under
9 title XIX whenever the recipient becomes ineli-
10 gible or the amount of aid or services is
11 changed; and

12 “(C) to provide for security against unau-
13 thorized access to, or use of, the data in such
14 system.

15 “(11) PARTICIPATION IN WAGE.—The State
16 plan shall provide—

17 “(A) that the State operate a WAGE pro-
18 gram in accordance with part F, and

19 “(B) a description of individuals required
20 to participate in the WAGE program in the
21 State; such individuals may not include the fol-
22 lowing:

23 “(i) Parents of children under 12
24 weeks of age or, at the State’s option, up
25 to 1 year.

1 “(ii) Individuals who are ill or inca-
2 pacitated, as defined by the State.

3 “(iii) Individuals who are needed in
4 the home on a full-time basis to care for
5 a disabled child or other household mem-
6 ber.

7 “(iv) Individuals who are over 60
8 years of age.

9 “(v) Individuals under age 16 other
10 than teenage parents.

11 “(12) REPORT OF CHILD ABUSE.—The State
12 plan shall provide that the State agency will—

13 “(A) report to an appropriate agency or of-
14 ficial, known or suspected instances of physical
15 or mental injury, sexual abuse or exploitation,
16 or negligent treatment or maltreatment of a
17 child receiving aid under this part under cir-
18 cumstances which indicate that the child’s
19 health or welfare is threatened thereby; and

20 “(B) provide such information with respect
21 to a situation described in subparagraph (A) as
22 the State agency may have.

23 “(b) APPROVAL OF STATE PLANS.—

24 “(1) IN GENERAL.—Not later than 60 days
25 after the date a State submits to the Secretary a

1 plan that provides for the establishment and oper-
2 ation of a program or an amendment to such plan
3 that meets the requirements of subsection (a), the
4 Secretary shall approve the plan.

5 “(2) AUTHORITY TO EXTEND DEADLINE.—The
6 60-day deadline established in paragraph (1) with
7 respect to a State may be extended in accordance
8 with an agreement between the Secretary and the
9 State.

10 “(c) APPROVAL OF AUTOMATIC DATA PROCESSING
11 PLANNING DOCUMENT; REVIEW OF MANAGEMENT IN-
12 FORMATION SYSTEMS; FAILURE TO COMPLY; REDUCTION
13 OF PAYMENTS.—

14 “(1) APPROVAL OF AUTOMATED DATA PROC-
15 ESSING PLANNING DOCUMENT.—The Secretary shall
16 not approve the initial and annually updated ad-
17 vance automated data processing planning docu-
18 ment, referred to in paragraph (2), unless the Sec-
19 retary finds that such document, when implemented,
20 will generally carry out the objectives of the state-
21 wide management system referred to in such para-
22 graph, and such document—

23 “(A) provides for the conduct of, and re-
24 flects the results of, requirements analysis stud-
25 ies, which include consideration of the program

1 mission, functions, organization, services, con-
2 straints, and current support, of, in, or relating
3 to, such system,

4 “(B) contains a description of the proposed
5 statewide management system, including a de-
6 scription of information flows, input data, and
7 output reports and uses,

8 “(C) sets forth the security and interface
9 requirements to be employed in such statewide
10 management system,

11 “(D) describes the projected resource re-
12 quirements for staff and other needs, and the
13 resources available or expected to be available
14 to meet such requirements,

15 “(E) includes cost-benefit analyses of each
16 alternative management system, data process-
17 ing services and equipment, and a cost alloca-
18 tion plan containing the basis for rates, both di-
19 rect and indirect, to be in effect under such
20 statewide management system,

21 “(F) contains an implementation plan with
22 charts of development events, testing descrip-
23 tions, proposed acceptance criteria, and backup
24 and fallback procedures to handle possible fail-
25 ure of contingencies, and

1 “(G) contains a summary of proposed im-
2 provements of such statewide management sys-
3 tem in terms of qualitative and quantitative
4 benefits.

5 “(2) SECRETARIAL REVIEW.—

6 “(A) IN GENERAL.—The Secretary shall,
7 on a continuing basis, review, assess, and in-
8 spect the planning, design, and operation of,
9 statewide management information systems re-
10 ferred to in section 403(a)(2), with a view to
11 determining whether, and to what extent, such
12 systems meet and continue to meet require-
13 ments imposed under such section and the con-
14 ditions specified under paragraph (10) of sub-
15 section (a).

16 “(B) SUSPENSION OF APPROVAL.—If the
17 Secretary finds with respect to any statewide
18 management information system referred to in
19 section 403(a)(2) that there is a failure sub-
20 stantially to comply with criteria, requirements,
21 and other undertakings, prescribed by the ad-
22 vance automated data processing planning doc-
23 ument previously approved by the Secretary
24 with respect to such system, then the Secretary
25 shall suspend his approval of such document

1 until there is no longer any such failure of such
2 system to comply with such criteria, require-
3 ments, and other undertakings so prescribed.

4 “(C) REDUCTION OF PAYMENTS UNDER
5 SECTION 403.—If the Secretary determines that
6 such a system has not been implemented by the
7 State by the date specified for implementation
8 in the State’s advance automated data process-
9 ing planning document, then the Secretary shall
10 reduce payments to such State, in accordance
11 with section 403(b), in an amount equal to 40
12 percent of the expenditures referred to in sec-
13 tion 403(a)(2) with respect to which payments
14 were made to the State under section
15 403(a)(2). The Secretary may extend the dead-
16 line for implementation if the State dem-
17 onstrates to the satisfaction of the Secretary
18 that the State cannot implement such system
19 by the date specified in such planning document
20 due to circumstances beyond the State’s con-
21 trol.

22 “(d) TEMPORARY DISQUALIFICATION OF CERTAIN
23 NEWLY LEGALIZED ALIENS.—For temporary disquali-
24 fication of certain newly legalized aliens from receiving
25 transitional aid to families with needy children, see sub-

1 section (h) of section 245A of the Immigration and Na-
2 tionality Act (8 U.S.C. 1255a), subsection (f) of section
3 210 of such Act (8 U.S.C. 1160), and subsection (d)(7)
4 of section 210A of such Act (8 U.S.C. 1161).

5 “(e) IMPACT ON MEDICAID BENEFITS OF NON-
6 COMPLIANCE WITH CERTAIN TAP AND WAGE REQUIRE-
7 MENTS.—If a family becomes ineligible to receive transi-
8 tional aid under the State transitional aid program be-
9 cause an individual in such family fails to comply with
10 the requirements of this part—

11 “(1) a needy child of such family shall remain
12 eligible for medical assistance under the State’s plan
13 approved under title XIX, and

14 “(2) the family shall be appropriately notified
15 of such extension (in the State agency’s notice to the
16 family of the termination of its eligibility for such
17 aid) as required by section 1925(a)(2).

18 **“SEC. 403. PAYMENTS TO STATES.**

19 “(a) COMPUTATION OF AMOUNTS.—From the sums
20 appropriated therefor, the Secretary of the Treasury shall
21 pay to each State which has an approved plan for a transi-
22 tional aid program, for each quarter, beginning with the
23 quarter commencing October 1, 1995, an amount equal
24 to—

1 “(1) the Federal medical assistance percentage
2 (as defined in section 1905(b)) of the expenditures
3 by the State for benefits and assistance under such
4 plan, and

5 “(2) 50 percent of so much of the sums ex-
6 pended during such quarter as are attributable to
7 the planning, design, development, or installation of
8 such statewide mechanized claims processing and in-
9 formation retrieval systems as—

10 “(A) meet the conditions of section
11 402(a)(10), and

12 “(B) the Secretary determines are likely to
13 provide more efficient, economical, and effective
14 administration of the plan and to be compatible
15 with the claims processing and information re-
16 trieval systems utilized in the administration of
17 State plans approved under title XIX, and
18 State programs with respect to which there is
19 Federal financial participation under title XX.

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

23 “(1) ESTIMATES.—The Secretary shall, prior to
24 the beginning of each quarter, estimate the amount
25 to be paid to the State for such quarter under the

1 provisions of subsection (a) of this section, such esti-
2 mate to be based on—

3 “(A) a report filed by the State containing
4 its estimate of the total sum to be expended in
5 such quarter in accordance with the provisions
6 of such subsection and stating the amount ap-
7 propriated or made available by the State and
8 its political subdivisions for such expenditures
9 in such quarter, and if such amount is less than
10 the State’s proportionate share of the total sum
11 of such estimated expenditures, the source or
12 sources from which the difference is expected to
13 be derived,

14 “(B) records showing the number of needy
15 children in the State, and

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

18 “(2) ADJUSTMENTS FOR PRIOR QUARTERS.—

19 The Secretary of Health and Human Services shall
20 then certify to the Secretary of the Treasury the
21 amount so estimated by the Secretary of Health and
22 Human Services—

23 “(A) reduced or increased, as the case may
24 be, by any sum by which the Secretary finds
25 that the Secretary’s estimate for any prior

1 quarter was greater or less than the amount
2 which should have been paid to the State for
3 such quarter,

4 “(B) reduced by a sum equivalent to the
5 pro rata share to which the United States is eq-
6 uitably entitled, as determined by the Secretary
7 of Health and Human Services, of the net
8 amount recovered during any prior quarter by
9 the State or any political subdivision thereof
10 with respect to transitional aid to families with
11 needy children furnished under the State plan,
12 and

13 “(C) reduced by such amount as is nec-
14 essary to provide the ‘appropriate reimburse-
15 ment of the Federal Government’ that the State
16 is required to make under section 457 out of
17 that portion of child support collections retained
18 by the State pursuant to such section,

19 except that such increases or reductions shall not be
20 made to the extent that such sums have been ap-
21 plied to make the amount certified for any prior
22 quarter greater or less than the amount estimated
23 by the Secretary of Health and Human Services for
24 such prior quarter.

1 “(3) PAYMENT OF THE AMOUNT CERTIFIED.—

2 The Secretary of the Treasury shall thereupon,
3 through the Fiscal Service of the Department of the
4 Treasury and prior to audit or settlement by the
5 General Accounting Office, pay to the State, at the
6 time or times fixed by the Secretary of Health and
7 Human Services, the amount so certified.

8 “(c) UNIFORM REPORTING REQUIREMENTS.—In
9 order to assist in obtaining the information needed to
10 carry out subsection (b)(1) and otherwise to perform the
11 Secretary’s duties under this part, the Secretary shall es-
12 tablish uniform reporting requirements under which each
13 State will be required to furnish data regarding—

14 “(1) the monthly number of families assisted
15 under this part;

16 “(2) the types of such families;

17 “(3) the monthly number of children assisted
18 under this part;

19 “(4) the amounts expended to serve such fami-
20 lies and children;

21 “(5) the length of time for which such families
22 and children are assisted;

23 “(6) the number of families and children receiv-
24 ing child care assistance;

1 “(7) the number of families receiving transi-
2 tional medicaid assistance; and

3 “(8) in what form the amounts of assistance
4 are being spent (the amount spent on wage subsidies
5 compared to the amount spent on cash benefits).

6 “(d) BONUS AMOUNT.—

7 “(1) IN GENERAL.—For fiscal year 1997 and
8 each fiscal year thereafter, a State operating a tran-
9 sitional aid program under part A in the preceding
10 fiscal year meeting the requirements of paragraph
11 (2) shall receive a bonus amount equal to 10 percent
12 of the base payment amount determined for such
13 State under section 481(b).

14 “(2) REQUIREMENTS.—A transitional aid pro-
15 gram meets the requirements of this paragraph if
16 the program—

17 “(A) provides for disregards of earned in-
18 come for families receiving transitional aid to
19 ensure that a family in which a family member
20 worked part-time in a minimum wage job did
21 not have a lower monthly income after calcula-
22 tion of reasonable work-related expenses than a
23 family of the same size in which a family mem-
24 ber did not work;

1 “(B) provides that calculation of the level
2 of transitional aid under the program for a
3 family is based only on the needs of needy chil-
4 dren and the caretaker relatives of such chil-
5 dren; and

6 “(C) provides for equal treatment of one-
7 parent and two-parent families.

8 **“SEC. 404. DEVIATION FROM PLAN.**

9 “(a) STOPPAGE OF PAYMENTS.—In the case of any
10 State plan for transitional aid to families with needy chil-
11 dren which has been approved by the Secretary, if the Sec-
12 retary, after reasonable notice and opportunity for hearing
13 to the State agency administering or supervising the ad-
14 ministration of such plan, finds that in the administration
15 of the plan there is a failure to comply substantially with
16 any provision required by section 402(a) to be included
17 in the plan, the Secretary shall notify such State agency
18 that further payments will not be made to the State (or
19 in the Secretary’s discretion, that payments will be limited
20 to categories under or parts of the State plan not affected
21 by such failure) until the Secretary is satisfied that such
22 prohibited requirement is no longer so imposed, and that
23 there is no longer any such failure to comply. Until the
24 Secretary is so satisfied the Secretary shall make no fur-
25 ther payments to such State (or shall limit payments to

1 categories under or parts of the State plan not affected
2 by such failure).

3 “(b) MISUSE OF FUNDS.—In any case in which the
4 Secretary finds that a State has misappropriated or mis-
5 used funds appropriated pursuant to section 403, the Sec-
6 retary shall reduce the payment to which the State would
7 otherwise be entitled under this part for the fiscal year
8 following the fiscal year in which such finding is made by
9 an amount equal to two times the amount of funds found
10 to be misused or misappropriated.

11 **“SEC. 405. USE OF PAYMENTS FOR BENEFIT OF CHILDREN.**

12 “Whenever the State agency has reason to believe
13 that any payments of transitional aid to families with
14 needy children made with respect to a child are not being
15 or may not be used in the best interests of the child, the
16 State agency may provide for such counseling and guid-
17 ance services with respect to the use of such payments
18 and the management of other funds by the relative receiv-
19 ing such payments as it deems advisable in order to assure
20 use of such payments in the best interests of such child,
21 and may provide for advising such relative that continued
22 failure to so use such payments will result in substitution
23 therefor of such protective payments as the State may au-
24 thorize, or in seeking appointment of a guardian or legal
25 representative as provided in section 1111, or in the impo-

1 sition of criminal or civil penalties authorized under State
2 law if it is determined by a court of competent jurisdiction
3 that such relative is not using or has not used for the
4 benefit of the child any such payments made for that pur-
5 pose; and the provision of such services or advice by the
6 State agency (or the taking of the action specified in such
7 advice) shall not serve as a basis for withholding funds
8 from such State under section 404 and shall not prevent
9 such payments with respect to such child from being con-
10 sidered transitional aid to families with needy children.

11 **“SEC. 406. SPECIAL RULE.**

12 “Each needy child, and each relative with whom such
13 a child is living (including the spouse of such relative),
14 who becomes ineligible for transitional aid to families with
15 needy children as a result (wholly or partly) of the collec-
16 tion or increased collection of child or spousal support
17 under part D of this title, and who has received such aid
18 in at least 3 of the 6 months immediately preceding the
19 month in which such ineligibility begins, shall be deemed
20 to be a recipient of transitional aid to families with needy
21 children for purposes of title XIX for an additional 4 cal-
22 endar months beginning with the month in which such in-
23 eligibility begins.

1 **“SEC. 407. PERFORMANCE MEASUREMENT SYSTEM.**

2 “(a) IN GENERAL.—Not later than July 1, 1996, the
3 Secretary, in consultation with the States, shall submit
4 recommendations to Congress to streamline the system for
5 monitoring the accuracy of payments made for transitional
6 aid to families with needy children and for transforming
7 the transitional aid program into a system that measures
8 a State’s performance in moving recipients of such aid into
9 permanent employment.

10 “(b) DETAILS OF RECOMMENDATIONS.—The rec-
11 ommendations required by subsection (a) shall—

12 “(1) be based on a system which replaces the
13 AFDC quality control system (described in section
14 408 of the Social Security Act as in effect on the
15 day before the date of the enactment of the Work
16 and Gainful Employment Act),

17 “(2) include an effort to ensure the continuity
18 of recipient data collected under the AFDC quality
19 control system and the new streamlined system, and

20 “(3) integrate the performance measurements
21 under the WAGE program and any other applicable
22 performance measurements that are designed to
23 measure the effectiveness of States in promoting
24 work.

1 **“SEC. 408. EXCLUSION FROM TRANSITIONAL AID PROGRAM**
2 **UNIT OF INDIVIDUALS FOR WHOM CERTAIN**
3 **PAYMENTS ARE MADE.**

4 “(a) EXCLUSION OF CHILDREN RECEIVING FOSTER
5 CARE, ETC.—Notwithstanding any other provision of this
6 title (other than subsection (b))—

7 “(1) a child with respect to whom foster care
8 maintenance payments or adoption assistance pay-
9 ments are made under part E of this title or under
10 State or local law, or a child or parent receiving ben-
11 efits under title XVI of this Act, shall not, for the
12 period for which such payments are made, be re-
13 garded as a member of a family for purposes of de-
14 termining the amount of benefits of the family under
15 this part; and

16 “(2) the income and resources of such child or
17 parent shall be excluded from the income and re-
18 sources of a family under this part.

19 “(b) LIMITATION.—Subsection (a) of this section
20 shall not apply in the case of a child with respect to whom
21 adoption assistance payments are made under part E of
22 this title or under State or local law, if application of such
23 subsection would reduce the benefits under this part of
24 the family of which the child would otherwise be regarded
25 as a member.

1 **“SEC. 409. TECHNICAL ASSISTANCE FOR DEVELOPING MAN-**
2 **AGEMENT INFORMATION SYSTEMS.**

3 “The Secretary shall provide such technical assist-
4 ance to States as the Secretary determines necessary to
5 assist States to plan, design, develop, or install and pro-
6 vide for the security of, the management information sys-
7 tems referred to in section 403(a)(2).

8 **“SEC. 410. ATTRIBUTION OF INCOME AND RESOURCES OF**
9 **SPONSOR AND SPOUSE TO ALIEN.**

10 “(a) **APPLICABILITY; TIME PERIOD.**—For purposes
11 of determining eligibility for and the amount of benefits
12 under a State plan approved under this part for an indi-
13 vidual who is a qualified alien described in section
14 402(a)(7), the income and resources of any person who
15 (as a sponsor of such individual’s entry into the United
16 States) executed an affidavit of support or similar agree-
17 ment with respect to such individual, and the income and
18 resources of the sponsor’s spouse, shall be deemed to be
19 the unearned income and resources of such individual (in
20 accordance with subsections (b) and (c) of this section)
21 for a period determined under section 802 of the Work
22 and Gainful Employment Act, except that this section is
23 not applicable if such individual is a needy child and such
24 sponsor (or such sponsor’s spouse) is the parent of such
25 child.

26 “(b) **COMPUTATION.**—

1 “(1) AMOUNT DEEMED UNEARNED INCOME.—

2 The amount of income of a sponsor (and his spouse)
3 which shall be deemed to be the unearned income of
4 a qualified alien for any month shall be determined
5 as follows:

6 “(A) The total amount of earned and un-
7 earned income of such sponsor and such spon-
8 sor’s spouse (if such spouse is living with the
9 sponsor) shall be determined for such month.

10 “(B) The amount determined under sub-
11 paragraph (A) shall be reduced by an amount
12 equal to the sum of—

13 “(i) the lesser of—

14 “(I) 20 percent of the total of
15 any amounts received by the sponsor
16 and his spouse in such month as
17 wages or salary or as net earnings
18 from self employment, plus the full
19 amount of any costs incurred by them
20 in producing self-employment income
21 in such month, or

22 “(II) \$175;

23 “(ii) the cash needs standard estab-
24 lished by the State under its plan for a
25 family of the same size and composition as

1 the sponsor and those other individuals liv-
2 ing in the same household as the sponsor
3 who are claimed by him as dependents for
4 purposes of determining his Federal per-
5 sonal income tax liability but whose needs
6 are not taken into account by the State for
7 the purpose of determining eligibility for
8 transitional aid under this part;

9 “(iii) any amounts paid by the spon-
10 sor (or his spouse) to individuals not living
11 in such household who are claimed by him
12 as dependents for purposes of determining
13 his Federal personal income tax liability;
14 and

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

18 “(2) AMOUNT DEEMED RESOURCES.—The
19 amount of resources of a sponsor (and his spouse)
20 which shall be deemed to be the resources of a quali-
21 fied alien for any month shall be determined as fol-
22 lows:

23 “(A) The total amount of the resources
24 (determined as if the sponsor were applying for
25 aid under the State plan approved under this

1 part) of such sponsor and such sponsor's spouse
2 (if such spouse is living with the sponsor) shall
3 be determined.

4 "(B) The amount determined under sub-
5 paragraph (A) shall be reduced by \$1,500.

6 "(c) PROVISION OF INFORMATION BY ALIEN CON-
7 CERNING THE ALIEN'S SPONSOR; RECEIPT OF INFORMA-
8 TION FROM DEPARTMENTS OF STATE AND JUSTICE.—

9 "(1) INFORMATION REQUIRED.—Any individual
10 who is an alien and whose sponsor was a public or
11 private agency shall be ineligible for aid under a
12 State plan approved under this part during the pe-
13 riod determined under section 802 of the Work and
14 Gainful Employment Act, unless the State agency
15 administering such plan determines that such spon-
16 sor either no longer exists or has become unable to
17 meet such individual's needs; and such determina-
18 tion shall be made by the State agency based upon
19 such criteria as it may specify in the State plan, and
20 upon such documentary evidence as it may therein
21 require. Any such individual, and any other individ-
22 ual who is a qualified alien (as a condition of his or
23 her eligibility for aid under a State plan approved
24 under this part during the period determined under
25 section 802 of the Work and Gainful Employment

1 Act, shall be required to provide to the State agency
2 administering such plan such information and docu-
3 mentation with respect to his sponsor as may be
4 necessary in order for the State agency to make any
5 determination required under this section, and to ob-
6 tain any cooperation from such sponsor necessary
7 for any such determination. Such alien shall also be
8 required to provide to the State agency such infor-
9 mation and documentation as it may request and
10 which such alien or his sponsor provided in support
11 of such alien's immigration application.

12 “(2) COOPERATION WITH SECRETARY OF STATE
13 AND ATTORNEY GENERAL.—The Secretary shall
14 enter into agreements with the Secretary of State
15 and the Attorney General whereby any information
16 available to them and required in order to make any
17 determination under this section will be provided by
18 them to the Secretary (who may, in turn, make such
19 information available, upon request, to a concerned
20 State agency), and whereby the Secretary of State
21 and Attorney General will inform any sponsor of an
22 alien, at the time such sponsor executes an affidavit
23 of support or similar agreement, of the requirements
24 imposed by this section.

1 “(d) JOINT AND SEVERAL LIABILITY OF ALIEN AND
2 SPONSOR FOR OVERPAYMENT OF AID DURING SPECIFIED
3 PERIOD FOLLOWING ENTRY.—Any sponsor of a qualified
4 alien, and such alien, shall be jointly and severally liable
5 for an amount equal to any overpayment of aid under the
6 State plan made to such alien during the period deter-
7 mined under section 802 of the Work and Gainful Em-
8 ployment Act, on account of such sponsor’s failure to pro-
9 vide correct information under the provisions of this sec-
10 tion, except where such sponsor was without fault, or
11 where good cause of such failure existed. Any such over-
12 payment which is not repaid to the State or recovered in
13 accordance with the procedures generally applicable under
14 the State plan to the recoupment of overpayments shall
15 be withheld from any subsequent payment to which such
16 alien or such sponsor is entitled under any provision of
17 this Act.

18 “(e) DIVISION OF INCOME AND RESOURCES OF INDI-
19 VIDUAL SPONSORING TWO OR MORE ALIENS LIVING IN
20 SAME HOME.—

21 “(1) IN GENERAL.—In any case where a person
22 is the sponsor of two or more alien individuals who
23 are living in the same home, the income and re-
24 sources of such sponsor (and his spouse), to the ex-
25 tent they would be deemed the income and resources

1 of any one of such individuals under the preceding
2 provisions of this section, shall be divided into two
3 or more equal shares (the number of shares being
4 the same as the number of such alien individuals)
5 and the income and resources of each such individ-
6 ual shall be deemed to include one such share.

7 “(2) DEEMED INCOME AND RESOURCES.—In-
8 come and resources of a sponsor (and his spouse)
9 which are deemed under this section to be the in-
10 come and resources of any alien individual in a fam-
11 ily shall not be considered in determining the need
12 of other family members except to the extent such
13 income or resources are actually available to such
14 other members.

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

17 “(1) admitted to the United States as a result
18 of the application, prior to April 1, 1980, of the pro-
19 visions of section 203(a)(7) of the Immigration and
20 Nationality Act (8 U.S.C. 1153(a)(7));

21 “(2) admitted to the United States as a result
22 of the application, after March 31, 1980, of the pro-
23 visions of section 207(c) of such Act;

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

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

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

6 **“SEC. 411. FRAUD CONTROL.**

7 “(a) ELECTION FOR FRAUD CONTROL PROGRAM.—
8 Any State, in the administration of its State plan ap-
9 proved under section 402, may elect to establish and oper-
10 ate a fraud control program in accordance with this sec-
11 tion.

12 “(b) PENALTY FOR FALSE OR MISLEADING STATE-
13 MENT OR MISREPRESENTATION OF FACT.—Under any
14 such program, if an individual who is a member of a fam-
15 ily applying for or receiving aid under the State plan ap-
16 proved under section 402 is found by a Federal or State
17 court or pursuant to an administrative hearing meeting
18 requirements determined in regulations of the Secretary,
19 on the basis of a plea of guilty or nolo contendere or other-
20 wise, to have intentionally—

21 “(1) made a false or misleading statement or
22 misrepresented, concealed, or withheld facts, or

23 “(2) committed any act intended to mislead,
24 misrepresent, conceal, or withhold facts or propound
25 a falsity, for the purpose of establishing or maintain-

1 ing the family’s eligibility for aid under such State
2 plan or of increasing (or preventing a reduction in)
3 the amount of such aid, then the needs of such indi-
4 vidual shall not be taken into account by the State
5 in determining eligibility for transitional aid under
6 this part with respect to his or her family—

7 “(A) for a period of 6 months upon the
8 first occasion of any such offense,

9 “(B) for a period of 12 months upon the
10 second occasion of any such offense, and

11 “(C) permanently upon the third or a sub-
12 sequent occasion of any such offense.

13 “(c) PROCEEDINGS AGAINST VIOLATORS BY STATE
14 AGENCY.—The State agency involved shall proceed
15 against any individual alleged to have committed an of-
16 fense described in subsection (b) either by way of adminis-
17 trative hearing or by referring the matter to the appro-
18 priate authorities for civil or criminal action in a court
19 of law. The State agency shall coordinate its actions under
20 this section with any corresponding actions being taken
21 under the food stamp program in any case where the fac-
22 tual issues involved arise from the same or related cir-
23 cumstances.

24 “(d) DURATION OF PERIOD OF SANCTIONS; RE-
25 VIEW.—Any period for which sanctions are imposed under

1 subsection (b) shall remain in effect, without possibility
2 of administrative stay, unless and until the finding upon
3 which the sanctions were imposed is subsequently reversed
4 by a court of appropriate jurisdiction; but in no event shall
5 the duration of the period for which such sanctions are
6 imposed be subject to review.

7 “(e) ADDITIONAL SANCTIONS PROVIDED BY LAW.—
8 The sanctions provided under subsection (b) shall be in
9 addition to, and not in substitution for, any other sanc-
10 tions which may be provided for by law with respect to
11 the offenses involved.

12 “(f) WRITTEN NOTICE OF PENALTIES FOR
13 FRAUD.—Each State which has elected to establish and
14 operate a fraud control program under this section must
15 provide all applicants for transitional aid to families with
16 needy children under its approved State plan, at the time
17 of their application for such aid, with a written notice of
18 the penalties for fraud which are provided for under this
19 section.

20 **“SEC. 412. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

21 “The programs under this part, part D, and part F
22 of this title shall be administered by an Assistant Sec-
23 retary for Family Support within the Department of
24 Health and Human Services, who shall be appointed by
25 the President, by and with the advice and consent of the

1 Senate, and who shall be in addition to any other Assist-
 2 ant Secretary of Health and Human Services provided for
 3 by law.”.

4 (b) TRANSITION FROM AFDC TO TRANSITIONAL AID
 5 PROGRAM.—In the case of any individual who is an appli-
 6 cant for or recipient of aid to families with dependent chil-
 7 dren under part A of title IV of the Social Security Act,
 8 as in effect on the day before the effective date of this
 9 title, the State may, at the State’s option, provide that—

10 (1) such individual be treated as an applicant
 11 for or recipient of (as the case may be) transitional
 12 aid to families with needy children under part A of
 13 title IV of the Social Security Act as in effect on
 14 such effective date, or

15 (2) such individual submit an application for
 16 transitional aid in accordance with the provisions of
 17 the State plan approved under such part A as so in
 18 effect.

19 **TITLE II—WORK AND GAINFUL**
 20 **EMPLOYMENT (WAGE) PROGRAM**

21 **SEC. 201. WAGE PROGRAM.**

22 Part F of title IV of the Social Security Act (42
 23 U.S.C. 681 et seq.) is amended to read as follows:

1 **“PART F—WAGE PROGRAM**

2 **“SEC. 480. PURPOSE.**

3 “It is the purpose of this part to provide States with
4 flexibility to design programs to ensure that needy families
5 with children obtain employment and avoid long-term wel-
6 fare dependence.

7 **“Subpart 1—Block Grant**

8 **“SEC. 481. BLOCK GRANT.**

9 “(a) BLOCK GRANT AMOUNT.—Subject to section
10 482, each State that operates a WAGE program in ac-
11 cordance with subpart 2 shall be entitled to receive for
12 each fiscal year a block grant amount equal to—

13 “(1) the base payment amount determined
14 under subsection (b) and the additional amount de-
15 scribed in subsection (b)(3); plus

16 “(2) the performance award amount (if any)
17 determined under subsection (c).

18 “(b) BASE PAYMENT AMOUNT.—

19 “(1) IN GENERAL.—Subject to the limitation of
20 paragraph (3), the base payment amount determined
21 under this subsection with respect to each State is—

22 “(A) for fiscal year 1996, an amount equal
23 to the base amount determined under para-
24 graph (2); and

25 “(B) for fiscal year 1997 and each subse-
26 quent fiscal year, an amount equal to 103 per-

1 cent of the base payment amount determined
2 under this subsection for the prior fiscal year.

3 “(2) BASE AMOUNT.—The base amount deter-
4 mined under this paragraph with respect to each
5 State is an amount equal to the greater of—

6 “(A) 103 percent of the Federal payments
7 made to the State in fiscal year 1995—

8 “(i) for child care services described
9 in clause (i) or (ii) of section 402(g)(1)(a)
10 (relating to AFDC–JOBS child care and
11 transitional child care);

12 “(ii) under section 403(a)(3) (relating
13 to administrative costs of operating the
14 AFDC program), other than any payments
15 made under such section for automated
16 data processing systems; and

17 “(iii) under section 403(a)(5) (relat-
18 ing to emergency assistance); or

19 “(B) 103 percent of the average of the
20 Federal payments described in clauses (i), (ii),
21 and (iii) of subparagraph (A) made to the State
22 in fiscal years 1993, 1994, and 1995.

23 “(3) ADDITIONAL PAYMENTS.—

24 “(A) IN GENERAL.—In addition to the
25 amounts specified in paragraph (2), each State

1 shall be entitled to receive an amount that
2 bears the same ratio to the amount specified in
3 subparagraph (B) for such fiscal year as the av-
4 erage monthly number of families with needy
5 children receiving transitional aid in the State
6 in the preceding fiscal year bears to the average
7 monthly number of such families in all the
8 States for such preceding year.

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

11 “(i) for fiscal year 1996,
12 \$1,200,000,000;

13 “(ii) for fiscal year 1997,
14 \$1,700,000,000;

15 “(iii) for fiscal year 1998,
16 \$2,100,000,000;

17 “(iv) for fiscal year 1999,
18 \$2,700,000,000; and

19 “(v) for fiscal year 2000,
20 \$3,200,000,000.

21 “(c) PERFORMANCE AWARD.—

22 “(1) IN GENERAL.—Subject to the limitation of
23 paragraph (4), the performance award determined
24 under this subsection for a fiscal year for a State is
25 an amount equal to the sum of—

1 “(A) the full-time employment savings of
2 the State, plus

3 “(B) the part-time employment savings of
4 the State.

5 “(2) FULL-TIME EMPLOYMENT SAVINGS.—For
6 purposes of this subsection—

7 “(A) IN GENERAL.—The full-time employ-
8 ment savings of a State for any fiscal year is
9 an amount equal to the product of—

10 “(i) the total number of full-time per-
11 formance award employees, and

12 “(ii) an amount equal to 6 times the
13 Federal share of the average monthly tran-
14 sitional aid paid to individuals in accord-
15 ance with the State plan under part A for
16 the preceding fiscal year.

17 “(B) FULL-TIME PERFORMANCE AWARD
18 EMPLOYEES.—The term ‘full-time performance
19 award employees’ means, with respect to any
20 fiscal year, a number of employees equal to the
21 applicable percentage of the average monthly
22 number of individuals who, during the preced-
23 ing fiscal year, received transitional aid under
24 the program operated in accordance with the
25 State plan under part A.

1 “(C) APPLICABLE PERCENTAGE.—The
2 term ‘applicable percentage’ means, with re-
3 spect to any fiscal year, the number of whole
4 percentage points (if any) by which—

5 “(i) the percentage which—

6 “(I) the average monthly number
7 of individuals who became ineligible
8 during the preceding fiscal year to re-
9 ceive transitional aid under the pro-
10 gram operated in accordance with the
11 State plan under part A by reason of
12 earnings from employment, bears to

13 “(II) the number of individuals
14 receiving transitional aid under the
15 program operated in accordance with
16 the State plan under part A for such
17 preceding fiscal year, exceeds

18 “(ii) the percentage determined under
19 clause (i) for fiscal year 1996.

20 “(D) SPECIAL RULE FOR SHORT-TERM EM-
21 PLOYEES.—An individual shall not be taken
22 into account under subclause (I) of subpara-
23 graph (C)(i) unless the employment described
24 in such subclause has continued for 6 consecu-
25 tive months. If an individual is not taken into

1 account for a fiscal year by reason of this sub-
2 paragraph, such individual shall be taken into
3 account in the following fiscal year if such 6-
4 month period ends in such following fiscal year.

5 “(3) PART-TIME EMPLOYMENT SAVINGS.—For
6 purposes of this subsection—

7 “(A) IN GENERAL.—The part-time employ-
8 ment savings of a State for any fiscal year is
9 an amount equal to the product of—

10 “(i) the total number of part-time per-
11 formance award employees, and

12 “(ii) an amount equal to 6 times the
13 Federal share of the average monthly tran-
14 sitional aid (weighted for family size)
15 which would otherwise be paid to individ-
16 uals described in subparagraph (C)(i)(I) in
17 accordance with the State plan under part
18 A for the preceding fiscal year but for the
19 fact the individual worked at least 20
20 hours per week.

21 “(B) PART-TIME PERFORMANCE AWARD
22 EMPLOYEES.—The term ‘part-time performance
23 award employees’ means, with respect to any
24 fiscal year, a number of employees equal to the
25 applicable percentage of the average monthly

1 number of individuals who, during the preced-
2 ing fiscal year, received transitional aid under
3 the program operated in accordance with the
4 State plan under part A.

5 “(C) APPLICABLE PERCENTAGE.—The
6 term ‘applicable percentage’ means, with re-
7 spect to any fiscal year, the number of whole
8 percentage points (if any) by which—

9 “(i) the percentage which—

10 “(I) the average monthly number
11 of individuals who were eligible to re-
12 ceive transitional aid under the pro-
13 gram operated in accordance with the
14 State plan under part A during the
15 preceding fiscal year, and worked at
16 least 20 hours a week in a position
17 which was not subsidized by the
18 State, bears to

19 “(II) the number of individuals
20 receiving transitional aid under the
21 program operated in accordance with
22 the State plan under part A for such
23 preceding fiscal year, exceeds

24 “(ii) the percentage determined under
25 clause (i) for fiscal year 1996.

1 “(D) SPECIAL RULE FOR AREAS OF HIGH
2 UNEMPLOYMENT.—In the case of any State (or
3 any area of a State) which has an average
4 monthly unemployment rate which is more than
5 6.5 percent (as determined by the Secretary of
6 Labor) for the fiscal year for which the percent-
7 age described in subparagraph (C)(i) is being
8 determined, such State may, in applying sub-
9 subparagraph (C)(i)(I), include individuals residing
10 in such State (or area) who worked at least 20
11 hours a week in positions fully subsidized by
12 the State.

13 “(4) LIMITATION.—

14 “(A) IN GENERAL.—The performance
15 award under paragraph (1) for a State for any
16 fiscal year shall not exceed the amount that
17 bears the same ratio to the amount specified in
18 clause (ii) for such fiscal year as the amount of
19 full-time and part-time performance award em-
20 ployees of the State for a fiscal year bears to
21 the amount of such employees for all States for
22 such fiscal year.

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

1 “(i) for fiscal year 1998,
2 \$200,000,000;

3 “(ii) for fiscal year 1999,
4 \$400,000,000; and

5 “(iii) for fiscal year 2000 and each
6 fiscal year thereafter, \$600,000,000.

7 “(5) AWARD BEGINNING WITH FISCAL YEAR
8 1998.—No amount shall be paid to a State as a per-
9 formance award determined under this subsection
10 before October 1, 1997.

11 “(d) PAYMENTS TO INDIAN TRIBES.—The Secretary
12 shall reserve for payment to Indian tribes and Alaska Na-
13 tive organizations with an application approved under sec-
14 tion 492(a)(1)(A) an amount equal to not more than 2
15 percent of the amount appropriated under subsection (a).
16 Such amounts shall be distributed to each tribe and Alas-
17 ka Native organization in an amount that bears the same
18 ratio to the total amount reserved under this subsection
19 as the number of the participants required to be served
20 in the preceding fiscal year in the tribe’s or Alaska Native
21 organization’s service area bears to the number of partici-
22 pants to be served by all tribes and Alaska Native organi-
23 zations in such preceding year. In making such distribu-
24 tions, the Secretary shall take into account such other fac-
25 tors as the Secretary deems appropriate, including unique

1 geographic, economic, demographic, and administrative
 2 conditions of individual Indian tribes and Alaska Native
 3 organizations.

4 **“SEC. 482. PARTICIPATION RATES.**

5 “(a) PARTICIPATION RATE REQUIREMENT.—

6 “(1) IN GENERAL.—Notwithstanding section
 7 481, the Secretary shall pay to a State an amount
 8 equal to 95 percent of the base payment amount de-
 9 termined for the State for a fiscal year if the State’s
 10 participation rate determined under subsection (c)
 11 for the preceding fiscal year does not exceed or equal
 12 the following percentage:

“Fiscal year:	Percentage:
1996	35
1997	40
1998	45
1999	50
2000	55.

13 “(2) REQUIRED WORK ACTIVITY.—A State shall
 14 not be treated as having a participation rate meeting
 15 the requirements of this subsection if the number of
 16 individuals described in subsection (c)(1) engaged in
 17 work activities is not at least 50 percent of the total
 18 number of individuals described in subsection (c)(1).

19 “(b) ELECTION BY THE STATE.—In lieu of the reduc-
 20 tion described in subsection (a), a State that does not
 21 meet the participation rate requirements described in sub-
 22 section (a), may elect to receive the full amount of the

1 payments described in section 481(a)(1) to which the
2 State is otherwise entitled for the fiscal year if the State
3 makes available non-Federal contributions for the fiscal
4 year in an amount equal to not less than 5 percent of
5 the State's non-Federal contributions for the preceding
6 fiscal year.

