

105TH CONGRESS  
2D SESSION

# H. R. 3130

To provide for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements, to reform Federal incentive payments for effective child support performance, and to provide for a more flexible penalty procedure for States that violate interjurisdictional adoption requirements.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 1998

Mr. SHAW (for himself and Mr. LEVIN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To provide for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements, to reform Federal incentive payments for effective child support performance, and to provide for a more flexible penalty procedure for States that violate interjurisdictional adoption requirements.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Child Support Per-  
5 formance and Incentive Act of 1998”.

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

2 The table of contents of this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—CHILD SUPPORT DATA PROCESSING REQUIREMENTS

Sec. 101. Alternative penalty procedure.

Sec. 102. Authority to waive single Statewide automated data processing and information retrieval system requirement.

TITLE II—CHILD SUPPORT INCENTIVE SYSTEM

Sec. 201. Incentive payments to States.

TITLE III—ADOPTION PROVISIONS

Sec. 301. More flexible penalty procedure to be applied for failing to permit interjurisdictional adoption.

Sec. 302. Technical corrections.

3 **TITLE I—CHILD SUPPORT DATA**  
 4 **PROCESSING REQUIREMENTS**

5 **SEC. 101. ALTERNATIVE PENALTY PROCEDURE.**

6 (a) IN GENERAL.—Section 455(a) of the Social Secu-  
 7 rity Act (42 U.S.C. 655(a)) is amended by adding at the  
 8 end the following:

9 “(4)(A) If—

10 “(i) the Secretary determines that a State plan  
 11 under section 454 would (in the absence of this  
 12 paragraph) be disapproved for the failure of the  
 13 State comply with section 454(24)(A), and that the  
 14 State has made and is continuing to make a good  
 15 faith effort to so comply; and

16 “(ii) the State has submitted to the Secretary  
 17 a corrective compliance plan that describes how the

1 State will achieve such compliance, which has been  
2 approved by the Secretary,  
3 then the Secretary shall not disapprove the State plan  
4 under section 454, and the Secretary shall reduce the  
5 amount otherwise payable to the State under paragraph  
6 (1)(A) of this subsection for the fiscal year by the penalty  
7 amount.

8 “(B) In this paragraph:

9 “(i) The term ‘penalty amount’ means, with re-  
10 spect to a failure of a State to comply with section  
11 454(24)—

12 “(I) 4 percent of the penalty base, in the  
13 case of the 1st fiscal year in which such a fail-  
14 ure by the State occurs;

15 “(II) 8 percent of the penalty base, in the  
16 case of the 2nd such fiscal year;

17 “(III) 16 percent of the penalty base, in  
18 the case of the 3rd such fiscal year; or

19 “(IV) 20 percent of the penalty base, in  
20 the case of the 4th or any subsequent such fis-  
21 cal year.

22 “(ii) The term ‘penalty base’ means, with re-  
23 spect to a failure of a State to comply with section  
24 454(24) during a fiscal year, the amount otherwise

1 payable to the State under paragraph (1)(A) of this  
2 subsection for the preceding fiscal year.

3 “(C)(i) The Secretary shall waive a penalty under  
4 this paragraph for any failure of a State to comply with  
5 section 454(24)(A) during fiscal year 1998 if—

6 “(I) by December 31, 1997, the State has sub-  
7 mitted to the Secretary a request that the Secretary  
8 certify the State as having met the requirements of  
9 such section;

10 “(II) the Secretary has provided the certifi-  
11 cation as a result of a review conducted pursuant to  
12 the request; and

13 “(III) the State has not failed such a review.

14 “(ii) If a State with respect to which a reduction is  
15 made under this paragraph for a fiscal year achieves com-  
16 pliance with section 454(24)(A) by the beginning of the  
17 succeeding fiscal year, the Secretary shall increase the  
18 amount otherwise payable to the State under paragraph  
19 (1)(A) of this subsection for the succeeding fiscal year by  
20 an amount equal to 75 percent of the reduction for the  
21 fiscal year.

22 “(iii) The Secretary shall reduce the amount of any  
23 reduction that, in the absence of this clause, would be re-  
24 quired to be made under this paragraph by reason of the  
25 failure of a State to achieve compliance with section

1 454(24)(B) during the fiscal year, by an amount equal  
2 to 20 percent of the amount of the otherwise required re-  
3 duction, for each State performance measure described in  
4 section 458A(b)(4) with respect to which the applicable  
5 percentage under section 458A(b)(6) for the fiscal year  
6 is 100 percent, if the Secretary has made the determina-  
7 tion described in section 458A(b)(5)(B) with respect to the  
8 State for the fiscal year.