7 “(c) DETERMINATION OF PARTICIPATION RATE.—
8 The State's participation rate for a fiscal year shall be
9 the number, expressed as a percentage, equal to—

10 “(1) the sum of—

11 “(A) the average monthly number of indi-
12 viduals in the State who have participated in
13 work activities or work preparation activities
14 under the WAGE program under subpart 2 for
15 an average of at least 20 hours a week,

16 “(B) the average monthly number of indi-
17 viduals who within the previous 6-month period
18 have become ineligible for transitional aid under
19 part A or the WAGE program because the indi-
20 viduals are employed, and

21 “(C) the average monthly number of indi-
22 viduals under sanctions for failing to comply
23 with a WAGE Plan, divided by

1 **“SEC. 491. ESTABLISHMENT AND OPERATION OF FLEXIBLE**
2 **STATE PROGRAMS.**

3 “(a) PROGRAM REQUIREMENTS.—Any State with a
4 State plan approved under subsection (c) shall establish
5 and operate a program that meets the following require-
6 ments:

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

11 “(2) METHODS OF OBTAINING OBJECTIVE.—
12 The objective of the program under paragraph (1)
13 shall be achieved by connecting recipients of transi-
14 tional aid with the private sector labor market as
15 soon as possible and offering them the support and
16 skills necessary to remain in the labor market. Each
17 component of the program should seek to attain the
18 objective by emphasizing employment and conveying
19 an understanding that minimum wage jobs are a
20 stepping stone to more highly paid employment. The
21 program is intended to provide recipients with job
22 search and placement, education, training, wage
23 supplementation, temporary subsidized jobs, or such
24 other services as the State deems necessary to help
25 a recipient obtain private sector employment.

1 “(3) JOB CREATION.—The creation of jobs,
2 with an emphasis on private sector jobs, shall be a
3 component of the program and shall be a priority for
4 each State office that has responsibility under the
5 program.

6 “(4) ASSISTANCE.—The State may provide as-
7 sistance to participants in the program in the follow-
8 ing forms:

9 “(A) State job placement services, which
10 may include employment opportunity centers
11 that act as one-stop placement entities through
12 which the State makes available to each pro-
13 gram participant services under programs car-
14 ried out under one or more of the following pro-
15 visions of law:

16 “(i) Part A of title II of the Job
17 Training Partnership Act (29 U.S.C. 1601
18 et seq.) (relating to the adult training pro-
19 gram).

20 “(ii) Part B of title II of such Act (29
21 U.S.C. 1630 et seq.) (relating to the sum-
22 mer youth employment and training pro-
23 grams).

1 “(iii) Part C of title II of such Act
2 (29 U.S.C. 1641 et seq.) (relating to the
3 youth training program).

4 “(iv) Title III of such Act (29 U.S.C.
5 1651 et seq.) (relating to employment and
6 training assistance for dislocated workers).

7 “(v) Part B of title IV of such Act
8 (29 U.S.C. 1691 et seq.) (relating to the
9 Job Corps).

10 “(vi) The Carl D. Perkins Vocational
11 and Applied Technology Education Act (20
12 U.S.C. 2301 et seq.).

13 “(vii) The Adult Education Act (20
14 U.S.C. 1201 et seq.).

15 “(viii) Part B of chapter 1 of title I
16 of the Elementary and Secondary Edu-
17 cation Act of 1965 (20 U.S.C. 2741 et
18 seq.) (relating to Even Start family lit-
19 eracy programs).

20 “(ix) Subtitle A of title VII of the
21 Stewart B. McKinney Homeless Assistance
22 Act (42 U.S.C. 11421) (relating to adult
23 education for the homeless).

24 “(x) Subtitle B of title VII of such
25 Act (42 U.S.C. 11431 et seq.) (relating to

1 education for homeless children and
2 youth).

3 “(xi) Subtitle C of title VII of such
4 Act (42 U.S.C. 11441) (relating to job
5 training for the homeless).

6 “(xii) The School-to-Work Opportuni-
7 ties Act of 1994.

8 “(xiii) The National and Community
9 Service Act of 1990 (42 U.S.C. 12501 et
10 seq.).

11 “(xiv) The National Skill Standards
12 Act of 1994.

13 “(B) Private placement company services,
14 which may include contracts the State enters
15 into with private companies (whether operated
16 for profit or not for profit) or community action
17 agencies for placement of participants in the
18 program in positions of full-time or part-time
19 employment, preferably in the private sector,
20 for wages sufficient to eliminate the need of
21 such participants for cash assistance.

22 “(C) Microenterprise programs, including
23 programs under which the State makes grants
24 and loans to public and private organizations,
25 agencies, and other entities (whether operated

1 for profit or not for profit) to enable such enti-
2 ties to facilitate economic development by—

3 “(i) providing technical assistance, ad-
4 vice, and business support services (includ-
5 ing assistance, advice, and support relating
6 to business planning, financing, marketing,
7 and other microenterprise development ac-
8 tivities) to owners of microenterprises and
9 persons developing microenterprises; and

10 “(ii) providing general support (such
11 as peer support and self-esteem programs)
12 to owners of microenterprises and persons
13 developing microenterprises.

14 “(D) Work supplementation programs,
15 under which the State may use part or all of
16 the sums that would otherwise be payable to
17 participants in the program as transitional aid
18 under part A for the purpose of providing and
19 subsidizing jobs for such participants as an al-
20 ternative to the transitional aid that would oth-
21 erwise be so payable to them.

22 “(E) Innovative JOBS programs, including
23 programs similar to—

24 “(i) the program known as the ‘GAIN
25 Program’ that has been operated by River-

1 side County, California, under Federal law
2 in effect immediately before the date this
3 section first applies to the State of Califor-
4 nia;

5 “(ii) the program known as ‘JOBS
6 Plus’ that has been operated by the State
7 of Oregon under Federal law in effect im-
8 mediately before the date this section first
9 applies to the State of Oregon; and

10 “(iii) the program known as ‘JOBS’
11 that has been operated by Kenosha Coun-
12 ty, Wisconsin, under Federal law in effect
13 immediately before the date this section
14 first applies to the State of Wisconsin.

15 “(F) Temporary subsidized job creation,
16 which may include workfare programs.

17 “(G) Education or training services.

18 “(H) Any other service which provides in-
19 dividuals with the support and skills necessary
20 to obtain and keep employment in the private
21 sector.

22 For purposes of subparagraph (C), the term
23 ‘microenterprise’ means a commercial enterprise
24 which has 5 or fewer employees, one or more of
25 whom owns the enterprise.

1 “(5) WAGE PLAN.—The State agency shall de-
2 velop a WAGE Plan in accordance with subsection
3 (b) with each program participant.

4 “(6) HOURS OF PARTICIPATION REQUIRE-
5 MENT.—The State shall provide that each partici-
6 pant in the program under this section shall partici-
7 pate in activities in accordance with this section for
8 at least 20 hours per week (or, at the State’s option,
9 a greater number of hours per week), including job
10 search in cases where the individual is not employed
11 in an unsubsidized job in the private sector.

12 “(7) TIME LIMIT.—A State may establish a
13 time limit of any duration for participation by an in-
14 dividual in the WAGE program. A State shall not
15 terminate any participant subject to such time limit
16 if the participant has complied with the require-
17 ments set forth in the WAGE Plan established in ac-
18 cordance with paragraph (5).

19 “(8) CHILD CARE SERVICES.—The State shall
20 offer each individual participating in the program
21 child care services (as determined by the State) if
22 such individual requires child care services in order
23 to participate.

24 “(9) NONDISPLACEMENT.—The program shall
25 comply with the requirements of subsection (g).

1 “(10) NONCUSTODIAL PARENTS.—

2 “(A) IN GENERAL.—The State may pro-
3 vide services under the program, on a voluntary
4 or mandatory basis, to noncustodial parents of
5 needy children who are recipients of transitional
6 aid.

7 “(B) PARTICIPATION RATE.—Noncustodial
8 parents who participate in the WAGE program
9 shall be treated as participants for purposes of
10 determining the participation rate under section
11 482.

12 “(b) WAGE PLAN.—

13 “(1) IN GENERAL.—On the basis of an initial
14 assessment of the skills, prior work experience, and
15 employability of each individual who the State re-
16 quires to participate in the WAGE program, the
17 State agency shall, together with the individual, de-
18 velop a WAGE Plan, which—

19 “(A) sets forth an employment goal for the
20 individual and contains an individualized com-
21 prehensive plan developed by the State agency
22 with the participant for moving the individual
23 into the workforce;

24 “(B) provides that the participant shall
25 spend at least 20 hours per week (or, at the op-

1 tion of the State, a greater number of hours per
2 week) in activities provided for in the WAGE
3 Plan, including job search in cases where the
4 individual is not employed in an unsubsidized
5 job in the private sector;

6 “(C) sets forth the obligations of the indi-
7 vidual, which may include a requirement that
8 the individual attend school, maintain certain
9 grades and attendance, keep school age children
10 of the individual in school, immunize children,
11 attend parenting and money management class-
12 es, or do other things that will help the individ-
13 ual become and remain employed in the private
14 sector;

15 “(D) provides that the participant shall ac-
16 cept any bona fide offer of unsubsidized full-
17 time employment, unless the participant has
18 good cause for not doing so;

19 “(E) describes the child care and other so-
20 cial services and assistance which the State will
21 provide in order to allow the individual to take
22 full advantage of the activities under the pro-
23 gram operated in accordance with this section;

24 “(F) at the option of the State, provides
25 that aid under the transitional aid program is

1 to be paid to the participant based on the num-
2 ber of hours that the participant spends in ac-
3 tivities provided for in the agreement; and

4 “(G) at the option of the State, requires
5 the participant to undergo appropriate sub-
6 stance abuse treatment.

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

9 “(A) within 90 days (or, at the option of
10 the State, 180 days) after the effective date of
11 this part, in the case of an individual who, as
12 of such effective date, is a recipient of aid
13 under the State plan approved under part A; or

14 “(B) within 30 days (or, at the option of
15 the State, 90 days) after the individual is deter-
16 mined to be eligible for such aid, in the case of
17 any other individual.

18 “(c) STATE PLANS.—

19 “(1) IN GENERAL.—Within 60 days after the
20 date a State submits to the Secretary a plan that
21 provides for the establishment and operation of a
22 program that meets the requirements of subsection
23 (a), the Secretary shall approve the plan.

24 “(2) AUTHORITY TO EXTEND DEADLINE.—The
25 60-day deadline established in paragraph (1) with

1 respect to a State may be extended in accordance
2 with an agreement between the Secretary and the
3 State.

4 “(d) ANNUAL REPORTS.—

5 “(1) COMPLIANCE WITH PERFORMANCE MEAS-
6 URES.—Each State that operates a program under
7 this section shall submit to the Secretary annual re-
8 ports that compare the achievements of the program
9 with the performance-based measures established
10 under subsection (e).

11 “(2) COMPLIANCE WITH PARTICIPATION
12 RATES.—Each State that operates a program under
13 this section for a fiscal year shall submit to the Sec-
14 retary a report on the participation rate determined
15 under section 482 of the State for the fiscal year.

16 “(e) PERFORMANCE-BASED MEASURES.—The Sec-
17 retary shall, by regulation, establish measures of the effec-
18 tiveness of the State’s program established under this sec-
19 tion in moving recipients of transitional aid under the
20 State plan approved under part A into full-time
21 unsubsidized employment, based on the performance of
22 such programs.

23 “(f) EFFECT OF FAILURE TO MEET PARTICIPATION
24 RATES.—

1 “(1) IN GENERAL.—If a State fails to achieve
2 the participation rate required by section 482(a) for
3 the fiscal year, the Secretary may make rec-
4 ommendations for changes in the program. The
5 State may elect to follow such recommendations, and
6 shall demonstrate to the Secretary how the State
7 will achieve the required participation rates.

8 “(2) SECOND CONSECUTIVE FAILURE.—Not-
9 withstanding paragraph (1), if the State has failed
10 to achieve the participation rates required by section
11 482(a) for 2 consecutive fiscal years, the Secretary
12 may require the State to make changes in the State
13 program established under this section.

14 “(g) NO DISPLACEMENT.—No work assignment
15 under the program shall result in—

16 “(1) the displacement of any currently em-
17 ployed worker or position (including partial displace-
18 ment such as a reduction in the hours of non-
19 overtime work, wages, or employment benefits), or
20 result in the impairment of existing contracts for
21 services or collective bargaining agreements;

22 “(2) the employment or assignment of a partici-
23 pant of the filling of a position when—

24 “(A) any other individual is on layoff from
25 the same or any equivalent position, or

1 “(B) the employer has terminated the em-
2 ployment of any regular employee or otherwise
3 reduced its workforce with the effect of filling
4 the vacancy so created with a participant sub-
5 sidized under the program; or

6 “(3) any infringement of the promotional op-
7 portunities of any currently employed individual.

8 No participant may be assigned under work
9 supplementation programs or under workfare programs to
10 fill any established unfilled position vacancy.

11 **“SEC. 492. SPECIAL PROVISIONS RELATING TO INDIAN**
12 **TRIBES AND ALASKA NATIVE ORGANIZA-**
13 **TIONS.**

14 “(a) SPECIAL PROVISIONS RELATING TO TRIBES
15 AND NATIVE ORGANIZATIONS.—

16 “(1) IN GENERAL.—

17 “(A) WAGE PROGRAMS.—An Indian tribe
18 or Alaska Native organization may apply to the
19 Secretary to conduct a WAGE program under
20 this part. An application to conduct a WAGE
21 program in a fiscal year shall be submitted not
22 later than July 1 of the preceding fiscal year.
23 Upon approval of the application, payment in
24 the amount determined in accordance with sec-

1 tion 482(d) shall be made directly to the tribe
2 or organization involved.

3 “(B) WAIVER OF CERTAIN REQUIRE-
4 MENTS.—The Secretary may waive any require-
5 ments of this part with respect to a WAGE pro-
6 gram conducted under this part by an Indian
7 tribe or Alaska Native organization as the Sec-
8 retary determines to be appropriate.

9 “(C) TERMINATION.—The WAGE program
10 conducted by any Indian tribe or Alaska Native
11 organization may be terminated voluntarily by
12 such tribe or organization or may be terminated
13 by the Secretary upon a finding that such pro-
14 gram is not being conducted in substantial con-
15 formity with the terms of the application ap-
16 proved under subparagraph (A). If a WAGE
17 program of an Indian tribe or Alaska Native or-
18 ganization is terminated, such tribe or organi-
19 zation shall not be eligible to submit a new ap-
20 plication under subparagraph (A) with respect
21 to any year before the 6th year following such
22 termination.

23 “(D) CONSORTIUM OF TRIBES.—An Indian
24 tribe may enter into an agreement with other
25 Indian tribes for the provision of WAGE pro-

1 gram services by a tribal consortium providing
2 for centralized administration of WAGE pro-
3 gram services for the region served by the In-
4 dian tribes so agreeing. In the case of such an
5 agreement, a single application under this part
6 may be submitted by the tribal consortium and
7 the consortium shall be entitled to receive an
8 amount equal to the aggregate amount that all
9 of the tribes in the consortium would have been
10 entitled to receive if each tribe applied sepa-
11 rately. In any case in which an application is
12 submitted by a tribal consortium, the approval
13 of each Indian tribe included in the consortium
14 shall be a prerequisite to the distribution of
15 funds to the tribal consortium.

16 “(2) DETERMINATION OF EXEMPT INDIVID-
17 UAL.—An application under this section shall pro-
18 vide that upon approval the Indian tribe or Alaska
19 Native organization, as the case may be, will be re-
20 sponsible for determining whether an individual
21 (within the service area of the tribe or organization)
22 is exempt under section 402(a)(11).

23 “(b) OTHER REQUIREMENTS.—

24 “(1) CHILD CARE.—Each Indian tribe and
25 Alaska Native organization submitting an applica-

1 tion under this section may also submit to the Sec-
2 retary (as a part of the application) a description of
3 the program that the tribe or organization will im-
4 plement to meet the child care needs of WAGE pro-
5 gram participants and may request funds to provide
6 such child care. The Secretary may waive any other
7 requirement of this part with respect to child care
8 services as the Secretary determines inappropriate
9 for such child care program, other than the require-
10 ment described in section 491(a)(8).

11 “(2) PAYMENT FOR CHILD CARE.—The Sec-
12 retary shall adjust the payment for a fiscal year
13 under section 481(d) to reflect the cost of child care
14 for the number of required participants in need of
15 such care in the preceding fiscal year (and other re-
16 cipients in need of such care) in the tribe’s or Alas-
17 ka Native organization’s service area, subject to the
18 limitation on total funding for tribes and Alaska Na-
19 tive organizations.

20 “(3) DATA COLLECTION.—The Secretary shall
21 establish data collection and reporting requirements
22 with respect to child care services implemented
23 under this subsection.

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

1 “(1) TRIBAL CONSORTIUM.—The term ‘tribal
2 consortium’ means any group, association, partner-
3 ship, corporation, or other legal entity which is con-
4 trolled, sanctioned, or chartered by the governing
5 body of more than 1 Indian tribe.

6 “(2) INDIAN TRIBE.—The term ‘Indian tribe’
7 means any tribe, band, nation, or other organized
8 group or community of Indians that—

9 “(A) is recognized as eligible for the spe-
10 cial programs and services provided by the
11 United States to Indians because of their status
12 as Indians; and

13 “(B) for which a reservation exists.

14 For purposes of subparagraph (B), a reservation in-
15 cludes Indian reservations, public domain Indian al-
16 lotments, and former Indian reservations in Okla-
17 homa.

18 “(3) ALASKA NATIVE ORGANIZATION.—

19 “(A) IN GENERAL.—The term ‘Alaska Na-
20 tive organization’ means any organized group of
21 Alaska Natives eligible to operate a Federal
22 program under Public Law 93–638 or such
23 group’s designee.

24 “(B) BOUNDARIES.—The boundaries of an
25 Alaska Native organization shall be those of the

1 geographical region, established pursuant to
2 section 7(a) of the Alaska Native Claims Settle-
3 ment Act, within which the Alaska Native orga-
4 nization is located (without regard to the own-
5 ership of the land within the boundaries).

6 “(C) LIMITS ON APPLICATIONS.—The Sec-
7 retary may approve only one application from
8 an Alaska Native organization for each of the
9 12 geographical regions established pursuant to
10 section 7(a) of the Alaska Native Claims Settle-
11 ment Act.

12 Nothing in this paragraph shall be construed to
13 grant or defer any status or powers other than those
14 expressly granted in this paragraph or to validate or
15 invalidate any claim by Alaska Natives of sovereign
16 authority over lands or people.”.

17 **SEC. 202. REGULATIONS.**

18 The Secretary of Health and Human Services shall
19 prescribe such regulations as may be necessary to imple-
20 ment the amendments made by this title.

21 **SEC. 203. APPLICABILITY TO STATES.**

22 (a) STATE OPTION TO ACCELERATE APPLICABIL-
23 ITY.—If a State formally notifies the Secretary of Health
24 and Human Services that the State desires to accelerate
25 the applicability to the State of the amendments made by

1 this title, the amendments shall apply to the State on and
2 after such earlier date as the State may select.

3 (b) STATE OPTION TO DELAY APPLICABILITY UNTIL
4 WAIVERS EXPIRE.—The amendments made by this title
5 shall not apply to a State with respect to which there is
6 in effect a waiver issued under section 1115 of the Social
7 Security Act for the State program established under part
8 F of title IV of such Act until the waiver expires, if the
9 State formally notifies the Secretary of Health and
10 Human Services that the State desires to so delay such
11 effective date.

12 (c) AUTHORITY OF THE SECRETARY OF HEALTH
13 AND HUMAN SERVICES TO DELAY APPLICABILITY TO A
14 STATE.—If a State formally notifies the Secretary of
15 Health and Human Services that the State desires to
16 delay the applicability to the State of the amendments
17 made by this title, the amendments shall apply to the
18 State on and after any later date agreed upon by the Sec-
19 retary and the State.

20 **TITLE III—WORKING PARENTS**
21 **CHILD CARE BLOCK GRANT**

22 **SEC. 301. PURPOSE.**

23 It is the purpose of this title to—

24 (1) eliminate fragmentation of child care pro-
25 grams; and

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

4 **SEC. 302. AMENDMENTS TO CHILD CARE AND DEVELOP-**
5 **MENT BLOCK GRANT ACT OF 1990.**

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

9 **“SEC. 658B. APPROPRIATION.**

10 “For the purpose of providing child care services for
11 eligible children through the awarding of grants to States
12 under this subchapter by the Secretary, there are author-
13 ized to be appropriated and there are appropriated, from
14 funds in the Treasury not otherwise appropriated,
15 \$1,280,000,000 for fiscal year 1996, \$1,313,000,000 for
16 fiscal year 1997, \$1,350,000,000 for fiscal year 1998,
17 \$1,386,000,000 for fiscal year 1999, and \$1,423,000,000
18 for fiscal year 2000.”.

19 (b) AWARDING OF GRANTS.—Section 658C of the
20 Child Care and Development Block Grant Act of 1990 (42
21 U.S.C. 9858a) is amended by striking “is authorized to”
22 and inserting “shall”.

23 (c) SUPPLEMENTATION.—Section 658E(c)(2)(J) of
24 the Child Care and Development Block Grant Act of 1990
25 (42 U.S.C. 9858c(c)(2)(J)) is amended—

1 (1) by striking “Provide” and inserting “(i)
2 Provide”; and

3 (2) by adding at the end the following new
4 clause:

5 “(ii) Clause (i) shall not apply in the
6 case of additional funds available to the
7 State under section 658B for fiscal years
8 1996 through 2000 as the result of the re-
9 peal of sections 402(i) and 403(n) of the
10 Social Security Act (42 U.S.C. 602(i) and
11 603(n)), subchapter E of chapter 8 of sub-
12 title A of title VI of the Omnibus Budget
13 Reconciliation Act of 1981 (42 U.S.C.
14 9871 et seq.), and the Child Development
15 Associate Scholarship Assistance Act of
16 1985 (42 U.S.C. 10901 et seq.) by the
17 Work and Gainful Employment Act.”.

18 (d) SET-ASIDES FOR QUALITY AND WORKING FAMI-
19 LIES AND CHILD CARE GUARANTEE.—Section 658E(c)(3)
20 of the Child Care and Development Block Grant Act of
21 1990 (42 U.S.C. 9858c(c)(3)) is amended—

22 (1) in subparagraph (C), by striking “25 per-
23 cent” and inserting “20 percent”; and

24 (2) by adding at the end the following new sub-
25 paragraph:

1 “(D) ASSISTANCE FOR LOW-INCOME
2 WORKING FAMILIES.—The State shall reserve
3 not less than 50 percent of the amount provided
4 to the State and available for providing services
5 under this subchapter, to carry out child care
6 activities to support low-income working fami-
7 lies residing in the State.”.

8 (e) MATCHING REQUIREMENT.—Section 658E(c) of
9 the Child Care and Development Block Grant Act of 1990
10 (42 U.S.C. 9858c(c)) is amended by adding at the end
11 the following new paragraph:

12 “(6) MATCHING REQUIREMENT.—

13 “(A) IN GENERAL.—The State plan shall
14 provide that, with respect to the costs to be in-
15 curred by the State in carrying out the activi-
16 ties for which a grant under this subchapter is
17 awarded, the State will make available (directly
18 or through in-kind donations from public or pri-
19 vate entities) non-Federal contributions in an
20 amount equal to not less than \$1 for every \$4
21 of Federal funds provided under the grant
22 which are attributable to the excess described in
23 subparagraph (B).

24 “(B) EXCESS.—The excess described in
25 this subparagraph is the amount by which the

1 funds made available to a State in each fiscal
2 year beginning with fiscal year 1996, exceeds
3 the aggregate amounts received by the State in
4 fiscal year 1995 for child care services under
5 this subchapter and section 403(n) of the Social
6 Security Act (as in effect in such fiscal year).”.

7 (f) IMPROVING QUALITY.—

8 (1) INCREASE IN REQUIRED FUNDING.—Section
9 658G of the Child Care and Development Block
10 Grant Act of 1990 (42 U.S.C. 9858e) is amended by
11 striking “not less than 20 percent” and inserting
12 “50 percent”.

13 (2) QUALITY ENHANCEMENT BONUS.—Section
14 658G of the Child Care and Development Block
15 Grant Act of 1990 (42 U.S.C. 9858e) is amended—

16 (A) by striking “A State” and inserting
17 “(a) IN GENERAL.—A State”; and

18 (B) by adding at the end the following new
19 subsection:

20 “(b) QUALITY ENHANCEMENT BONUS.—

21 “(1) IN GENERAL.—The Secretary shall estab-
22 lish a child care quality enhancement bonus to make
23 funds available to States that demonstrate progress
24 in the implementation of—

1 “(A) innovative teacher training programs
2 such as the Department of Defense staff devel-
3 opment and compensation program for child
4 care personnel; or

5 “(B) enhanced child care quality standards
6 and licensing and monitoring procedures.

7 “(2) FUNDING.—From the amounts made
8 available for each fiscal year under subsection (a),
9 the Secretary shall reserve not more than
10 \$30,000,000 in each such fiscal year to carry out
11 this subsection.”.

12 (g) BEFORE- AND AFTER-SCHOOL SERVICES.—Sec-
13 tion 658H(a) of the Child Care and Development Block
14 Grant Act of 1990 (42 U.S.C. 9858f(a)) is amended by
15 striking “not less than 75 percent” and inserting “50 per-
16 cent”.

17 (h) PAYMENTS.—Section 658J(a) of the Child Care
18 and Development Block Grant Act of 1990 (42 U.S.C.
19 9858h(a)) is amended by striking “Subject to the avail-
20 ability of appropriation, a” and inserting “A”.

21 (i) AMOUNTS RESERVED; ALLOTMENTS.—

22 (1) TERRITORIES AND POSSESSIONS.—Para-
23 graph (1) of section 658O(a) of the Child Care and
24 Development Block Grant Act of 1990 (42 U.S.C.
25 9858m(a)(1)) is amended to read as follows:

1 “(1) TERRITORIES AND POSSESSIONS.—The
2 Secretary shall reserve in each fiscal year an amount
3 not to exceed $\frac{1}{2}$ of 1 percent of the amount appro-
4 priated in fiscal year 1995 under this subchapter (as
5 in effect in such fiscal year) for payments to Amer-
6 ican Samoa, the Virgin Islands of the United States,
7 the Commonwealth of the Northern Mariana Is-
8 lands, and the Trust Territory of the Pacific Islands
9 to be allotted in accordance with the respective needs
10 of such jurisdictions. In addition, the Secretary shall
11 reserve, for payment to such jurisdictions, an
12 amount not to exceed $\frac{1}{2}$ of 1 percent of the
13 amounts appropriated under this subchapter in each
14 fiscal year which are in excess of the amounts appro-
15 priated in fiscal year 1995 under this subchapter
16 and under section 403(n) of the Social Security Act
17 (as in effect in such fiscal year).”.

18 (2) INDIAN TRIBES.—Paragraph (2) of section
19 658O(a) of the Child Care and Development Block
20 Grant Act of 1990 (42 U.S.C. 9858m(a)(2)) is
21 amended to read as follows:

22 “(2) INDIAN TRIBES.—The Secretary shall re-
23 serve in each fiscal year an amount not to exceed 3
24 percent of the amount appropriated in fiscal year
25 1995 under this subchapter (as in effect of such fis-

1 cal year) for payments to Indian tribes and tribal or-
2 ganizations which have applications approved under
3 subsection (c). In addition, the Secretary shall re-
4 serve, for such payments to Indian tribes and tribal
5 organizations, an amount not to exceed 3 percent of
6 amounts appropriated under this subchapter in each
7 fiscal year in excess of the amounts appropriated in
8 fiscal year 1995 under this subchapter and under
9 section 403(n) of the Social Security Act (as in ef-
10 fect in such fiscal year).”.

11 (3) ALLOTMENT.—Section 658O(b) of the Child
12 Care and Development Block Grant Act of 1990 (42
13 U.S.C. 9858m(b)) is amended by adding at the end
14 the following new paragraph:

15 “(5) ALLOTMENT.—

16 “(A) BASE ALLOTMENT.—Beginning with
17 fiscal year 1996, the amount allotted to a State
18 under this section shall include the amount that
19 the State received in fiscal year 1995 under this
20 subchapter, and under the provisions of sections
21 402(i) and 403(n) of the Social Security Act
22 (42 U.S.C. 602(i), 603(n)), subchapter E of
23 chapter 8 of subtitle A of title VI of the Omni-
24 bus Budget Reconciliation Act of 1981 (42
25 U.S.C. 9871 et seq.), and the Child Develop-

1 ment Associate Scholarship Assistance Act of
2 1985 (42 U.S.C. 10901 et seq.) (as in effect in
3 such fiscal year).

4 “(B) ADDITIONAL AMOUNTS.—Beginning
5 with fiscal year 1996, any amounts appro-
6 priated under section 658B for a fiscal year
7 and remaining after the requirement of sub-
8 paragraph (A) and subsection (a) is complied
9 with shall be allotted to States pursuant to the
10 formula described in paragraph (1).”.

11 **SEC. 303. PROGRAM REPEALS.**

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

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

20 **SEC. 304. REFERENCES.**

21 (a) IN GENERAL.—The heading for subchapter C of
22 chapter 8 of subtitle A of title IV of the Omnibus Budget
23 Reconciliation Act of 1981 (Public Law 97-37), as
24 amended by section 5082 of the Omnibus Budget Rec-
25 onciliation Act of 1990 (Public Law 101-508), is amended

1 by striking “Child Care Development Block Grant” and
 2 inserting “Working Parents Child Care Block Grant”.

3 (b) REFERENCE.—Except when inappropriate, when-
 4 ever any reference is made in any provision of law, regula-
 5 tion, rule, record, or document to the Child Care Develop-
 6 ment Block Grant, such reference shall be considered a
 7 reference to the Working Parents Child Care Block Grant.

8 **TITLE IV—CHILD SUPPORT**
 9 **RESPONSIBILITY**

10 **SEC. 400. SHORT TITLE.**

11 This title may be cited as the “Child Support Respon-
 12 sibility Act of 1995”.

13 **Subtitle A—Improvements to the**
 14 **Child Support Collection System**

15 **PART I—ELIGIBILITY AND OTHER MATTERS**

16 **CONCERNING TITLE IV-D PROGRAM CLIENTS**

17 **SEC. 401. STATE OBLIGATION TO PROVIDE PATERNITY ES-**

18 **TABLISHMENT AND CHILD SUPPORT EN-**

19 **FORCEMENT SERVICES.**

20 (a) STATE LAW REQUIREMENTS.—Section 466(a)
 21 (42 U.S.C. 666(a)) is amended by adding at the end the
 22 following new paragraph:

23 “(12) Procedures under which—

24 “(A) every child support order established
 25 or modified in the State on or after October 1,

1 1998, is recorded in the central case registry
2 established in accordance with section 454A(e);
3 and

4 “(B) child support payments are collected
5 through the centralized collections unit estab-
6 lished in accordance with section 454B—

7 “(i) on and after October 1, 1998,
8 under each order subject to wage withhold-
9 ing under section 466(b); and

10 “(ii) on and after October 1, 1999,
11 under each other order required to be re-
12 corded in such central case registry under
13 this paragraph or section 454A(e), if re-
14 quested by either party subject to such
15 order.”.

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

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

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

22 “(A) each child with respect to whom an
23 assignment is effective under section 402(a)(9),
24 471(a)(17), or 1912 (except in cases in which
25 the State agency determines, in accordance with

1 paragraph (25), that it is against the best in-
2 terests of the child to do so); and

3 “(B) each child not described in subpara-
4 graph (A)—

5 “(i) with respect to whom an individ-
6 ual applies for such services; or

7 “(ii) on and after October 1, 1998,
8 with respect to whom a support order is
9 recorded in the central State case registry
10 established under section 454A, if applica-
11 tion is made for services under this part;”;
12 and

13 (2) in paragraph (6)—

14 (A) by striking “(6) provide that” and all
15 that follows through subparagraph (A) and in-
16 serting the following:

17 “(6) provide that—

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

21 (B) in subparagraph (B)—

22 (i) by inserting “on individuals not re-
23 ceiving assistance under part A” after
24 “such services shall be imposed”; and

1 (ii) by inserting “but no fees or costs
2 shall be imposed on any absent or custo-
3 dial parent or other individual for inclusion
4 in the central State registry maintained
5 pursuant to section 454A(e)”;

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

10 (D) in each of subparagraphs (B), (C),
11 and (D), by striking the final comma and in-
12 serting a semicolon.

13 (c) CONFORMING AMENDMENTS.—

14 (1) PATERNITY ESTABLISHMENT PERCENT-
15 AGE.—Section 452(g)(2)(A) (42 U.S.C.
16 652(g)(2)(A)) is amended by striking “454(6)” each
17 place it appears and inserting “454(4)(A)(ii)”.

18 (2) STATE PLAN.—Section 454(23) (42 U.S.C.
19 654(23)) is amended, effective October 1, 1998, by
20 striking “information as to any application fees for
21 such services and”.

22 (3) PROCEDURES TO IMPROVE ENFORCE-
23 MENT.—Section 466(a)(3)(B) (42 U.S.C.
24 666(a)(3)(B)) is amended by striking “in the case of
25 overdue support which a State has agreed to collect

1 under section 454(6)” and inserting “in any other
2 case”.

3 (4) DEFINITION OF OVERDUE SUPPORT.—Sec-
4 tion 466(e) (42 U.S.C. 666(e)) is amended by strik-
5 ing “or (6)”.

6 **SEC. 402. DISTRIBUTION OF PAYMENTS.**

7 (a) DISTRIBUTIONS THROUGH STATE CHILD SUP-
8 PORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE
9 RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is
10 amended—

11 (1) in subparagraph (A)—

12 (A) by inserting “except as otherwise spe-
13 cifically provided in section 464 or 466(a)(3),”
14 after “is effective,”; and

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

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

19 (b) DISTRIBUTION TO A FAMILY CURRENTLY RE-
20 CEIVING AID UNDER PART A OF TITLE IV OF THE SO-
21 CIAL SECURITY ACT.—Section 457 (42 U.S.C. 657) is
22 amended—

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

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

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

3 “(a) IN THE CASE OF A FAMILY RECEIVING AID
4 UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY
5 ACT.—Amounts collected under this part during any
6 month as support of a child who is receiving assistance
7 under part A (or a parent or caretaker relative of such
8 a child) shall (except in the case of a State exercising the
9 option under subsection (b)) be distributed as follows:

10 “(1) an amount equal to the amount that will
11 be disregarded pursuant to section 402(a)(1)(C)
12 shall be taken from each of—

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

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

19 and shall be paid to the family without affecting its
20 eligibility for assistance or decreasing any amount
21 otherwise payable as assistance to such family dur-
22 ing such month;”;

23 (B) in paragraph (4), by striking “or (B)”
24 and all that follows through the period and in-
25 serting “; then (B) from any remainder,

1 amounts equal to arrearages of such support
2 obligations assigned, pursuant to part A, to any
3 other State or States shall be paid to such
4 other State or States and used to pay any such
5 arrearages (with appropriate reimbursement of
6 the Federal Government to the extent of its
7 participation in the financing); and then (C)
8 any remainder shall be paid to the family.”; and
9 (3) by inserting after subsection (a), as redesignated,
10 the following new subsection:

11 “(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAMILY RECEIVING AID UNDER PART A OF TITLE IV OF THE
12 SOCIAL SECURITY ACT.—In the case of a State electing
13 the option under this subsection, amounts collected as described in subsection (a) shall be distributed as follows:

14 “(1) an amount equal to the amount that will
15 be disregarded pursuant to section 402(a)(1)(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
24

1 and shall be paid to the family without affecting its
2 eligibility for assistance or decreasing any amount
3 otherwise payable as assistance to such family dur-
4 ing such month;

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

8 “(3) third, from any remainder, amounts equal
9 to arrearages of such support obligations assigned,
10 pursuant to part A, to the State making the collec-
11 tion shall be retained and used by such State to pay
12 any such arrearages (with appropriate reimburse-
13 ment of the Federal Government to the extent of its
14 participation in the financing);

15 “(4) fourth, from any remainder, amounts
16 equal to arrearages of such support obligations as-
17 signed, pursuant to part A, to any other State or
18 States shall be paid to such other State or States
19 and used to pay any such arrearages (with appro-
20 priate reimbursement of the Federal Government to
21 the extent of its participation in the financing); and

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

1 (c) DISTRIBUTION TO A FAMILY NOT RECEIVING AID
2 UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY
3 ACT.—

4 (1) IN GENERAL.—Section 457(c) (42 U.S.C.
5 657(c)) is amended to read as follows:

6 “(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RE-
7 CEIVING AID UNDER PART A OF TITLE IV OF THE SO-
8 CIAL SECURITY ACT.—Amounts collected by a State agen-
9 cy under this part during any month as support of a child
10 who is not receiving assistance under part A (or of a par-
11 ent or caretaker relative of such a child) shall (subject to
12 the remaining provisions of this section) be distributed as
13 follows:

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

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

21 “(3) third, from any remainder, amounts equal
22 to arrearages of such support obligations assigned to
23 the State making the collection pursuant to part A
24 shall be retained and used by such State to pay any
25 such arrearages (with appropriate reimbursement of

1 the Federal Government to the extent of its partici-
2 pation in the financing); and

3 “(4) fourth, from any remainder, amounts
4 equal to arrearages of such support obligations as-
5 signed to any other State pursuant to part A shall
6 be paid to such other State or States, and used to
7 pay such arrearages, in the order in which such ar-
8 rearages accrued (with appropriate reimbursement
9 of the Federal Government to the extent of its par-
10 ticipation in the financing).”.

11 (2) EFFECTIVE DATE.—The amendment made
12 by paragraph (1) shall become effective on October
13 1, 1999.

14 (d) DISTRIBUTION TO A CHILD RECEIVING ASSIST-
15 ANCE UNDER TITLE IV-E.—Section 457(d) (42 U.S.C.
16 657(d)) is amended, in the matter preceding paragraph
17 (1), by striking “Notwithstanding the preceding provisions
18 of this section, amounts” and inserting the following:

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

21 (e) REGULATIONS.—The Secretary of Health and
22 Human Services shall promulgate regulations—

23 (1) under part D of title IV of the Social Secu-
24 rity Act, establishing a uniform nationwide standard

1 for allocation of child support collections from an ob-
2 ligor owing support to more than 1 family; and

3 (2) under part A of such title, establishing
4 standards applicable to States electing the alter-
5 native formula under section 457(b) of such Act for
6 distribution of collections on behalf of families re-
7 ceiving transitional aid, designed to minimize irregu-
8 lar monthly payments to such families.

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

11 (1) in paragraph (11)—

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

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

16 (2) by redesignating paragraph (12) as sub-
17 paragraph (B) of paragraph (11).

18 (g) EFFECTIVE DATE.—The amendments made by
19 this section shall be effective with respect to calendar
20 quarters beginning on or after October 1, 1999 or earlier
21 at State’s option.

22 **SEC. 403. RIGHTS TO NOTIFICATION AND HEARINGS.**

23 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
24 amended by section 402(f), is amended by inserting after
25 paragraph (11) the following new paragraph:

1 “(12) establish procedures to provide that—

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

6 “(i) receive notice of all proceedings in
7 which support obligations might be estab-
8 lished or modified; and

9 “(ii) receive a copy of any order estab-
10 lishing or modifying a child support obliga-
11 tion, or (in the case of a petition for modi-
12 fication) a notice of determination that
13 there should be no change in the amount
14 of the child support award, within 14 days
15 after issuance of such order or determina-
16 tion;

17 “(B) individuals applying for or receiving
18 services under this part have access to a fair
19 hearing or other formal complaint procedure
20 that meets standards established by the Sec-
21 retary and ensures prompt consideration and
22 resolution of complaints (but the resort to such
23 procedure shall not stay the enforcement of any
24 support order); and

1 “(C) the State may not provide to any
2 noncustodial parent of a child representation re-
3 lating to the establishment or modification of
4 an order for the payment of child support with
5 respect to that child, unless the State makes
6 provision for such representation outside the
7 State agency;”.

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

10 **SEC. 404. PRIVACY SAFEGUARDS.**

11 (a) STATE PLAN REQUIREMENT.—Section 454 (42
12 U.S.C. 454) is amended—

13 (1) by striking “and” at the end of paragraph
14 (23);

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

17 (3) by adding after paragraph (24) the follow-
18 ing:

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

23 “(A) safeguards against unauthorized use
24 or disclosure of information relating to proceed-

1 (3) by adding at the end the following new
2 paragraph:

3 “(26) provide that the State agency administer-
4 ing the plan under this part—

5 “(A) will make the determination specified
6 under paragraph (4), as to whether an individ-
7 ual is cooperating with efforts to establish pa-
8 ternity and secure support (or has good cause
9 not to cooperate with such efforts) for purposes
10 of the requirements of part A of this title and
11 section 1912;

12 “(B) will advise individuals, both orally
13 and in writing, of the grounds for good cause
14 exceptions to the requirement to cooperate with
15 such efforts;

16 “(C) will take the best interests of the
17 child into consideration in making the deter-
18 mination whether such individual has good
19 cause not to cooperate with such efforts;

20 “(D)(i) will make the initial determination
21 as to whether an individual is cooperating (or
22 has good cause not to cooperate) within 10 days
23 after such individual is referred to such State
24 agency by the State agency administering the
25 program under part A or section 1912;

1 “(ii) will make redeterminations as to co-
2 operation or good cause at appropriate inter-
3 vals; and

4 “(iii) will promptly notify the individual,
5 and the State agencies administering such pro-
6 grams, of each such determination and redeter-
7 mination;

8 “(E) with respect to any child born on or
9 after the date 10 months after the enactment of
10 this provision, will not determine (or redeter-
11 mine) the mother (or other custodial relative) of
12 such child to be cooperating with efforts to es-
13 tablish paternity unless such individual fur-
14 nishes—

15 “(i) the name of the putative father
16 (or fathers); and

17 “(ii) sufficient additional information
18 to enable the State agency, if reasonable
19 efforts were made, to verify the identity of
20 the person named as the putative father
21 (including such information as the putative
22 father’s present address, telephone num-
23 ber, date of birth, past or present place of
24 employment, school previously or currently
25 attended, and names and addresses of par-

1 ents, friends, or relatives able to provide
2 location information, or other information
3 that could enable service of process on
4 such person), and

5 “(F)(i) (where a custodial parent who was
6 initially determined not to be cooperating (or to
7 have good cause not to cooperate) is later deter-
8 mined to be cooperating or to have good cause
9 not to cooperate) will immediately notify the
10 State agencies administering the programs
11 under part A or section 1912 that this eligi-
12 bility condition has been met; and

13 “(ii) (where a custodial parent was initially
14 determined to be cooperating (or to have good
15 cause not to cooperate) will not later determine
16 such individual not to be cooperating (or not to
17 have good cause not to cooperate)) until such
18 individual has been afforded an opportunity for
19 a hearing.”.

20 (b) MEDICAID AMENDMENTS.—Section 1912(a) is
21 amended—

22 (1) in paragraph (1)(B), by inserting “(except
23 as provided in paragraph (2))” after “to cooperate
24 with the State”;

1 (2) in subparagraphs (B) and (C) of paragraph
2 (1) by striking “, unless” and all that follows and
3 inserting a semicolon; and

4 (3) by redesignating paragraph (2) as para-
5 graph (5), and inserting after paragraph (1) the fol-
6 lowing new paragraphs:

7 “(2) provide that the State agency will imme-
8 diately refer each applicant or recipient requiring
9 paternity establishment services to the State agency
10 administering the program under part D of title IV;

11 “(3) provide that an individual will not be re-
12 quired to cooperate with the State, as provided
13 under paragraph (1), if the individual is found to
14 have good cause for refusing to cooperate, as deter-
15 mined in accordance with standards prescribed by
16 the Secretary, which standards shall take into con-
17 sideration the best interests of the individuals in-
18 volved—

19 “(A) to the satisfaction of the State agency
20 administering the program under part D, as de-
21 termined in accordance with section 454(26),
22 with respect to the requirements to cooperate
23 with efforts to establish paternity and to obtain
24 support (including medical support) from a par-
25 ent; and

1 “(B) to the satisfaction of the State agen-
2 cy administering the program under this title,
3 with respect to other requirements to cooperate
4 under paragraph (1);

5 “(4) provide that (except as provided in para-
6 graph (5)) an applicant requiring paternity estab-
7 lishment services other than an individual who is
8 presumptively eligible pursuant to section 1920)
9 shall not be eligible for medical assistance under this
10 title until such applicant—

11 “(A) has furnished to the agency admin-
12 istering the State plan under part D of title IV
13 the information specified in section 454(26)(E);
14 or

15 “(B) has been determined by such agency
16 to have good cause not to cooperate; and

17 “(5) provide that the provisions of paragraph
18 (4) shall not apply with respect to an applicant—

19 “(A) if such agency has not, within 10
20 days after such individual was referred to such
21 agency, provided the notification required by
22 section 454(26)(D)(iii), until such notification
23 is received; and

24 “(B) if such individual appeals a deter-
25 mination that the individual lacks good cause

1 (1) in subsection (a)(1), in the matter preced-
 2 ing subparagraph (A), by striking “From” and in-
 3 serting “Subject to subsection (c), from”; and

4 (2) by inserting after subsection (b) the follow-
 5 ing new subsection:

6 “(c) Notwithstanding the provisions of subsection (a),
 7 total expenditures for the State program under this part
 8 for fiscal year 1997 and each succeeding fiscal year (ex-
 9 cluding 1-time capital expenditures for automation), re-
 10 duced by the percentage specified for such fiscal year
 11 under subsection (a)(2) shall not be less than such total
 12 expenditures for fiscal year 1996, reduced by 66 percent.”.

13 **SEC. 412. PERFORMANCE-BASED INCENTIVES AND PEN-**
 14 **ALTIES.**

15 (a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCH-
 16 ING RATE.—Section 458 (42 U.S.C. 658) is amended to
 17 read as follows:

18 “INCENTIVE ADJUSTMENTS TO MATCHING RATE

19 “SEC. 458. (a) INCENTIVE ADJUSTMENT.—

20 “(1) IN GENERAL.—In order to encourage and
 21 reward State child support enforcement programs
 22 which perform in an effective manner, the Federal
 23 matching rate for payments to a State under section
 24 455(a)(1)(A), for each fiscal year beginning on or
 25 after October 1, 1998, shall be increased by a factor
 26 reflecting the sum of the applicable incentive adjust-

1 ments (if any) determined in accordance with regu-
2 lations under this section with respect to Statewide
3 paternity establishment and to overall performance
4 in child support enforcement.

5 “(2) STANDARDS.—

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

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

13 “(ii) the amounts of incentive adjust-
14 ment that shall be awarded to States
15 achieving specified accomplishment or im-
16 provement levels, which amounts shall be
17 graduated, ranging up to—

18 “(I) 5 percentage points, in con-
19 nection with Statewide paternity es-
20 tablishment; and

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

24 “(B) LIMITATION.—In setting performance
25 standards pursuant to subparagraph (A)(i) and

1 adjustment amounts pursuant to subparagraph
2 (A)(ii), the Secretary shall ensure that the ag-
3 gregate number of percentage point increases as
4 incentive adjustments to all States do not ex-
5 ceed such aggregate increases as assumed by
6 the Secretary in estimates of the cost of this
7 section as of June 1995, unless the aggregate
8 performance of all States exceeds the projected
9 aggregate performance of all States in such cost
10 estimates.

11 “(3) DETERMINATION OF INCENTIVE ADJUST-
12 MENT.—The Secretary shall determine the amount
13 (if any) of incentive adjustment due each State on
14 the basis of the data submitted by the State pursu-
15 ant to section 454(15)(B) concerning the levels of
16 accomplishment (and rates of improvement) with re-
17 spect to performance indicators specified by the Sec-
18 retary pursuant to this section.

19 “(4) FISCAL YEAR SUBJECT TO INCENTIVE AD-
20 JUSTMENT.—The total percentage point increase de-
21 termined pursuant to this section with respect to a
22 State program in a fiscal year shall apply as an ad-
23 justment to the applicable percent under section
24 455(a)(2) for payments to such State for the suc-
25 ceeding fiscal year.

1 “(5) RECYCLING OF INCENTIVE ADJUST-
2 MENT.—A State shall expend in the State program
3 under this part all funds paid to the State by the
4 Federal Government as a result of an incentive ad-
5 justment under this section.

6 “(b) MEANING OF TERMS.—

7 “(1) STATEWIDE PATERNITY ESTABLISHMENT
8 PERCENTAGE.—

9 “(A) IN GENERAL.—For purposes of this
10 section, the term ‘Statewide paternity establish-
11 ment percentage’ means, with respect to a fiscal
12 year, the ratio (expressed as a percentage) of—

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

17 “(ii) the total number of children re-
18 quiring paternity establishment born in the
19 State during such fiscal year.

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

1 “(2) OVERALL PERFORMANCE IN CHILD SUP-
2 PORT ENFORCEMENT.—The term ‘overall perform-
3 ance in child support enforcement’ means a measure
4 or measures of the effectiveness of the State agency
5 in a fiscal year which takes into account factors in-
6 cluding—

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

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

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

14 “(D) the cost-effectiveness of the State
15 program, as determined in accordance with
16 standards established by the Secretary in regu-
17 lations.”.

18 (b) ADJUSTMENT OF PAYMENTS UNDER PART D OF
19 TITLE IV.—Section 455(a)(2) (42 U.S.C. 655(a)(2)), as
20 amended by section 411(a), is amended—

21 (1) by striking the period at the end of sub-
22 paragraph (C) and inserting a comma; and

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

1 “increased by the incentive adjustment factor (if any) de-
2 termined by the Secretary pursuant to section 458.”.

3 (c) CONFORMING AMENDMENTS.—Section 454(22)
4 (42 U.S.C. 654(22)) is amended—

5 (1) by striking “incentive payments” the first
6 place it appears and inserting “incentive adjust-
7 ments”; and

8 (2) by striking “any such incentive payments
9 made to the State for such period” and inserting
10 “any increases in Federal payments to the State re-
11 sulting from such incentive adjustments”.

12 (d) CALCULATION OF IV-D PATERNITY ESTABLISH-
13 MENT PERCENTAGE.—

14 (1) OVERALL PERFORMANCE.—Section
15 452(g)(1) (42 U.S.C. 652(g)(1)) is amended in the
16 matter preceding subparagraph (A) by inserting “its
17 overall performance in child support enforcement is
18 satisfactory (as defined in section 458(b) and regula-
19 tions of the Secretary), and” after “1994,”.

20 (2) DEFINITION.—Section 452(g)(2)(A) (42
21 U.S.C. 652(g)(2)(A)) is amended, in the matter pre-
22 ceding clause (i)—

23 (A) by striking “paternity establishment
24 percentage” and inserting “IV-D paternity es-
25 tablishment percentage”; and

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

3 (3) MODIFICATION OF REQUIREMENTS.—Sec-
4 tion 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

5 (A) by striking subparagraph (A) and re-
6 designating subparagraphs (B) and (C) as sub-
7 paragraphs (A) and (B), respectively;

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

14 (C) in subparagraph (B), as redesign-
15 ated—

16 (i) by inserting “and overall perform-
17 ance in child support enforcement” after
18 “paternity establishment percentages”; and

19 (ii) by inserting “and securing sup-
20 port” before the period.

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

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

1 (A) by redesignating subsection (e) as sub-
2 section (f); and

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

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

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

18 “(ii) on the basis of an audit or audits of such
19 State data conducted pursuant to section
20 452(a)(4)(C), that the State data submitted pursu-
21 ant to section 454(15)(B) is incomplete or unreli-
22 able; and

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

1 “(i) the State failed to take sufficient cor-
2 rective action to achieve the appropriate per-
3 formance levels as described in subparagraph
4 (A)(i) of this paragraph, or

5 “(ii) the data submitted by the State pur-
6 suant to section 454(15)(B) is incomplete or
7 unreliable,

8 the amounts otherwise payable to the State under this
9 part for quarters following the end of such succeeding fis-
10 cal year, prior to quarters following the end of the first
11 quarter throughout which the State program is in compli-
12 ance with such performance requirement, shall be reduced
13 by the percentage specified in paragraph (2).

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

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

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

21 “(C) not less than 7 nor more than 10 percent,
22 if the finding is the third or a subsequent consecu-
23 tive such finding.

24 “(3) For purposes of this subsection, section
25 402(a)(9), and section 452(a)(4), a State which is deter-

1 mined as a result of an audit to have submitted incomplete
2 or unreliable data pursuant to section 454(15)(B), shall
3 be determined to have submitted adequate data if the Sec-
4 retary determines that the extent of the incompleteness
5 or unreliability of the data is of a technical nature which
6 does not adversely affect the determination of the level of
7 the State's performance.”.

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

12 (f) EFFECTIVE DATES.—

13 (1) INCENTIVE ADJUSTMENTS.—

14 (A) IN GENERAL.—The amendments made
15 by subsections (a), (b), and (c) shall become ef-
16 fective on October 1, 1997, except to the extent
17 provided in subparagraph (B).

18 (B) EXCEPTION.—Section 458 of the So-
19 cial Security Act, as in effect prior to the enact-
20 ment of this section, shall be effective for pur-
21 poses of incentive payments to States for fiscal
22 years prior to fiscal year 1999.

23 (2) PENALTY REDUCTIONS.—

24 (A) IN GENERAL.—The amendments made
25 by subsection (d) shall become effective with re-

1 spect to calendar quarters beginning on and
2 after the date of the enactment of this Act.

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

8 **SEC. 413. FEDERAL AND STATE REVIEWS AND AUDITS.**

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

11 (1) in paragraph (14)—

12 (A) by striking “(14)” and inserting
13 “(14)(A)”; and

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

15 (2) by redesignating paragraph (15) as sub-
16 paragraph (B) of paragraph (14); and

17 (3) by inserting after paragraph (14) the fol-
18 lowing new paragraph:

19 “(15) provide for—

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

23 “(i) which shall include such informa-
24 tion as may be necessary to measure State
25 compliance with Federal requirements for

1 expedited procedures and timely case proc-
2 essing, using such standards and proce-
3 dures as are required by the Secretary;
4 and

5 “(ii) under which the State agency
6 will determine the extent to which such
7 program is in conformity with applicable
8 requirements with respect to the operation
9 of State programs under this part (includ-
10 ing the status of complaints filed under the
11 procedure required under paragraph
12 (12)(B)); and

13 “(B) a process of extracting from the
14 State automated data processing system and
15 transmitting to the Secretary data and calcula-
16 tions concerning the levels of accomplishment
17 (and rates of improvement) with respect to ap-
18 plicable performance indicators (including IV-D
19 paternity establishment percentages and overall
20 performance in child support enforcement) to
21 the extent necessary for purposes of sections
22 452(g) and 458.”.

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

1 “(4)(A) review data and calculations transmit-
2 ted by State agencies pursuant to section
3 454(15)(B) on State program accomplishments with
4 respect to performance indicators for purposes of
5 section 452(g) and 458, and determine the amount
6 (if any) of penalty reductions pursuant to section
7 455(e) to be applied to the State;

8 “(B) review annual reports by State agencies
9 pursuant to section 454(15)(A) on State program
10 conformity with Federal requirements; evaluate any
11 elements of a State program in which significant de-
12 ficiencies are indicated by such report on the status
13 of complaints under the State procedure under sec-
14 tion 454(12)(B); and, as appropriate, provide to the
15 State agency comments, recommendations for addi-
16 tional or alternative corrective actions, and technical
17 assistance; and

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

21 “(i) at least once every 3 years (or more
22 frequently, in the case of a State which fails to
23 meet requirements of this part, or of regula-
24 tions implementing such requirements, concern-
25 ing performance standards and reliability of

1 program data) to assess the completeness, reli-
2 ability, and security of the data, and the accu-
3 racy of the reporting systems, used for the cal-
4 culations of performance indicators specified in
5 subsection (g) and section 458;

6 “(ii) of the adequacy of financial manage-
7 ment of the State program, including assess-
8 ments of—

9 “(I) whether Federal and other funds
10 made available to carry out the State pro-
11 gram under this part are being appro-
12 priately expended, and are properly and
13 fully accounted for; and

14 “(II) whether collections and disburse-
15 ments of support payments and program
16 income are carried out correctly and are
17 properly and fully accounted for; and

18 “(iii) for such other purposes as the Sec-
19 retary may find necessary;”.

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

1 **SEC. 414. REQUIRED REPORTING PROCEDURES.**

2 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.
3 652(a)(5)) is amended by inserting “, and establish proce-
4 dures to be followed by States for collecting and reporting
5 information required to be provided under this part, and
6 establish uniform definitions (including those necessary to
7 enable the measurement of State compliance with the re-
8 quirements of this part relating to expedited processes and
9 timely case processing) to be applied in following such pro-
10 cedures” before the semicolon.

11 (b) STATE PLAN REQUIREMENT.—Section 454 (42
12 U.S.C. 654), as amended by sections 404(a) and 405, is
13 amended—

14 (1) by striking “and” at the end of paragraph
15 (25);

16 (2) by striking the period at the end of para-
17 graph (26) and inserting “; and”; and

18 (3) by adding after paragraph (26) the follow-
19 ing:

20 “(27) provide that the State shall use the defi-
21 nitions established under section 452(a)(5) in col-
22 lecting and reporting information as required under
23 this part.”.

24 **SEC. 415. AUTOMATED DATA PROCESSING REQUIREMENTS.**

25 (a) REVISED REQUIREMENTS.—

1 (1) STATE PLAN.—Section 454(16) (42 U.S.C.
2 654(16)) is amended—

3 (A) by striking “, at the option of the
4 State,”;

5 (B) by inserting “and operation by the
6 State agency” after “for the establishment”;

7 (C) by inserting “meeting the requirements
8 of section 454A” after “information retrieval
9 system”;

10 (D) by striking “in the State and localities
11 thereof, so as (A)” and inserting “so as”;

12 (E) by striking “(i)”; and

13 (F) by striking “(including, but not limited
14 to,” and all that follows and to the semicolon.

15 (2) AUTOMATED DATA PROCESSING.—Part D of
16 title IV (42 U.S.C. 651–669) is amended by insert-
17 ing after section 454 the following new section:

18 “AUTOMATED DATA PROCESSING

19 “SEC. 454A. (a) IN GENERAL.—In order to meet the
20 requirements of this section, for purposes of the require-
21 ment of section 454(16), a State agency shall have in op-
22 eration a single statewide automated data processing and
23 information retrieval system which has the capability to
24 perform the tasks specified in this section, and performs
25 such tasks with the frequency and in the manner specified

1 in this part or in regulations or guidelines of the
2 Secretary.

3 “(b) PROGRAM MANAGEMENT.—The automated sys-
4 tem required under this section shall perform such func-
5 tions as the Secretary may specify relating to management
6 of the program under this part, including—

7 “(1) controlling and accounting for use of Fed-
8 eral, State, and local funds to carry out such pro-
9 gram; and

10 “(2) maintaining the data necessary to meet
11 Federal reporting requirements on a timely basis.

12 “(c) CALCULATION OF PERFORMANCE INDICA-
13 TORS.—In order to enable the Secretary to determine the
14 incentive and penalty adjustments required by sections
15 452(g) and 458, the State agency shall—

16 “(1) use the automated system—

17 “(A) to maintain the requisite data on
18 State performance with respect to paternity es-
19 tablishment and child support enforcement in
20 the State; and

21 “(B) to calculate the IV–D paternity es-
22 tablishment percentage and overall performance
23 in child support enforcement for the State for
24 each 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 under this section,
10 which shall include the following (in addition to such other
11 safeguards as the Secretary specifies 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 program re-
18 sponsibilities;

19 “(B) specify the data which may be used
20 for particular program purposes, and the per-
21 sonnel permitted access to such data; and

22 “(C) ensure that data obtained or disclosed
23 for a limited program purpose is not used or
24 redisclosed for another, impermissible purpose.

1 “(2) SYSTEMS CONTROLS.—Systems controls
2 (such as passwords or blocking of fields) to ensure
3 strict adherence to the policies specified under para-
4 graph (1).

5 “(3) MONITORING OF ACCESS.—Routine mon-
6 itoring of access to and use of the automated sys-
7 tem, through methods such as audit trails and feed-
8 back mechanisms, to guard against and promptly
9 identify unauthorized access or use.

10 “(4) TRAINING AND INFORMATION.—The State
11 agency shall have in effect procedures to ensure that
12 all personnel (including State and local agency staff
13 and contractors) who may have access to or be re-
14 quired to use sensitive or confidential program data
15 are fully informed of applicable requirements and
16 penalties, and are adequately trained in security pro-
17 cedures.

18 “(5) PENALTIES.—The State agency shall have
19 in effect administrative penalties (up to and includ-
20 ing dismissal from employment) for unauthorized ac-
21 cess to, or disclosure or use of, confidential data.”.

22 (3) REGULATIONS.—Section 452 (42 U.S.C.
23 652) is amended by adding at the end the following
24 new subsection:

1 “(j) The Secretary shall prescribe final regulations
2 for implementation of the requirements of section 454A
3 not later than 2 years after the date of the enactment of
4 this subsection.”.

5 (4) IMPLEMENTATION TIMETABLE.—Section
6 454(24) (42 U.S.C. 654(24)), as amended by sec-
7 tions 404(a)(2) and 414(b)(1), is amended to read
8 as follows:

9 “(24) provide that the State will have in effect
10 an automated data processing and information re-
11 trieval system—

12 “(A) by October 1, 1996, meeting all re-
13 quirements of this part which were enacted on
14 or before the date of the enactment of the Fam-
15 ily Support Act of 1988; and

16 “(B) by October 1, 1999, meeting all re-
17 quirements of this part enacted on or before the
18 date of the enactment of the Interstate Child
19 Support Responsibility Act of 1995 (but this
20 provision shall not be construed to alter earlier
21 deadlines specified for elements of such sys-
22 tem), except that such deadline shall be ex-
23 tended by 1 day for each day (if any) by which
24 the Secretary fails to meet the deadline imposed
25 by section 452(j);”.

1 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-
2 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section
3 455(a) (42 U.S.C. 655(a)) is amended—

4 (1) in paragraph (1)(B)—

5 (A) by striking “90 percent” and inserting
6 “the percent specified in paragraph (3)”;

7 (B) by striking “so much of”; and

8 (C) by striking “which the Secretary” and
9 all that follows through “thereof”; and

10 (2) by adding at the end the following new
11 paragraph:

12 “(3)(A) The Secretary shall pay to each State, for
13 each quarter in fiscal year 1996, 90 percent of so much
14 of State expenditures described in paragraph (1)(B) as the
15 Secretary finds are for a system meeting the requirements
16 specified in section 454(16), or meeting such requirements
17 without regard to subparagraph (D) thereof.

18 “(B)(i) The Secretary shall pay to each State, for
19 each quarter in fiscal years 1997 through 2001, the per-
20 centage specified in clause (ii) of so much of State expend-
21 itures described in paragraph (1)(B) as the Secretary
22 finds are for a system meeting the requirements specified
23 in section 454(16) and 454A.

24 “(ii) The percentage specified in this clause, for pur-
25 poses of clause (i), is the higher of—

1 “(I) 80 percent, or

2 “(II) the percentage otherwise applicable to
3 Federal payments to the State under paragraph
4 (1)(A) (as adjusted pursuant to section 458).”.

5 (c) CONFORMING AMENDMENT.—Section 123(c) of
6 the Family Support Act of 1988 (102 Stat. 2352; Public
7 Law 100–485) is repealed.

8 **SEC. 416. DIRECTOR OF CHILD SUPPORT ENFORCEMENT**
9 **PROGRAM; STAFFING STUDY.**

10 (a) REPORTING TO SECRETARY.—Section 452(a) (42
11 U.S.C. 652(a)) is amended in the matter preceding para-
12 graph (1) by striking “directly”.

13 (b) STAFFING STUDIES.—

14 (1) SCOPE.—The Secretary of Health and
15 Human Services (in this subsection referred to as
16 the “Secretary”) shall, directly or by contract, con-
17 duct studies of the staffing of each State child sup-
18 port enforcement program under part D of title IV
19 of the Social Security Act. Such studies shall—

20 (A) include a review of the staffing needs
21 created by requirements for automated data
22 processing, maintenance of a central case reg-
23 istry and centralized collections of child sup-
24 port, and of changes in these needs resulting
25 from changes in such requirements; and

1 (B) examine and report on effective staff-
2 ing practices used by the States and on rec-
3 ommended staffing procedures.

4 (2) FREQUENCY OF STUDIES.—The Secretary
5 shall complete the first staffing study required under
6 paragraph (1) not later than October 1, 1998, and
7 may conduct additional studies subsequently at ap-
8 propriate intervals.

9 (3) REPORT TO THE CONGRESS.—The Sec-
10 retary shall submit a report to the Congress stating
11 the findings and conclusions of each study conducted
12 under this subsection.

13 **SEC. 417. FUNDING FOR SECRETARIAL ASSISTANCE TO**
14 **STATE PROGRAMS.**

15 Section 452 (42 U.S.C. 652), as amended by section
16 415(a)(3), is amended by adding at the end the following
17 new subsection:

18 “(k)(1) There shall be available to the Secretary,
19 from amounts appropriated for fiscal year 1996 and each
20 succeeding fiscal year for payments to States under this
21 part, the amount specified in paragraph (2) for the costs
22 to the Secretary for—

23 “(A) information dissemination and technical
24 assistance to States, training of State and Federal
25 staff, staffing studies, and related activities needed

1 to improve programs (including technical assistance
2 concerning State automated systems);

3 “(B) research, demonstration, and special
4 projects of regional or national significance relating
5 to the operation of State programs under this part;
6 and

7 “(C) operation of the Federal Parent Locator
8 Service under section 453, to the extent such costs
9 are not recovered through user fees.

10 “(2) The amount specified in this paragraph for a
11 fiscal year is the amount equal to a percentage of the re-
12 duction in Federal payments to States under part A on
13 account of child support (including arrearages) collected
14 in the preceding fiscal year on behalf of children receiving
15 aid under such part A in such preceding fiscal year (as
16 determined on the basis of the most recent reliable data
17 available to the Secretary as of the end of the third cal-
18 endar quarter following the end of such preceding fiscal
19 year), equal to 2 percent, for the activities specified in sub-
20 paragraphs (A), (B), and (C) of paragraph (1).”.

21 **SEC. 418. DATA COLLECTION AND REPORTS BY THE SEC-**
22 **RETARY.**

23 (a) ANNUAL REPORT TO CONGRESS.—

24 (1) IN GENERAL.—Section 452(a)(10)(A) (42
25 U.S.C. 652(a)(10)(A)) is amended—

1 (A) by striking “this part;” and inserting
2 “this part, including—”; and

3 (B) by adding at the end the following in-
4 dented clauses:

5 “(i) the total amount of child support
6 payments collected as a result of services
7 furnished during such fiscal year to indi-
8 viduals receiving services under this part;

9 “(ii) the cost to the States and to the
10 Federal Government of furnishing such
11 services to those individuals; and

12 “(iii) the number of cases involving
13 families—

14 “(I) who became ineligible for aid
15 under part A during a month in such
16 fiscal year; and

17 “(II) with respect to whom a
18 child support payment was received in
19 the same month;”.

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

22 (A) in the matter preceding clause (i), by
23 striking “with the data required under each
24 clause being separately stated for cases” and all
25 that follows through “part:” and inserting “sep-

1 arately stated for cases where the child is re-
2 ceiving aid to families with dependent children
3 (or foster care maintenance payments under
4 part E), or formerly received such aid or pay-
5 ments and the State is continuing to collect
6 support assigned to it under section 402(a)(9),
7 471(a)(17), or 1912, and all other cases under
8 this part—”;

9 (B) in each of clauses (i) and (ii), by strik-
10 ing “, and the total amount of such obliga-
11 tions”;

12 (C) in clause (iii), by striking “described
13 in” and all that follows through the semicolon
14 and inserting “in which support was collected
15 during the fiscal year;”;

16 (D) by striking clause (iv); and

17 (E) by redesignating clause (v) as clause
18 (vii), and inserting after clause (iii) the follow-
19 ing new clauses:

20 “(iv) the total amount of support col-
21 lected during such fiscal year and distrib-
22 uted as current support;

23 “(v) the total amount of support col-
24 lected during such fiscal year and distrib-
25 uted as arrearages;

1 “(vi) the total amount of support due
2 and unpaid for all fiscal years; and”.

3 (3) USE OF FEDERAL COURTS.—Section
4 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amend-
5 ed by striking “on the use of Federal courts and”.

6 (4) ADDITIONAL INFORMATION NOT NEC-
7 CESSARY.—Section 452(a)(10) (42 U.S.C.
8 652(a)(10)) is amended by striking all that follows
9 subparagraph (I).

10 (b) DATA COLLECTION AND REPORTING.—Section
11 469 (42 U.S.C. 669) is amended—

12 (1) by striking subsections (a) and (b) and in-
13 serting the following:

14 “(a) The Secretary shall collect and maintain, on a
15 fiscal year basis, up-to-date statistics, by State, with re-
16 spect to services to establish paternity and services to es-
17 tablish child support obligations, the data specified in sub-
18 section (b), separately stated, in the case of each such
19 service, with respect to—

20 “(1) families (or dependent children) receiving
21 aid under plans approved under part A (or E); and

22 “(2) families not receiving such aid.

23 “(b) The data referred to in subsection (a) are—

1 “(1) the number of cases in the caseload of the
2 State agency administering the plan under this part
3 in which such service is needed; and

4 “(2) the number of such cases in which the
5 service has been provided.”; and

6 (2) in subsection (c), by striking “(a)(2)” and
7 inserting “(b)(2)”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall be effective with respect to fiscal year
10 1996 and succeeding fiscal years.

11 **PART III—LOCATE AND CASE TRACKING**

12 **SEC. 421. CENTRAL STATE AND CASE REGISTRY.**

13 Section 454A, as added by section 415(a)(2), is
14 amended by adding at the end the following new sub-
15 sections:

16 “(e) CENTRAL CASE REGISTRY.—

17 “(1) IN GENERAL.—The automated system re-
18 quired under this section shall perform the func-
19 tions, in accordance with the provisions of this sub-
20 section, of a single central registry containing
21 records with respect to each case in which services
22 are being provided by the State agency (including,
23 on and after October 1, 1998, each order specified
24 in section 466(a)(12)), using such standardized data
25 elements (such as names, social security numbers or

1 other uniform identification numbers, dates of birth,
2 and case identification numbers), and containing
3 such other information (such as information on case
4 status) as the Secretary may require.

5 “(2) PAYMENT RECORDS.—Each case record in
6 the central registry shall include a record of—

7 “(A) the amount of monthly (or other peri-
8 odic) support owed under the support order,
9 and other amounts due or overdue (including
10 arrearages, interest or late payment penalties,
11 and fees);

12 “(B) all child support and related amounts
13 collected (including such amounts as fees, late
14 payment penalties, and interest on arrearages);

15 “(C) the distribution of such amounts col-
16 lected; and

17 “(D) the birth date of the child for whom
18 the child support order is entered.

19 “(3) UPDATING AND MONITORING.—The State
20 agency shall promptly establish and maintain, and
21 regularly monitor, case records in the registry re-
22 quired by this subsection, on the basis of—

23 “(A) information on administrative actions
24 and administrative and judicial proceedings and
25 orders relating to paternity and support;

1 “(B) information obtained from matches
2 with Federal, State, or local data sources;

3 “(C) information on support collections
4 and distributions; and

5 “(D) any other relevant information.

6 “(f) DATA MATCHES AND OTHER DISCLOSURES OF
7 INFORMATION.—The automated system required under
8 this section shall have the capacity, and be used by the
9 State agency, to extract data at such times, and in such
10 standardized format or formats, as may be required by
11 the Secretary, and to share and match data with, and re-
12 ceive data from, other data bases and data matching serv-
13 ices, in order to obtain (or provide) information necessary
14 to enable the State agency (or Secretary or other State
15 or Federal agencies) to carry out responsibilities under
16 this part. Data matching activities of the State agency
17 shall include at least the following:

18 “(1) DATA BANK OF CHILD SUPPORT OR-
19 DERS.—Furnishing to the Data Bank of Child Sup-
20 port Orders established under section 453(h) (and
21 updating as necessary, with information, including
22 notice of expiration of orders) minimal information
23 specified by the Secretary on each child support case
24 in the central case registry.

1 “(2) FEDERAL PARENT LOCATOR SERVICE.—
2 Exchanging data with the Federal Parent Locator
3 Service for the purposes specified in section 453.

4 “(3) TITLE IV–A AND MEDICAID AGENCIES.—
5 Exchanging data with State agencies (of the State
6 and of other States) administering the programs
7 under part A and title XIX, as necessary for the
8 performance of State agency responsibilities under
9 this part and under such programs.

10 “(4) INTRA- AND INTERSTATE DATA
11 MATCHES.—Exchanging data with other agencies of
12 the State, agencies of other States, and interstate
13 information networks, as necessary and appropriate
14 to carry out (or assist other States to carry out) the
15 purposes of this part.”.

16 **SEC. 422. CENTRALIZED COLLECTION AND DISBURSEMENT**
17 **OF SUPPORT PAYMENTS.**

18 (a) STATE PLAN REQUIREMENT.—Section 454 (42
19 U.S.C. 654), as amended by sections 404(a), 405, and
20 414(b), is amended—

21 (1) by striking “and” at the end of paragraph
22 (26);

23 (2) by striking the period at the end of para-
24 graph (27) and inserting “; and”; and

1 tion and disbursement of support payments, coordinated
2 with the automated data system required under section
3 454A, in accordance with the provisions of this section,
4 which shall be—

5 “(1) operated directly by the State agency (or
6 by 2 or more State agencies under a regional cooper-
7 ative agreement), or by a single contractor respon-
8 sible directly to the State agency; and

9 “(2) used for the collection and disbursement
10 (including interstate collection and disbursement) of
11 payments under support orders in all cases being en-
12 forced by the State pursuant to section 454(4).

13 “(b) REQUIRED PROCEDURES.—The centralized col-
14 lections unit shall use automated procedures, electronic
15 processes, and computer-driven technology to the maxi-
16 mum extent feasible, efficient, and economical, for the col-
17 lection and disbursement of support payments, including
18 procedures—

19 “(1) for receipt of payments from parents, em-
20 ployers, and other States, and for disbursements to
21 custodial parents and other obligees, the State agen-
22 cy, and the State agencies of other States;

23 “(2) for accurate identification of payments;

24 “(3) to ensure prompt disbursement of the cus-
25 todial parent’s share of any payment; and

1 “(4) to furnish to either parent, upon request,
2 timely information on the current status of support
3 payments.”.

4 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
5 added by section 415(a)(2) and as amended by section
6 421, is amended by adding at the end the following new
7 subsection:

8 “(g) CENTRALIZED COLLECTION AND DISTRIBUTION
9 OF SUPPORT PAYMENTS.—The automated system re-
10 quired under this section shall be used, to the maximum
11 extent feasible, to assist and facilitate collections and dis-
12 bursement of support payments through the centralized
13 collections unit operated pursuant to section 454B,
14 through the performance of functions including at a mini-
15 mum—

16 “(1) generation of orders and notices to em-
17 ployers (and other debtors) for the withholding of
18 wages (and other income)—

19 “(A) within 2 working days after receipt
20 (from the directory of New Hires established
21 under section 453(i) or any other source) of no-
22 tice of and the income source subject to such
23 withholding; and

24 “(B) using uniform formats directed by
25 the Secretary;

1 “(2) ongoing monitoring to promptly identify
2 failures to make timely payment; and

3 “(3) automatic use of enforcement mechanisms
4 (including mechanisms authorized pursuant to sec-
5 tion 466(c)) where payments are not timely made.”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall become effective on October 1, 1998.

8 **SEC. 423. STATE DIRECTORY OF NEW HIRES.**

9 (a) STATE PLAN REQUIREMENT.—Section 454 (42
10 U.S.C. 654), as amended by sections 404(a), 405, 414(b),
11 and 422(a)(2) of this Act, is amended—

12 (1) by striking “and” at the end of paragraph
13 (27);

14 (2) by striking the period at the end of para-
15 graph (28) and inserting “; and”; and

16 (3) by adding after paragraph (28) the follow-
17 ing:

18 “(28) provide that, on and after October 1,
19 1998, the State will operate a State Directory of
20 New Hires in accordance with section 453A.”.

21 (b) STATE DIRECTORY OF NEW HIRES.—Part D of
22 title IV (42 U.S.C. 651–669) is amended by inserting
23 after section 453 the following:

24 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

25 “(a) ESTABLISHMENT.—

1 “(1) IN GENERAL.—Not later than October 1,
2 1998, each State shall establish an automated direc-
3 tory (to be known as the ‘State Directory of New
4 Hires’) which shall contain information supplied in
5 accordance with subsection (b) by employers and
6 labor organizations on each newly hired employee.

7 “(2) DEFINITIONS.—As used in this section:

8 “(A) EMPLOYEE.—The term ‘employee’—

9 “(i) means an individual who is an
10 employee within the meaning of chapter 24
11 of the Internal Revenue Code of 1986; and

12 “(ii) does not include an employee of
13 a Federal or State agency performing in-
14 telligence or counterintelligence functions,
15 if the head of such agency has determined
16 that reporting pursuant to paragraph (1)
17 with respect to the employee could endan-
18 ger the safety of the employee or com-
19 promise an ongoing investigation or intel-
20 ligence mission.

21 “(B) GOVERNMENTAL EMPLOYERS.—The
22 term ‘employer’ includes any governmental en-
23 tity.

24 “(C) LABOR ORGANIZATION.—The term
25 ‘labor organization’ shall have the meaning

1 given such term in section 2(5) of the National
2 Labor Relations Act, and includes any entity
3 (also known as a 'hiring hall') which is used by
4 the organization and an employer to carry out
5 requirements described in section 8(f)(3) of
6 such Act of an agreement between the organiza-
7 tion and the employer.

8 “(b) EMPLOYER INFORMATION.—

9 “(1) REPORTING REQUIREMENT.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (B), each employer (or labor or-
12 ganization) shall furnish to the Directory of
13 New Hires of the State in which a newly hired
14 employee works a report that contains the
15 name, address, and social security number of
16 the employee, and the name of, and identifying
17 number assigned under section 6109 of the In-
18 ternal Revenue Code of 1986 to, the employer.

19 “(B) MULTISTATE EMPLOYERS.—An em-
20 ployer who has employees who are employed in
21 2 or more States may comply with subpara-
22 graph (A) by transmitting the report described
23 in subparagraph (A) magnetically or electroni-
24 cally to the State in which the greatest number
25 of employees of the employer are employed.

1 “(2) TIMING OF REPORT.—The report required
2 by paragraph (1) with respect to an employee shall
3 be made not later than the later of—

4 “(A) 15 days after the date the employer
5 hires the employee;

6 “(B) the date the employee first receives
7 wages or other compensation from the em-
8 ployer; or

9 “(C) in the case of a payroll processing
10 service or an employer that processes more than
11 one payroll and reports by electronic or mag-
12 netic means, the first business day of the week
13 following the date on which the employee first
14 receives wages or other compensation from the
15 employer.

16 “(c) REPORTING FORMAT AND METHOD.—Each
17 report required by subsection (b) shall be made on a
18 W-4 form or the equivalent, and may be transmitted by
19 first class mail, magnetically, or electronically.