9 “(D) The preceding provisions of this paragraph (ex-  
10 cept for subparagraph (C)(i)) shall apply, separately and  
11 independently, to a failure to comply with section  
12 454(24)(B) in the same manner in which the preceding  
13 provisions apply to a failure to comply with section  
14 454(24)(A).”.

15 (b) INAPPLICABILITY OF PENALTY UNDER TANF  
16 PROGRAM.—Section 409(a)(8)(A)(i)(III) of such Act (42  
17 U.S.C. 609(a)(8)(A)(i)(III)) is amended by inserting  
18 “(other than section 454(24))” before the semicolon.

19 **SEC. 102. AUTHORITY TO WAIVE SINGLE STATEWIDE AUTO-**  
20 **MATED DATA PROCESSING AND INFORMA-**  
21 **TION RETRIEVAL SYSTEM REQUIREMENT.**

22 (a) IN GENERAL.—Section 452(d)(3) of the Social  
23 Security Act (42 U.S.C. 652(d)(3)) is amended to read  
24 as follows:

1       “(3) The Secretary may waive any requirement of  
2 paragraph (1) or any condition specified under section  
3 454(16), and shall waive the single statewide system re-  
4 quirement under sections 454(16) and 454A, with respect  
5 to a State if—

6           “(A) the State demonstrates to the satisfaction  
7 of the Secretary that the State has or can develop  
8 an alternative system or systems that enable the  
9 State—

10           “(i) for purposes of section 409(a)(8), to  
11 achieve the paternity establishment percentages  
12 (as defined in section 452(g)(2)) and other per-  
13 formance measures that may be established by  
14 the Secretary;

15           “(ii) to submit data under section  
16 454(15)(B) that is complete and reliable;

17           “(iii) to substantially comply with the re-  
18 quirements of this part; and

19           “(iv) in the case of a request to waive the  
20 single statewide system requirement, to—

21           “(I) meet all functional requirements  
22 of sections 454(16) and 454A;

23           “(II) ensure that calculation of dis-  
24 tributions meets the requirements of sec-  
25 tion 457 and accounts for distributions to

1 children in different families or in different  
2 States or sub-State jurisdictions, and for  
3 distributions to other States;

4 “(III) ensure that there is only 1  
5 point of contact in the State for all inter-  
6 state case processing and coordinated,  
7 automated intrastate case management;

8 “(IV) ensure that standardized data  
9 elements, forms, and definitions are used  
10 throughout the State;

11 “(V) complete the alternative system  
12 in no more time than it would take to com-  
13 plete a single statewide system that meets  
14 such requirement; and

15 “(VI) process child support cases as  
16 quickly, efficiently, and effectively as such  
17 cases would be processed through a single  
18 statewide system that meets such require-  
19 ment;

20 “(B)(i) the waiver meets the criteria of para-  
21 graphs (1), (2), and (3) of section 1115(c); or

22 “(ii) the State provides assurances to the Sec-  
23 retary that steps will be taken to otherwise improve  
24 the State’s child support enforcement program; and

1           “(C) in the case of a request to waive the single  
2           statewide system requirement, the State has submit-  
3           ted to the Secretary separate estimates of the total  
4           cost of a single statewide system that meets such re-  
5           quirement, and of any such alternative system or  
6           systems, which shall include estimates of the cost of  
7           developing and completing the system and of operat-  
8           ing and maintaining the system for 5 years, and the  
9           Secretary has agreed with the estimates.”.

10          (b) PAYMENTS TO STATES.—Section 455(a)(1) of  
11 such Act (42 U.S.C. 655(a)(1)) is amended—

12           (1) by striking “and” at the end of subpara-  
13           graph (B);

14           (2) by striking the semicolon at the end of sub-  
15           paragraph (C) and inserting “, and”; and

16           (3) by inserting after subparagraph (C) the fol-  
17           lowing:

18           “(D) equal to 66 percent of the sums expended  
19           by the State during the quarter for an alternative  
20           statewide system for which a waiver has been grant-  
21           ed under section 452(d)(3), but only to the extent  
22           that the total of the sums so expended by the State  
23           on or after the date of the enactment of this sub-  
24           paragraph does not exceed the least total cost esti-

1       mate submitted by the State pursuant to section  
2       452(d)(3)(C) in the request for the waiver;”.

3                   **TITLE II—CHILD SUPPORT**  
4                   **INCENTIVE SYSTEM**

5   **SEC. 201. INCENTIVE PAYMENTS TO STATES.**

6       (a) IN GENERAL.—Part D of title IV of the Social  
7   Security Act (42 U.S.C. 651–669) is amended by inserting  
8   after section 458 the following:

9   **“SEC. 458A. INCENTIVE PAYMENTS TO STATES.**

10       “(a) IN GENERAL.—In addition to any other pay-  
11   ment under this part, the Secretary shall, subject to sub-  
12   section (f), make an incentive payment to each State for  
13   each fiscal year in an amount determined under subsection  
14   (b).

15       “(b) AMOUNT OF INCENTIVE PAYMENT.—

16               “(1) IN GENERAL.—The incentive payment for  
17   a State for a fiscal year is equal to the incentive  
18   payment pool for the fiscal year, multiplied by the  
19   State incentive payment share for the fiscal year.

20               “(2) INCENTIVE PAYMENT POOL.—

21                   “(A) IN GENERAL.—In paragraph (1), the  
22   term ‘incentive payment pool’ means—

23                               “(i) \$439,000,000 for fiscal year  
24                               2000;

1           “(ii) \$446,000,000 for fiscal year  
2           2001;

3           “(iii) \$468,000,000 for fiscal year  
4           2002;

5           “(iv) \$479,000,000 for fiscal year  
6           2003;

7           “(v) \$473,000,000 for fiscal year  
8           2004;

9           “(vi) \$465,000,000 for fiscal year  
10          2005;

11          “(vii) \$478,000,000 for fiscal year  
12          2006;

13          “(viii) \$490,000,000 for fiscal year  
14          2007; and

15          “(ix) for any succeeding fiscal year,  
16          the amount of the incentive payment pool  
17          for the fiscal year that precedes such suc-  
18          ceeding fiscal year, multiplied by the per-  
19          centage (if any) by which the CPI for such  
20          preceding fiscal year exceeds the CPI for  
21          the 2nd preceding fiscal year.

22          “(B) CPI.—For purposes of subparagraph  
23          (A), the CPI for a fiscal year is the average of  
24          the Consumer Price Index for the 12-month pe-  
25          riod ending on September 30 of the fiscal year.

1           As used in the preceding sentence, the term  
2           ‘Consumer Price Index’ means the last Con-  
3           sumer Price Index for all-urban consumers pub-  
4           lished by the Department of Labor.

5           “(3) STATE INCENTIVE PAYMENT SHARE.—In  
6           paragraph (1), the term ‘State incentive payment  
7           share’ means, with respect to a fiscal year—

8                   “(A) the incentive base amount for the  
9                   State for the fiscal year; divided by

10                   “(B) the sum of the incentive base  
11                   amounts for all of the States for the fiscal year.

12           “(4) INCENTIVE BASE AMOUNT.—In paragraph  
13           (3), the term ‘incentive base amount’ means, with  
14           respect to a State and a fiscal year, the sum of the  
15           applicable percentages (determined in accordance  
16           with paragraph (6)) multiplied by the corresponding  
17           maximum incentive base amounts for the State for  
18           the fiscal year, with respect to each of the following  
19           measures of State performance for the fiscal year:

20                   “(A) The paternity establishment perform-  
21                   ance level.

22                   “(B) The support order performance level.

23                   “(C) The current payment performance  
24                   level.

1           “(D) The arrearage payment performance  
2 level.

3           “(E) The cost-effectiveness performance  
4 level.

5           “(5) MAXIMUM INCENTIVE BASE AMOUNT.—

6           “(A) IN GENERAL.—For purposes of para-  
7 graph (4), the maximum incentive base amount  
8 for a State for a fiscal year is—

9                   “(i) with respect to the performance  
10 measures described in subparagraphs (A),  
11 (B), and (C) of paragraph (4), the State  
12 collections base for the fiscal year; and

13                   “(ii) with respect to the performance  
14 measures described in subparagraphs (D)  
15 and (E) of paragraph (4), 75 percent of  
16 the State collections base for the fiscal  
17 year.