20 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING
21 EMPLOYERS.—

22 “(1) IN GENERAL.—An employer that fails to
23 comply with subsection (b) with respect to an em-
24 ployee shall be subject to a civil money penalty of—

25 “(A) \$25; or

1 “(B) \$500 if, under State law, the failure
2 is the result of a conspiracy between the em-
3 ployer and the employee to not supply the re-
4 quired report or to supply a false or incomplete
5 report.

6 “(2) APPLICABILITY OF SECTION 1128.—Section
7 1128 (other than subsections (a) and (b) of such
8 section) shall apply to a civil money penalty under
9 paragraph (1) of this subsection in the same manner
10 as such section applies to a civil money penalty or
11 proceeding under section 1128A(a).

12 “(e) INFORMATION COMPARISONS.—

13 “(1) IN GENERAL.—Not later than October 1,
14 1998, an agency designated by the State shall, di-
15 rectly or by contract, conduct automated compari-
16 sons of the social security numbers reported by em-
17 ployers pursuant to subsection (b) and the social se-
18 curity numbers appearing in the records of the State
19 case registry for cases being enforced under the
20 State plan.

21 “(2) NOTICE OF MATCH.—When an information
22 comparison conducted under paragraph (1) reveals a
23 match with respect to the social security number of
24 an individual required to provide support under a
25 support order, the State Directory of New Hires

1 shall provide the agency administering the State
2 plan approved under this part of the appropriate
3 State with the name, address, and social security
4 number of the employee to whom the social security
5 number is assigned, and the name of, and identify-
6 ing number assigned under section 6109 of the In-
7 ternal Revenue Code of 1986 to, the employer.

8 “(f) TRANSMISSION OF INFORMATION.—

9 “(1) TRANSMISSION OF WAGE WITHHOLDING
10 NOTICES TO EMPLOYERS.—Within 2 business days
11 after the date information regarding a newly hired
12 employee is entered into the State Directory of New
13 Hires, the State agency enforcing the employee’s
14 child support obligation shall transmit a notice to
15 the employer of the employee directing the employer
16 to withhold from the wages of the employee an
17 amount equal to the monthly (or other periodic)
18 child support obligation of the employee, unless the
19 employee’s wages are not subject to withholding pur-
20 suant to section 466(b)(3).

21 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-
22 TORY OF NEW HIRES.—

23 “(A) NEW HIRE INFORMATION.—Within 4
24 business days after the State Directory of New
25 Hires receives information from employers pur-

1 suant to this section, the State Directory of
2 New Hires shall furnish the information to the
3 National Directory of New Hires.

4 “(B) WAGE AND UNEMPLOYMENT COM-
5 PENSATION INFORMATION.—The State Direc-
6 tory of New Hires shall, on a quarterly basis,
7 furnish to the National Directory of New Hires
8 extracts of the reports required under section
9 303(a)(6) to be made to the Secretary of Labor
10 concerning the wages and unemployment com-
11 pensation paid to individuals, by such dates, in
12 such format, and containing such information
13 as the Secretary of Health and Human Services
14 shall specify in regulations.

15 “(3) BUSINESS DAY DEFINED.—As used in this
16 subsection, the term ‘business day’ means a day on
17 which State offices are open for regular business.

18 “(g) OTHER USES OF NEW HIRE INFORMATION.—

19 “(1) LOCATION OF CHILD SUPPORT OBLI-
20 GORS.—The agency administering the State plan ap-
21 proved under this part shall use information received
22 pursuant to subsection (e)(2) to locate individuals
23 for purposes of establishing paternity and establish-
24 ing, modifying, and enforcing child support obliga-
25 tions.

1 “(2) VERIFICATION OF ELIGIBILITY FOR CER-
 2 TAIN PROGRAMS.—A State agency responsible for
 3 administering a program specified in section 1137(b)
 4 shall have access to information reported by employ-
 5 ers pursuant to subsection (b) of this section for
 6 purposes of verifying eligibility for the program.

7 “(3) ADMINISTRATION OF EMPLOYMENT SECUR-
 8 RITY AND WORKERS COMPENSATION.—State agen-
 9 cies operating employment security and workers’
 10 compensation programs shall have access to informa-
 11 tion reported by employers pursuant to subsection
 12 (b) for the purposes of administering such pro-
 13 grams.”.

14 **SEC. 424. AMENDMENTS CONCERNING INCOME WITHHOLD-**
 15 **ING.**

16 (a) MANDATORY INCOME WITHHOLDING.—

17 (1) FROM WAGES.—Section 466(a)(1) (42
 18 U.S.C. 666(a)(1)) is amended to read as follows:

19 “(1)(A) Procedures described in subsection (b)
 20 for the withholding from income of amounts payable
 21 as support in cases subject to enforcement under the
 22 State plan.

23 “(B) Procedures under which all child support
 24 orders issued (or modified) before October 1, 1996,
 25 and which are not otherwise subject to withholding

1 under subsection (b), shall become subject to with-
2 holding from wages as provided in subsection (b) if
3 arrearages occur, without the need for a judicial or
4 administrative hearing.”.

5 (2) REPEAL OF CERTAIN PROVISIONS CONCERN-
6 ING ARREARAGES.—Section 466(a)(8) (42 U.S.C.
7 666(a)(8)) is repealed.

8 (3) PROCEDURES DESCRIBED.—Section 466(b)
9 (42 U.S.C. 666(b)) is amended—

10 (A) in the matter preceding paragraph (1),
11 by striking “subsection (a)(1)” and inserting
12 “subsection (a)(1)(A)”;

13 (B) in paragraph (5), by striking “a public
14 agency” and all that follows through the period
15 and inserting “the State through the central-
16 ized collections unit established pursuant to sec-
17 tion 454B, in accordance with the requirements
18 of such section 454B.”;

19 (C) in paragraph (6)(A)(i)—

20 (i) by inserting “, in accordance with
21 timetables established by the Secretary,”
22 after “must be required”; and

23 (ii) by striking “to the appropriate
24 agency” and all that follows through the
25 period and inserting “to the State central-

1 ized collections unit within 5 working days
2 after the date such amount would (but for
3 this subsection) have been paid or credited
4 to the employee, for distribution in accord-
5 ance with this part.”;

6 (D) in paragraph (6)(A)(ii), by inserting
7 “be in a standard format prescribed by the Sec-
8 retary, and” after “shall”; and

9 (E) in paragraph (6)(D) to read as follows:

10 “(D) Provision must be made for the imposition
11 of a fine against any employer who—

12 “(i) discharges from employment, refuses
13 to employ, or takes disciplinary action against
14 any absent parent subject to wage withholding
15 required by this subsection because of the exist-
16 ence of such withholding and the obligations or
17 additional obligations which it imposes upon the
18 employer; or

19 “(ii) fails to withhold support from wages,
20 or to pay such amounts to the State centralized
21 collections unit in accordance with this sub-
22 section.”.

23 (b) CONFORMING AMENDMENT.—Section 466(c) (42
24 U.S.C. 666(c)) is repealed.

1 (c) DEFINITION OF TERMS.—The Secretary of
2 Health and Human Services shall promulgate regulations
3 providing definitions, for purposes of part D of title IV
4 of the Social Security Act, for the term “income” and for
5 such other terms relating to income withholding under sec-
6 tion 466(b) of such Act as the Secretary may find it nec-
7 essary or advisable to define.

8 **SEC. 425. LOCATOR INFORMATION FROM INTERSTATE NET-**
9 **WORKS.**

10 Section 466(a) (42 U.S.C. 666(a)), as amended by
11 section 424(a)(2), is amended by inserting after para-
12 graph (7) the following new paragraph:

13 “(8) Procedures ensuring that the State will
14 neither provide funding for, nor use for any purpose
15 (including any purpose unrelated to the purposes of
16 this part), any automated interstate network or sys-
17 tem used to locate individuals—

18 “(A) for purposes relating to the use of
19 motor vehicles; or

20 “(B) providing information for law en-
21 forcement purposes (where child support en-
22 forcement agencies are otherwise allowed access
23 by State and Federal law),

24 unless all Federal and State agencies administering
25 programs under this part (including the entities es-

1 “(2) information on the individual’s wages (or
2 other income) from, and benefits of, employment (in-
3 cluding rights to or enrollment in group health care
4 coverage); and

5 “(3) information on the type, status, location,
6 and amount of any assets of, or debts owed by or
7 to, any such individual.”;

8 (2) in subsection (b)—

9 (A) in the matter preceding paragraph (1),
10 by striking “social security” and all that follows
11 through “absent parent” and inserting “infor-
12 mation described in subsection (a)”;

13 (B) in paragraph (2), by inserting before
14 the period “, or from any consumer reporting
15 agency (as defined in section 603(f) of the Fair
16 Credit Reporting Act (15 U.S.C. 1681a(f))”;
17 and

18 (3) in subsection (e)(1), by inserting before the
19 period “, or by consumer reporting agencies”.

20 (b) REIMBURSEMENT FOR INFORMATION FROM FED-
21 ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.
22 653(e)(2)) is amended in the 4th sentence by inserting
23 before the period “in an amount which the Secretary de-
24 termines to be reasonable payment for the information ex-
25 change (which amount shall not include payment for the

1 costs of obtaining, compiling, or maintaining the informa-
2 tion)''.

3 (c) REIMBURSEMENT FOR REPORTS BY STATE
4 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by
5 adding at the end the following:

6 “(g) The Secretary may reimburse Federal and State
7 agencies for the costs incurred by such entities in furnish-
8 ing information requested by the Secretary under this sec-
9 tion in an amount which the Secretary determines to be
10 reasonable payment for the information exchange (which
11 amount shall not include payment for the costs of obtain-
12 ing, compiling, or maintaining the information).”.

13 (d) TECHNICAL AMENDMENTS.—

14 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
15 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),
16 653(b), 663(a), 663(e), and 663(f)) are each amend-
17 ed by inserting “Federal” before “Parent” each
18 place such term appears.

19 (2) Section 453 (42 U.S.C. 653) is amended in
20 the heading by adding “FEDERAL” before “PAR-
21 ENT”.

22 (e) NEW COMPONENTS.—Section 453 (42 U.S.C.
23 653), as amended by subsection (c) of this section, is
24 amended by adding at the end the following:

1 “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT
2 ORDERS.—

3 “(1) IN GENERAL.—Not later than October 1,
4 1999, 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) to
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 shall, not later than October 1, 1999,
9 establish and maintain in the Federal Parent Loca-
10 tor Service an automated directory to be known as
11 the National Directory of New Hires, which shall
12 contain the information supplied pursuant to section
13 453A(f)(2).

14 “(2) ADMINISTRATION OF FEDERAL TAX
15 LAWS.—The Secretary of the Treasury shall have
16 access to the information in the Federal Directory of
17 New Hires for purposes of administering section 32
18 of the Internal Revenue Code of 1986, or the ad-
19 vance payment of the earned income tax credit
20 under section 3507 of such Code, and verifying a
21 claim with respect to employment in a tax return.

22 “(j) INFORMATION COMPARISONS AND OTHER DIS-
23 CLOSURES.—

24 “(1) VERIFICATION BY SOCIAL SECURITY AD-
25 MINISTRATION.—

1 “(A) The Secretary shall transmit informa-
2 tion on individuals and employers maintained
3 under this section to the Social Security Admin-
4 istration to the extent necessary for verification
5 in accordance with subparagraph (B).

6 “(B) The Social Security Administration
7 shall verify the accuracy of, correct, or supply
8 to the extent possible, and report to the Sec-
9 retary, the following information supplied by
10 the Secretary pursuant to subparagraph (A):

11 “(i) The name, social security num-
12 ber, and birth date of each such individual.

13 “(ii) The employer identification num-
14 ber of each such employer.

15 “(2) INFORMATION COMPARISONS.—For the
16 purpose of locating individuals in a paternity estab-
17 lishment case or a case involving the establishment,
18 modification, or enforcement of a support order, the
19 Secretary shall—

20 “(A) compare information in the National
21 Directory of New Hires against information in
22 the Federal Case Registry of Child Support Or-
23 ders not less often than every 2 business days;
24 and

1 “(B) within 2 such days after such a com-
2 parison reveals a match with respect to an indi-
3 vidual, report the information to the State
4 agency responsible for the case.

5 “(3) INFORMATION COMPARISONS AND DISCLO-
6 SURES OF INFORMATION IN ALL REGISTRIES FOR
7 TITLE IV PROGRAM PURPOSES.—To the extent and
8 with the frequency that the Secretary determines to
9 be effective in assisting States to carry out their re-
10 sponsibilities under programs operated under this
11 part and programs funded under part A, the Sec-
12 retary shall—

13 “(A) compare the information in each com-
14 ponent of the Federal Parent Locator Service
15 maintained under this section against the infor-
16 mation in each other such component (other
17 than the comparison required by paragraph
18 (2)), and report instances in which such a com-
19 parison reveals a match with respect to an indi-
20 vidual to State agencies operating such pro-
21 grams; and

22 “(B) disclose information in such registries
23 to such State agencies.

24 “(4) PROVISION OF NEW HIRE INFORMATION
25 TO THE SOCIAL SECURITY ADMINISTRATION.—The

1 National Directory of New Hires shall provide the
2 Commissioner of Social Security with all information
3 in the National Directory, which shall be used to de-
4 termine the accuracy of payments under the supple-
5 mental security income program under title XVI and
6 in connection with benefits under title II.

7 “(5) RESEARCH.—The Secretary may provide
8 access to information reported by employers pursu-
9 ant to section 453A(b) for research purposes found
10 by the Secretary to be likely to contribute to achiev-
11 ing the purposes of part A or this part, but without
12 personal identifiers.

13 “(k) FEES.—

14 “(1) FOR SSA VERIFICATION.—The Secretary
15 shall reimburse the Commissioner of Social Security,
16 at a rate negotiated between the Secretary and the
17 Commissioner, for the costs incurred by the Com-
18 missioner in performing the verification services de-
19 scribed in subsection (j).

20 “(2) FOR INFORMATION FROM STATE DIREC-
21 TORIES OF NEW HIRES.—The Secretary shall reim-
22 burse costs incurred by State directories of new
23 hires in furnishing information as required by sub-
24 section (j)(3), at rates which the Secretary deter-
25 mines to be reasonable (which rates shall not include

1 payment for the costs of obtaining, compiling, or
2 maintaining such information).

3 “(3) FOR INFORMATION FURNISHED TO STATE
4 AND FEDERAL AGENCIES.—A State or Federal agen-
5 cy that receives information from the Secretary pur-
6 suant to this section shall reimburse the Secretary
7 for costs incurred by the Secretary in furnishing the
8 information, at rates which the Secretary determines
9 to be reasonable (which rates shall include payment
10 for the costs of obtaining, verifying, maintaining,
11 and comparing the information).

12 “(l) RESTRICTION ON DISCLOSURE AND USE.—In-
13 formation in the Federal Parent Locator Service, and in-
14 formation resulting from comparisons using such informa-
15 tion, shall not be used or disclosed except as expressly pro-
16 vided in this section, subject to section 6103 of the Inter-
17 nal Revenue Code of 1986.

18 “(m) INFORMATION INTEGRITY AND SECURITY.—
19 The Secretary shall establish and implement safeguards
20 with respect to the entities established under this section
21 designed to—

22 “(1) ensure the accuracy and completeness of
23 information in the Federal Parent Locator Service;
24 and

1 “(2) restrict access to confidential information
2 in the Federal Parent Locator Service to authorized
3 persons, and restrict use of such information to au-
4 thorized purposes.”.

5 (f) QUARTERLY WAGE REPORTING.—Section
6 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

7 (1) by inserting “(including any governmental
8 entity)” after “employers”,

9 (2) by striking “except that” and inserting “ex-
10 cept that—”,

11 (3) by inserting “(A)” before “the Secretary of
12 Labor”,

13 (4) by striking “paragraph (2)” and inserting
14 “paragraph (2), and”,

15 (5) by indenting the text so as to align it with
16 new subparagraph (B) (as added by paragraph (6)
17 of this subsection); and

18 (6) by adding at the end the following new sub-
19 paragraph:

20 “(B) no report shall be filed with respect
21 to an employee of a Federal or State agency
22 performing intelligence or counterintelligence
23 functions, if the head of such agency has deter-
24 mined that filing a report with respect to the
25 employee could endanger the safety of the em-

1 ployee or compromise an ongoing investigation
2 or intelligence mission;”.

3 (g) CONFORMING AMENDMENTS.—

4 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
5 CURITY ACT.—Section 454(8)(B) (42 U.S.C.
6 654(8)(B)) is amended to read as follows:

7 “(B) the Federal Parent Locator Service
8 established under section 453;”.

9 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—
10 Section 3304(a)(16) of the Internal Revenue Code of
11 1986 is amended—

12 (A) by striking “Secretary of Health, Edu-
13 cation, and Welfare” each place such term ap-
14 pears and inserting “Secretary of Health and
15 Human Services”;

16 (B) in subparagraph (B), by striking
17 “such information” and all that follows and in-
18 serting “information furnished under subpara-
19 graph (A) or (B) is used only for the purposes
20 authorized under such subparagraph;”;

21 (C) by striking “and” at the end of sub-
22 paragraph (A);

23 (D) by redesignating subparagraph (B) as
24 subparagraph (C); and

1 (E) by inserting after subparagraph (A)
2 the following new subparagraph:

3 “(B) wage and unemployment compensa-
4 tion information contained in the records of
5 such agency shall be furnished to the Secretary
6 of Health and Human Services (in accordance
7 with regulations promulgated by such Sec-
8 retary) as necessary for the purposes of the Na-
9 tional Directory of New Hires established under
10 section 453(i) of the Social Security Act, and”.

11 (3) TO STATE GRANT PROGRAM UNDER TITLE
12 III OF THE SOCIAL SECURITY ACT.—Section 303(a)
13 (42 U.S.C. 503(a)) is amended—

14 (A) by striking “and” at the end of para-
15 graph (8);

16 (B) by striking “and” at the end of para-
17 graph (9);

18 (C) by striking the period at the end of
19 paragraph (10) and inserting “; and”; and

20 (D) by adding after paragraph (10) the
21 following:

22 “(11) The making of quarterly electronic re-
23 ports, at such dates, in such format, and containing
24 such information, as required by the Secretary of
25 Health and Human Services under section 453(i)(3),

1 and compliance with such provisions as such Sec-
2 retary may find necessary to ensure the correctness
3 and verification of such reports.”.

4 **SEC. 427. USE OF SOCIAL SECURITY NUMBERS.**

5 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
6 U.S.C. 666(a)), as amended by section 401(a), is amended
7 by adding at the end the following new paragraph:

8 “(13) Procedures requiring the recording of so-
9 cial security numbers—

10 “(A) of both parties on marriage licenses
11 and divorce decrees;

12 “(B) of both parents, on birth records and
13 child support and paternity orders and acknowl-
14 edgements;

15 “(C) on all applications for motor vehicle
16 licenses and professional licenses; and

17 “(D) of decedents on death certificates.”.

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)—

23 (A) by inserting after the first sentence the
24 following: “In the administration of any law in-
25 volving the issuance of a marriage certificate or

1 license, each State shall require each party
2 named in the certificate or license to furnish to
3 the State (or political subdivision thereof) or
4 any State agency having administrative respon-
5 sibility for the law involved, the social security
6 number of the party.”; and

7 (B) by striking “Such numbers shall not
8 be recorded on the birth certificate.” and insert-
9 ing “This clause shall not be considered to au-
10 thorize disclosure of such numbers except as
11 provided in the preceding sentence.”;

12 (3) in clause (vi), by striking “may” and insert-
13 ing “shall”; and

14 (4) by adding at the end the following:

15 “(x) An agency of a State (or a politi-
16 cal subdivision thereof) charged with the
17 administration of any law concerning the
18 issuance or renewal of a license, certificate,
19 permit, or other authorization to engage in
20 a profession, an occupation, or a commer-
21 cial activity shall require all applicants for
22 issuance or renewal of the license, certifi-
23 cate, permit, or other authorization to pro-
24 vide the applicant’s social security number
25 to the agency for the purpose of admin-

1 istering such laws, and for the purpose of
2 responding to requests for information
3 from an agency operating pursuant to part
4 D of title IV.

5 “(xi) All divorce decrees, support or-
6 ders, and paternity determinations issued,
7 and all paternity acknowledgments made,
8 in each State shall include the social secu-
9 rity number of each party to the decree,
10 order, determination, or acknowledgement
11 in the records relating to the matter.”.

12 **PART IV—STREAMLINING AND UNIFORMITY OF**
13 **PROCEDURES**

14 **SEC. 431. ADOPTION OF UNIFORM STATE LAWS.**

15 Section 466(a) (42 U.S.C. 666(a)), as amended by
16 sections 401(a) and 427(a), is amended by adding at the
17 end the following new paragraph:

18 “(14)(A) Procedures under which the State
19 adopts in its entirety (with the modifications and ad-
20 ditions specified in this paragraph) not later than
21 January 1, 1997, and uses on and after such date,
22 the Uniform Interstate Family Support Act, as ap-
23 proved by the National Conference of Commissioners
24 on Uniform State Laws in August 1992.

1 “(B) The State law adopted pursuant to sub-
2 paragraph (A) shall be applied to any case—

3 “(i) involving an order established or modi-
4 fied in one State and for which a subsequent
5 modification is sought in another State; or

6 “(ii) in which interstate activity is required
7 to enforce an order.

8 “(C) The State law adopted pursuant to sub-
9 paragraph (A) of this paragraph shall contain the
10 following provision in lieu of section 611(a)(1) of the
11 Uniform Interstate Family Support Act described in
12 such subparagraph (A):

13 “(1) the following requirements are met:

14 “(i) the child, the individual obligee, and
15 the obligor—

16 “(I) do not reside in the issuing
17 State; and

18 “(II) either reside in this State or
19 are subject to the jurisdiction of this State
20 pursuant to section 201; and

21 “(ii) in any case where another State is
22 exercising or seeks to exercise jurisdiction to
23 modify the order, the conditions of section 204
24 are met to the same extent as required for pro-
25 ceedings to establish orders; or’.

1 “(D) The State law adopted pursuant to sub-
2 paragraph (A) shall recognize as valid, for purposes
3 of any proceeding subject to such State law, service
4 of process upon persons in the State (and proof of
5 such service) by any means acceptable in another
6 State which is the initiating or responding State in
7 such proceeding.”.

8 **SEC. 432. IMPROVEMENTS TO FULL FAITH AND CREDIT**
9 **FOR CHILD SUPPORT ORDERS.**

10 Section 1738B of title 28, United States Code, is
11 amended—

12 (1) in subsection (a)(2), by striking “subsection
13 (e)” and inserting “subsections (e), (f), and (i)”;

14 (2) in subsection (b), by inserting after the first
15 undesignated paragraph the following:

16 “‘child’s home State’ means the State in which
17 a child lived with a parent or a person acting as par-
18 ent for at least 6 consecutive months immediately
19 preceding the time of filing of a petition or com-
20 parable pleading for support and, if a child is less
21 than 6 months old, the State in which the child lived
22 from birth with any of them. A period of temporary
23 absence of any of them is counted as part of the 6-
24 month period.”;

1 (3) in subsection (c), by inserting “by a court
2 of a State” before “is made”;

3 (4) in subsection (c)(1), by inserting “and sub-
4 sections (e), (f), and (g)” after “located”;

5 (5) in subsection (d)—

6 (A) by inserting “individual” before “con-
7 testant”; and

8 (B) by striking “subsection (e)” and in-
9 serting “subsections (e) and (f)”;

10 (6) in subsection (e), by striking “make a modi-
11 fication of a child support order with respect to a
12 child that is made” and inserting “modify a child
13 support order issued”;

14 (7) in subsection (e)(1), by inserting “pursuant
15 to subsection (i)” before the semicolon;

16 (8) in subsection (e)(2)—

17 (A) by inserting “individual” before “con-
18 testant” each place such term appears; and

19 (B) by striking “to that court’s making the
20 modification and assuming” and inserting “with
21 the State of continuing, exclusive jurisdiction
22 for a court of another State to modify the order
23 and assume”;

24 (9) by redesignating subsections (f) and (g) as
25 subsections (g) and (h), respectively;

1 (10) by inserting after subsection (e) the follow-
2 ing new subsection:

3 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—
4 If 1 or more child support orders have been issued in this
5 or another State with regard to an obligor and a child,
6 a court shall apply the following rules in determining
7 which order to recognize for purposes of continuing, exclu-
8 sive jurisdiction and enforcement:

9 “(1) If only 1 court has issued a child support
10 order, the order of that court must be recognized.

11 “(2) If 2 or more courts have issued child sup-
12 port orders for the same obligor and child, and only
13 1 of the courts would have continuing, exclusive ju-
14 risdiction under this section, the order of that court
15 must be recognized.

16 “(3) If 2 or more courts have issued child sup-
17 port orders for the same obligor and child, and only
18 1 of the courts would have continuing, exclusive ju-
19 risdiction under this section, an order issued by a
20 court in the current home State of the child must
21 be recognized, but if an order has not been issued
22 in the current home State of the child, the order
23 most recently issued must be recognized.

24 “(4) If 2 or more courts have issued child sup-
25 port orders for the same obligor and child, and none

1 of the courts would have continuing, exclusive juris-
2 diction under this section, a court may issue a child
3 support order, which must be recognized.

4 “(5) The court that has issued an order recog-
5 nized under this subsection is the court having con-
6 tinuing, exclusive jurisdiction.”;

7 (11) in subsection (g) (as so redesignated)—

8 (A) by striking “PRIOR” and inserting
9 “MODIFIED”; and

10 (B) by striking “subsection (e)” and in-
11 serting “subsections (e) and (f)”;

12 (12) in subsection (h) (as so redesignated)—

13 (A) in paragraph (2), by inserting “includ-
14 ing the duration of current payments and other
15 obligations of support” before the comma; and

16 (B) in paragraph (3), by inserting “arrear
17 under” after “enforce”; and

18 (13) by adding at the end the following new
19 subsection:

20 “(i) REGISTRATION FOR MODIFICATION.—If there is
21 no individual contestant or child residing in the issuing
22 State, the party or support enforcement agency seeking
23 to modify, or to modify and enforce, a child support order
24 issued in another State shall register that order in a State

1 with jurisdiction over the nonmovant for the purpose of
2 modification.”.

3 **SEC. 433. STATE LAWS PROVIDING EXPEDITED PROCE-**
4 **DURES.**

5 (a) STATE LAW REQUIREMENTS.—Section 466 (42
6 U.S.C. 666), as amended by section 424(b), is amended—

7 (1) in subsection (a)(2), in the first sentence, to
8 read as follows: “Expedited administrative and judi-
9 cial procedures (including the procedures specified in
10 subsection (c)) for establishing paternity and for es-
11 tablishing, modifying, and enforcing support obliga-
12 tions.”; and

13 (2) by adding after subsection (b) the following
14 new subsection:

15 “(c) The procedures specified in this subsection are
16 the following:

17 “(1) Procedures which give the State agency
18 the authority (and recognize and enforce the author-
19 ity of State agencies of other States), without the
20 necessity of obtaining an order from any other judi-
21 cial or administrative tribunal (but subject to due
22 process safeguards, including (as appropriate) re-
23 quirements for notice, opportunity to contest the ac-
24 tion, and opportunity for an appeal on the record to
25 an independent administrative or judicial tribunal),

1 to take the following actions relating to establish-
2 ment or enforcement of orders:

3 “(A) To order genetic testing for the pur-
4 pose of paternity establishment as provided in
5 section 466(a)(5).

6 “(B) To enter a default order, upon a
7 showing of service of process and any additional
8 showing required by State law—

9 “(i) establishing paternity, in the case
10 of any putative father who refuses to sub-
11 mit to genetic testing; and

12 “(ii) establishing or modifying a sup-
13 port obligation, in the case of a parent (or
14 other obligor or obligee) who fails to re-
15 spond to notice to appear at a proceeding
16 for such purpose.

17 “(C) To subpoena any financial or other
18 information needed to establish, modify, or en-
19 force an order, and to sanction failure to re-
20 spond to any such subpoena.

21 “(D) To require all entities in the State
22 (including for-profit, nonprofit, and govern-
23 mental employers) to provide promptly, in re-
24 sponse to a request by the State agency of that
25 or any other State administering a program

1 under this part, information on the employ-
2 ment, compensation, and benefits of any indi-
3 vidual employed by such entity as an employee
4 or contractor, and to sanction failure to respond
5 to any such request.

6 “(E) To obtain access, subject to safe-
7 guards on privacy and information security, to
8 the following records (including automated ac-
9 cess, in the case of records maintained in auto-
10 mated data bases):

11 “(i) Records of other State and local
12 government agencies, including—

13 “(I) vital statistics (including
14 records of marriage, birth, and di-
15 vorce);

16 “(II) State and local tax and rev-
17 enue records (including information
18 on residence address, employer, in-
19 come and assets);

20 “(III) records concerning real
21 and titled personal property;

22 “(IV) records of occupational and
23 professional licenses, and records con-
24 cerning the ownership and control of

1 corporations, partnerships, and other
2 business entities;

3 “(V) employment security
4 records;

5 “(VI) records of agencies admin-
6 istering public assistance programs;

7 “(VII) records of the motor vehi-
8 cle department; and

9 “(VIII) corrections records.

10 “(ii) Certain records held by private
11 entities, including—

12 “(I) customer records of public
13 utilities and cable television compa-
14 nies; and

15 “(II) information (including in-
16 formation on assets and liabilities) on
17 individuals who owe or are owed sup-
18 port (or against or with respect to
19 whom a support obligation is sought)
20 held by financial institutions (subject
21 to limitations on liability of such enti-
22 ties arising from affording such ac-
23 cess).

1 “(F) To order income withholding in ac-
2 cordance with subsection (a)(1) and (b) of sec-
3 tion 466.

4 “(G) In cases where support is subject to
5 an assignment under section 402(a)(9),
6 471(a)(17), or 1912, or to a requirement to pay
7 through the centralized collections unit under
8 section 454B) upon providing notice to obligor
9 and obligee, to direct the obligor or other payor
10 to change the payee to the appropriate govern-
11 ment entity.

12 “(H) For the purpose of securing overdue
13 support—

14 “(i) to intercept and seize any peri-
15 odic or lump-sum payment to the obligor
16 by or through a State or local government
17 agency, including—

18 “(I) unemployment compensa-
19 tion, workers’ compensation, and
20 other benefits;

21 “(II) judgments and settlements
22 in cases under the jurisdiction of the
23 State or local government; and

24 “(III) lottery winnings;

1 “(ii) to attach and seize assets of the
2 obligor held by financial institutions;

3 “(iii) to attach public and private re-
4 tirement funds in appropriate cases, as de-
5 termined by the Secretary; and

6 “(iv) to impose liens in accordance
7 with paragraph (a)(4) and, in appropriate
8 cases, to force sale of property and dis-
9 tribution of proceeds.

10 “(I) For the purpose of securing overdue
11 support, to increase the amount of monthly
12 support payments to include amounts for ar-
13 rearages (subject to such conditions or restric-
14 tions as the State may provide).

15 “(J) To suspend drivers’ licenses of indi-
16 viduals owing past-due support, in accordance
17 with subsection (a)(16).

18 “(2) The expedited procedures required under
19 subsection (a)(2) shall include the following rules
20 and authority, applicable with respect to all proceed-
21 ings to establish paternity or to establish, modify, or
22 enforce support orders:

23 “(A) Procedures under which—

24 “(i) the parties to any paternity or
25 child support proceedings are required

1 (subject to privacy safeguards) to file with
2 the tribunal before entry of an order, and
3 to update as appropriate, information on
4 location and identity (including social secu-
5 rity number, residential and mailing ad-
6 dresses, telephone number, driver's license
7 number, and name, address, and telephone
8 number of employer); and

9 “(ii) in any subsequent child support
10 enforcement action between the same par-
11 ties, the tribunal shall be authorized, upon
12 sufficient showing that diligent effort has
13 been made to ascertain such party's cur-
14 rent location, to deem due process require-
15 ments for notice and service of process to
16 be met, with respect to such party, by de-
17 livery to the most recent residential or em-
18 ployer address so filed pursuant to clause
19 (i).

20 “(B) Procedures under which—

21 “(i) the State agency and any admin-
22 istrative or judicial tribunal with authority
23 to hear child support and paternity cases
24 exerts statewide jurisdiction over the par-

1 ties, and orders issued in such cases have
2 statewide effect; and

3 “(ii) in the case of a State in which
4 orders in such cases are issued by local ju-
5 risdictions, a case may be transferred be-
6 tween jurisdictions in the State without
7 need for any additional filing by the peti-
8 tioner, or service of process upon the re-
9 spondent, to retain jurisdiction over the
10 parties.”.

11 (b) EXCEPTIONS FROM STATE LAW REQUIRE-
12 MENTS.—Section 466(d) (42 U.S.C. 666(d)) is amend-
13 ed—

14 (1) by striking “(d) If” and inserting “(d)(1)
15 Subject to paragraph (2), if”; and

16 (2) by adding at the end the following new
17 paragraph:

18 “(2) The Secretary shall not grant an exemption
19 from the requirements of—

20 “(A) subsection (a)(5) (concerning procedures
21 for paternity establishment);

22 “(B) subsection (a)(10) (concerning modifica-
23 tion of orders);

24 “(C) subsection (a)(12) (concerning recording
25 of orders in the central State case registry);

1 “(D) subsection (a)(13) (concerning recording
2 of social security numbers);

3 “(E) subsection (a)(14) (concerning interstate
4 enforcement); or

5 “(F) subsection (c) (concerning expedited pro-
6 cedures), other than paragraph (1)(A) thereof (con-
7 cerning establishment or modification of support
8 amount).”.

9 (c) AUTOMATION OF STATE AGENCY FUNCTIONS.—
10 Section 454A, as added by section 415(a)(2) and as
11 amended by sections 421 and 422(c), is amended by add-
12 ing at the end the following new subsection:

13 “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—
14 The automated system required under this section shall
15 be used, to the maximum extent feasible, to implement any
16 expedited administrative procedures required under sec-
17 tion 466(c).”.

18 **SEC. 434. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE**

19 **CASES.**

20 Section 466(a) (42 U.S.C. 666(a)), as amended by
21 sections 401(a), 427, and 431, is amended by adding at
22 the end the following:

23 “(15) Procedures under which—

1 “(A)(i) the State shall respond within 5
2 business days to a request made by another
3 State to enforce a support order; and

4 “(ii) the term ‘business day’ means a day
5 on which State offices are open for regular
6 business;

7 “(B) the State may, by electronic or other
8 means, transmit to another State a request for
9 assistance in a case involving the enforcement
10 of a support order, which request—

11 “(i) shall include such information as
12 will enable the State to which the request
13 is transmitted to compare the information
14 about the case to the information in the
15 data bases of the State; and

16 “(ii) shall constitute a certification by
17 the requesting State—

18 “(I) of the amount of support
19 under the order the payment of which
20 is in arrears; and

21 “(II) that the requesting State
22 has complied with all procedural due
23 process requirements applicable to the
24 case;

1 “(C) if the State provides assistance to an-
2 other State pursuant to this paragraph with re-
3 spect to a case, neither State shall consider the
4 case to be transferred to the caseload of such
5 other State; and

6 “(D) the State shall maintain records of—

7 “(i) the number of such requests for
8 assistance received by the State;

9 “(ii) the number of cases for which
10 the State collected support in response to
11 such a request; and

12 “(iii) the amount of such collected
13 support.”.

14 **SEC. 435. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

15 (a) PROMULGATION.—Section 452(a) (42 U.S.C.
16 652(a)) is amended—

17 (1) by striking “and” at the end of paragraph
18 (9);

19 (2) by striking the period at the end of para-
20 graph (10) and inserting “; and”; and

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

22 “(11) not later than June 30, 1996, promulgate
23 forms to be used by States in interstate cases for—

24 “(A) collection of child support through in-
25 come withholding;

1 “(B) imposition of liens; and

2 “(C) administrative subpoenas.”.

3 (b) USE BY STATES.—Section 454(9) (42 U.S.C.
4 654(9)) is amended—

5 (1) by striking “and” at the end of subpara-
6 graph (C);

7 (2) by inserting “and” at the end of subpara-
8 graph (D); and

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

10 “(E) no later than October 1, 1996, in
11 using the forms promulgated pursuant to sec-
12 tion 452(a)(11) for income withholding, imposi-
13 tion of liens, and issuance of administrative
14 subpoenas in interstate child support cases;”.

15 **PART V—PATERNITY ESTABLISHMENT**

16 **SEC. 441. STATE LAWS CONCERNING PATERNITY ESTAB-**
17 **LISHMENT.**

18 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
19 U.S.C. 666(a)(5)) is amended—

20 (1) in subparagraph (B)—

21 (A) by striking “(B)” and inserting
22 “(B)(i)”;

23 (B) in clause (i), as redesignated, by in-
24 serting before the period “, where such request
25 is supported by a sworn statement—

1 “(I) by such party alleging paternity setting
2 forth facts establishing a reasonable possibility of
3 the requisite sexual contact of the parties; or

4 “(II) by such party denying paternity setting
5 forth facts establishing a reasonable possibility of
6 the nonexistence of sexual contact of the parties;”;
7 and

8 (C) by inserting after clause (i) (as reded-
9 ignated) the following new clause:

10 “(ii) Procedures which require the State agen-
11 cy, in any case in which such agency orders genetic
12 testing—

13 “(I) to pay the costs of such tests, subject
14 to recoupment (where the State so elects) from
15 the putative father if paternity is established;
16 and

17 “(II) to obtain additional testing in any
18 case where an original test result is disputed,
19 upon request and advance payment by the dis-
20 puting party.”;

21 (2) by striking subparagraphs (C), (D), (E),
22 and (F) and inserting the following:

23 “(C)(i) Procedures for a simple civil process for
24 voluntarily acknowledging paternity under which the
25 State must provide that, before a mother and a pu-

1 tative father can sign an acknowledgment of pater-
2 nity, the putative father and the mother must be
3 given notice, orally, in writing, and in a language
4 that each can understand, of the alternatives to, the
5 legal consequences of, and the rights (including, if 1
6 parent is a minor, any rights afforded due to minor-
7 ity status) and responsibilities that arise from, sign-
8 ing the acknowledgment.

9 “(ii) Such procedures must include a hospital-
10 based program for the voluntary acknowledgment of
11 paternity focusing on the period immediately before
12 or after the birth of a child.

13 “(iii) Such procedures must require the State
14 agency responsible for maintaining birth records to
15 offer voluntary paternity establishment services.

16 “(iv) The Secretary shall prescribe regulations
17 governing voluntary paternity establishment services
18 offered by hospitals and birth record agencies. The
19 Secretary shall prescribe regulations specifying the
20 types of other entities that may offer voluntary pa-
21 ternity establishment services, and governing the
22 provision of such services, which shall include a re-
23 quirement that such an entity must use the same
24 notice provisions used by, the same materials used
25 by, provide the personnel providing such services

1 with the same training provided by, and evaluate the
2 provision of such services in the same manner as,
3 voluntary paternity establishment programs of hos-
4 pitals and birth record agencies.

5 “(D)(i) Procedures under which a signed ac-
6 knowledgment of paternity is considered a legal find-
7 ing of paternity, subject to the right of any signa-
8 tory to rescind the acknowledgment within 60 days.

9 “(ii)(I) Procedures under which, after the 60-
10 day period referred to in clause (i), a signed ac-
11 knowledgment of paternity may be challenged in
12 court only on the basis of fraud, duress, or material
13 mistake of fact, with the burden of proof upon the
14 challenger, and under which the legal responsibilities
15 (including child support obligations) of any signatory
16 arising from the acknowledgment may not be sus-
17 pended during the challenge, except for good cause
18 shown.