18           “(B) DATA REQUIRED TO BE COMPLETE  
19 AND RELIABLE.—Notwithstanding subpara-  
20 graph (A), the maximum incentive base amount  
21 for a State for a fiscal year with respect to a  
22 performance measure described in paragraph  
23 (4) is zero, unless the Secretary determines, on  
24 the basis of an audit performed under section  
25 452(a)(4)(C)(i), that the data which the State

1 submitted pursuant to section 454(15)(B) for  
2 the fiscal year and which is used to determine  
3 the performance level involved is complete and  
4 reliable.

5 “(C) STATE COLLECTIONS BASE.—For  
6 purposes of subparagraph (A), the State collec-  
7 tions base for a fiscal year is equal to the sum  
8 of—

9 “(i) 2 times the sum of—

10 “(I) the total amount of support  
11 collected during the fiscal year under  
12 the State plan approved under this  
13 part in cases in which the support ob-  
14 ligation involved is required to be as-  
15 signed to the State pursuant to part  
16 A or E of this title or title XIX; and

17 “(II) the total amount of support  
18 collected during the fiscal year under  
19 the State plan approved under this  
20 part in cases in which the support ob-  
21 ligation involved was so assigned but,  
22 at the time of collection, is not re-  
23 quired to be so assigned; and

24 “(ii) the total amount of support col-  
25 lected during the fiscal year under the

1 State plan approved under this part in all  
 2 other cases.

3 “(6) DETERMINATION OF APPLICABLE PER-  
 4 CENTAGES BASED ON PERFORMANCE LEVELS.—

5 “(A) PATERNITY ESTABLISHMENT.—

6 “(i) DETERMINATION OF PATERNITY  
 7 ESTABLISHMENT PERFORMANCE LEVEL.—

8 The paternity establishment performance  
 9 level for a State for a fiscal year is, at the  
 10 option of the State, the IV–D paternity es-  
 11 tablishment percentage determined under  
 12 section 452(g)(2)(A) or the statewide pa-  
 13 ternity establishment percentage deter-  
 14 mined under section 452(g)(2)(B).

15 “(ii) DETERMINATION OF APPLICABLE  
 16 PERCENTAGE.—The applicable percentage  
 17 with respect to a State’s paternity estab-  
 18 lishment performance level is as follows:

<b>“If the paternity establishment performance level is:</b>		<b>The applicable percentage is:</b>
<b>At least:</b>	<b>But less than:</b>	
80% .....	.....	100
79% .....	80% .....	98
78% .....	79% .....	96
77% .....	78% .....	94
76% .....	77% .....	92
75% .....	76% .....	90
74% .....	75% .....	88
73% .....	74% .....	86
72% .....	73% .....	84
71% .....	72% .....	82
70% .....	71% .....	80
69% .....	70% .....	79

<b>“If the paternity establishment performance level is:</b>		<b>The applicable percentage is:</b>
<b>At least:</b>	<b>But less than:</b>	
68% .....	69% .....	78
67% .....	68% .....	77
66% .....	67% .....	76
65% .....	66% .....	75
64% .....	65% .....	74
63% .....	64% .....	73
62% .....	63% .....	72
61% .....	62% .....	71
60% .....	61% .....	70
59% .....	60% .....	69
58% .....	59% .....	68
57% .....	58% .....	67
56% .....	57% .....	66
55% .....	56% .....	65
54% .....	55% .....	64
53% .....	54% .....	63
52% .....	53% .....	62
51% .....	52% .....	61
50% .....	51% .....	60
0% .....	50% .....	0.

1           Notwithstanding the preceding sentence, if  
2           the paternity establishment performance  
3           level of a State for a fiscal year is less  
4           than 50 percent but exceeds by at least 10  
5           percentage points the paternity establish-  
6           ment performance level of the State for the  
7           immediately preceding fiscal year, then the  
8           applicable percentage with respect to the  
9           State’s paternity establishment perform-  
10          ance level is 50 percent.

11           “(B) ESTABLISHMENT OF CHILD SUPPORT  
12          ORDERS.—

13           “(i) DETERMINATION OF SUPPORT  
14          ORDER PERFORMANCE LEVEL.—The sup-

1 port order performance level for a State  
 2 for a fiscal year is the percentage of the  
 3 total number of cases under the State plan  
 4 approved under this part in which there is  
 5 a support order during the fiscal year.