19 “(II) Procedures under which, after the 60-day
20 period referred to in clause (i), a minor who signs
21 an acknowledgment of paternity other than in the
22 presence of a parent or court-appointed guardian ad
23 litem may rescind the acknowledgment in a judicial
24 or administrative proceeding, until the earlier of—

25 “(aa) attaining the age of majority; or

1 “(bb) the date of the first judicial or ad-
2 ministrative proceeding brought (after the sign-
3 ing) to establish a child support obligation, visi-
4 tation rights, or custody rights with respect to
5 the child whose paternity is the subject of the
6 acknowledgment, and at which the minor is rep-
7 resented by a parent, guardian ad litem, or at-
8 torney.

9 “(E) Procedures under which no judicial or ad-
10 ministrative proceedings are required or permitted to
11 ratify an unchallenged acknowledgment of paternity.

12 “(F) Procedures requiring—

13 “(i) that the State admit into evidence, for
14 purposes of establishing paternity, results of
15 any genetic test that is—

16 “(I) of a type generally acknowledged,
17 by accreditation bodies designated by the
18 Secretary, as reliable evidence of paternity;
19 and

20 “(II) performed by a laboratory ap-
21 proved by such an accreditation body;

22 “(ii) that any objection to genetic testing
23 results must be made in writing not later than
24 a specified number of days before any hearing
25 at which such results may be introduced into

1 evidence (or, at State option, not later than a
2 specified number of days after receipt of such
3 results); and

4 “(iii) that, if no objection is made, the test
5 results are admissible as evidence of paternity
6 without the need for foundation testimony or
7 other proof of authenticity or accuracy.”; and

8 (3) by adding after subparagraph (H) the fol-
9 lowing new subparagraphs:

10 “(I) Procedures providing that the parties to an
11 action to establish paternity are not entitled to a
12 jury trial.

13 “(J) Procedures which require that a temporary
14 order be issued, upon motion by a party, requiring
15 the provision of child support pending an adminis-
16 trative or judicial determination of parentage, where
17 there is clear and convincing evidence of paternity
18 (on the basis of genetic tests or other evidence).

19 “(K) Procedures under which bills for preg-
20 nancy, childbirth, and genetic testing are admissible
21 as evidence without requiring third-party foundation
22 testimony, and shall constitute prima facie evidence
23 of amounts incurred for such services and testing on
24 behalf of the child.

1 “(L) At the option of the State, procedures
2 under which the tribunal establishing paternity and
3 support has discretion to waive rights to all or part
4 of amounts owed to the State (but not to the moth-
5 er) for costs related to pregnancy, childbirth, and
6 genetic testing and for public assistance paid to the
7 family where the father cooperates or acknowledges
8 paternity before or after genetic testing.

9 “(M) Procedures ensuring that the putative fa-
10 ther has a reasonable opportunity to initiate a pater-
11 nity action.

12 “(N) Procedures under which voluntary ac-
13 knowledgements and adjudications of paternity by
14 judicial or administrative processes are filed with the
15 State registry of birth records for comparison with
16 information in the central case registry.”.

17 (b) STATE PLANS.—Section 454(a)(7) (42 U.S.C.
18 654(a)(7)) is amended to read as follows:

19 “(7) provide for entering into cooperative ar-
20 rangements with—

21 “(A) appropriate courts and law enforce-
22 ment officials to—

23 “(i) assist the agency administering
24 the plan, and

1 “(ii) to assist such courts and officials
2 and such agency with respect to matters of
3 common concern; and

4 “(B) the State registry of birth records to
5 record voluntary acknowledgments and adju-
6 dications of paternity and to make such records
7 available for data matches and other purposes
8 required by the agency administering the
9 plan;”.

10 (c) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-
11 DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is
12 amended by inserting “, and develop an affidavit to be
13 used for the voluntary acknowledgment of paternity which
14 shall include the social security number of each parent”
15 before the semicolon.

16 (d) TECHNICAL AMENDMENT.—Section 468 (42
17 U.S.C. 668) is amended by striking “a simple civil process
18 for voluntarily acknowledging paternity and”.

19 **SEC. 442. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
20 **LISHMENT.**

21 (a) STATE PLAN REQUIREMENT.—Section 454(23)
22 (42 U.S.C. 654(23)) is amended—

- 23 (1) by striking “(23)” and inserting “(23)(A)”;
- 24 (2) by inserting “and” after the semicolon; and

1 (3) by adding at the end the following new sub-
2 paragraph:

3 “(B) publicize the availability and encourage
4 the use of procedures for voluntary establishment of
5 paternity and child support through a variety of
6 means, which—

7 “(i) include distribution of written mate-
8 rials at health care facilities (including hospitals
9 and clinics), and other locations such as
10 schools;

11 “(ii) may include pre-natal programs to
12 educate expectant couples on individual and
13 joint rights and responsibilities with respect to
14 paternity (and may require all expectant recipi-
15 ents of assistance under part A to participate in
16 such pre-natal programs, as an element of co-
17 operation with efforts to establish paternity and
18 child support);

19 “(iii) include, with respect to each child
20 discharged from a hospital after birth for whom
21 paternity or child support has not been estab-
22 lished, reasonable followup efforts, providing—

23 “(I) in the case of a child for whom
24 paternity has not been established, infor-

1 mation on the benefits of and procedures
2 for establishing paternity; and

3 “(II) in the case of a child for whom
4 paternity has been established but child
5 support has not been established, informa-
6 tion on the benefits of and procedures for
7 establishing a child support order, and an
8 application for child support services;”.

9 (b) ENHANCED FEDERAL MATCHING.—Section
10 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

11 (1) by inserting “(i)” before “laboratory costs”,
12 and

13 (2) by inserting before the semicolon “, and (ii)
14 costs of outreach programs designed to encourage
15 voluntary acknowledgment of paternity”.

16 (c) EFFECTIVE DATES.—

17 (1) IN GENERAL.—The amendments made by
18 subsection (a) shall become effective October 1,
19 1997.

20 (2) EXCEPTION.—The amendments made by
21 subsection (b) shall be effective with respect to cal-
22 endar quarters beginning on and after October 1,
23 1996.

1 **PART VI—ESTABLISHMENT AND MODIFICATION**
2 **OF SUPPORT ORDERS**

3 **SEC. 451. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-**
4 **SION.**

5 (a) ESTABLISHMENT.—There is hereby established a
6 commission to be known as the “National Child Support
7 Guidelines Commission” (in this section referred to as the
8 “Commission”).

9 (b) GENERAL DUTIES.—

10 (1) IN GENERAL.—The Commission shall deter-
11 mine—

12 (A) whether it is appropriate to develop a
13 national child support guideline for consider-
14 ation by the Congress or for adoption by indi-
15 vidual States; or

16 (B) based on a study of various guideline
17 models, the benefits and deficiencies of such
18 models, and any needed improvements.

19 (2) DEVELOPMENT OF MODELS.—If the Com-
20 mission determines under paragraph (1)(A) that a
21 national child support guideline is needed or under
22 paragraph (1)(B) that improvements to guideline
23 models are needed, the Commission shall develop
24 such national guideline or improvements.

25 (c) MATTERS FOR CONSIDERATION BY THE COMMIS-
26 SION.—In making the recommendations concerning guide-

1 lines required under subsection (b), the Commission shall
2 consider—

3 (1) the adequacy of State child support guide-
4 lines established pursuant to section 467 of the So-
5 cial Security Act;

6 (2) matters generally applicable to all support
7 orders, including—

8 (A) the feasibility of adopting uniform
9 terms in all child support orders;

10 (B) how to define income and under what
11 circumstances income should be imputed; and

12 (C) tax treatment of child support pay-
13 ments;

14 (3) the appropriate treatment of cases in which
15 either or both parents have financial obligations to
16 more than 1 family, including the effect (if any) to
17 be given to—

18 (A) the income of either parent's spouse;
19 and

20 (B) the financial responsibilities of either
21 parent for other children or stepchildren;

22 (4) the appropriate treatment of expenses for
23 child care (including care of the children of either
24 parent, and work-related or job-training-related child
25 care);

1 (5) the appropriate treatment of expenses for
2 health care (including uninsured health care) and
3 other extraordinary expenses for children with spe-
4 cial needs;

5 (6) the appropriate duration of support by 1 or
6 both parents, including

7 (A) support (including shared support) for
8 post-secondary or vocational education; and

9 (B) support for disabled adult children;

10 (7) procedures to automatically adjust child
11 support orders periodically to address changed eco-
12 nomic circumstances, including changes in the
13 consumer price index or either parent's income and
14 expenses in particular cases;

15 (8) procedures to help non-custodial parents ad-
16 dress grievances regarding visitation and custody or-
17 ders to prevent such parents from withholding child
18 support payments until such grievances are resolved;
19 and

20 (9) whether, or to what extent, support levels
21 should be adjusted in cases in which custody is
22 shared or in which the noncustodial parent has ex-
23 tended visitation rights.

24 (d) MEMBERSHIP.—

25 (1) NUMBER; APPOINTMENT.—

1 (A) IN GENERAL.—The Commission shall
2 be composed of 12 individuals appointed jointly
3 by the Secretary of Health and Human Services
4 and the Congress, not later than January 15,
5 1997, of which—

6 (i) 2 shall be appointed by the Chair-
7 man of the Committee on Finance of the
8 Senate, and 1 shall be appointed by the
9 ranking minority member of the Commit-
10 tee;

11 (ii) 2 shall be appointed by the Chair-
12 man of the Committee on Ways and Means
13 of the House of Representatives, and 1
14 shall be appointed by the ranking minority
15 member of the Committee; and

16 (iii) 6 shall be appointed by the Sec-
17 retary of Health and Human Services.

18 (B) QUALIFICATIONS OF MEMBERS.—
19 Members of the Commission shall have exper-
20 tise and experience in the evaluation and devel-
21 opment of child support guidelines. At least 1
22 member shall represent advocacy groups for
23 custodial parents, at least 1 member shall rep-
24 resent advocacy groups for noncustodial par-
25 ents, and at least 1 member shall be the direc-

1 tor of a State program under part D of title IV
2 of the Social Security Act.

3 (2) TERMS OF OFFICE.—Each member shall be
4 appointed for a term of 2 years. A vacancy in the
5 Commission shall be filled in the manner in which
6 the original appointment was made.

7 (e) COMMISSION POWERS, COMPENSATION, ACCESS
8 TO INFORMATION, AND SUPERVISION.—The first sentence
9 of subparagraph (C), the first and third sentences of sub-
10 paragraph (D), subparagraph (F) (except with respect to
11 the conduct of medical studies), clauses (ii) and (iii) of
12 subparagraph (G), and subparagraph (H) of section
13 1886(e)(6) of the Social Security Act shall apply to the
14 Commission in the same manner in which such provisions
15 apply to the Prospective Payment Assessment Commis-
16 sion.

17 (f) REPORT.—Not later than 2 years after the ap-
18 pointment of members, the Commission shall submit to
19 the President, the Committee on Ways and Means of the
20 House of Representatives, and the Committee on Finance
21 of the Senate, a recommended national child support
22 guideline and a final assessment of issues relating to such
23 a proposed national child support guideline.

1 (g) TERMINATION.—The Commission shall terminate
2 6 months after the submission of the report described in
3 subsection (e).

4 **SEC. 452. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**
5 **MENT OF CHILD SUPPORT ORDERS.**

6 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-
7 ed to read as follows:

8 “(10)(A)(i) Procedures under which—

9 “(I) every 3 years, at the request of either
10 parent subject to a child support order, the
11 State shall review and, as appropriate, adjust
12 the order in accordance with the guidelines es-
13 tablished under section 467(a) if the amount of
14 the child support award under the order differs
15 from the amount that would be awarded in ac-
16 cordance with such guidelines, without a re-
17 quirement for any other change in cir-
18 cumstances; and

19 “(II) upon request at any time of either
20 parent subject to a child support order, the
21 State shall review and, as appropriate, adjust
22 the order in accordance with the guidelines es-
23 tablished under section 467(a) based on a sub-
24 stantial change in the circumstances of either
25 such parent.

1 “(ii) Such procedures shall require both parents
2 subject to a child support order to be notified of
3 their rights and responsibilities provided for under
4 clause (i) at the time the order is issued and in the
5 annual information exchange form provided under
6 subparagraph (B).

7 “(B) Procedures under which each child sup-
8 port order issued or modified in the State after the
9 effective date of this subparagraph shall require the
10 parents subject to the order to provide each other
11 with a complete statement of their respective finan-
12 cial condition annually on a form which shall be pro-
13 vided by the State. The Secretary shall establish reg-
14 ulations for the enforcement of such exchange of in-
15 formation.”.

16 **PART VII—ENFORCEMENT OF SUPPORT ORDERS**

17 **SEC. 461. FEDERAL INCOME TAX REFUND OFFSET.**

18 (a) CHANGED ORDER OF REFUND DISTRIBUTION
19 UNDER INTERNAL REVENUE CODE.—Section 6402(c) of
20 the Internal Revenue Code of 1986 (relating to offset of
21 past-due support against overpayments) is amended by
22 striking the third sentence.

23 (b) ELIMINATION OF DISPARITIES IN TREATMENT
24 OF ASSIGNED AND NONASSIGNED ARREARAGES.—

1 (1) IN GENERAL.—Section 464(a) (42 U.S.C.
2 664(a)) is amended—

3 (A) in paragraph (1)—

4 (i) in the first sentence, by striking
5 “which has been assigned to such State
6 pursuant to section 402(a)(9) or section
7 471(a)(17)”; and

8 (ii) in the second sentence, by striking
9 “in accordance with section 457 (b)(4) or
10 (d)(3)” and inserting “as provided in para-
11 graph (2)”;

12 (B) in paragraph (2), to read as follows:

13 “(2) The State agency shall distribute amounts
14 paid by the Secretary of the Treasury pursuant to
15 paragraph (1)—

16 “(A) in accordance with subsection (a)(4)
17 or (d)(3) of section 457, in the case of past-due
18 support assigned to a State pursuant to section
19 402(a)(9) or section 471(a)(17); and

20 “(B) to or on behalf of the child to whom
21 the support was owed, in the case of past-due
22 support not so assigned.”;

23 (C) in paragraph (3)—

24 (i) by striking “or (2)” each place it
25 appears; and

1 (ii) in subparagraph (B), by striking
2 “under paragraph (2)” and inserting “on
3 account of past-due support described in
4 paragraph (2)(B)”.

5 (2) NOTICES OF PAST-DUE SUPPORT.—Section
6 464(b) (42 U.S.C. 664(b)) is amended—

7 (A) by striking “(b)(1)” and inserting
8 “(b)”; and

9 (B) by striking paragraph (2).

10 (3) DEFINITION OF PAST-DUE SUPPORT.—Sec-
11 tion 464(c) (42 U.S.C. 664(c)) is amended—

12 (A) by striking “(c)(1) Except as provided
13 in paragraph (2), as” and inserting “(c) As”;
14 and

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

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall become effective October 1, 1999.

18 **SEC. 462. INTERNAL REVENUE SERVICE COLLECTION OF**
19 **ARREARAGES.**

20 (a) AMENDMENT TO INTERNAL REVENUE CODE.—
21 Section 6305(a) of the Internal Revenue Code of 1986 (re-
22 lating to collection of certain liability) is amended—

23 (1) in paragraph (1), by inserting “except as
24 provided in paragraph (5)” after “collected”;

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

3 (3) by striking the period at the end of para-
4 graph (4) and inserting “, and”;

5 (4) by adding at the end the following new
6 paragraph:

7 “(5) no additional fee may be assessed for ad-
8 justments to an amount previously certified pursu-
9 ant to such section 452(b) with respect to the same
10 obligor.”; and

11 (5) by striking “Secretary of Health, Edu-
12 cation, and Welfare” each place it appears and in-
13 serting “Secretary of Health and Human Services”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall become effective October 1, 1997.

16 **SEC. 463. AUTHORITY TO COLLECT SUPPORT FROM FED-**
17 **ERAL EMPLOYEES.**

18 (a) CONSOLIDATION AND STREAMLINING OF AU-
19 THORITIES.—Section 459 (42 U.S.C. 659) is amended—

20 (1) in the heading, by inserting “INCOME WITH-
21 HOLDING,” before “GARNISHMENT”;

22 (2) in subsection (a)—

23 (A) by striking “section 207” and insert-
24 ing “section 207 and section 5301 of title 38,
25 United States Code”; and

1 (B) by striking “to legal process” and all
2 that follows through the period and inserting
3 “to withholding in accordance with State law
4 pursuant to subsections (a)(1) and (b) of sec-
5 tion 466 and regulations of the Secretary there-
6 under, and to any other legal process brought,
7 by a State agency administering a program
8 under this part or by an individual obligee, to
9 enforce the legal obligation of such individual to
10 provide child support or alimony.”;

11 (3) by striking subsection (b) and inserting the
12 following new subsection:

13 “(b) Except as otherwise provided herein, each entity
14 specified in subsection (a) shall be subject, with respect
15 to notice to withhold income pursuant to subsection (a)(1)
16 or (b) of section 466, or to any other order or process
17 to enforce support obligations against an individual (if
18 such order or process contains or is accompanied by suffi-
19 cient data to permit prompt identification of the individual
20 and the moneys involved), to the same requirements as
21 would apply if such entity were a private person.”;

22 (4) by striking subsections (c) and (d) and in-
23 serting the following new subsections:

24 “(c)(1) The head of each agency subject to the re-
25 quirements of this section shall—

1 “(A) designate an agent or agents to receive or-
2 ders and accept service of process; and

3 “(B) publish—

4 “(i) in the appendix of such regulations;

5 “(ii) in each subsequent republication of
6 such regulations; and

7 “(iii) annually in the Federal Register,
8 the designation of such agent or agents, identified
9 by title of position, mailing address, and telephone
10 number.

11 “(2) Whenever an agent designated pursuant to para-
12 graph (1) receives notice pursuant to subsection (a)(1) or
13 (b) of section 466, or is effectively served with any order,
14 process, or interrogatories, with respect to an individual’s
15 child support or alimony payment obligations, such agent
16 shall—

17 “(A) as soon as possible (but not later than 15
18 days) thereafter, send written notice of such notice
19 or service (together with a copy thereof) to such in-
20 dividual at his duty station or last-known home ad-
21 dress;

22 “(B) not later than 30 days (or such longer pe-
23 riod as may be prescribed by applicable State law)
24 after receipt of a notice pursuant to subsection

1 (a)(1) or (b) of section 466, comply with all applica-
2 ble provisions of such section 466; and

3 “(C) not later than 30 days (or such longer pe-
4 riod as may be prescribed by applicable State law)
5 after effective service of any other such order, proc-
6 ess, or interrogatories, respond thereto.

7 “(d) In the event that a governmental entity receives
8 notice or is served with process, as provided in this section,
9 concerning amounts owed by an individual to more than
10 1 person—

11 “(1) support collection under section 466(b)
12 must be given priority over any other process, as
13 provided in section 466(b)(7);

14 “(2) allocation of moneys due or payable to an
15 individual among claimants under section 466(b)
16 shall be governed by the provisions of such section
17 466(b) and regulations thereunder; and

18 “(3) such moneys as remain after compliance
19 with subparagraphs (A) and (B) shall be available to
20 satisfy any other such processes on a first-come,
21 first-served basis, with any such process being satis-
22 fied out of such moneys as remain after the satisfac-
23 tion of all such processes which have been previously
24 served.”;

25 (5) in subsection (f)—

1 (A) by striking “(f)” and inserting
2 “(f)(1)”; and

3 (B) by adding at the end the following new
4 paragraph:

5 “(2) No Federal employee whose duties include tak-
6 ing actions necessary to comply with the requirements of
7 subsection (a) with regard to any individual shall be sub-
8 ject under any law to any disciplinary action or civil or
9 criminal liability or penalty for, or on account of, any dis-
10 closure of information made by him in connection with the
11 carrying out of such duties.”; and

12 (6) by adding at the end the following new sub-
13 sections:

14 “(g) Authority to promulgate regulations for the im-
15 plementation of the provisions of this section shall, insofar
16 as the provisions of this section are applicable to moneys
17 due from (or payable by)—

18 “(1) the executive branch of the Federal Gov-
19 ernment (including in such branch, for the purposes
20 of this subsection, the territories and possessions of
21 the United States, the United States Postal Service,
22 the Postal Rate Commission, any wholly owned Fed-
23 eral corporation created by an Act of Congress, and
24 the government of the District of Columbia), be
25 vested in the President (or the President’s designee);

1 “(2) the legislative branch of the Federal Gov-
2 ernment, be vested jointly in the President pro tem-
3 pore of the Senate and the Speaker of the House of
4 Representatives (or their designees); and

5 “(3) the judicial branch of the Federal Govern-
6 ment, be vested in the Chief Justice of the United
7 States (or the Chief Justice’s designee).

8 “(h) Subject to subsection (i), moneys paid or payable
9 to an individual which are considered to be based upon
10 remuneration for employment, for purposes of this sec-
11 tion—

12 “(1) consist of—

13 “(A) compensation paid or payable for per-
14 sonal services of such individual, whether such
15 compensation is denominated as wages, salary,
16 commission, bonus, pay, allowances, or other-
17 wise (including severance pay, sick pay, and in-
18 centive pay);

19 “(B) periodic benefits (including a periodic
20 benefit as defined in section 228(h)(3)) or other
21 payments—

22 “(i) under the insurance system estab-
23 lished by title II;

24 “(ii) under any other system or fund
25 established by the United States which

1 provides for the payment of pensions, re-
2 tirement or retired pay, annuities, depend-
3 ents' or survivors' benefits, or similar
4 amounts payable on account of personal
5 services performed by the individual or any
6 other individual;

7 “(iii) as compensation for death under
8 any Federal program;

9 “(iv) under any Federal program es-
10 tablished to provide ‘black lung’ benefits;
11 or

12 “(v) by the Secretary of Veterans Af-
13 fairs as pension, or as compensation for a
14 service-connected disability or death (ex-
15 cept any compensation paid by such Sec-
16 retary to a former member of the Armed
17 Forces who is in receipt of retired or re-
18 tainer pay if such former member has
19 waived a portion of his retired pay in order
20 to receive such compensation); and

21 “(C) worker’s compensation benefits paid
22 under Federal or State law; but

23 “(2) do not include any payment—

24 “(A) by way of reimbursement or other-
25 wise, to defray expenses incurred by such indi-

1 vidual in carrying out duties associated with his
2 employment; or

3 “(B) as allowances for members of the uni-
4 formed services payable pursuant to chapter 7
5 of title 37, United States Code, as prescribed
6 by the Secretaries concerned (defined by section
7 101(5) of such title) as necessary for the effi-
8 cient performance of duty.

9 “(i) In determining the amount of any moneys due
10 from, or payable by, the United States to any individual,
11 there shall be excluded amounts which—

12 “(1) are owed by such individual to the United
13 States;

14 “(2) are required by law to be, and are, de-
15 ducted from the remuneration or other payment in-
16 volved, including Federal employment taxes, and
17 fines and forfeitures ordered by court-martial;

18 “(3) are properly withheld for Federal, State,
19 or local income tax purposes, if the withholding of
20 such amounts is authorized or required by law and
21 if amounts withheld are not greater than would be
22 the case if such individual claimed all the depend-
23 ents that the individual was entitled to (the with-
24 holding of additional amounts pursuant to section
25 3402(i) of the Internal Revenue Code of 1986 may

1 be permitted only when such individual presents evi-
2 dence of a tax obligation which supports the addi-
3 tional withholding);

4 “(4) are deducted as health insurance pre-
5 miums;

6 “(5) are deducted as normal retirement con-
7 tributions (not including amounts deducted for sup-
8 plementary coverage); or

9 “(6) are deducted as normal life insurance pre-
10 miums from salary or other remuneration for em-
11 ployment (not including amounts deducted for sup-
12 plementary coverage).

13 “(j) For purposes of this section—”.

14 (b) TRANSFER OF SUBSECTIONS.—Subsections (a)
15 through (d) of section 462 (42 U.S.C. 662), are trans-
16 ferred and redesignated as paragraphs (1) through (4),
17 respectively, of section 459(j) (as added by subsection
18 (a)(6)), and the left margin of each of such paragraphs
19 (1) through (4) is indented 2 ems to the right of the left
20 margin of subsection (j) (as added by subsection (a)(6)).

21 (c) CONFORMING AMENDMENTS.—

22 (1) TO PART D OF TITLE IV.—Sections 461 and
23 462 (42 U.S.C. 661) are repealed.

24 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
25 tion 5520a of title 5, United States Code, is amend-

1 ed, in subsections (h)(2) and (i), by striking “sec-
2 tions 459, 461, and 462 of the Social Security Act
3 (42 U.S.C. 659, 661, and 662)” each place it ap-
4 pears and inserting “section 459 of the Social Secu-
5 rity Act (42 U.S.C. 659)”.

6 (d) MILITARY RETIRED AND RETAINER PAY.—Sec-
7 tion 1408 of title 10, United States Code, is amended—

8 (1) in subsection (a)—

9 (A) in paragraph (1)—

10 (i) in subparagraph (B), by striking
11 “and”;

12 (ii) in subparagraph (C), by striking
13 the period and inserting “; and”; and

14 (iii) by adding at the end the follow-
15 ing new subparagraph:

16 “(D) any administrative or judicial tribu-
17 nal of a State competent to enter orders for
18 support or maintenance (including a State
19 agency administering a State program under
20 part D of title IV of the Social Security Act).”;

21 (B) in paragraph (2), by inserting “or a
22 court order for the payment of child support
23 not included in or accompanied by such a de-
24 cree or settlement,” before “which—”;

25 (2) in subsection (d)—

1 (A) in the heading, by inserting “(OR FOR
2 BENEFIT OF)” after “CONCERNED”; and

3 (B) in paragraph (1), in the first sentence,
4 by inserting “(or for the benefit of such spouse
5 or former spouse to a State central collections
6 unit or other public payee designated by a
7 State, in accordance with part D of title IV of
8 the Social Security Act, as directed by court
9 order, or as otherwise directed in accordance
10 with such part D)” before “in an amount suffi-
11 cient”; and

12 (3) by adding at the end the following new sub-
13 section:

14 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
15 involving a child support order against a member who has
16 never been married to the other parent of the child, the
17 provisions of this section shall not apply, and the case
18 shall be subject to the provisions of section 459 of the
19 Social Security Act.”.

20 (e) EFFECTIVE DATE.—The amendments made by
21 this section shall become effective 6 months after the date
22 of the enactment of this Act.

23 **SEC. 464. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
24 **TIONS OF MEMBERS OF THE ARMED FORCES.**

25 (a) AVAILABILITY OF LOCATOR INFORMATION.—

1 (1) MAINTENANCE OF ADDRESS INFORMA-
2 TION.—The Secretary of Defense shall establish a
3 centralized personnel locator service that includes
4 the address of each member of the Armed Forces
5 under the jurisdiction of the Secretary. Upon re-
6 quest of the Secretary of Transportation, addresses
7 for members of the Coast Guard shall be included in
8 the centralized personnel locator service.

9 (2) TYPE OF ADDRESS.—

10 (A) RESIDENTIAL ADDRESS.—Except as
11 provided in subparagraph (B), the address for
12 a member of the Armed Forces shown in the lo-
13 cator service shall be the residential address of
14 that member.

15 (B) DUTY ADDRESS.—The address for a
16 member of the Armed Forces shown in the loca-
17 tor service shall be the duty address of that
18 member in the case of a member—

19 (i) who is permanently assigned over-
20 seas, to a vessel, or to a routinely
21 deployable unit; or

22 (ii) with respect to whom the Sec-
23 retary concerned makes a determination
24 that the member's residential address

1 should not be disclosed due to national se-
2 curity or safety concerns.

3 (3) UPDATING OF LOCATOR INFORMATION.—

4 Not later than 30 days after a member listed in the
5 locator service establishes a new residential address
6 (or a new duty address, in the case of a member cov-
7 ered by paragraph (2)(B)), the Secretary concerned
8 shall update the locator service to indicate the new
9 address of the member.

10 (4) AVAILABILITY OF INFORMATION.—The Sec-
11 retary of Defense shall make information regarding
12 the address of a member of the Armed Forces listed
13 in the locator service available, on request, to the
14 Federal Parent Locator Service.

15 (b) FACILITATING GRANTING OF LEAVE FOR AT-
16 TENDANCE AT HEARINGS.—

17 (1) REGULATIONS.—The Secretary of each
18 military department, and the Secretary of Transpor-
19 tation with respect to the Coast Guard when it is
20 not operating as a service in the Navy, shall pre-
21 scribe regulations to facilitate the granting of leave
22 to a member of the Armed Forces under the juris-
23 diction of that Secretary in a case in which—

24 (A) the leave is needed for the member to
25 attend a hearing described in paragraph (2);

1 (B) the member is not serving in or with
2 a unit deployed in a contingency operation (as
3 defined in section 101 of title 10, United States
4 Code); and

5 (C) the exigencies of military service (as
6 determined by the Secretary concerned) do not
7 otherwise require that such leave not be grant-
8 ed.

9 (2) COVERED HEARINGS.—Paragraph (1) ap-
10 plies to a hearing that is conducted by a court or
11 pursuant to an administrative process established
12 under State law, in connection with a civil action—

13 (A) to determine whether a member of the
14 Armed Forces is a natural parent of a child; or

15 (B) to determine an obligation of a mem-
16 ber of the Armed Forces to provide child sup-
17 port.

18 (3) DEFINITIONS.—For purposes of this sub-
19 section:

20 (A) The term “court” has the meaning
21 given that term in section 1408(a) of title 10,
22 United States Code.

23 (B) The term “child support” has the
24 meaning given such term in section 462 of the
25 Social Security Act (42 U.S.C. 662).

1 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
2 PLIANCE WITH CHILD SUPPORT ORDERS.—Section 1408
3 of title 10, United States Code, as amended by section
4 463(d)(3), is amended—

5 (1) by redesignating subsections (i) and (j) as
6 subsections (j) and (k), respectively;

7 (2) by inserting after subsection (h) the follow-
8 ing new subsection:

9 “(i) CERTIFICATION DATE.—It is not necessary that
10 the date of a certification of the authenticity or complete-
11 ness of a copy of a court order or an order of an adminis-
12 trative process established under State law for child sup-
13 port received by the Secretary concerned for the purposes
14 of this section be recent in relation to the date of receipt
15 by the Secretary.”; and

16 (3) in subsection (d)—

17 (A) in paragraph (1), by inserting after
18 the first sentence the following: “In the case of
19 a spouse or former spouse who, pursuant to
20 section 402(a)(9) of the Social Security Act (42
21 U.S.C. 602(26)), assigns to a State the rights
22 of the spouse or former spouse to receive sup-
23 port, the Secretary concerned may make the
24 child support payments referred to in the pre-

1 ceding sentence to that State in amounts con-
2 sistent with that assignment of rights.”; and

3 (B) by adding at the end the following new
4 paragraph:

5 “(6) In the case of a court order or an order of an
6 administrative process established under State law for
7 which effective service is made on the Secretary concerned
8 on or after the date of the enactment of this paragraph
9 and which provides for payments from the disposable re-
10 tired pay of a member to satisfy the amount of child sup-
11 port set forth in the order, the authority provided in para-
12 graph (1) to make payments from the disposable retired
13 pay of a member to satisfy the amount of child support
14 set forth in a court order or an order of an administrative
15 process established under State law shall apply to payment
16 of any amount of child support arrearages set forth in that
17 order as well as to amounts of child support that currently
18 become due.”.

19 **SEC. 465. MOTOR VEHICLE LIENS.**

20 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amend-
21 ed—

22 (1) by striking “(4)” and inserting “(4)(A)”;

23 and

24 (2) by adding at the end the following new sub-
25 paragraphs:

1 “(B) Procedures for placing liens for arrearages
2 of child support on motor vehicle titles of individuals
3 owing such arrearages equal to or exceeding 1
4 month of support (or other minimum amount set by
5 the State), under which—

6 “(i) any person owed such arrearages may
7 place such a lien;

8 “(ii) the State agency administering the
9 program under this part shall systematically
10 place such liens;

11 “(iii) expedited methods are provided for—

12 “(I) ascertaining the amount of ar-
13 rears;

14 “(II) affording the person owing the
15 arrears or other titleholder to contest the
16 amount of arrears or to obtain a release
17 upon fulfilling the support obligation;

18 “(iv) such a lien has precedence over all
19 other encumbrances on a vehicle title other than
20 a purchase money security interest; and

21 “(v) the individual or State agency owed
22 the arrears may execute on, seize, and sell the
23 property in accordance with State law.

24 “(C) Procedures under which—

1 “(i) liens arise by operation of law against
2 real and personal property for amounts of over-
3 due support owed by an absent parent who re-
4 sides or owns property in the State; and

5 “(ii) the State accords full faith and credit
6 to such liens which arise in another State, with-
7 out registration of the underlying order which is
8 the basis for such lien.”.

9 **SEC. 466. VOIDING OF FRAUDULENT TRANSFERS.**

10 Section 466(a) (42 U.S.C. 666(a)), as amended by
11 sections 401(a), 427(a), 431, and 434, is amended by add-
12 ing at the end the following new paragraph:

13 “(16) Procedures under which—

14 “(A) the State has in effect—

15 “(i) the Uniform Fraudulent Convey-
16 ance Act of 1981,

17 “(ii) the Uniform Fraudulent Trans-
18 fer Act of 1984, or

19 “(iii) another law, specifying indicia of
20 fraud which create a prima facie case that
21 a debtor transferred income or property to
22 avoid payment to a child support creditor,
23 which the Secretary finds affords com-
24 parable rights to child support creditors;
25 and

1 “(B) in any case in which the State knows
2 of a transfer by a child support debtor with re-
3 spect to which such a prima facie case is estab-
4 lished, the State must—

5 “(i) seek to void such transfer; or

6 “(ii) obtain a settlement in the best
7 interests of the child support creditor.”.

8 **SEC. 467. STATE LAW AUTHORIZING SUSPENSION OF LI-**
9 **CENSES.**

10 Section 466(a) (42 U.S.C. 666(a)), as amended by
11 sections 401(a), 427(a), 431, 434, and 466, is amended
12 by adding at the end the following new paragraph:

13 “(17) Procedures under which the State has
14 (and uses in appropriate cases) authority (subject to
15 appropriate due process safeguards) to withhold or
16 suspend, or to restrict the use of driver’s licenses,
17 professional and occupational licenses, and rec-
18 reational licenses of individuals owing overdue child
19 support or failing, after receiving appropriate notice,
20 to comply with subpoenas or warrants relating to
21 paternity or child support proceedings.”.

22 **SEC. 468. REPORTING ARREARAGES TO CREDIT BUREAUS.**

23 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
24 to read as follows:

1 “(7)(A) Procedures (subject to safeguards pur-
2 suant to subparagraph (B)) requiring the State to
3 report periodically to consumer reporting agencies
4 (as defined in section 603(f) of the Fair Credit Re-
5 porting Act (15 U.S.C. 1681a(f)) the name of any
6 absent parent who is delinquent in the payment of
7 support, and the amount of overdue support owed by
8 such parent.

9 “(B) Procedures ensuring that, in carrying out
10 subparagraph (A), information with respect to an
11 absent parent is reported—

12 “(i) only after such parent has been af-
13 forded all due process required under State law,
14 including notice and a reasonable opportunity
15 to contest the accuracy of such information;
16 and

17 “(ii) only to an entity that has furnished
18 evidence satisfactory to the State that the en-
19 tity is a consumer reporting agency.”.

20 **SEC. 469. EXTENDED STATUTE OF LIMITATION FOR COL-**
21 **LECTION OF ARREARAGES.**

22 (a) IN GENERAL.—Section 466(a)(9) (42 U.S.C.
23 666(a)(9)) is amended—

24 (1) by redesignating subparagraphs (A), (B),
25 and (C) as clauses (i), (ii), and (iii), respectively;

1 (2) by striking “(9)” and inserting “(9)(A)”;
2 and

3 (3) by adding at the end the following new sub-
4 paragraph:

5 “(B) Procedures under which the statute of
6 limitations on any arrearages of child support ex-
7 tends at least until the child owed such support is
8 30 years of age.”.

9 (b) APPLICATION OF REQUIREMENT.—The amend-
10 ment made by this section shall not be interpreted to re-
11 quire any State law to revive any payment obligation
12 which had lapsed prior to the effective date of such State
13 law.

14 **SEC. 470. CHARGES FOR ARREARAGES.**

15 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
16 U.S.C. 666(a)), as amended by sections 401(a), 427(a),
17 431, 434, 466, and 467, is amended by adding at the end
18 the following new paragraph:

19 “(18) Procedures providing for the calculation
20 and collection of interest or penalties for arrearages
21 of child support, and for distribution of such interest
22 or penalties collected for the benefit of the child (ex-
23 cept where the right to support has been assigned to
24 the State).”.

1 (b) REGULATIONS.—The Secretary of Health and
2 Human Services shall establish by regulation a rule to re-
3 solve choice of law conflicts arising in the implementation
4 of the amendment made by subsection (a).

5 (c) CONFORMING AMENDMENT.—Section 454(21)
6 (42 U.S.C. 654(21)) is repealed.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall be effective with respect to arrearages
9 accruing on or after October 1, 1998.

10 **SEC. 471. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
11 **CHILD SUPPORT.**

12 (a) HHS CERTIFICATION PROCEDURE.—

13 (1) SECRETARIAL RESPONSIBILITY.—Section
14 452 (42 U.S.C. 652), as amended by sections
15 415(a)(3) and 417, is amended by adding at the end
16 the following new subsection:

17 “(l)(1) If the Secretary receives a certification by a
18 State agency in accordance with the requirements of sec-
19 tion 454(29) that an individual owes arrearages of child
20 support in an amount exceeding \$5,000 or in an amount
21 exceeding 24 months’ worth of child support, the Sec-
22 retary shall transmit such certification to the Secretary
23 of State for action (with respect to denial, revocation, or
24 limitation of passports) pursuant to section 471(b) of the
25 Interstate Child Support Responsibility Act of 1995.

1 “(2) The Secretary shall not be liable to an individual
2 for any action with respect to a certification by a State
3 agency under this section.”.

4 (2) STATE CHILD SUPPORT ENFORCEMENT
5 AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C.
6 654), as amended by sections 404(a), 405, 414(b),
7 422(a), and 423(a) is amended—

8 (A) by striking “and” at the end of para-
9 graph (28);

10 (B) by striking the period at the end of
11 paragraph (29) and inserting “; and”; and

12 (C) by adding after paragraph (29) the fol-
13 lowing new paragraph:

14 “(30) provide that the State agency will have in
15 effect a procedure (which may be combined with the
16 procedure for tax refund offset under section 464)
17 for certifying to the Secretary, for purposes of the
18 procedure under section 452(l) (concerning denial of
19 passports) determinations that individuals owe ar-
20 rearages of child support in an amount exceeding
21 \$5,000 or in an amount exceeding 24 months’ worth
22 of child support, under which procedure—

23 “(A) each individual concerned is afforded
24 notice of such determination and the con-

1 sequences thereof, and an opportunity to con-
2 test the determination; and

3 “(B) the certification by the State agency
4 is furnished to the Secretary in such format,
5 and accompanied by such supporting docu-
6 mentation, as the Secretary may require.”.

7 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL
8 OF PASSPORTS.—

9 (1) IN GENERAL.—The Secretary of State,
10 upon certification by the Secretary of Health and
11 Human Services, in accordance with section 452(l)
12 of the Social Security Act, that an individual owes
13 arrearages of child support in excess of \$5,000 or in
14 an amount exceeding 24 months’ worth of child sup-
15 port, shall refuse to issue a passport to such individ-
16 ual, and may revoke, restrict, or limit a passport is-
17 sued previously to such individual.

18 (2) LIMIT ON LIABILITY.—The Secretary of
19 State shall not be liable to an individual for any ac-
20 tion with respect to a certification by a State agency
21 under this section.

22 (c) EFFECTIVE DATE.—This section and the amend-
23 ments made by this section shall become effective October
24 1, 1996.

1 **SEC. 472. INTERNATIONAL CHILD SUPPORT ENFORCE-**
2 **MENT.**

3 (a) SENSE OF THE CONGRESS THAT THE UNITED
4 STATES SHOULD RATIFY THE UNITED NATIONS CON-
5 VENTION OF 1956.—It is the sense of the Congress that
6 the United States should ratify the United Nations Con-
7 vention of 1956.

8 (b) TREATMENT OF INTERNATIONAL CHILD SUP-
9 PORT CASES AS INTERSTATE CASES.—Section 454 (42
10 U.S.C. 654), as amended by sections 404(a), 405, 414(b),
11 422(a), 423(a), and 471(a)(2), is amended—

12 (1) by striking “and” at the end of paragraph
13 (29);

14 (2) by striking the period at the end of para-
15 graph (30) and inserting “; and”; and

16 (3) by inserting after paragraph (30) the fol-
17 lowing new paragraph:

18 “(31) provide that the State must treat inter-
19 national child support cases in the same manner as
20 the State treats interstate child support cases under
21 the plan.”.

PART VIII—MEDICAL SUPPORT**SEC. 481. TECHNICAL CORRECTION TO ERISA DEFINITION
OF MEDICAL CHILD SUPPORT ORDER.**

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking “issued by a court of competent jurisdiction”;

(2) in clause (ii) by striking the period and inserting a comma; and

(3) by adding after clause (ii), the following flush left language:

“if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued by an administrative adjudicator and has the force and effect of law under applicable State law.”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall become effective on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—

(A) IN GENERAL.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be

1 made before the first plan year beginning on or
2 after January 1, 1996, if—

3 (i) during the period after the date
4 before the date of the enactment of this
5 Act and before such first plan year, the
6 plan is operated in accordance with the re-
7 quirements of the amendments made by
8 this section; and

9 (ii) such plan amendment applies
10 retroactively to the period after the date
11 before the date of the enactment of this
12 Act and before such first plan year.

13 (B) NO FAILURE FOR COMPLIANCE WITH
14 THIS PARAGRAPH.—A plan shall not be treated
15 as failing to be operated in accordance with the
16 provisions of the plan merely because it oper-
17 ates in accordance with this paragraph.

18 **PART IX—ACCESS AND VISITATION PROGRAMS**

19 **SEC. 491. GRANTS TO STATES FOR ACCESS AND VISITATION**
20 **PROGRAMS.**

21 Part D of title IV is amended by adding at the end
22 the following new section:

23 “GRANTS TO STATES FOR ACCESS AND VISITATION
24 PROGRAMS

25 “SEC. 469A. (a) PURPOSES; AUTHORIZATION OF AP-
26 PROPRIATIONS.—For purposes of enabling States to es-

1 tablish and administer programs to support and facilitate
2 absent parents' access to and visitation of their children,
3 by means of activities including mediation (both voluntary
4 and mandatory), counseling, education, development of
5 parenting plans, visitation enforcement (including mon-
6 itoring, supervision, and neutral drop-off and pickup), and
7 development of guidelines for visitation and alternative
8 custody arrangements, there are authorized to be appro-
9 priated \$5,000,000 for each of fiscal years 1996 and
10 1997, and \$10,000,000 for each succeeding fiscal year.

11 “(b) PAYMENTS TO STATES.—

12 “(1) IN GENERAL.—Each State shall be enti-
13 tled to payment under this section for each fiscal
14 year in an amount equal to its allotment under sub-
15 section (c) for such fiscal year, to be used for pay-
16 ment of 90 percent of State expenditures for the
17 purposes specified in subsection (a).

18 “(2) SUPPLEMENTARY USE.—Payments under
19 this section shall be used by a State to supplement
20 (and not to substitute for) expenditures by the
21 State, for activities specified in subsection (a), at a
22 level at least equal to the level of such expenditures
23 for fiscal year 1994.

24 “(c) ALLOTMENTS TO STATES.—

1 “(1) IN GENERAL.—For purposes of subsection
2 (b), each State shall be entitled (subject to para-
3 graph (2)) to an amount for each fiscal year bearing
4 the same ratio to the amount authorized to be ap-
5 propriated pursuant to subsection (a) for such fiscal
6 year as the number of children in the State living
7 with only 1 biological parent bears to the total num-
8 ber of such children in all States.

9 “(2) MINIMUM ALLOTMENT.—Allotments to
10 States under paragraph (1) shall be adjusted as nec-
11 essary to ensure that no State is allotted less than
12 \$50,000 for fiscal year 1996 or 1997, or \$100,000
13 for any succeeding fiscal year.

14 “(d) FEDERAL ADMINISTRATION.—The program
15 under this section shall be administered by the Adminis-
16 tration for Children and Families.

17 “(e) STATE PROGRAM ADMINISTRATION.—

18 “(1) IN GENERAL.—Each State may administer
19 the program under this section directly or through
20 grants to or contracts with courts, local public agen-
21 cies, or non-profit private entities.

22 “(2) STATEWIDE PLAN PERMISSIBLE.—State
23 programs under this section may, but need not, be
24 statewide.

1 (2) PHASEDOWN PERIOD.—Each State imple-
2 menting a demonstration project under this section
3 shall—

4 (A) phase out activities under such dem-
5 onstration during the final two years of the
6 project; and

7 (B) obtain the Secretary’s approval, before
8 the beginning of such phasedown period, of a
9 plan for accomplishing such phasedown.

10 (c) CONSIDERATIONS IN SELECTION OF PROJECTS.—

11 (1) SCOPE.—Projects under this section may,
12 but need not, be statewide in scope.

13 (2) STATE ADMINISTRATION.—

14 (A) RESPONSIBLE STATE AGENCY.—A
15 State demonstration project under this section
16 shall be administered either by the State agency
17 administering the program under title IV–D of
18 the Social Security Act or the State department
19 of revenue and taxation.

20 (B) AUTOMATION.—The State agency de-
21 scribed in subparagraph (A) shall operate (or
22 have automated access to) the automated data
23 system required under section 454(16) of the
24 Social Security Act, and shall have adequate
25 automated capacity to carry out the project

1 under this section (including the timely dis-
2 tribution of child support assurance benefits).

3 (3) CONTROLS.—At least one demonstration
4 project under this section shall include randomly as-
5 signed control groups.

6 (d) ELIGIBILITY.—

7 (1) IN GENERAL.—Child support assurance
8 payments under projects under this section shall be
9 available only to children for whom paternity and
10 support obligations have been established (or with
11 respect to whom a determination has been made
12 that efforts to establish paternity or support would
13 not be in the best interests of the child).

14 (2) FAMILIES WITH SHARED CUSTODY.—In
15 cases where both parents share custody of a child,
16 a parent and child shall not be eligible for benefits
17 under a demonstration under this section unless—

18 (A) a support order is in effect entitling
19 such parent to support payments in excess of
20 the minimum benefit; or

21 (B) the agency or tribunal which issued
22 the order certifies that the child support award
23 would be below such minimum benefit if either
24 parent was awarded sole custody and the guide-
25 lines under section 467 were applied.

1 (3) STATE OPTION TO BASE ELIGIBILITY ON
2 NEED.—At State option, eligibility for benefits
3 under a demonstration under this section may be
4 limited to families with incomes and resources below
5 a standard of need established by the State.

6 (f) BENEFIT AMOUNTS.—

7 (1) RANGE OF BENEFIT LEVELS.—States shall
8 have flexibility to set annual benefit levels under
9 demonstrations under this section, provided that
10 (subject to the remaining provisions of this sub-
11 section) such levels—

12 (A) are not lower than \$1,500 for a family
13 with one child or \$3,000 for a family with four
14 or more children; and

15 (B) are not higher than \$3,000 for a fam-
16 ily with one child or \$4,500 for a family with
17 four or more children;

18 (2) INDEXING.—Annual benefit levels for each
19 fiscal year after fiscal year 1996 shall be indexed to
20 reflect the change in the Consumer Price Index.

21 (3) UNMATCHED EXCESS BENEFITS.—The Sec-
22 retary may permit States to pay benefits higher than
23 a maximum specified in paragraphs (1) and (2), but
24 Federal matching of such payments shall not be
25 available for benefits in excess of the amounts speci-

1 fied in paragraph (1) (as adjusted in accordance
2 with paragraph (2)) by more than \$25 per month.

3 (g) TREATMENT OF BENEFITS.—

4 (1) FOR PURPOSES OF TRANSITIONAL AID.—

5 The amount of aid otherwise payable to a family
6 under title IV–A of the Social Security Act shall be
7 reduced by an amount equal to the amount of child
8 support assurance paid to such family (or, at the
9 Secretary’s discretion, by a percentage of such
10 amount paid specified by the Secretary).

11 (2) TREATMENT OF BENEFITS FOR PURPOSES
12 OF OTHER BENEFIT PROGRAMS.—

13 (A) IN GENERAL.—Except as provided in
14 subparagraph (B), child support assurance paid
15 to a family shall be considered ordinary income
16 for purposes of determining eligibility for and
17 benefits under any Federal or State program.

18 (B) DEEMED TRANSITIONAL AID ELIGI-
19 BILITY.—At State option, a child (or family)
20 that is ineligible for aid under title IV–A of the
21 Social Security Act because of payments under
22 a demonstration under this section may be
23 deemed to be receiving such aid for purposes of
24 determining eligibility for other Federal and
25 State programs.

1 (3) FOR TAX PURPOSES.—Child support assur-
2 ance which is paid to a family under this section and
3 is not reimbursed from a child support collection
4 from a noncustodial parent shall be considered ordi-
5 nary income for purposes of Federal and State tax
6 liability.

7 (h) WORK PROGRAM OPTION.—At the option of the
8 State grantee, a demonstration under this section may in-
9 clude a work program for unemployed noncustodial par-
10 ents of eligible children.

11 (i) AVAILABILITY OF APPROPRIATIONS FOR PAY-
12 MENTS TO STATES.—

13 (1) STATE ENTITLEMENT TO IV-D FUNDING.—
14 A State administering an approved demonstration
15 under this section in a calendar quarter shall be en-
16 titled to payments for such quarter, pursuant to sec-
17 tion 455 of the Social Security Act for the Federal
18 share of reasonable and necessary expenditures (in-
19 cluding expenditures for benefit payments and for
20 associated administrative costs) under such project,
21 in an amount (subject to paragraphs (2) and (3))
22 equal to—

23 (A) with respect to that portion of such ex-
24 penditures equal to the reduction of expendi-
25 tures under title IV-A of the Social Security

1 Act pursuant to subsection (g)(1), a percentage
2 equal to the percentage that would have been
3 paid if such expenditures had been made under
4 such title IV–A; and

5 (B) 90 percent of the remainder of such
6 expenditures.

7 (2) STATES WITH LOW TRANSITIONAL AID BEN-
8 EFITS.—In the case of a State in which benefit lev-
9 els under title IV–A of the Social Security Act are
10 below the national median for such payments, the
11 Secretary may elect to provide 90 percent Federal
12 matching of a portion of expenditures under a
13 project under this section that would otherwise be
14 matched at the rate specified in paragraph (1)(A).

15 (3) FUNDING LIMITS; PRO RATA REDUCTIONS
16 OF STATE MATCHING.—

17 (A) FUNDS AVAILABLE.—There shall be
18 available to the Secretary, from amounts appro-
19 priated to carry out part D of title IV of the
20 Social Security Act, for purposes of carrying
21 out demonstrations under this section, amounts
22 not to exceed—

23 (i) \$27,000,000 for fiscal year 1997;

24 (ii) \$55,000,000 for fiscal year 1998;

1 (iii) \$70,000,000 for each of fiscal
2 years 1999 through 2002; and

3 (iv) \$55,000,000 for fiscal year 2003.

4 (B) PRO RATA REDUCTIONS.—The Sec-
5 retary shall make pro rata reductions in the
6 amounts otherwise payable to States under this
7 section as necessary to comply with the funding
8 limitation specified in subparagraph (A).

9 (j) DISTRIBUTION OF CHILD SUPPORT COLLEC-
10 TIONS.—Notwithstanding section 457 of the Social Secu-
11 rity Act, support payments collected from the noncustodial
12 parent of a child receiving (or who has received) child sup-
13 port assurance payments under this section shall be dis-
14 tributed as follows:

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

17 (2) second, from any remainder, amounts owed
18 to the State on account of child support assurance
19 payments to the family shall be paid to the State
20 (with appropriate reimbursement to the Federal
21 Government of its share to such payments);

22 (3) third, from any remainder, arrearages of
23 support owed to the family shall be paid to the fam-
24 ily; and

1 (4) fourth, from any remainder, amounts owed
2 to the State on account of current or past payments
3 of aid under title IV–A of the Social Security Act
4 shall be paid to the State (with appropriate reim-
5 bursement to the Federal Government of its share of
6 such payments).

7 (k) EVALUATIONS AND REPORTS.—

8 (1) STATE EVALUATIONS.—Each State admin-
9 istering a demonstration project under this section
10 shall—

11 (A) provide for ongoing and retrospective
12 evaluation of the project, meeting such condi-
13 tions and standards as the Secretary may re-
14 quire; and

15 (B) submit to the Secretary such reports
16 (at such times, in such format, and containing
17 such information) as the Secretary may require,
18 including at least an interim report not later
19 than 90 days after the end of the fourth year
20 of the project, and a final report not later than
21 one year after the completion of the project,
22 which shall include information on and analysis
23 of the effect of the project with respect to—

24 (i) the economic circumstances of both
25 noncustodial and custodial parents;

- 1 (ii) the rate of compliance by
2 noncustodial parents with support orders;
- 3 (iii) work-force participation by both
4 custodial and noncustodial parents;
- 5 (iv) the need for or amount of transi-
6 tional aid to families with needy children
7 under title IV-A of the Social Security
8 Act;
- 9 (v) paternity establishment rates; and
10 (vi) any other matters the Secretary
11 may specify.

12 (2) REPORTS TO CONGRESS.—The Secretary
13 shall, on the basis of reports received from States
14 administering projects under this section, make the
15 following reports, containing an assessment of the
16 effectiveness of the projects and any recommenda-
17 tions the Secretary considers appropriate:

18 (A) an interim report, not later than 6
19 months following receipt of the interim State
20 reports required by paragraph (1)(B); and

21 (B) a final report, not later than 6 months
22 following receipt of the final State reports re-
23 quired under such paragraph.

24 (3) FUNDING FOR COSTS TO SECRETARY.—
25 There are authorized to be appropriated

1 \$10,000,000 for fiscal year 1997, to remain avail-
2 able until expended, for payment of the cost of eval-
3 uations by the Secretary of the demonstrations car-
4 ried out under this section.

5 **Subtitle C—Demonstration Projects To Provide Services to Cer-**
6 **tain Noncustodial Parents**

8 **SEC. 495. ESTABLISHMENT OF DEMONSTRATION PROJECTS**
9 **FOR PROVIDING SERVICES TO CERTAIN**
10 **NONCUSTODIAL PARENTS.**

11 (a) IN GENERAL.—The Secretary of Health and
12 Human Services (hereafter in this section referred to as
13 the “Secretary”) shall make grants to not more than 5
14 States to conduct demonstration projects in accordance
15 with subsection (b) for the purpose of providing services
16 to noncustodial parents who are unable to meet child
17 support obligations due to unemployment or
18 underemployment.

19 (b) REQUIREMENTS OF PROJECT.—A project con-
20 ducted in accordance with this subsection shall provide
21 noncustodial parents who are unable to meet child support
22 obligations due to unemployment or underemployment
23 with the following services:

24 (1) Assessment of job readiness.

1 (2) Referrals to job training and education pro-
2 grams.

3 (3) Court monitored job search.

4 (4) Court ordered participation in State work
5 programs or other specialized employment programs.

6 (5) Technical assistance and information and
7 interpretation of legal proceedings.

8 (6) Information dissemination and referrals to
9 other available services.

10 (7) Other services determined by the State.

11 (c) APPLICATIONS.—Each State desiring to conduct
12 a demonstration project under this section shall prepare
13 and submit to the Secretary an application at such time,
14 in such manner, and containing such information as the
15 Secretary may require.

16 (d) REPORTS.—A State that conducts a demonstra-
17 tion project under this section shall prepare and submit
18 to the Secretary annual and final reports in such form
19 and containing such information as the Secretary may
20 require.

21 (e) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated \$1,000,000 for each of
23 fiscal years 1997 through 1999 for the purpose of con-
24 ducting demonstration projects in accordance with this
25 section.

1 **Subtitle D—Severability**

2 **SEC. 496. SEVERABILITY.**

3 If any provision of subtitle A or the application there-
4 of to any person or circumstance is held invalid, the inva-
5 lidity shall not affect other provisions or applications of
6 subtitle A which can be given effect without regard to the
7 invalid provision or application, and to this end the provi-
8 sions of subtitle A shall be severable.

9 **TITLE V—TRANSITIONAL**
10 **MEDICAID**

11 **SEC. 501. STATE OPTION TO EXTEND TRANSITIONAL MED-**
12 **ICAID BENEFITS.**

13 (a) OPTIONAL EXTENSION OF MEDICAID ENROLL-
14 MENT FOR FORMER TRANSITIONAL AID PROGRAM RE-
15 CIPIENTS FOR 1 ADDITIONAL YEAR.—

16 (1) IN GENERAL.—Section 1925(b)(1) (42
17 U.S.C. 1396r-6(b)(1)) is amended by striking the
18 period at the end and inserting the following: “, and
19 may provide that the State may offer to each such
20 family the option of extending coverage under this
21 subsection for any of the first 2 succeeding 6-month
22 periods, in the same manner and under the same
23 conditions as the option of extending coverage under
24 this subsection for the first succeeding 6-month
25 period.”.

1 (2) CONFORMING AMENDMENTS.—

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

4 (i) in subsection (b)—

5 (I) in the heading, by striking
6 “EXTENSION” and inserting “EXTEN-
7 SIONS”;

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

11 (III) in paragraph (2)(B)(ii)—

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

15 (bb) by striking “in the pe-
16 riod” and inserting “in each of
17 the 6-month periods”;

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

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

24 (VI) in paragraph (5)(D)(i), by
25 striking “is a 3-month period” and all

1 that follows and inserting the follow-
2 ing: “is, with respect to a particular
3 6-month additional extension period
4 provided under this subsection, a 3-
5 month period beginning with the 1st
6 or 4th month of such extension pe-
7 riod.”; and

8 (ii) by striking subsection (f).

9 (B) FAMILY SUPPORT ACT.—Section
10 303(f)(2) of the Family Support Act of 1988
11 (42 U.S.C. 602 note) is amended—

12 (i) by striking “(A)”;

13 (ii) by striking subparagraphs (B) and

14 (C).

15 (b) EFFECTIVE DATE.—

16 (1) IN GENERAL.—Except as provided in para-
17 graph (2), the amendments made by subsection (a)
18 shall apply to calendar quarters beginning on or
19 after October 1, 1996, without regard to whether
20 final regulations to carry out such amendments have
21 been promulgated by such date.

22 (2) WHEN STATE LEGISLATION IS REQUIRED.—

23 In the case of a State plan for medical assistance
24 under title XIX of the Social Security Act which the
25 Secretary of Health and Human Services determines

1 requires State legislation (other than legislation ap-
2 propriating funds) in order for the plan to meet the
3 additional requirements imposed by the amendments
4 made by subsection (a), the State plan shall not be
5 regarded as failing to comply with the requirements
6 of such title solely on the basis of its failure to meet
7 these additional requirements before the first day of
8 the first calendar quarter beginning after the close
9 of the first regular session of the State legislature
10 that begins after the date of the enactment of this
11 Act. For purposes of the previous sentence, in the
12 case of a State that has a 2-year legislative session,
13 each year of such session shall be deemed to be a
14 separate regular session of the State legislature.

15 **TITLE VI—TEENAGE**
16 **PREGNANCY PREVENTION**

17 **SEC. 601. SUPERVISED LIVING ARRANGEMENTS FOR MI-**
18 **NORS.**

19 Section 402(a) (42 U.S.C. 602(a)), as amended by
20 section 101, is amended by adding at the end the following
21 new paragraph:

22 “(13) RESIDENCY REQUIREMENT FOR TEENAGE
23 PARENTS.—The State plan shall provide that—

24 “(A) IN GENERAL.—Except as provided in
25 subparagraph (B)(i), in the case of any individ-

1 ual who is under the age of 18 and has never
2 married, and who has a dependent child in his
3 or her care (or is pregnant and is eligible for
4 transitional aid to families with needy children
5 under the State plan)—

6 “(i) such individual may receive tran-
7 sitional aid to families with needy children
8 under the plan for the individual and such
9 child (or for the individual if the individual
10 is a pregnant woman) only if such individ-
11 ual and child (or such pregnant woman)
12 reside in a place of residence maintained
13 by a parent, legal guardian, or other adult
14 relative of such individual as such parent’s,
15 guardian’s, or adult relative’s own home;
16 and

17 “(ii) such aid (where possible) shall be
18 provided to the parent, legal guardian, or
19 other adult relative on behalf of such indi-
20 vidual and child.

21 “(B) EXCEPTION.—

22 “(i) ASSISTANCE IN LOCATING ADULT-
23 SUPERVISED LIVING ARRANGEMENT.—In
24 the case of an individual described in
25 clause (ii)—

1 “(I) the State agency shall assist
2 such individual in locating an appro-
3 priate adult-supervised supportive liv-
4 ing arrangement taking into consider-
5 ation the needs and concerns of the
6 individual, unless the State agency de-
7 termines that the individual’s current
8 living arrangement is appropriate, and
9 thereafter shall require that the indi-
10 vidual (and child, if any) reside in
11 such living arrangement as a condi-
12 tion of the continued receipt of aid
13 under the plan (or in an alternative
14 appropriate arrangement, should cir-
15 cumstances change and the current
16 arrangement cease to be appropriate),
17 or

18 “(II) if the State agency is un-
19 able, after making diligent efforts, to
20 locate any such appropriate living ar-
21 rangement, it shall provide for com-
22 prehensive case management, monitor-
23 ing, and other social services consist-
24 ent with the best interests of the indi-

1 vidual (and child) while living inde-
2 pendently.

3 “(ii) INDIVIDUAL DESCRIBED.—For
4 purposes of clause (i), an individual is de-
5 scribed in this clause if—

6 “(I) such individual has no par-
7 ent or legal guardian of his or her
8 own who is living and whose where-
9 abouts are known;

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

14 “(III) the State agency deter-
15 mines that the physical or emotional
16 health of such individual or any de-
17 pendent child of the individual would
18 be jeopardized if such individual and
19 such dependent child lived in the same
20 residence with such individual’s own
21 parent or legal guardian; or

22 “(IV) the State agency otherwise
23 determines (in accordance with regu-
24 lations issued by the Secretary) that it
25 is in the best interest of the depend-

1 ent child to waive the requirement of
2 subparagraph (A) with respect to such
3 individual.”.

4 **SEC. 602. REINFORCING FAMILIES.**

5 (a) IN GENERAL.—Title XX (42 U.S.C. 1397–
6 1397e) is amended by adding at the end the following new
7 section:

8 **“SEC. 2008. SECOND CHANCE HOUSES.**

9 “(a) ENTITLEMENT.—

10 “(1) IN GENERAL.—In addition to any payment
11 under sections 2002 and 2007, beginning with fiscal
12 year 1996, each State shall be entitled to funds
13 under this section for each fiscal year for the estab-
14 lishment, operation, and support of second chance
15 houses for custodial parents under the age of 19 and
16 their children.

17 “(2) PAYMENT TO STATES.—

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

24 “(B) TRANSFERS OF FUNDS.—The Sec-
25 retary shall make payments in accordance with

1 section 6503 of title 31, United States Code, to
2 each State from its allotment for use under this
3 title.

4 “(C) USE.—Payments to a State from its
5 allotment for any fiscal year must be expended
6 by the State in such fiscal year or in the suc-
7 ceeding fiscal year.

8 “(D) TECHNICAL ASSISTANCE.—A State
9 may use a portion of the amounts described in
10 subparagraph (A) for the purpose of purchasing
11 technical assistance from public or private enti-
12 ties if the State determines that such assistance
13 is required in developing, implementing, or ad-
14 ministering the program funded under this sec-
15 tion.

16 “(3) SECOND CHANCE HOUSES.—For purposes
17 of this section, the term ‘second chance houses’
18 means an entity that provides custodial parents
19 under the age of 19 and their children with a sup-
20 portive and supervised living arrangement in which
21 such parents would be required to learn parenting
22 skills, including child development, family budgeting,
23 health and nutrition, and other skills to promote
24 their long-term economic independence and the well-
25 being of their children. A second chance house may

1 also serve as a network center for other supportive
2 services that might be available in the community.

3 “(b) ALLOTMENT.—

4 “(1) CERTAIN JURISDICTIONS.—The allotment
5 for any fiscal year to each of the jurisdictions of
6 Puerto Rico, Guam, the Virgin Islands, American
7 Samoa, and the Northern Mariana Islands shall be
8 an amount which bears the same ratio to the
9 amount specified under paragraph (3) as the allot-
10 ment that the jurisdiction receives under section
11 2003(a) for the fiscal year bears to the total amount
12 specified for such fiscal year under section 2003(c).

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

18 “(A) the amount specified under para-
19 graph (3); reduced by

20 “(B) the total amount allotted to those ju-
21 risdictions for that fiscal year under paragraph

22 (1),

23 as the allotment that the State receives under sec-
24 tion 2003(b) for the fiscal year bears to the total

1 amount specified for such fiscal year under section
2 2003(c).

3 “(3) AMOUNT SPECIFIED.—The amount speci-
4 fied for purposes of paragraphs (1) and (2) shall be
5 \$40,000,000 for fiscal year 1996 and each subse-
6 quent fiscal year.

7 “(c) LOCAL INVOLVEMENT.—Each State shall seek
8 local involvement from the community in any area in
9 which a second chance house receiving funds pursuant to
10 this section is to be established. In determining criteria
11 for targeting funds received under this section, each State
12 shall evaluate the community’s commitment to the estab-
13 lishment and planning of the house.

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

15 “(1) CONSTRUCTION.—Except as provided in
16 paragraph (2), funds made available under this sec-
17 tion may not be used by the State, or any other per-
18 son with which the State makes arrangements to
19 carry out the purposes of this section, for the pur-
20 chase or improvement of land, or the purchase, con-
21 struction, or permanent improvement (other than
22 minor remodeling) of any building or other facility.

23 “(2) WAIVER.—The Secretary may waive the
24 limitation contained in paragraph (1) upon the
25 State’s request for such a waiver if the Secretary

1 finds that the request describes extraordinary cir-
2 cumstances to justify the waiver and that permitting
3 the waiver will contribute to the State's ability to
4 carry out the purposes of this section.

5 “(e) TREATMENT OF INDIAN TRIBES.—

6 “(1) IN GENERAL.—An Indian tribe may apply
7 to the Secretary to establish, operate, and support
8 adult-supervised group homes for custodial parents
9 under the age of 19 and their children in accordance
10 with an application procedure to be determined by
11 the Secretary. Except as otherwise provided in this
12 subsection, the provisions of this section shall apply
13 to Indian tribes receiving funds under this sub-
14 section in the same manner and to the same extent
15 as the other provisions of this section apply to
16 States.

17 “(2) ALLOTMENT.—If the Secretary approves
18 an Indian tribe's application, the Secretary shall
19 allot to such tribe for a fiscal year an amount which
20 the Secretary determines is the Indian tribe's fair
21 and equitable share of the amount specified under
22 paragraph (3) for all Indian tribes with applications
23 approved under this subsection (based on allotment
24 factors to be determined by the Secretary). The Sec-
25 retary shall determine a minimum allotment amount

1 for all Indian tribes with applications approved
2 under this subsection. Each Indian tribe with an ap-
3 plication approved under this subsection shall be en-
4 titled to such minimum allotment.

5 “(3) AMOUNT SPECIFIED.—The amount speci-
6 fied under this paragraph for all Indian tribes with
7 applications approved under this subsection is
8 \$5,000,000 for fiscal year 1996 and each subsequent
9 fiscal year.

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

17 (b) RECEIPT OF PAYMENTS BY SECOND CHANCE
18 HOUSES.—Section 402(a)(13)(A)(ii), as added by section
19 601, is amended by striking “or other adult relative” and
20 inserting “other adult relative, or second chance house re-
21 ceiving funds under section 2008”.

22 (c) RECOMMENDATIONS ON USAGE OF GOVERNMENT
23 SURPLUS PROPERTY.—Not later than 6 months after the
24 date of the enactment of this Act, after consultation with
25 the Secretary of Defense, the Secretary of Housing and

1 Urban Development, and the Administrator of the General
2 Services Administration, the Secretary of Health and
3 Human Services shall submit recommendations to the
4 Congress on the extent to which surplus properties of the
5 United States Government may be used for the establish-
6 ment of second chance houses receiving funds under sec-
7 tion 2008 of the Social Security Act.

8 **SEC. 603. REQUIRED COMPLETION OF HIGH SCHOOL OR**
9 **OTHER TRAINING FOR TEENAGE PARENTS.**

10 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
11 602(a)), as amended by sections 101, 601, and 602, is
12 amended by adding at the end the following new para-
13 graph:

14 “(14) EDUCATIONAL REQUIREMENTS.—The
15 State plan shall provide the following educational re-
16 quirements:

17 “(A) CUSTODIAL PARENT UNDER 19
18 YEARS.—In the case of a custodial parent who
19 has not attained 19 years of age, has not suc-
20 cessfully completed a high-school education (or
21 its equivalent), and is required to participate in
22 the program (including an individual who would
23 otherwise be exempt from participation in the
24 program solely by reason of clause (i), (ii), or

1 (iii) of paragraph (11)(B)), the State agency
2 shall—

3 “(i) require such parent to participate
4 in—

5 “(I) educational activities di-
6 rected toward the attainment of a
7 high school diploma or its equivalent
8 on a full-time basis (as defined by the
9 educational provider); or

10 “(II) an alternative educational
11 or training program (that has been
12 approved by the Secretary) on a full-
13 time basis (as defined by the pro-
14 vider); and

15 “(ii) provide child care in accordance
16 with paragraph (5) with respect to the
17 family.

18 “(B) CUSTODIAL PARENT 19 YEARS OLD.—

19 “(i) IN GENERAL.—To the extent that
20 the program is available in the political
21 subdivision involved and State resources
22 otherwise permit, the State agency shall
23 require a custodial parent who would be
24 described in subparagraph (A), if that par-

1 ent is 19 years of age, to participate in an
2 educational activity described in clause (ii).

3 “(ii) TYPE OF EDUCATIONAL ACTIV-
4 ITY.—The State agency may require a par-
5 ent described in clause (i)—

6 “(I) to participate in educational
7 activities directed toward the attain-
8 ment of a high school diploma or its
9 equivalent on a full-time basis (as de-
10 fined by the educational provider); or

11 “(II) to participate in training or
12 work activities in lieu of the edu-
13 cational activities under subclause (I)
14 if such parent fails to make good
15 progress in successfully completing
16 such educational activities or if it is
17 determined (prior to any assignment
18 of the individual to such educational
19 activities) pursuant to an educational
20 assessment that participation in such
21 educational activities is inappropriate
22 for such parent.

23 “(C) EDUCATIONAL ACTIVITY CONSIDERED
24 PARTICIPATION IN PROGRAM.—

1 “(i) IN GENERAL.—If the parent or
2 other caretaker relative or any dependent
3 child in the family is attending in good
4 standing an institution of higher education
5 (as defined in section 481(a) of the Higher
6 Education Act of 1965 (20 U.S.C. 1088),
7 or a school or course of vocational or tech-
8 nical training (not less than half time) con-
9 sistent with the individual’s employment
10 goals, and is making satisfactory progress
11 in such institution, school, or course, at
12 the time he or she would otherwise com-
13 mence participation in the program under
14 this section, such attendance may, at the
15 State’s option, constitute satisfactory par-
16 ticipation in the program (by that care-
17 taker or child) so long as it continues and
18 is consistent with such goals.

19 “(ii) ADDITIONAL REQUIREMENTS.—
20 In addition to the requirements described
21 in clause (i)—

22 “(I) any other activities in which
23 an individual described in this sub-
24 paragraph participates may not be
25 permitted to interfere with the school

1 or training described in such clause;
2 and

3 “(II) the costs of such school or
4 training shall not constitute a feder-
5 ally reimbursable expense for purposes
6 of section 403, however the costs of
7 day care, transportation, and other
8 services which are necessary (as deter-
9 mined by the State agency) for such
10 attendance in accordance with para-
11 graph (5) are eligible for Federal re-
12 imbursement.”.

13 (b) STATE OPTION TO PROVIDE ADDITIONAL INCEN-
14 TIVES AND PENALTIES TO ENCOURAGE TEENAGE PAR-
15 ENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN
16 PARENTING ACTIVITIES.—

17 (1) STATE PLAN.—Section 402(a)(14)(A), as
18 added by subsection (a), is amended by adding at
19 the end the following new subparagraph:

20 “(D) INCENTIVES AND PENALTY PRO-
21 GRAM.—At the option of the State, some or all
22 custodial parents and pregnant women who
23 have not attained 19 years of age (or at the
24 State’s option, 21 years of age) and who are re-
25 ceiving aid under this part shall be required to

1 participate in a program of monetary incentives
2 and penalties for participation and completion
3 of a high school education (or equivalent) and
4 in parenting activities, consistent with sub-
5 section (f);”.

6 (2) ELEMENTS OF PROGRAM.—Section 402 (42
7 U.S.C. 602), as amended by section 101, is amended
8 by adding at the end the following new subsection:

9 “(f) INCENTIVES AND PENALTIES PROGRAM.—

10 “(1) IN GENERAL.—If a State opts to conduct
11 a program of incentives and penalties described in
12 subsection (a)(14)(D), the State shall amend its
13 State plan—

14 “(A) to specify the one or more political
15 subdivisions (or other clearly defined geographic
16 area or areas) in which the State will conduct
17 the program; and

18 “(B) to describe its program in detail.

19 “(2) PROGRAM DESCRIBED.—A program under
20 this subsection—

21 “(A) may, at the option of the State, re-
22 quire full-time participation by custodial par-
23 ents and pregnant women to whom the program
24 applies in secondary school or equivalent edu-
25 cational activities, or participation in a course

1 or program leading to a parenting skills certifi-
2 cate found appropriate by the State agency or
3 parenting education activities (or any combina-
4 tion of such activities and secondary education);

5 “(B) shall require that the needs of such
6 custodial parents and pregnant women shall be
7 reviewed and the program will ensure that, ei-
8 ther in the initial development or revision of
9 such individual’s employability plan, there will
10 be included a description of the services that
11 will be provided to the individual and the way
12 in which the program and service providers will
13 coordinate with the educational or skills train-
14 ing activities in which the individual is partici-
15 pating;

16 “(C) shall provide monetary incentives for
17 more than minimally acceptable performance of
18 required educational activities; and

19 “(D) shall provide penalties (which may be
20 those allowed by subsection (a)(1)(H) or other
21 monetary penalties that the State finds will bet-
22 ter achieve the objectives of the program) for
23 less than minimally acceptable performance of
24 required activities.

1 “(3) MONETARY INCENTIVE PAYABLE TO PAR-
2 ENT.—When a monetary incentive is payable be-
3 cause of the more than minimally acceptable per-
4 formance of required educational activities by a cus-
5 todial parent, the incentive shall be paid directly to
6 such parent, regardless of whether the State agency
7 makes payment of aid under the State plan directly
8 to such parent.

9 “(4) TREATMENT OF MONETARY INCENTIVE.—

10 “(A) IN GENERAL.—For purposes of this
11 part, monetary incentives paid under this sub-
12 section shall be considered transitional aid to
13 families with needy children.

14 “(B) TREATMENT UNDER OTHER FED-
15 ERAL PROGRAMS.—For purposes of any other
16 Federal or federally-assisted program based on
17 need, no monetary incentive paid under this
18 subsection shall be considered income in deter-
19 mining a family’s eligibility for or amount of
20 benefits under such program, and if aid is re-
21 duced by reason of a penalty under this sub-
22 section, such other program shall treat the fam-
23 ily involved as if no such penalty has been
24 applied.

1 “(5) INFORMATION PROVIDED TO SEC-
2 RETARY.—The State agency shall from time to time
3 provide such information with respect to the State
4 operation of the program as the Secretary may
5 request.”.

6 **SEC. 604. TARGETING YOUTH AT RISK OF TEENAGE PREG-**
7 **NANCY.**

8 (a) IN GENERAL.—Section 402 of the Social Security
9 Act (42 U.S.C. 602), as amended by sections 101 and
10 603, is amended by adding at the end the following new
11 subsection:

12 “(g) REDUCTION IN TEENAGE PREGNANCY.—

13 “(1) IN GENERAL.—Each State agency may, to
14 the extent it determines resources are available, pro-
15 vide for the operation of projects to reduce teenage
16 pregnancy. Such projects shall be operated by eligi-
17 ble entities that have submitted applications de-
18 scribed in paragraph (3) that have been approved in
19 accordance with paragraph (4).

20 “(2) ELIGIBLE ENTITY.—For purposes of this
21 subsection, the term ‘eligible entity’ includes State
22 agencies, local agencies, publicly supported organiza-
23 tions, private nonprofit organizations, and consortia
24 of such entities.

1 “(3) APPLICATION DESCRIBED.—An application
2 described in this paragraph shall—

3 “(A) describe the project;

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

7 “(C) demonstrate strong local commitment
8 and local involvement in the planning and im-
9 plementation of the project; and

10 “(D) be submitted in such manner and
11 containing such information as the Secretary
12 may require.

13 “(4) APPROVAL OF APPLICATION.—

14 “(A) IN GENERAL.—Subject to subpara-
15 graph (B), the chief executive officer of a State
16 may approve an application under this para-
17 graph based on selection criteria to be deter-
18 mined by such chief executive officer.

19 “(B) PREFERENCES IN APPROVING
20 PROJECTS.—Preference in approving a project
21 shall be accorded to projects that target—

22 “(i) both young men and women;

23 “(ii) areas with high teenage preg-
24 nancy rates; or

1 “(iii) areas with a high incidence of
2 individuals receiving transitional aid to
3 families with needy children.

4 “(5) INDIAN TRIBES.—

5 “(A) IN GENERAL.—An Indian tribe may
6 apply to the Secretary to provide for the oper-
7 ation of projects to reduce teenage pregnancy in
8 accordance with an application procedure to be
9 determined by the Secretary. Except as other-
10 wise provided in this subsection, the provisions
11 of this section shall apply to Indian tribes re-
12 ceiving funds under this subsection in the same
13 manner and to the same extent as the other
14 provisions of this section apply to States.

15 “(B) INDIAN TRIBE DEFINED.—For pur-
16 poses of this subsection, the term ‘Indian tribe’
17 means any Indian tribe, band, nation, pueblo,
18 or other organized group or community, includ-
19 ing any Alaska Native entity which is recog-
20 nized as eligible for the special programs and
21 services provided by the United States to In-
22 dian tribes because of their status as Indians.

23 “(6) TERM OF PROJECTS.—A project conducted
24 under this subsection shall be conducted for not less
25 than 3 years.

1 “(7) STUDY.—

2 “(A) IN GENERAL.—The Secretary shall
3 conduct a study in accordance with subpara-
4 graph (B) to determine the relative effective-
5 ness of the different approaches for preventing
6 teenage pregnancy utilized in the projects con-
7 ducted under this subsection.