6 “(ii) DETERMINATION OF APPLICABLE  
 7 PERCENTAGE.—The applicable percentage  
 8 with respect to a State’s support order per-  
 9 formance level is as follows:

<b>“If the support order performance level is:</b>		<b>The applicable percentage is:</b>
<b>At least:</b>	<b>But less than:</b>	
80% .....	.....	100
79% .....	80% .....	98
78% .....	79% .....	96
77% .....	78% .....	94
76% .....	77% .....	92
75% .....	76% .....	90
74% .....	75% .....	88
73% .....	74% .....	86
72% .....	73% .....	84
71% .....	72% .....	82
70% .....	71% .....	80
69% .....	70% .....	79
68% .....	69% .....	78
67% .....	68% .....	77
66% .....	67% .....	76
65% .....	66% .....	75
64% .....	65% .....	74
63% .....	64% .....	73
62% .....	63% .....	72
61% .....	62% .....	71
60% .....	61% .....	70
59% .....	60% .....	69
58% .....	59% .....	68
57% .....	58% .....	67
56% .....	57% .....	66
55% .....	56% .....	65
54% .....	55% .....	64
53% .....	54% .....	63
52% .....	53% .....	62
51% .....	52% .....	61
50% .....	51% .....	60

<b>“If the support order performance level is:</b>		<b>The applicable percentage is:</b>
<b>At least:</b>	<b>But less than:</b>	
0% .....	50% .....	0.

1                   Notwithstanding the preceding sentence, if  
 2                   the support order performance level of a  
 3                   State for a fiscal year is less than 50 per-  
 4                   cent but exceeds by at least 5 percentage  
 5                   points the support order performance level  
 6                   of the State for the immediately preceding  
 7                   fiscal year, then the applicable percentage  
 8                   with respect to the State’s support order  
 9                   performance level is 50 percent.

10                   “(C) COLLECTIONS ON CURRENT CHILD  
 11                   SUPPORT DUE.—

12                   “(i) DETERMINATION OF CURRENT  
 13                   PAYMENT PERFORMANCE LEVEL.—The  
 14                   current payment performance level for a  
 15                   State for a fiscal year is equal to the total  
 16                   amount of current support collected during  
 17                   the fiscal year under the State plan ap-  
 18                   proved under this part divided by the total  
 19                   amount of current support owed during the  
 20                   fiscal year in all cases under the State  
 21                   plan, expressed as a percentage.

22                   “(ii) DETERMINATION OF APPLICABLE  
 23                   PERCENTAGE.—The applicable percentage

1 with respect to a State’s current payment  
 2 performance level is as follows:

<b>“If the current payment performance level is:</b>		<b>The applicable percentage is:</b>
<b>At least:</b>	<b>But less than:</b>	
80% .....	.....	100
79% .....	80% .....	98
78% .....	79% .....	96
77% .....	78% .....	94
76% .....	77% .....	92
75% .....	76% .....	90
74% .....	75% .....	88
73% .....	74% .....	86
72% .....	73% .....	84
71% .....	72% .....	82
70% .....	71% .....	80
69% .....	70% .....	79
68% .....	69% .....	78
67% .....	68% .....	77
66% .....	67% .....	76
65% .....	66% .....	75
64% .....	65% .....	74
63% .....	64% .....	73
62% .....	63% .....	72
61% .....	62% .....	71
60% .....	61% .....	70
59% .....	60% .....	69
58% .....	59% .....	68
57% .....	58% .....	67
56% .....	57% .....	66
55% .....	56% .....	65
54% .....	55% .....	64
53% .....	54% .....	63
52% .....	53% .....	62
51% .....	52% .....	61
50% .....	51% .....	60
49% .....	50% .....	59
48% .....	49% .....	58
47% .....	48% .....	57
46% .....	47% .....	56
45% .....	46% .....	55
44% .....	45% .....	54
43% .....	44% .....	53
42% .....	43% .....	52
41% .....	42% .....	51
40% .....	41% .....	50
0% .....	40% .....	0.

3 Notwithstanding the preceding sentence, if  
 4 the current payment performance level of a

1 State for a fiscal year is less than 40 per-  
2 cent but exceeds by at least 5 percentage  
3 points the current payment performance  
4 level of the State for the immediately pre-  
5 ceding fiscal year, then the applicable per-  
6 centage with respect to the State's current  
7 payment performance level is 50 percent.

8 “(D) COLLECTIONS ON CHILD SUPPORT  
9 ARREARAGES.—

10 “(i) DETERMINATION OF ARREARAGE  
11 PAYMENT PERFORMANCE LEVEL.—The ar-  
12 rearage payment performance level for a  
13 State for a fiscal year is equal to the total  
14 number of cases under the State plan ap-  
15 proved under this part in which payments  
16 of past-due child support were received  
17 during the fiscal year and part or all of the  
18 payments were distributed to the family to  
19 whom the past-due child support was owed  
20 (or, if all past-due child support owed to  
21 the family was, at the time of receipt, sub-  
22 ject to an assignment to the State, part or  
23 all of the payments were retained by the  
24 State) divided by the total number of cases  
25 under the State plan in which there is

1 past-due child support, expressed as a per-  
 2 centage.

3 “(ii) DETERMINATION OF APPLICABLE  
 4 PERCENTAGE.—The applicable percentage  
 5 with respect to a State’s arrearage pay-  
 6 ment performance level is as follows:

<b>“If the arrearage payment performance level is:</b>		<b>The applicable percentage is:</b>
<b>At least:</b>	<b>But less than:</b>	
80%	.....	100
79%	80% .....	98
78%	79% .....	96
77%	78% .....	94
76%	77% .....	92
75%	76% .....	90
74%	75% .....	88
73%	74% .....	86
72%	73% .....	84
71%	72% .....	82
70%	71% .....	80
69%	70% .....	79
68%	69% .....	78
67%	68% .....	77
66%	67% .....	76
65%	66% .....	75
64%	65% .....	74
63%	64% .....	73
62%	63% .....	72
61%	62% .....	71
60%	61% .....	70
59%	60% .....	69
58%	59% .....	68
57%	58% .....	67
56%	57% .....	66
55%	56% .....	65
54%	55% .....	64
53%	54% .....	63
52%	53% .....	62
51%	52% .....	61
50%	51% .....	60
49%	50% .....	59
48%	49% .....	58
47%	48% .....	57
46%	47% .....	56
45%	46% .....	55
44%	45% .....	54
43%	44% .....	53
42%	43% .....	52

<b>“If the arrearage payment performance level is:</b>		<b>The applicable percentage is:</b>
<b>At least:</b>	<b>But less than:</b>	
41% .....	42% .....	51
40% .....	41% .....	50
0% .....	40% .....	0.

1                   Notwithstanding the preceding sentence, if  
 2                   the arrearage payment performance level  
 3                   of a State for a fiscal year is less than 40  
 4                   percent but exceeds by at least 5 percent-  
 5                   age points the arrearage payment perform-  
 6                   ance level of the State for the immediately  
 7                   preceding fiscal year, then the applicable  
 8                   percentage with respect to the State’s ar-  
 9                   rearage payment performance level is 50  
 10                  percent.

11                  “(E) COST-EFFECTIVENESS.—

12                   “(i) DETERMINATION OF COST-EF-  
 13                   FECTIVENESS PERFORMANCE LEVEL.—The  
 14                   cost-effectiveness performance level for a  
 15                   State for a fiscal year is equal to the total  
 16                   amount collected during the fiscal year  
 17                   under the State plan approved under this  
 18                   part divided by the total amount expended  
 19                   during the fiscal year under the State plan,  
 20                   expressed as a ratio.

21                   “(ii) DETERMINATION OF APPLICABLE  
 22                   PERCENTAGE.—The applicable percentage

1 with respect to a State’s cost-effectiveness  
 2 performance level is as follows:

<b>“If the cost effectiveness performance level is:</b>		<b>The applicable percentage is:</b>
<b>At least:</b>	<b>But less than:</b>	
5.00 .....	.....	100
4.50 .....	4.99 .....	90
4.00 .....	4.50 .....	80
3.50 .....	4.00 .....	70
3.00 .....	3.50 .....	60
2.50 .....	3.00 .....	50
2.00 .....	2.50 .....	40
0.00 .....	2.00 .....	0.

3 “(c) TREATMENT OF INTERSTATE COLLECTIONS.—  
 4 In computing incentive payments under this section, sup-  
 5 port which is collected by a State at the request of another  
 6 State shall be treated as having been collected in full by  
 7 both States, and any amounts expended by a State in car-  
 8 rying out a special project assisted under section 455(e)  
 9 shall be excluded.