8 “(B) STUDY REQUIREMENTS.—The study
9 required under subparagraph (A) shall—

10 “(i) be based on data gathered from
11 projects conducted in 5 States chosen by
12 the Secretary from among the States in
13 which projects under this subsection are
14 operated;

15 “(ii) use specific outcome measures
16 (determined by the Secretary) to test the
17 effectiveness of the projects;

18 “(iii) use experimental and control
19 groups (to the extent possible) that are
20 composed of a random sample of partici-
21 pants in the projects; and

22 “(iv) be conducted in accordance with
23 an experimental design determined by the
24 Secretary to result in a comparable design
25 among all projects.

1 “(C) INTERIM AND ANNUAL REPORTS.—
2 Each eligible entity conducting a project under
3 this subsection shall provide to the Secretary, in
4 such form and with such frequency as the Sec-
5 retary requires, interim data from the projects
6 conducted under this subsection. The Secretary
7 shall report to the Congress annually on the
8 progress of such projects and shall, not later
9 than January 1, 2003, submit to the Congress
10 a report on the study required under subpara-
11 graph (A).

12 “(D) AUTHORIZATION.—There are author-
13 ized to be appropriated \$500,000 for each of
14 fiscal years 1996 through 2001 for the purpose
15 of conducting the study required under sub-
16 paragraph (A).”.

17 (b) PAYMENT.—Section 403 of the Social Security
18 Act (42 U.S.C. 603), as amended by section 101, is
19 amended by adding at the end the following new sub-
20 section:

21 “(e) PAYMENTS FOR REDUCING TEENAGE PREG-
22 NANCY.—

23 “(1) IN GENERAL.—In addition to any payment
24 under subsection (a), each State shall be entitled to
25 payment from the Secretary for each of fiscal years

1 1996 through 2001 in an amount equal to the lesser
2 of—

3 “(A) 75 percent of the expenditures made
4 by the State in providing for the operation of
5 the projects under section 402(g), and in ad-
6 ministering the projects under such section; or

7 “(B) the limitation determined under para-
8 graph (2) with respect to the State for the fis-
9 cal year.

10 “(2) LIMITATION.—

11 “(A) IN GENERAL.—The limitation deter-
12 mined under this paragraph with respect to a
13 State for any fiscal year is the amount that
14 bears the same ratio to \$20,000,000 as the
15 population with an income below the poverty
16 line (as such term is defined in section 673(2)
17 of the Omnibus Budget Reconciliation Act of
18 1981), including any revision required by such
19 section) in the State in the second preceding
20 fiscal year bears to such population residing in
21 the United States in the second preceding fiscal
22 year.

23 “(B) LIMITATION INCREASED.—If the lim-
24 itation determined under subparagraph (A)
25 with respect to a State for a fiscal year exceeds

1 the amount paid to the State under this sub-
2 section for the fiscal year, the limitation deter-
3 mined under this paragraph with respect to the
4 State for the immediately succeeding fiscal year
5 shall be increased by the amount of such excess.

6 “(3) PAYMENTS TO INDIAN TRIBES.—

7 “(A) IN GENERAL.—Notwithstanding any
8 other provision of this title, for purposes of this
9 subsection, an Indian tribe with an application
10 approved under section 402(g)(5) shall be enti-
11 tled to payment from the Secretary for each of
12 fiscal years 1996 through 2001 in an amount
13 equal to the lesser of—

14 “(i) 75 percent of the expenditures
15 made by the Indian tribe in providing for
16 the operation of the projects under section
17 402(g)(5), and in administering the
18 projects under such section; or

19 “(ii) the limitation determined under
20 subparagraph (B) with respect to the In-
21 dian tribe for the fiscal year.

22 “(B) LIMITATION.—

23 “(i) IN GENERAL.—The limitation de-
24 termined under this subparagraph with re-
25 spect to an Indian tribe for any fiscal year

1 is the amount that bears the same ratio to
2 \$3,750,000 as the population with an in-
3 come below the poverty line (as such term
4 is defined in section 673(2) of the Omni-
5 bus Budget Reconciliation Act of 1981),
6 including any revision required by such
7 section) in the Indian tribe in the second
8 preceding fiscal year bears to such popu-
9 lation of all Indian tribes with applications
10 approved under section 402(g)(5) in the
11 second preceding fiscal year.

12 “(ii) INCREASE IN LIMITATION.—If
13 the limitation determined under clause (i)
14 with respect to an Indian tribe for a fiscal
15 year exceeds the amount paid to the Indian
16 tribe under this paragraph for the fiscal
17 year, the limitation determined under this
18 subparagraph with respect to the Indian
19 tribe for the immediately succeeding fiscal
20 year shall be increased by the amount of
21 such excess.

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

1 **SEC. 605. NATIONAL CLEARINGHOUSE ON TEENAGE PREG-**
2 **NANCY.**

3 (a) ESTABLISHMENT.—Not later than October 1,
4 1996, the Secretary of Health and Human Services, shall
5 within an existing office of the Department of Health and
6 Human Services, establish a national center for the collec-
7 tion and provision of information that relates to adolescent
8 pregnancy prevention programs, to be known as the “Na-
9 tional Clearinghouse on Teenage Pregnancy Prevention
10 Programs”.

11 (b) FUNCTIONS.—The national center established
12 under subsection (a) shall serve as a national information
13 and data clearinghouse, and as a training, technical assist-
14 ance, and material development source for adolescent
15 pregnancy prevention programs. Such center shall—

16 (1) develop and maintain a system for dissemi-
17 nating information on all types of adolescent preg-
18 nancy prevention programs and on the state of ado-
19 lescent pregnancy prevention program development,
20 including information concerning the most effective
21 model programs;

22 (2) develop and sponsor a variety of training in-
23 stitutes and curricula for adolescent pregnancy pre-
24 vention program staff;

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

4 (4) develop technical assistance materials and
5 activities to assist other entities in establishing and
6 improving adolescent pregnancy prevention pro-
7 grams;

8 (5) develop networks of adolescent pregnancy
9 prevention programs for the purpose of sharing and
10 disseminating information; and

11 (6) conduct such other activities as the respon-
12 sible Federal officials find will assist in developing
13 and carrying out programs or activities to reduce ad-
14 olescent pregnancy.

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

18 **SEC. 606. DENIAL OF FEDERAL HOUSING BENEFITS TO MI-**
19 **NORS WHO BEAR CHILDREN OUT-OF-WED-**
20 **LOCK.**

21 (a) PROHIBITION OF ASSISTANCE.—Notwithstanding
22 any other provision of law, a household whose head of
23 household is an individual who has borne a child out-of-
24 wedlock before attaining 18 years of age may not be pro-

1 vided Federal housing assistance for a dwelling unit until
2 attaining such age, unless—

3 (1) after the birth of the child—

4 (A) the individual marries an individual
5 who has been determined by the relevant State
6 to be the biological father of the child; or

7 (B) the biological parent of the child has
8 legal custody of the child and marries an indi-
9 vidual who legally adopts the child;

10 (2) the individual is a biological and custodial
11 parent of another child who was not born out-of-
12 wedlock; or

13 (3) eligibility for such Federal housing assist-
14 ance is based in whole or in part on any disability
15 or handicap of a member of the household.

16 (b) DEFINITIONS.—For purposes of this section, the
17 following definitions shall apply:

18 (1) COVERED PROGRAM.—The term “covered
19 program” means—

20 (A) the program of rental assistance on be-
21 half of low-income families provided under sec-
22 tion 8 of the United States Housing Act of
23 1937 (42 U.S.C. 1437f);

1 (B) the public housing program under title
2 I of the United States Housing Act of 1937 (42
3 U.S.C. 1437 et seq.);

4 (C) the program of rent supplement pay-
5 ments on behalf of qualified tenants pursuant
6 to contracts entered into under section 101 of
7 the Housing and Urban Development Act of
8 1965 (12 U.S.C. 1701s);

9 (D) the program of interest reduction pay-
10 ments pursuant to contracts entered into by the
11 Secretary of Housing and Urban Development
12 under section 236 of the National Housing Act
13 (12 U.S.C. 1715z-1);

14 (E) the program for mortgage insurance
15 provided pursuant to sections 221(d) (3) or (4)
16 of the National Housing Act (12 U.S.C.
17 1715l(d)) for multifamily housing for low- and
18 moderate-income families;

19 (F) the rural housing loan program under
20 section 502 of the Housing Act of 1949 (42
21 U.S.C. 1472);

22 (G) the rural housing loan guarantee pro-
23 gram under section 502(h) of the Housing Act
24 of 1949 (42 U.S.C. 1472(h));

1 (H) the loan and grant programs under
2 section 504 of the Housing Act of 1949 (42
3 U.S.C. 1474) for repairs and improvements to
4 rural dwellings;

5 (I) the program of loans for rental and co-
6 operative rural housing under section 515 of
7 the Housing Act of 1949 (42 U.S.C. 1485);

8 (J) the program of rental assistance pay-
9 ments pursuant to contracts entered into under
10 section 521(a)(2)(A) of the Housing Act of
11 1949 (42 U.S.C. 1490a(a)(2)(A));

12 (K) the loan and assistance programs
13 under sections 514 and 516 of the Housing Act
14 of 1949 (42 U.S.C. 1484, 1486) for housing for
15 farm labor;

16 (L) the program of grants and loans for
17 mutual and self-help housing and technical as-
18 sistance under section 523 of the Housing Act
19 of 1949 (42 U.S.C. 1490c);

20 (M) the program of grants for preservation
21 and rehabilitation of housing under section 533
22 of the Housing Act of 1949 (42 U.S.C.
23 1490m); and

1 (N) the program of site loans under sec-
2 tion 524 of the Housing Act of 1949 (42
3 U.S.C. 1490d).

4 (2) COVERED PROJECT.—The term “covered
5 project” means any housing for which Federal hous-
6 ing assistance is provided that is attached to the
7 project or specific dwelling units in the project.

8 (3) FEDERAL HOUSING ASSISTANCE.—The term
9 “Federal housing assistance” means—

10 (A) assistance provided under a covered
11 program in the form of any contract, grant,
12 loan, subsidy, cooperative agreement, loan or
13 mortgage guarantee or insurance, or other fi-
14 nancial assistance; or

15 (B) occupancy in a dwelling unit that is—

16 (i) provided assistance under a cov-
17 ered program; or

18 (ii) located in a covered project and
19 subject to occupancy limitations under a
20 covered program that are based on income.

21 (4) STATE.—The term “State” means the
22 States of the United States, the District of Colum-
23 bia, the Commonwealth of Puerto Rico, the Com-
24 monwealth of the Northern Mariana Islands, Guam,

1 the Virgin Islands, American Samoa, and any other
2 territory or possession of the United States.

3 (c) LIMITATIONS ON APPLICABILITY.—Subsection
4 (a) shall not apply to Federal housing assistance provided
5 for a household pursuant to an application or request for
6 such assistance made by such household before the effec-
7 tive date of this Act if the household was receiving such
8 assistance on the effective date of this Act.

9 **SEC. 607. NATIONAL CAMPAIGN AGAINST TEENAGE PREG-**
10 **NANCY.**

11 (a) FINDINGS.—The Congress finds that the Govern-
12 ment has a role to play in preventing teenage pregnancy
13 but that the Government alone cannot deal with the mas-
14 sive changes in societal attitudes and behavior that have
15 occurred in recent decades.

16 (b) SENSE OF THE CONGRESS.—It is the sense of
17 the Congress that the President should lead a national
18 campaign against teenage pregnancy that—

19 (1) challenges all aspects of society, including
20 businesses, national and community voluntary orga-
21 nizations, religious institutions, and schools, to join
22 in a national effort to reduce teenage pregnancies;

23 (2) emphasizes broad themes of economic op-
24 portunity and the personal responsibility of each
25 family in every community; and

1 (3) establishes national and individual goals,
2 based on the measurable aspects of such broad
3 themes, to define the mission and guide the work of
4 the national campaign including—

5 (A) graduation from high school; and

6 (B) deferral of childbearing until an indi-
7 vidual is emotionally prepared to support a
8 child and accept economic responsibility for the
9 child's support.

10 **TITLE VII—CHILDREN'S ELIGI-**
11 **BILITY FOR SUPPLEMENTAL**
12 **SECURITY INCOME**

13 **SEC. 701. SHORT TITLE.**

14 This title may be cited as the “Children's SSI Eligi-
15 bility Reform Act”.

16 **SEC. 702. PURPOSE.**

17 It is the purpose of this title to ensure that supple-
18 mental security income benefits—

19 (1) provide basic necessities to maintain a child
20 with a disability at home or in another appropriate
21 and cost effective setting;

22 (2) cover the additional costs of caring for and
23 raising such a child; and

24 (3) enhance the child's opportunity to develop
25 into an independent adult.

1 **SEC. 703. SUPPLEMENTAL SECURITY INCOME BENEFITS**
2 **FOR DISABLED CHILDREN.**

3 (a) MODIFICATION OF BENEFIT ELIGIBILITY.—

4 (1) IN GENERAL.—Section 1614(a)(3)(A) (42
5 U.S.C. 1382c(a)(3)(A)) is amended—

6 (A) by inserting “(i)” after “(3)(A)”;

7 (B) by inserting “(other than an individual
8 under the age of 18)” before “shall be consid-
9 ered”;

10 (C) by striking “he” and inserting “the in-
11 dividual”;

12 (D) by striking “(or, in the case of an indi-
13 vidual under the age of 18, if he suffers from
14 any medically determinable physical or mental
15 impairment of comparable severity)”; and

16 (E) by adding at the end the following new
17 clause:

18 “(ii)(I) An individual under the age of 18 shall be
19 considered to be disabled for purposes of this title for a
20 month if the individual has any medically determinable
21 physical or mental impairment of comparable severity to
22 an impairment described in clause (i).

23 “(II) For purposes of subclause (I), an impairment
24 is of comparable severity if such impairment is severe and
25 persistent and substantially limits the individual’s ability
26 to develop or function.”.

1 (2) EFFECTIVE DATE.—The amendments made
2 by paragraph (1) shall apply to applicants for bene-
3 fits for months beginning 6 months after the date of
4 the enactment of this Act, without regard to whether
5 regulations have been issued to implement such
6 amendments.

7 (b) ADDITIONAL MODIFICATIONS.—

8 (1) MODIFICATION TO MEDICAL CRITERIA FOR
9 EVALUATION OF MENTAL AND EMOTIONAL DIS-
10 ORDERS.—The Commissioner of Social Security
11 shall modify paragraph (2) of section 112.02B.2.c.
12 of appendix 1 to subpart P of part 404 of title 20,
13 Code of Federal Regulations, to eliminate references
14 to maladaptive behaviors and to require instead evi-
15 dence of a persistent pattern of behavior destructive
16 to self or others requiring protective intervention.

17 (2) MODIFICATIONS TO INDIVIDUALIZED FUNC-
18 TIONAL ASSESSMENT.—

19 (A) INCREASE IN SEVERITY.—The Com-
20 missioner of Social Security shall modify the
21 level of severity required to establish com-
22 parable severity under section 416.924e of title
23 20, Code of Federal Regulations, to either—

24 (i) a marked level of impairment in 2
25 or more domains; or

1 (ii) a marked level of impairment in
2 at least 1 domain and a moderate level of
3 impairment in at least 1 additional do-
4 main.

5 (B) DOMAINS OF DEVELOPMENT OR FUNC-
6 TIONING.—The Commissioner of Social Security
7 shall modify the individualized functional as-
8 sessment for children set forth in section
9 416.924d of title 20, Code of Federal Regula-
10 tions, to include the following domains of devel-
11 opment or functioning, to ensure the domains
12 do not overlap from a clinical perspective, and
13 to compare the child’s abilities in each of these
14 domains with those of children of similar age
15 who do not have a disability:

16 (i) Cognition (the ability to under-
17 stand and reason and to learn required
18 skills).

19 (ii) Communication (the ability to re-
20 ceive and convey information; the ability to
21 produce speech audibly and intelligibly).

22 (iii) Motor abilities (the ability to
23 move and coordinate the body and extrem-
24 ities in gross and fine motions).

1 (iv) Ability to care for oneself (the
2 ability to perform normal childhood activi-
3 ties in the home, school, or community
4 with adult assistance or supervision appro-
5 priate to one's age and to control behaviors
6 that could harm oneself or others).

7 (v) Ability to engage in interpersonal
8 relations (the ability to develop and main-
9 tain positive and productive interpersonal
10 relationships so as to function within the
11 family, peer groups, and community).

12 (vi) Responsiveness to stimuli (the
13 ability of children from birth to the attain-
14 ment of age 1 to react appropriately to vis-
15 ual, auditory, or tactile stimulation).

16 (vii) Ability to concentrate, persist,
17 maintain pace, and have physical stamina
18 to complete essential tasks in the home,
19 school, or community (in children from age
20 3 to the attainment of age 18).

21 (3) EFFECTIVE DATE.—

22 (A) IN GENERAL.—The modifications re-
23 quired by this subsection shall apply to appli-
24 cants for benefits for months beginning 6
25 months after the date of the enactment of this

1 Act, without regard to whether regulations have
2 been issued to implement such amendments.

3 (B) CONTINUING REVIEW.—The Commis-
4 sioner of Social Security shall review and report
5 to the Congress not later than 5 months after
6 the date of the enactment of this Act whether
7 the required modifications described in this sub-
8 section should be further modified.

9 (c) ADDITIONAL REVIEW AND REVISION OF INDIVID-
10 UALIZED FUNCTIONAL ASSESSMENT.—

11 (1) IN GENERAL.—The Commissioner of Social
12 Security shall review and revise the individual func-
13 tional assessment for children set forth in sections
14 416.924d and 416.924e of title 20, Code of Federal
15 Regulations, to ensure that such assessment is ap-
16 plied to children who—

17 (A) have multiple impairments, none of
18 which meet or equal the Listings of Impair-
19 ments set forth in appendix 1 of subpart P of
20 part 404 of such title 20, but which in combina-
21 tion result in the child being disabled under sec-
22 tion 1614(a)(3)(A)(ii) of the Social Security
23 Act, as added by subsection (a);

24 (B) are too young, or for other reasons,
25 cannot be fully evaluated;

1 (C) have physical or mental impairments
2 or illnesses which are not explicitly included in
3 such Listings; and

4 (D) have conditions which do not meet or
5 equal the severity of any such Listing, but meet
6 the functional test of severity under such sec-
7 tion 1614(a)(3)(A)(ii).

8 (2) TESTING.—The Commissioner of Social Se-
9 curity shall ensure that pursuant to the revised indi-
10 vidual functional assessment for children under
11 paragraph (1)—

12 (A) valid and reliable tests are used, if
13 available, which provide qualitative and quan-
14 tifiable measures of childhood functioning, or

15 (B) criteria of childhood functioning are
16 developed which are equivalent to the findings
17 of a standardized test.

18 (3) APPLICABILITY.—The Commissioner of So-
19 cial Security shall issue final regulations relating to
20 the individual functional assessment for children
21 under paragraph (1) not later than 6 months after
22 the date of the enactment of this Act and such regu-
23 lations shall apply to applicants for benefits for
24 months beginning 6 months after such date.

1 (d) APPLICATION TO CURRENT BENEFICIARIES.—
2 Notwithstanding any other provision of law, if the Com-
3 missioner of Social Security determines that the eligibility
4 of an individual who is a recipient of supplemental security
5 income benefits under title XVI of the Social Security Act
6 for the month in which the date of the enactment of this
7 Act occurs is affected by the amendments made by, and
8 provisions of, this section, the Commissioner shall, not
9 later than 1 year after such date, provide for a continuing
10 disability review with respect to such individual in accord-
11 ance with the provisions of such title.

12 **SEC. 704. BETTER TARGETING AND USE OF BENEFITS.**

13 (a) PROHIBITION ON COACHING OF CHILDREN TO
14 OBTAIN BENEFITS.—

15 (1) IN GENERAL.—Section 1632 (42 U.S.C.
16 1383a) is amended by adding at the end the follow-
17 ing new subsection:

18 “(c) In any case in which the court determines that
19 a violation described in paragraph (1), (2), or (3) of sub-
20 section (a) includes—

21 “(1) any knowing and willful coaching of a
22 child by a parent or guardian to feign an impair-
23 ment for the purposes of gaining eligibility under
24 this title, the court, in addition to any penalty im-
25 posed under subsection (a), may require full restitu-

1 tion of the benefit such child has received under this
2 title, plus up to \$100 for each month the child re-
3 ceived such benefit; and

4 “(2) any attorney or legal representative, inter-
5 preter, or social service worker knowingly and will-
6 fully causing a parent or guardian to so coach a
7 child, subsection (a) shall be applied by substituting
8 ‘\$5000, plus \$500 for each child involved’ for
9 ‘\$1,000’.”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by paragraph (1) shall apply to actions occurring
12 after the date of the enactment of this Act.

13 (b) TIGHTENING OF REPRESENTATIVE PAYEE RE-
14 QUIREMENTS.—

15 (1) CLARIFICATION OF ROLE.—Section
16 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is
17 amended by striking “and” at the end of subclause
18 (II), by striking the period at the end of subclause
19 (IV) and inserting “; and”, and by adding after
20 subclause (IV) the following new subclause:

21 “(V) advise such person through the notice of
22 award of benefits, and at such other times as the
23 Commissioner of Social Security deems appropriate,
24 of specific examples of appropriate expenditures of

1 benefits under this title and the proper role of a rep-
2 resentative payee.”.

3 (2) DOCUMENTATION OF EXPENDITURES RE-
4 QUIRED.—

5 (A) IN GENERAL.—Subparagraph (C)(i) of
6 section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is
7 amended to read as follows:

8 “(C)(i) In any case where payment is made to a rep-
9 resentative payee of an individual or spouse, the Commis-
10 sioner of Social Security shall—

11 “(I) require such representative payee to docu-
12 ment expenditures and keep contemporaneous
13 records of transactions made using such payment;

14 “(II) establish a system of accountability mon-
15 itoring under which such representative payee shall
16 report at least annually with respect to the use of
17 such payment; and

18 “(III) implement statistically valid procedures
19 for reviewing each such report in order to identify
20 instances in which such representative payee is not
21 properly using such payment.”.

22 (B) CONFORMING AMENDMENT WITH RE-
23 SPECT TO PARENT PAYEES.—Clause (ii) of sec-
24 tion 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C))

1 is amended by striking “Clause (i)” and insert-
 2 ing “Subclauses (II) and (III) of clause (i)”.

3 (3) EFFECTIVE DATE.—The amendments made
 4 by this subsection shall apply to benefits paid after
 5 the date of the enactment of this Act.

6 (c) GRADUATED BENEFITS FOR ADDITIONAL CHIL-
 7 DREN.—

8 (1) IN GENERAL.—Section 1611(b) (42 U.S.C.
 9 1382(b)) is amended by adding at the end the fol-
 10 lowing new paragraph:

11 “(3) In the case of a family (other than a foster or
 12 group home) with more than 1 child eligible for a benefit
 13 under this title, the benefit under this title for each addi-
 14 tional child (other than an adopted child with special
 15 needs (within the meaning of paragraphs (1) and (2) of
 16 section 473(c)) shall be determined under the following
 17 table:

“If the child is the:	The benefit is:
2nd child	85 percent of the otherwise deter- mined benefit
3rd child	65 percent of such benefit
4th child	45 percent of such benefit
5th child	35 percent of such benefit
6th child	25 percent of such benefit
7th child or more	\$50 for each child.”.

18 (2) EFFECTIVE DATE.—The amendment made
 19 by paragraph (1) shall apply to determinations made
 20 after the date of the enactment of this Act.

21 (d) CONTINUING DISABILITY REVIEWS.—

1 (1) CONTINUING DISABILITY REVIEWS FOR
2 CERTAIN CHILDREN.—Section 1614(a)(3)(G) (42
3 U.S.C. 1382c(a)(3)(G)) is amended—

4 (A) by inserting “(i)” after “(G)”; and

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

6 “(ii)(I) Not less frequently than once every 7 years,
7 the Commissioner of Social Security shall redetermine in
8 accordance with paragraph (4) the eligibility for benefits
9 under this title of each child who is eligible for benefits
10 by reason of disability with respect to which medical im-
11 provement is not expected.

12 “(II) If a child has a disability with respect to which
13 medical improvement is possible, subclause (I) shall be ap-
14 plied by substituting ‘3 years’ for ‘7 years’.

15 “(III) If a child has a disability with respect to which
16 medical improvement is expected subclause (I) shall be ap-
17 plied by substituting ‘year’ for ‘7 years’.

18 “(IV) A parent or guardian of a recipient whose case
19 is reviewed under this clause shall present, at the time
20 of review, evidence demonstrating that the recipient is,
21 and has been, receiving treatment, to the extent consid-
22 ered medically necessary and available, of the condition
23 which was the basis for providing benefits under this
24 title.”.

1 (2) DISABILITY REVIEW REQUIRED FOR LOW
2 BIRTH WEIGHT BABIES WHO HAVE RECEIVED SSI
3 BENEFITS FOR 12 MONTHS.—Section 1614(a)(3)(G)
4 (42 U.S.C. 1382c(a)(3)(G)), as amended by para-
5 graph (1) of this subsection, is amended by adding
6 at the end the following:

7 “(iii)(I) The Commissioner of Social Security shall
8 redetermine the eligibility for benefits under this title by
9 reason of disability of a child whose low birth weight is
10 a contributing factor material to the Commissioner’s de-
11 termination that the child is disabled.

12 “(II) The redetermination required by subclause (I)
13 shall be conducted once the child has received such bene-
14 fits for 12 months.

15 “(III) A redetermination under subclause (I) shall be
16 considered a substitute for a review required under any
17 other provision of this subparagraph.

18 “(IV) A parent or guardian of a recipient whose case
19 is reviewed under this clause shall present, at the time
20 of review, evidence demonstrating that the recipient is,
21 and has been, receiving treatment, to the extent consid-
22 ered medically necessary and available, of the condition
23 which was the basis for providing benefits under this
24 title.”.

1 (3) DISABILITY REVIEW REQUIRED FOR SSI RE-
2 CIPIENTS WHO ARE 18 YEARS OF AGE.—

3 (A) IN GENERAL.—Section 1614(a)(3)(G)
4 (42 U.S.C. 1382c(a)(3)(G)), as amended by
5 paragraphs (1) and (2) of this subsection, is
6 amended by adding at the end the following:

7 “(iv)(I) The Commissioner of Social Security shall re-
8 determine the eligibility of a qualified individual for sup-
9 plemental security income benefits under this title by rea-
10 son of disability, by applying the criteria used in determin-
11 ing eligibility for such benefits of applicants who have at-
12 tained 18 years of age.

13 “(II) The redetermination required by subclause (I)
14 with respect to a qualified individual shall be conducted
15 during the 1-year period that begins on the date the quali-
16 fied individual attains 18 years of age.

17 “(III) As used in this clause, the term ‘qualified indi-
18 vidual’ means an individual who attains 18 years of age
19 and for whom, for the month preceding the month in
20 which the individual attained such age, a determination
21 was in effect that the individual is eligible for benefits
22 under this title by reason of disability.

23 “(IV) A redetermination under subclause (I) of this
24 clause shall be considered a substitute for a review re-
25 quired under any other provision of this subparagraph.”.

1 (B) REPORT TO THE CONGRESS.—Not
2 later than October 1, 1998, the Commissioner
3 of Social Security shall submit to the Commit-
4 tee on Ways and Means of the House of Rep-
5 resentatives and the Committee on Finance of
6 the Senate a report on the activities conducted
7 under section 1614(a)(3)(G)(iv) of the Social
8 Security Act.

9 (C) CONFORMING REPEAL.—Section 207
10 of the Social Security Independence and Pro-
11 gram Improvements Act of 1994 (42 U.S.C.
12 1382 note; 108 Stat. 1516) is hereby repealed.

13 (4) REVOLVING FUND.—The Secretary of the
14 Treasury shall pay into a revolving fund for each fis-
15 cal year an amount equal to 50 percent of the sav-
16 ings resulting from the amendments made by sub-
17 section (c) with respect to such fiscal year. Such
18 fund shall be available to the Commissioner of Social
19 Security, without regard to appropriation Acts and
20 without fiscal year limitation, to supplement funds
21 otherwise made available for disability reviews re-
22 quired by the amendments made by this subsection.

23 (5) EFFECTIVE DATE.—The amendments made
24 by this subsection shall apply to benefits for months

1 beginning after the date of the enactment of this
2 Act.

3 **SEC. 705. ENCOURAGING MOVEMENT TOWARD INDEPEND-**
4 **ENCE.**

5 (a) DEDICATED SAVINGS ACCOUNTS.—

6 (1) IN GENERAL.—Section 1631(a)(2)(B) (42
7 U.S.C. 1383(a)(2)(B)) is amended by adding at the
8 end the following new clause:

9 “(xiv) Notwithstanding clause (x), the Commissioner
10 of Social Security may, at the request of the representative
11 payee, pay any lump sum payment for the benefit of a
12 child into a dedicated savings account that could only be
13 used to purchase for such child—

14 “(I) education and job skills training;

15 “(II) special equipment or housing modifica-
16 tions or both specifically related to, and required by
17 the nature of, the child’s disability; and

18 “(III) appropriate therapy and rehabilitation.”.

19 (2) DISREGARD OF TRUST FUNDS.—Section
20 1613(a) (42 U.S.C. 1382b) is amended—

21 (A) by striking “and” at the end of para-
22 graph (9),

23 (B) by striking the period at the end of
24 paragraph (10) the first place it appears and
25 inserting a semicolon,

1 (C) by redesignating paragraph (10) the
2 second place it appears as paragraph (11) and
3 striking the period at the end of such para-
4 graph and inserting “; and”, and

5 (D) by inserting after paragraph (11), as
6 so redesignated, the following new paragraph:

7 “(12) all amounts deposited in, or interest cred-
8 ited to, a dedicated savings account described in sec-
9 tion 1631(a)(2)(B)(xiv).”.

10 (3) EFFECTIVE DATE.—The amendments made
11 by this subsection shall apply to payments made
12 after the date of the enactment of this Act.

13 (b) INFORMATION AND REFERRAL SYSTEM.—Section
14 1631 (42 U.S.C. 1383) is amended by redesignating sub-
15 section (n) (relating to notice requirements) as subsection
16 (o) and by adding at the end the following new subsection:

17 “INFORMATION AND REFERRAL SYSTEM FOR CHILDREN
18 “(p) The Commissioner of Social Security shall estab-
19 lish or identify a system of information and referral for
20 treatment and services available to children receiving ben-
21 efits under this title under State and Federal programs.”.

1 “(F) 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 “(G) who is lawfully admitted for tem-
5 porary residence pursuant to section 210 or
6 245A of such Act;

7 “(H) who is within a class of aliens law-
8 fully present within the United States pursuant
9 to any other provision of such Act, if—

10 “(i) the Attorney General determines
11 that the continued presence of such class
12 of aliens serves a humanitarian or other
13 compelling public interest, and

14 “(ii) the Secretary of Health and
15 Human Services determines that such in-
16 terest would be further served by treating
17 each alien within such class as a ‘qualified
18 alien’ for purposes of this Act; or

19 “(I)(i) who is the spouse, or unmarried
20 child under 21 years of age, of a citizen of the
21 United States, or

22 “(ii)(I) who is the parent of a citizen of
23 the United States who is at least 21 years of
24 age, and

1 “(II) with respect to whom an application
2 for adjustment to lawful permanent residence is
3 pending, such status not having changed.”.

4 (2) CONFORMING AMENDMENT.—Section
5 244A(f)(1) of the Immigration and Nationality Act
6 (8 U.S.C. 1254a(f)(1)) is amended by inserting “and
7 shall not be considered to be a qualified alien within
8 the meaning of section 1101(a)(10) of the Social Se-
9 curity Act” before the semicolon.

10 (b) FEDERAL ASSISTANCE PROGRAMS.—

11 (1) SUPPLEMENTAL SECURITY INCOME.—Sec-
12 tion 1614(a)(1)(B)(i) (42 U.S.C. 1382c(a)(1)(B)(i))
13 is amended to read as follows:

14 “(B)(i) is a resident of the United States,
15 and is either (I) a citizen or national of the
16 United States, or (II) a qualified alien (as de-
17 fined in section 1101(a)(10)), or”.

18 (2) MEDICAID.—

19 (A) ELIGIBILITY LIMITATION.—Section
20 1903(v)(1) (42 U.S.C. 1396b(v)(1)) is amended
21 to read as follows:

22 “(v)(1) Notwithstanding the preceding provisions of
23 this section and except as provided in paragraph (2)—

24 “(A) no payment may be made to a State under
25 this section for medical assistance furnished to an

1 individual who is disqualified from receiving such as-
2 sistance by reason of section 210(f) or 245A(h) of
3 the Immigration and Nationality Act (8 U.S.C.
4 1160(f) or 1155a(h)) or any other provision of law,
5 and

6 “(B) no such payment may be made for medical
7 assistance furnished to an individual unless such in-
8 dividual is—

9 “(i) a citizen or national of the United
10 States, or

11 “(ii) a qualified alien (as defined in section
12 1101(a)(10)).”.

13 (B) CONFORMING AMENDMENTS.—

14 (i) Section 1903(v)(2) (42 U.S.C.
15 1396b(v)(2)) is amended by striking
16 “alien” each place it appears and inserting
17 “individual”.

18 (ii) Section 1902(a) (42 U.S.C.
19 1396a(a)) is amended in the last sentence
20 by striking “alien” and all that follows to
21 the end period and inserting “individual
22 who is not (A) a citizen or national of the
23 United States, or (B) a qualified alien (as
24 defined in section 1101(a)(10)) only in ac-
25 cordance with section 1903(v).”.

1 (iii) Section 1902(b)(3) (42 U.S.C.
2 1396a(b)(3)) is amended by inserting “or
3 national” after “citizen”.

4 (c) STATE AND LOCAL PROGRAMS.—A State or polit-
5 ical subdivision thereof may provide that an alien is not
6 eligible for any program of cash assistance based on need
7 that is furnished by such State or political subdivision
8 thereof for any month unless such alien is a qualified alien
9 as defined in section 1101(a)(10) of the Social Security
10 Act.

11 **SEC. 802. EXTENSION OF DEEMING OF INCOME AND RE-**
12 **SOURCES UNDER TRANSITIONAL AID, SSI,**
13 **AND FOOD STAMP PROGRAMS.**

14 (a) IN GENERAL.—Except as provided in subsections
15 (b) and (c), in applying sections 410 and 1621 of the So-
16 cial Security Act and section 5(i) of the Food Stamp Act
17 of 1977, the period in which each respective section other-
18 wise applies with respect to a qualified alien (as defined
19 in section 1101(a)(10) of the Social Security Act shall be
20 extended through the date (if any) on which the alien be-
21 comes a citizen of the United States pursuant to chapter
22 2 of title III of the Immigration and Nationality Act.

23 (b) EXCEPTIONS.—Subsection (a) shall not apply to
24 a qualified alien if—

1 (1) the alien has been lawfully admitted to the
2 United States for permanent residence, has attained
3 75 years of age, and has resided in the United
4 States for at least 5 years;

5 (2) the alien—

6 (A) is a veteran (as defined in section 101
7 of title 38, United States Code) with a dis-
8 charge characterized as an honorable discharge,

9 (B) is on active duty (other than active
10 duty for training) in the Armed Forces of the
11 United States, or

12 (C) is the spouse or unmarried dependent
13 child of an individual described in subparagraph
14 (A) or (B);

15 (3) the alien is the subject of domestic violence
16 by the alien's spouse and a divorce between the alien
17 and the alien's spouse has been initiated through the
18 filing of an appropriate action in an appropriate
19 court;

20 (4) there has been paid with respect to the self-
21 employment income or employment of the alien, or
22 of a parent or spouse of the alien, taxes under chap-
23 ter 2 or chapter 21 of the Internal Revenue Code of
24 1986 in each of 20 different calendar quarters; or

1 (5) the alien is unable because of physical or
2 developmental disability or mental impairment (in-
3 cluding Alzheimer's disease) to comply with the nat-
4 uralization requirements of section 312(a) of the Im-
5 migration and Nationality Act.

6 (c) HOLD HARMLESS FOR MEDICAID ELIGIBILITY.—
7 Subsection (a) shall not apply with respect to a determina-
8 tion of eligibility for benefits under part A of title IV of
9 the Social Security Act or under the supplemental security
10 income program of title XVI of such Act to the extent
11 such determinations provide for eligibility for medical as-
12 sistance under title XIX of such Act.

13 (d) STATE AND LOCAL PROGRAMS.—A State or polit-
14 ical subdivision thereof may provide that an alien is not
15 eligible for any program of cash assistance based on need
16 that is furnished by such State or political subdivision
17 thereof for any month if such alien has been determined
18 to be ineligible for such month for benefits under—

19 (1) the program under part A of title IV of the
20 Social Security Act;

21 (2) the program of supplemental security in-
22 come authorized by title XVI of the Social Security
23 Act; or

24 (3) the Food Stamp Act of 1977;

25 as a result of this section.

1 (e) EFFECTIVE DATE.—This section shall apply to
2 benefits payable under the transitional aid program under
3 part A of title IV of the Social Security Act, the program
4 of supplemental security income authorized under title
5 XVI of the Social Security Act, or the Food Stamp Act
6 of 1977, for months beginning after September 30, 1995,
7 on the basis of—

8 (1) an application filed after such date, or

9 (2) an application filed on or before such date
10 by or on behalf of an individual subject to the provi-
11 sions of section 1621(a) or section 410(a) of the So-
12 cial Security Act or section 5(i)(1) of the Food
13 Stamp Act of 1977 (as the case may be) on such
14 date.

15 **SEC. 803. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF**
16 **SUPPORT.**

17 (a) IN GENERAL.—Section 213 of the Immigration
18 and Nationality Act (8 U.S.C. 1183) is amended—

19 (1) in the heading, by striking “ON GIVING
20 BOND” and inserting “UPON PROVISION OF BOND OR
21 GUARANTEE OF FINANCIAL RESPONSIBILITY”;

22 (2) by designating the existing matter as sub-
23 section (a); and

24 (3) by adding at the end the following new sub-
25 section:

1 “(b)(1) An alien excludable under section 212(a)(4)
2 may, if otherwise admissible, be admitted in the discretion
3 of the Attorney General upon a finding by the Attorney
4 General that—

5 “(A) the alien has received a guarantee of fi-
6 nancial responsibility in such form as may be pre-
7 scribed pursuant to paragraph (4) and meets the
8 conditions described in paragraph (2); and

9 “(B) taking into consideration all relevant cir-
10 cumstances, it is reasonable to expect that the spon-
11 sor, as defined in paragraph (2)(A), has the finan-
12 cial capacity to meet the obligations of the guaran-
13 tee.