10 “(d) ADMINISTRATIVE PROVISIONS.—The amounts  
 11 of the incentive payments to be made to the States under  
 12 this section for a fiscal year shall be estimated by the Sec-  
 13 retary at or before the beginning of the fiscal year on the  
 14 basis of the best information available. The Secretary shall  
 15 make the payments for the fiscal year, on a quarterly basis  
 16 (with each quarterly payment being made no later than  
 17 the beginning of the quarter involved), in the amounts so  
 18 estimated, reduced or increased to the extent of any over-  
 19 payments or underpayments which the Secretary deter-

1 mines were made under this section to the States involved  
2 for prior periods and with respect to which adjustment has  
3 not already been made under this subsection. Upon the  
4 making of any estimate by the Secretary under the preced-  
5 ing sentence, any appropriations available for payments  
6 under this section are deemed obligated.

7 “(e) REGULATIONS.—The Secretary shall prescribe  
8 such regulations as may be necessary governing the cal-  
9 culation of incentive payments under this section, includ-  
10 ing directions for excluding from the calculations certain  
11 closed cases and cases over which the States do not have  
12 jurisdiction.

13 “(f) REINVESTMENT.—A State to which a payment  
14 is made under this section shall expend the full amount  
15 of the payment—

16 “(1) to carry out the State plan approved under  
17 this part; or

18 “(2) for any activity (including cost-effective  
19 contracts with local agencies) approved by the Sec-  
20 retary, whether or not the expenditures for which  
21 are eligible for reimbursement under this part, which  
22 may contribute to improving the effectiveness or effi-  
23 ciency of the State program operated under this  
24 part.”.

1 (b) TRANSITION RULE.—Notwithstanding any other  
2 provision of law—

3 (1) for fiscal year 2000, the Secretary shall re-  
4 duce by  $\frac{1}{3}$  the amount otherwise payable to a State  
5 under section 458 of the Social Security Act, and  
6 shall reduce by  $\frac{2}{3}$  the amount otherwise payable to  
7 a State under section 458A of such Act; and

8 (2) for fiscal year 2001, the Secretary shall re-  
9 duce by  $\frac{2}{3}$  the amount otherwise payable to a State  
10 under section 458 of the Social Security Act, and  
11 shall reduce by  $\frac{1}{3}$  the amount otherwise payable to  
12 a State under section 458A of such Act.

13 (c) REGULATIONS.—Within 9 months after the date  
14 of the enactment of this section, the Secretary of Health  
15 and Human Services shall prescribe regulations governing  
16 the implementation of section 458A of the Social Security  
17 Act when such section takes effect and the implementation  
18 of subsection (b) of this section.

19 (d) STUDIES.—

20 (1) GENERAL REVIEW OF NEW INCENTIVE PAY-  
21 MENT SYSTEM.—

22 (A) IN GENERAL.—The Secretary of  
23 Health and Human Services shall conduct a  
24 study of the implementation of the incentive  
25 payment system established by section 458A of

1 the Social Security Act, in order to identify the  
2 problems and successes of the system.

3 (B) REPORTS TO THE CONGRESS.—

4 (i) REPORT ON VARIATIONS IN STATE  
5 PERFORMANCE ATTRIBUTABLE TO DEMO-  
6 GRAPHIC VARIABLES.—Not later than Oc-  
7 tober 1, 2000, the Secretary shall submit  
8 to the Congress a report that identifies any  
9 demographic or economic variables that ac-  
10 count for differences in the performance  
11 levels achieved by the States with respect  
12 to the performance measures used in the  
13 system, and contains the recommendations  
14 of the Secretary for such adjustments to  
15 the system as may be necessary to ensure  
16 that the relative performance of States is  
17 measured from a baseline that takes ac-  
18 count of any such variables.

19 (ii) INTERIM REPORT.—Not later than  
20 March 1, 2001, the Secretary shall submit  
21 to the Congress an interim report that con-  
22 tains the findings of the study required by  
23 subparagraph (A).

24 (iii) FINAL REPORT.—Not later than  
25 October 1, 2003, the Secretary shall sub-

1           mit to the Congress a final report that  
2           contains the final findings of the study re-  
3           quired by subparagraph (A). The report  
4           shall include any recommendations for  
5           changes in the system that the Secretary  
6           determines would improve the operation of  
7           the child support enforcement program.