14 “(2) A guarantee of financial responsibility for an
15 alien must—

16 “(A) be signed in the presence of an immigra-
17 tion officer or consular officer (or in the presence of
18 a notary public) by an individual (referred to in this
19 subsection as the ‘sponsor’) who is—

20 “(i) 21 years of age or older;

21 “(ii) of good moral character; and

22 “(iii) a citizen of the United States or an
23 alien lawfully admitted for permanent residence
24 domiciled in any of the several States of the

1 United States, the District of Columbia, or any
2 territory or possession of the United States;

3 “(B) provide that the sponsor enters into a le-
4 gally binding commitment to furnish to or on behalf
5 of the alien financial support sufficient to meet the
6 alien’s basic subsistence needs during the period
7 that begins on the date that the alien acquires the
8 status of an alien lawfully admitted for permanent
9 residence and ends on the earlier of—

10 “(i) the date the alien becomes a citizen of
11 the United States under chapter 2 of title III;

12 “(ii) the first date the alien is a veteran
13 (as defined in section 101 of title 38, United
14 States Code) with a discharge characterized as
15 an honorable discharge;

16 “(iii) the first date as of which there has
17 been paid with respect to the self-employment
18 income or employment of the alien, or of a par-
19 ent or spouse of the alien, taxes under chapter
20 2 or chapter 21 of the Internal Revenue Code
21 of 1986 in each of 20 different calendar quar-
22 ters; or

23 “(iv) any period in which the alien is—

1 “(I) on active duty (other than active
2 duty for training) in the Armed Forces of
3 the United States; or

4 “(II) the spouse or unmarried depend-
5 ent child of an individual described in
6 clause (ii) or subclause (I) of this clause;
7 and

8 “(C) contain the sponsor’s authorization to the
9 Internal Revenue Service to disclose any tax return
10 information necessary to verify the sponsor’s income
11 to the extent necessary to determine the eligibility
12 for benefits under—

13 “(i) the program under part A of title IV
14 of the Social Security Act;

15 “(ii) the program of supplemental security
16 income authorized by title XVI of the Social Se-
17 curity Act; or

18 “(iii) the Food Stamp Act of 1977,
19 for an alien sponsored by the sponsor.

20 “(3) Any guarantee of financial support executed on
21 behalf of an alien pursuant to this subsection—

22 “(A) must be enforceable against the sponsor;
23 and

24 “(B) may be enforced against the sponsor in a
25 civil suit brought by the alien or by the Federal Gov-

1 ernment, any State, district, territory, or possession
2 of the United States, or any political subdivision of
3 such State, district, territory, or possession of the
4 United States, which provides benefits to the alien
5 in any court of competent jurisdiction.

6 “(4) The Secretary of State, the Attorney General,
7 the Secretary of Health and Human Services, the Sec-
8 retary of Agriculture, and the Commissioner of Social Se-
9 curity, shall jointly establish the form of the guarantee
10 of financial support described in this section.”.

11 (b) DATE FOR ESTABLISHMENT OF FORM; EFFEC-
12 TIVE DATE.—

13 (1) DATE FOR ESTABLISHMENT.—The Sec-
14 retary of State, the Attorney General, the Secretary
15 of Health and Human Services, the Secretary of Ag-
16 riculture, and the Commissioner of Social Security
17 shall establish a form for the guarantee of financial
18 support pursuant to section 213(b)(4) (as added by
19 this subsection) not later than 180 days after the
20 date of the enactment of this Act.

21 (2) EFFECTIVE DATE.—The amendments made
22 by this subsection shall apply to affidavits of support
23 executed on or after a date specified by the Attorney
24 General, which date shall be not earlier than 60 days
25 (and not later than 90 days) after the date the form

1 for the guarantee of financial support is developed
2 under section 213(b)(4) of the Immigration and Na-
3 tionality Act (as added by this subsection).

4 (c) CLERICAL AMENDMENT.—The table of contents
5 of the Immigration and Nationality Act is amended by
6 amending the item relating to section 213 to read as fol-
7 lows:

“Sec. 213. Admission of certain aliens upon provision of bond or guarantee of
financial responsibility.”.

8 **SEC. 804. EXTENDING REQUIREMENT FOR AFFIDAVITS OF**
9 **SUPPORT TO FAMILY-RELATED AND DIVER-**
10 **SITY IMMIGRANTS.**

11 (a) IN GENERAL.—Section 212(a)(4) of the Immi-
12 gration and Nationality Act (8 U.S.C. 1182(a)(4)) is
13 amended to read as follows:

14 “(4) PUBLIC CHARGE AND AFFIDAVITS OF SUP-
15 PORT.—

16 “(A) PUBLIC CHARGE.—Any alien who, in
17 the opinion of the consular officer at the time
18 of application for a visa, or in the opinion of
19 the Attorney General at the time of application
20 for admission or adjustment of status, is likely
21 at any time to become a public charge is exclud-
22 able.

23 “(B) AFFIDAVITS OF SUPPORT.—Any im-
24 migrant who seeks admission or adjustment of

1 status as any of the following is excludable un-
2 less there has been executed with respect to the
3 immigrant an affidavit of support pursuant to
4 section 213(b):

5 “(i) As an immediate relative (under
6 section 201(b)(2)).

7 “(ii) As a family-sponsored immigrant
8 under section 203(a) (or as the spouse or
9 child under section 203(d) of such immi-
10 grant).

11 “(iii) As the spouse or child (under
12 section 203(d)) of an employment-based
13 immigrant under section 203(b).

14 “(iv) As a diversity immigrant under
15 section 203(c) (or as the spouse or child
16 under section 203(d) of such an immi-
17 grant).”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 subsection (a) shall apply to aliens with respect to whom
20 an immigrant visa is issued (or adjustment of status is
21 granted) after the date specified by the Attorney General
22 under section 803(b)(2).

1 **Subtitle B—Revenue Provision**

2 **SEC. 811. EARNED INCOME TAX CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.**

5 (a) **IN GENERAL.**—Section 32(c)(1) of the Internal
6 Revenue Code of 1986 (relating to individuals eligible to
7 claim the earned income tax credit) is amended by adding
8 at the end the following new subparagraph:

9 “(F) **IDENTIFICATION NUMBER REQUIRE-**
10 **MENT.**—The term ‘eligible individual’ does not
11 include any individual who does not include on
12 the return of tax for the taxable year—

13 “(i) such individual’s taxpayer identi-
14 fication number, and

15 “(ii) if the individual is married (with-
16 in the meaning of section 7703), the tax-
17 payer identification number of such indi-
18 vidual’s spouse.”

19 (b) **SPECIAL IDENTIFICATION NUMBER.**—Section 32
20 of such Code is amended by adding at the end the follow-
21 ing new subsection:

22 “(k) **IDENTIFICATION NUMBERS.**—Solely for pur-
23 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer
24 identification number means a social security number is-
25 sued to an individual by the Social Security Administra-

1 tion (other than a social security number issued pursuant
2 to clause (II) (or that portion of clause (III) that relates
3 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-
4 curity Act).”

5 (c) EXTENSION OF PROCEDURES APPLICABLE TO
6 MATHEMATICAL OR CLERICAL ERRORS.—Section
7 6213(g)(2) of such Code (relating to the definition of
8 mathematical or clerical errors) is amended by striking
9 “and” at the end of subparagraph (D), by striking the
10 period at the end of subparagraph (E) and inserting “,
11 and”, and by inserting after subparagraph (E) the follow-
12 ing new subparagraph:

13 “(F) an omission of a correct taxpayer
14 identification number required under section 32
15 (relating to the earned income tax credit) to be
16 included on a return.”

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 1995.

20 **Subtitle C—Food Assistance**

21 **Provisions**

22 **SEC. 821. MANDATORY CLAIMS COLLECTION METHODS.**

23 (a) Section 11(e)(8) of the Food Stamp Act of 1977
24 (7 U.S.C. 2020(e)(8)) is amended by inserting “or refunds
25 of Federal taxes as authorized pursuant to section 3720A

1 of title 31, United States Code” before the semicolon at
2 the end.

3 (b) Section 13(d) of the Food Stamp Act of 1977
4 (7 U.S.C. 2022(d)) is amended—

5 (1) by striking “may” and inserting “shall”;
6 and

7 (2) by inserting “or refunds of Federal taxes as
8 authorized pursuant to section 3720A of title 31,
9 United States Code” before the period at the end.

10 (c) Section 6103(*l*) of the Internal Revenue Code of
11 1986 (26 U.S.C. 6103(*l*)) is amended—

12 (1) by striking “officers and employees” in
13 paragraph (10)(A) and inserting “officers, employ-
14 ees or agents, including State agencies”; and

15 (2) by striking “officers and employees” in
16 paragraph (10)(B) and inserting “officers, employ-
17 ees or agents, including State agencies”.

18 **SEC. 822. REDUCTION OF BASIC BENEFIT LEVEL.**

19 The second sentence of section 3(o) of the Food
20 Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

21 (1) by striking “and (11)” and inserting
22 “(11)”;

23 (2) in paragraph (11), by inserting “through
24 October 1, 1994” after “each October 1 thereafter”;
25 and

1 (3) by inserting before the period at the end the
2 following: “, and (12) on October 1, 1995, and on
3 each October 1 thereafter, adjust the cost of such
4 diet to reflect 100 percent of the cost, in the preced-
5 ing June (without regard to any previous adjustment
6 made under this paragraph or paragraphs (4)
7 through (11)) and round the result to the nearest
8 lower dollar increment for each household size”.

9 **SEC. 823. PRORATING BENEFITS AFTER INTERRUPTIONS IN**
10 **PARTICIPATION.**

11 Section 8(c)(2)(B) of the Food Stamp Act of 1977
12 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more
13 than one month”.

14 **SEC. 824. WORK REQUIREMENT FOR ABLE-BODIED RECIPI-**
15 **ENTS.**

16 (a) **WORK REQUIREMENT.**—Section 6(d) of the Food
17 Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by
18 adding at the end the following:

19 “(5)(A) Except as provided in subparagraphs (B),
20 (C), and (D), an individual who has received an allotment
21 for 6 consecutive months during which such individual has
22 not been employed a minimum of an average of 20 hours
23 per week shall be disqualified if such individual is not em-
24 ployed at least an average of 20 hours per week, partici-
25 pating in a workfare program under section 20 (or a com-

1 parable State or local workfare program), or participating
2 in and complying with the requirements of an approved
3 employment and training program under paragraph (4).

4 “(B) The provisions of subparagraph (A) shall not
5 apply in the case of an individual who—

6 “(i) is under 18 or over 50 years of age;

7 “(ii) is certified by a physician as physically or
8 mentally unfit for employment;

9 “(iii) is a parent or other member of a house-
10 hold that includes a minor child;

11 “(iv) is participating a minimum of an average
12 of 20 hours per week and is in compliance with the
13 requirements of—

14 “(I) a program under the Job Training
15 Partnership Act (29 U.S.C. 1501 et seq.);

16 “(II) a program under section 236 of the
17 Trade Act of 1974 (19 U.S.C. 2296); or

18 “(III) another program for the purpose of
19 employment and training operated by a State or
20 local government, as determined appropriate by
21 the Secretary; or

22 “(v) would otherwise be exempt under para-
23 graph (2).

24 “(C) The Secretary may waive the requirements of
25 subparagraph (A) in the case of some or all individuals

1 within all or part of a State if the Secretary finds that
2 such area—

3 “(i) has an unemployment rate of over 7 per-
4 cent; or

5 “(ii) does not have a sufficient number of jobs
6 to provide employment for individuals subject to this
7 paragraph.

8 The Secretary shall report to the Committee on Agri-
9 culture of the House of Representatives and the Commit-
10 tee on Agriculture, Nutrition, and Forestry of the Senate
11 on the basis on which the Secretary made this decision.

12 “(D) An individual who has been disqualified from
13 the food stamp program by reason of subparagraph (A)
14 may reestablish eligibility for assistance—

15 “(i) by meeting the requirements of subpara-
16 graph (A);

17 “(ii) by becoming exempt under subparagraph
18 (B); or

19 “(iii) if the Secretary grants a waiver under
20 subparagraph (C).

21 “(E) A household (as defined in section 3(i)) that in-
22 cludes an individual who is not exempt under paragraph
23 (2) and who refuses to work, refuses to look for work,
24 turns down a job, or refuses to participate in the State
25 program if the State places the individual in such program

1 shall be ineligible to receive food stamp benefits. The State
2 agency shall reduce, by such amount the State considers
3 appropriate, the amount otherwise payable to a household
4 that includes an individual who fails without good cause
5 to comply with other requirements of the WAGE Plan
6 signed by the individual.

7 “(F) The State agency shall make an initial assess-
8 ment of the skills, prior work experience, and employ-
9 ability of each participant not exempted under subpara-
10 graph (B) within 6 months of initial certification. The
11 State agency shall use such assessment, in consultation
12 with the program participant, to develop a WAGE Plan
13 for the participant. Such plan—

14 “(i) shall provide that participation in food
15 stamp employment and training activities shall be a
16 condition of eligibility for food stamp benefits, ex-
17 cept during any period during which the individual
18 is employed in full-time unsubsidized employment in
19 the private sector;

20 “(ii) shall establish an employment goal and a
21 plan for moving the individual into private sector
22 employment immediately;

23 “(iii) shall establish the obligations of the indi-
24 vidual, which shall include actions that will help the

1 individual obtain and keep private sector employ-
2 ment; and

3 “(iv) may require that the individual enter the
4 State program approved under part F of title IV of
5 the Social Security Act if the caseworker determines
6 that the individual will need education, training, job
7 placement assistance, wage enhancement, or other
8 services to obtain private sector employment.”.

9 (b) ENHANCED EMPLOYMENT AND TRAINING PRO-
10 GRAM.—Section 16(h)(1) of the Food Stamp Act of 1977
11 (7 U.S.C. 2025 (h)(1)) is amended—

12 (1) in subparagraph (A)—

13 (A) by striking “\$75,000,000” and insert-
14 ing “\$150,000,000”; and

15 (B) by striking “1991 through 1995” and
16 inserting “1996 through 2000”;

17 (2) by striking subparagraphs (B), (C), (E) and
18 (F) and redesignating subparagraph (D) as subpara-
19 graph (B); and

20 (3) in subparagraph (B) (as so redesignated),
21 by striking “for each” and all that follows through
22 “of \$60,000,000” and inserting “the Secretary shall
23 allocate funding”.

24 (c) REQUIRED PARTICIPATION IN WORK AND TRAIN-
25 ING PROGRAMS.—Section 6(d)(4) of the Food Stamp Act

1 of 1977 (7 U.S.C. 2015(d)(4)) is amended by adding at
2 the end the following:

3 “(O) The State agency shall provide an opportunity
4 to participate in the employment and training program
5 under this paragraph to any individual who would other-
6 wise become subject to disqualification under paragraph
7 (5)(A).”.

8 (d) COORDINATING WORK REQUIREMENTS IN TRAN-
9 SITIONAL AID AND FOOD STAMP PROGRAMS.—Section
10 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C.
11 2015(d)(4)), as amended by subsection (c), is amended by
12 adding at the end the following:

13 “(P)(i) Notwithstanding any other provision of this
14 paragraph, a State agency that meets the participation re-
15 quirements of clause (ii) may operate the employment and
16 training program of the State for individuals who are
17 members of households receiving allotments under this Act
18 as part of its WAGE Program under part F of title IV
19 of the Social Security Act (42 U.S.C. 681 et seq.), except
20 that sections 487(b) and 489(a)(4) shall not apply to any
21 month during which the individual participates in such
22 program while not receiving income under part A of sub-
23 title IV of the Social Security Act (42 U.S.C. 601 et seq.).
24 If a State agency exercises the option provided under this
25 clause, the operation of the program shall be subject to

1 the requirements of such part F, except that any reference
2 to ‘transitional aid to families with needy children’ in such
3 part shall be deemed a reference to food stamp allotments
4 for purposes of any person not receiving income under
5 such part A.

6 “(ii) A State agency may exercise the option provided
7 under clause (i) if the State agency provides an individual
8 who is subject to the requirements of paragraph (5) who
9 is not employed at least an average of 20 hours per week
10 or participating in a workfare program under section 20
11 (or a comparable State or local program) with the oppor-
12 tunity to participate in an approved employment and
13 training program. A State agency shall be considered to
14 have complied with the requirements of this subparagraph
15 in any area for which a waiver under paragraph (5)(4)(C)
16 is in effect.”.

17 **SEC. 825. EXTENDING CURRENT CLAIMS RETENTION**
18 **RATES.**

19 Section 16(a) of the Food Stamp Act of 1977 (7
20 U.S.C. 2025(a)) is amended by striking “September 30,
21 1995” each place it appears and inserting “September 30,
22 2002”.

23 **SEC. 826. TWO-YEAR FREEZE OF STANDARD DEDUCTION.**

24 Section 5(e) of the Food Stamp Act of 1977 (7
25 U.S.C. 2014(e)) is amended in the second sentence by in-

1 serting “except October 1, 1995 and October 1, 1996”
2 after “thereafter”.

3 **SEC. 827. NUTRITION ASSISTANCE FOR PUERTO RICO.**

4 Section 19(a)(1)(A) of the Food Stamp Act of 1977
5 (7 U.S.C. 2028(a)(1)(A)) is amended—

6 (1) by striking “1994, and” and inserting
7 “1994,”; and

8 (2) by inserting “and \$1,143,000,000 for fiscal
9 year 1996,” before “to finance”.

10 **SEC. 828. REPEAL OF SPECIAL RULE FOR PERSONS WHO**

11 **DO NOT PURCHASE AND PREPARE FOOD SEP-**

12 **ARATELY.**

13 (a) REPEALER.—Section 3(i) of the Food Stamp Act
14 of 1977 (7 U.S.C. 2012(i)) is amended by striking the
15 third sentence.

16 (b) CONFORMING AMENDMENT.—Section 5(a) of the
17 Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended
18 by striking “, 16(e)(1), and the third sentence of section
19 3(i)” and inserting “and 16(e)(1)”.

20 **SEC. 829. EARNINGS OF CERTAIN HIGH SCHOOL STUDENTS**

21 **COUNTED AS INCOME.**

22 Section 5(d)(7) of the Food Stamp Act of 1977 (7
23 U.S.C. 2014(d)(7)) is amended by striking “21” and in-
24 serting “18”.

1 **SEC. 830. ENERGY ASSISTANCE COUNTED AS INCOME.**

2 (a) LIMITING EXCLUSION.—Section 5(d)(11) of the
3 Food Stamp Act of 1977 (7 U.S.C. 2014(d)(11)) is
4 amended—

5 (1) by striking “(A) under any Federal law, or
6 (B)””; and

7 (2) by inserting before the comma at the end
8 the following: “, except that no benefits provided
9 under the State program under part A of title IV of
10 the Social Security Act (42 U.S.C. 601 et seq.) shall
11 be excluded under this clause”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Section 5(e) of the Food Stamp Act of 1977
14 (7 U.S.C. 2014(e)) is amended by striking sentences
15 nine through twelve.

16 (2) Section 5(k)(2) of the Food Stamp Act of
17 1977 (7 U.S.C. 2014(k)(2)) is amended by striking
18 subparagraph (C) and redesignating subparagraphs
19 (D) through (H) as subparagraphs (C) through (G),
20 respectively.

21 **SEC. 831. VENDOR PAYMENTS FOR TRANSITIONAL HOUS-**
22 **ING COUNTED AS INCOME.**

23 Section 5(k)(2) of the Food Stamp Act of 1977 (7
24 U.S.C. 2014(k)(2)), as amended by section 830(b)(2), is
25 amended—

26 (1) by striking subparagraph (F); and

1 (2) by redesignating subparagraphs (G) and
2 (H) as subparagraphs (F) and (G), respectively.

3 **SEC. 832. DENIAL OF FOOD STAMP BENEFITS FOR 10 YEARS**
4 **TO CERTAIN INDIVIDUALS FOUND TO HAVE**
5 **FRAUDULENTLY MISREPRESENTED RESI-**
6 **DENCE TO OBTAIN BENEFITS.**

7 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
8 2015) is amended by adding at the end the following:

9 “(i) An individual shall be ineligible to participate in
10 the food stamp program as a member of any household
11 during the 10-year period beginning on the date the indi-
12 vidual is found by a State to have made, or is convicted
13 in Federal or State court of having made, a fraudulent
14 statement or representation with respect to the place of
15 residence of the individual in order to receive benefits si-
16 multaneously from 2 or more States under the food stamp
17 program or under programs that are funded under part
18 A of title IV of the Social Security Act (42 U.S.C. 601
19 et seq.), under title XIX of such Act (42 U.S.C. 1396 et
20 seq.), or under the supplemental security income program
21 under title XVI of such Act (42 U.S.C. 1381 et seq.).”.

1 **SEC. 833. DISQUALIFICATION RELATING TO CHILD SUP-**
2 **PORT ARREARS.**

3 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
4 2015), as amended by section 833, is amended by adding
5 at the end the following:

6 “(j) A State plan under section 11 may provide that
7 no individual is eligible to participate in the food stamp
8 program as a member of any household during any period
9 such individual has a payment overdue that is both—

10 “(1) under a court order for the support of a
11 child of such individual; and

12 “(2) not included in a payment plan approved
13 by a court or the State agency designated under
14 part D of title IV of the Social Security Act (42
15 U.S.C. 651 et seq.) with which the individual is in
16 current compliance.”.

17 **SEC. 834. LIMITING ADJUSTMENT OF MINIMUM BENEFIT.**

18 Section 8(a) of the Food Stamp Act of 1977 (7
19 U.S.C. 2017(a)) is amended by striking “nearest \$5” and
20 inserting “nearest \$10”.

21 **SEC. 835. PENALTY FOR FAILURE TO COMPLY WITH WORK**
22 **REQUIREMENTS OF OTHER PROGRAMS.**

23 Section 8(d) of the Food Stamp Act of 1977 (7
24 U.S.C. 2017(d)) is amended—

1 (1) by inserting “or any work requirement
2 under such program” after “assistance program”;
3 and

4 (2) by inserting at the end “The State agency
5 may impose the same penalty on a household for
6 such failure to comply with a work requirement in
7 the program under part A of title IV of the Social
8 Security Act (42 U.S.C. 601 et seq.) that is imposed
9 under such part.”

10 **SEC. 836. RESUMPTION OF DISCRETIONARY FUNDING FOR**
11 **NUTRITION EDUCATION AND TRAINING PRO-**
12 **GRAM.**

13 Section 19(i)(2)(A) of the Child Nutrition Act of
14 1966 (42 U.S.C. 1788(i)(2)(A)) is amended—

15 (1) by striking “Out of” and all that follows
16 through “and \$10,000,000” and inserting “To carry
17 out the provisions of this section, there is hereby au-
18 thorized to be appropriated not to exceed
19 \$10,000,000”; and

20 (2) by striking the last sentence.

1 **SEC. 837. IMPROVEMENT OF CHILD AND ADULT CARE FOOD**
2 **PROGRAM OPERATED UNDER THE NATIONAL**
3 **SCHOOL LUNCH ACT.**

4 (a) IN GENERAL.—Section 17(f)(3)(A) of the Na-
5 tional School Lunch Act (42 U.S.C. 1766(f)(3)(A)) is
6 amended to read as follows:

7 “(A)(i) Institutions that participate in the program
8 under this section as family or group day care home spon-
9 soring organizations shall be provided, for payment to
10 such homes, the reimbursement factors in accordance with
11 this subparagraph for the cost of obtaining and preparing
12 food and prescribed labor costs, involved in providing
13 meals under this section.

14 “(ii)(I) A low- or moderate-income family or group
15 day care home shall be provided the reimbursement fac-
16 tors without a requirement for documentation of the costs
17 described in clause (i), except that reimbursement shall
18 not be provided under this subparagraph for meals or sup-
19 plements served to the children of a person acting as a
20 family or group day care home provider unless such chil-
21 dren meet the eligibility standards for free or reduced
22 price meals under section 9 of this Act. The reimburse-
23 ment factors applied to such a home shall be the factors
24 in effect on the date of the enactment of the Work and
25 Gainful Employment Act. The reimbursement factors
26 under this subparagraph shall be adjusted on July 1 of

1 each year to reflect changes in the Consumer Price Index
2 for food away from home for the most recent 12-month
3 period for which such data are available. The reimburse-
4 ment factors under this subparagraph shall be rounded to
5 the nearest one-fourth cent.

6 “(II) For purposes of this clause, the term ‘low- or
7 moderate-income family or group day care home’ means—

8 “(aa) a family or group day care home that is
9 located in a census tract area in which at least 50
10 percent of the children residing in such area are
11 members of households whose incomes meet the eli-
12 gibility standards for free or reduced price meals
13 under section 9 of this Act, as determined by the
14 family or group day care home sponsoring organiza-
15 tion using census tract data provided to such organi-
16 zation by the State agency in accordance with sub-
17 paragraph (B)(i);

18 “(bb) a family or group day care home that is
19 located in an area served by a school in which at
20 least 50 percent of the total number of children en-
21 rolled are certified to receive free or reduced price
22 meals under this Act or the Child Nutrition Act of
23 1966 (42 U.S.C. 1771 et seq.), as determined by the
24 family or group day care home sponsoring organiza-
25 tion using data provided to such organization by the

1 State agency in accordance with subparagraph
2 (B)(ii); or

3 “(cc) a family or group day care home that is
4 operated by a provider whose household meets the
5 eligibility standards for free or reduced price meals
6 under section 9 of this Act.

7 “(iii)(I) Except as provided for in subclause (II), with
8 respect to meals or supplements served under this clause
9 by a family or group day care home that does not meet
10 the criteria set forth in clause (ii)(II), the reimbursement
11 factors shall be—

12 “(aa) \$1.00 for lunches and suppers;

13 “(bb) \$.40 for breakfasts; and

14 “(cc) \$.20 for supplements.

15 Such factors shall be adjusted on July 1, 1997, and each
16 July 1 thereafter to reflect changes in the Consumer Price
17 Index for food away from home for the most recent 12-
18 month period for which such data are available. The reim-
19 bursement factors under this clause shall be rounded to
20 the nearest one-fourth cent. A family or group day care
21 home shall be provided a reimbursement factor under this
22 subclause without a requirement for documentation of the
23 costs described in clause (i), except that reimbursement
24 shall not be provided under this clause for meals or supple-
25 ments served to the children of a person acting as a family

1 or group day care home provider unless such children meet
2 the eligibility standards for free or reduced price meals
3 under section 9 of this Act.

4 “(II) A family or group day care home that does not
5 meet the criteria set forth in clause (ii)(II), may elect to
6 be provided a reimbursement factor determined in accord-
7 ance with the following requirements:

8 “(aa) With respect to meals or supplements
9 served under this subsection to children who are
10 members of households whose incomes meet the eli-
11 gibility standards for free or reduced price meals
12 under section 9 of this Act, the family or group day
13 care home shall be provided reimbursement factors
14 set by the Secretary in accordance with subclause
15 (ii)(I).

16 “(bb) With respect to meals or supplements
17 served under this subsection to children who are
18 members of households whose incomes do not meet
19 such eligibility standards, the family or group day
20 care home shall be provided a reimbursement factor
21 in accordance with subclause (I).

22 “(III) A family or group day care home electing to
23 use the procedures under subclause (II) may consider a
24 child with a parent participating in the WAGE program
25 established under part F of title IV of the Social Security

1 Act or a State child care program with an income eligi-
2 bility limit that does not exceed the eligibility standard
3 for free or reduced price meals under section 9 of this
4 Act, to be a child who is a member of a household whose
5 income meets the eligibility standards under section 9 of
6 this Act. A family or group day care home may elect to
7 receive the reimbursement factors prescribed under clause
8 (ii)(I) solely for such children if it does not wish to have
9 income statements collected from parents.

10 “(IV) The Secretary shall prescribe simplified meal
11 counting and reporting procedures for use by family and
12 group day care homes that elect to use the procedures
13 under subclause (II) and by family and group day care
14 home sponsoring organizations that serve such homes.
15 Such procedures may include the following:

16 “(aa) Setting an annual percentage for each
17 such home of the number of meals served that are
18 to be reimbursed in accordance with the reimburse-
19 ment factors prescribed under clause (ii)(I) and an
20 annual percentage of the number of meals served
21 that are to be reimbursed in accordance with the re-
22 imbursement factors prescribed under clause (ii)(I),
23 based on the incomes of children enrolled in the
24 home in a specified month or other period.

1 “(bb) Setting blended reimbursement factors
2 for a home annually based on the incomes of chil-
3 dren enrolled in the home in a specified month or
4 period.

5 “(cc) Placing a home into one of several reim-
6 bursement categories annually based on the percent-
7 age of children in the home whose households have
8 incomes that meet the eligibility standards under
9 section 9 of this Act.

10 “(dd) Such other simplified procedures as the
11 Secretary may prescribe.”.

12 (b) PROVISION OF DATA TO FAMILY OR GROUP DAY
13 CARE HOMES.—Section 17(f)(3) of such Act (42 U.S.C.
14 1766(f)(3)) is amended—

15 (1) by redesignating subparagraphs (B) and
16 (C) as subparagraphs (D) and (E), respectively; and

17 (2) by inserting after subparagraph (A) (as
18 amended by subsection (a)) the following new sub-
19 paragraph:

20 “(B)(i) The Secretary shall provide to each State
21 agency administering a child and adult care food program
22 under this section data from the most recent decennial
23 census for which such data are available showing which
24 census tracts in the State meet the requirements of sub-
25 paragraph (A)(ii)(II)(aa). The State agency shall provide

1 such data to family or group day care home sponsoring
2 organizations located in the State.

3 “(ii) Each State agency administering a child and
4 adult care food program under this section shall annually
5 provide to family or group day care home sponsoring orga-
6 nizations located in the State a list of all schools in the
7 State in which at least 50 percent of the children are en-
8 rolled and certified to receive free or reduced price meals
9 under this Act or the Child Nutrition Act of 1966 (42
10 U.S.C. 1771 et seq.). The Secretary shall direct State
11 agencies administering the school lunch program under
12 this Act and the school breakfast program under the Child
13 Nutrition Act of 1966 to collect this information annually
14 and to provide it on a timely basis to the State agency
15 administering the program under this section.”

16 (c) GRANTS TO STATES TO PROVIDE ASSISTANCE TO
17 FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3)
18 of such Act (42 U.S.C. 1766(f)(3)) is amended by insert-
19 ing after subparagraph (B) (as added by subsection
20 (b)(2)) the following new subparagraph:

21 “(C)(i) From amounts appropriated to carry out this
22 section, the Secretary shall reserve \$2,000,000 in fiscal
23 year 1996 and \$5,000,000 in fiscal year 1997 to provide
24 grants to States for the purpose of providing grants to
25 family and day care home sponsoring organizations and

1 other appropriate organizations to secure and provide
2 training, materials, automated data processing assistance,
3 and other assistance for the staff of such sponsoring orga-
4 nizations and for family and group day care homes in
5 order to assist in the implementation of the requirements
6 contained in subparagraph (A).

7 “(ii) From amounts appropriated to carry out this
8 section, the Secretary shall reserve \$5,000,000 in fiscal
9 year 1998 and in each fiscal year thereafter to provide
10 grants to States for the purpose of making grants to fam-
11 ily or group day care home sponsoring organizations and
12 other appropriate organizations to assist low- or moderate-
13 income family or group day care homes (as such term is
14 defined in subparagraph (A)(ii)(II)) to become licensed or
15 registered for the program under this section or overcome
16 other barriers to the program.”.

17 (d) EFFECTIVE DATES.—

18 (1) IN GENERAL.—The amendments made by
19 subsections (a) and (b) shall take effect on July 1,
20 1996.

21 (2) GRANTS TO STATES.—The amendment
22 made by subsection (c) shall take effect on the date
23 of the enactment of this Act.

1 **Subtitle D—Supplemental Security**
2 **Income**

3 **SEC. 841. VERIFICATION OF ELIGIBILITY FOR CERTAIN SSI**
4 **DISABILITY BENEFITS.**

5 Section 1631 (42 U.S.C. 1383) is amended by adding
6 at the end the following new subsection:

7 “(o)(1) Notwithstanding any other provision of law,
8 if the Commissioner of Social Security determines that an
9 individual, who is 18 years of age or older, is eligible to
10 receive benefits pursuant to section 1614(a)(3), the Com-
11 missioner shall, at the time of the determination, either
12 exempt the individual from an eligibility review or estab-
13 lish a schedule for reviewing the individual’s continuing
14 eligibility in accordance with paragraph (2).

15 “(2)(A) The Commissioner shall establish a periodic
16 review with respect to the continuing eligibility of an indi-
17 vidual to receive benefits, unless the individual is exempt
18 from review under subparagraph (C) or is subject to a
19 scheduled review under subparagraph (B). A periodic re-
20 view under this subparagraph shall be initiated by the
21 Commissioner not later than 30 months after the date a
22 determination is made that the individual is eligible for
23 benefits and every 30 months thereafter, unless a waiver
24 is granted under section 221(i)(2). However, the Commis-
25 sioner shall not postpone the initiation of a periodic review

1 for more than 12 months in any case in which such waiver
2 has been granted unless exigent circumstances require
3 such postponement.

4 “(B)(i) In the case of an individual, other than an
5 individual who is exempt from review under subparagraph
6 (C) or with respect to whom subparagraph (A) applies,
7 the Commissioner shall schedule a review regarding the
8 individual’s continuing eligibility to receive benefits at any
9 time the Commissioner determines, based on the evidence
10 available, that there is a significant possibility that the
11 individual may cease to be entitled to such benefits.

12 “(ii) The Commissioner may establish classifications
13 of individuals for whom a review of continuing eligibility
14 is scheduled based on the impairments that are the basis
15 for such individuals’ eligibility for benefits. A review of
16 an individual covered by a classification shall be scheduled
17 in accordance with the applicable classification, unless the
18 Commissioner determines that applying such schedule is
19 inconsistent with the purpose of this Act or the integrity
20 of the supplemental security income program.

21 “(C)(i) The Commissioner may exempt an individual
22 from review under this subsection, if the individual’s eligi-
23 bility for benefits is based on a condition that, as a prac-
24 tical matter, has no substantial likelihood of improving to

1 a point where the individual will be able to perform sub-
2 stantial gainful activity.

3 “(ii) The Commissioner may establish classifications
4 of individuals who are exempt from review under this sub-
5 section based on the impairments that are the basis for
6 such individuals’ eligibility for benefits. Notwithstanding
7 any such classification, the Commissioner may, at the time
8 of determining an individual’s eligibility, schedule a review
9 of such individual’s continuing eligibility if the Commis-
10 sioner determines that a review is necessary to preserve
11 the integrity of the supplemental security income program.

12 “(3) The Commissioner may revise a determination
13 made under paragraph (1) and schedule a review under
14 paragraph (2)(B), if the Commissioner obtains credible
15 evidence that an individual may no longer be eligible for
16 benefits or the Commissioner determines that a review is
17 necessary to maintain the integrity of the supplemental
18 security income program. Information obtained under sec-
19 tion 1137 may be used as the basis to schedule a review.

20 “(4)(i) The requirements of sections 1614(a)(4) and
21 1633 shall apply to reviews conducted under this sub-
22 section.

23 “(ii) Such reviews may be conducted by the applicable
24 State agency or the Commissioner, whichever is appro-
25 priate.”.

1 **SEC. 842. NONPAYMENT OF SSI DISABILITY BENEFITS TO**
2 **SUBSTANCE ABUSERS.**

3 (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.
4 1382c(a)(3)) is amended by adding at the end the follow-
5 ing new subparagraph:

6 “(I) Notwithstanding subparagraph (A),
7 an individual shall not be considered disabled
8 for purposes of this title if alcoholism or drug
9 addiction would (but for this subparagraph) be
10 a contributing factor material to the Commis-
11 sioner’s determination that the individual is dis-
12 abled.”.

13 (b) ADDITIONAL ELIGIBILITY REQUIREMENTS.—Sec-
14 tion 1611(e)(3)(A) (42 U.S.C. 1382(e)(3)(A)) is amend-
15 ed—

16 (1) in clause (i), by striking subclause (I) and
17 inserting the following new subclause:

18 “(I) In the case of any individual
19 who is eligible for benefits under this
20 title by reason of disability for the
21 month in which the Work and Gainful
22 Employment Act becomes effective,
23 whose alcoholism or drug addiction
24 was a contributing factor material to
25 the Commissioner’s determination
26 that such individual is disabled, whose

1 benefits are terminated as a result of
2 section 1614(a)(3)(I), and who subse-
3 quently becomes re-eligible for bene-
4 fits under this title based on a disabil-
5 ity, such individual shall comply with
6 the provisions of this subparagraph.
7 In any case in which an individual is
8 required to comply with the provisions
9 of this subparagraph, the Commis-
10 sioner shall include in the individual's
11 notification of such eligibility a notice
12 informing the individual of such re-
13 quirement.”; and

14 (2) in clause (vi)—

15 (A) in subclause (I), by striking “who is el-
16 igible for benefits” through “is disabled,” and
17 inserting “described in clause (i),”;

18 (B) in subclause (V), by striking “or (v)”;

19 and

20 (C) by redesignating clause (vi) as clause
21 (v).

22 (c) CONFORMING AMENDMENTS.—

23 (1) Section 1611(e)(3)(B)(iii)(II)(aa) (42
24 U.S.C. 1382(e)(3)(B)(iii)(II)(aa)) is amended by
25 striking “with respect to whom” through “they are

1 disabled” and inserting “described in subparagraph
2 (A)(i)”.

3 (2) Section 201(b)(3) of the Social Security
4 Independence and Program Improvements Act of
5 1994 (42 U.S.C. 425 note) is amended by striking
6 subparagraph (C).

7 (d) MEDICAID BENEFITS.—Section 1634(e) (42
8 U.S.C. 1383c(e)) is amended—

9 (1) by striking “or (v)”;

10 (2) by inserting “(1)” after “(e)”; and

11 (3) by inserting at the end thereof:

12 “(2) Each person who is eligible for benefits
13 under this title by reason of disability for the month
14 in which the Work and Gainful Employment Act be-
15 comes effective and whose benefits are terminated as
16 a result of section 1614(a)(3)(I) shall be deemed to
17 be receiving such benefits for purposes of title
18 XIX.”.

19 (e) PAYMENT OF BENEFITS TO REPRESENTATIVE
20 PAYEES.—

21 (1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C.
22 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

23 “(II) In the case of an indi-
24 vidual described in section
25 1611(e)(3)(A)(i)(I), the payment of

1 benefits under this title by reason of
2 disability to a representative payee
3 shall be deemed to serve the interest
4 of the individual under this title. In
5 any case in which payment is so
6 deemed under this subclause to serve
7 the interest of an individual, the Com-
8 missioner shall include, in the individ-
9 ual's notification of such eligibility, a
10 notice that the Commissioner is re-
11 quired by the Social Security Act to
12 pay the individual's benefits to a rep-
13 resentative payee.”.

14 (2) Section 1631(a)(2)(B)(vii) (42 U.S.C.
15 1383(a)(2)(B)(vii)) is amended by striking “, if alco-
16 holism” through “individual is disabled” and insert-
17 ing in lieu thereof “who is described in section
18 1611(e)(3)(A)(i)(I)”.

19 (3) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.
20 1383(a)(2)(D)(i)(II)) is amended by striking “alco-
21 holism or drug addiction is a contributing factor ma-
22 terial to the Commissioner's determination that the
23 individual is disabled” and inserting “who is de-
24 scribed in section 1611(e)(3)(A)(i)(I)”.

1 **TITLE IX—LEGISLATIVE**
2 **PROPOSALS; EFFECTIVE DATE**

3 **SEC. 901. SECRETARIAL SUBMISSION.**

4 The Secretary of Health and Human Services shall,
5 within 90 days after the date of the enactment of this Act,
6 submit to the appropriate committees of the Congress, a
7 legislative proposal providing such technical and conform-
8 ing amendments in the law as are required by the provi-
9 sions of this Act.

10 **SEC. 902. EFFECTIVE DATE.**

11 (a) IN GENERAL.—Except as otherwise specifically
12 provided in this Act, this Act and the amendments made
13 by this shall be effective with respect to calendar quarters
14 beginning on or after October 1, 1995.

15 (b) SPECIAL RULE.—In the case of a State that the
16 Secretary of Health and Human Services determines re-
17 quires State legislation (other than legislation appropriat-
18 ing funds) in order to meet the additional requirements
19 imposed by this Act or the amendments made by this Act,
20 the State shall not be regarded as failing to comply with
21 such requirements before the first day of the first calendar
22 quarter beginning after the close of the first regular ses-
23 sion of the State legislature that begins after the date of
24 the enactment of this Act. For purposes of this subsection,
25 in the case of a State that has a 2-year legislative session,

1 each year of the session shall be treated as a separate reg-
2 ular session of the State legislature.

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