8           (2) DEVELOPMENT OF MEDICAL SUPPORT IN-  
9           CENTIVE.—

10           (A) IN GENERAL.—The Secretary of  
11           Health and Human Services, in consultation  
12           with State directors of programs operated  
13           under part D of title IV of the Social Security  
14           Act and representatives of children potentially  
15           eligible for medical support, shall develop a per-  
16           formance measure based on the effectiveness of  
17           States in establishing and enforcing medical  
18           support obligations, and shall make rec-  
19           ommendations for the incorporation of the  
20           measure, in a revenue neutral manner, into the  
21           incentive payment system established by section  
22           458A of the Social Security Act.

23           (B) REPORT.—Not later than October 1,  
24           1999, the Secretary shall submit to the Con-  
25           gress a report that describes the performance

1           measure and contains the recommendations re-  
2           quired by subparagraph (A).

3           (e) TECHNICAL AMENDMENTS.—

4           (1) IN GENERAL.—Section 341 of the Personal  
5           Responsibility and Work Opportunity Reconciliation  
6           Act of 1996 (42 U.S.C. 658 note) is amended—

7                   (A) by striking subsection (a) and redesignig-  
8                   nating subsections (b), (c), and (d) as sub-  
9                   sections (a), (b), and (c), respectively; and

10                   (B) in subsection (c) (as so redesignig-  
11                   nated)—

12                           (i) by striking paragraph (1) and in-  
13                           serting the following:

14                                   “(1) CONFORMING AMENDMENTS TO PRESENT  
15                                   SYSTEM.—The amendments made by subsection (a)  
16                                   of this section shall become effective with respect to  
17                                   a State as of the date the amendments made by sec-  
18                                   tion 103(a) (without regard to section 116(a)(2))  
19                                   first apply to the State.”; and

20                                   (ii) in paragraph (2), by striking  
21                                   “(c)” and inserting “(b)”.

22           (2) EFFECTIVE DATE.—The amendments made  
23           by this section shall take effect as if included in the  
24           enactment of section 341 of the Personal Respon-

1 sibility and Work Opportunity Reconciliation Act of  
2 1996.

3 (f) ELIMINATION OF PREDECESSOR INCENTIVE PAY-  
4 MENT SYSTEM.—

5 (1) REPEAL.—Section 458 of the Social Secu-  
6 rity Act (42 U.S.C. 658) is repealed.

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 458A of the Social Security  
9 Act (42 U.S.C. 658a) is redesignated as section  
10 458.

11 (B) Subsection (d)(1) of this section is  
12 amended by striking “458A” and inserting  
13 “458”.

14 (3) EFFECTIVE DATE.—The amendments made  
15 by this subsection shall take effect on October 1,  
16 2001.

17 (g) GENERAL EFFECTIVE DATE.—Except as other-  
18 wise provided in this section, the amendments made by  
19 this section shall take effect on October 1, 1999.

1                   **TITLE III—ADOPTION**  
2                   **PROVISIONS**

3   **SEC. 301. MORE FLEXIBLE PENALTY PROCEDURE TO BE AP-**  
4                   **PLIED FOR FAILING TO PERMIT INTERJURIS-**  
5                   **DICTIONAL ADOPTION.**

6           (a) Section 474(d) of the Social Security Act (42  
7 U.S.C. 674(d)) is amended in each of paragraphs (1) and  
8 (2) by inserting “or subsection (e) of this section” after  
9 “section 471(a)(18)”.

10          (b) Section 474(e) of such Act (42 U.S.C. 674(e))  
11 is amended—

12               (1) by striking all that precedes paragraph (1)  
13               and inserting the following:

14               “(e) As a condition of receiving funds under this part,  
15 a State shall not—”;

16               (2) in paragraph (1), by striking “denied or de-  
17               layed” and inserting “deny or delay”; and

18               (3) in paragraph (2), by striking “failed” and  
19               inserting “fail”.

20          (c) **RETROACTIVITY.**—The amendments made by this  
21 section shall take effect as if included in section 202(b)  
22 of the Adoption and Safe Families Act of 1997.

23   **SEC. 302. TECHNICAL CORRECTIONS.**

24          Section 473A(e)(2)(B) of the Social Security Act (42  
25 U.S.C. 673b(e)(2)(B)) is amended—

1           (1) by striking “November 30, 1997” and in-  
2           serting “April 30, 1998”; and

3           (2) by striking “March 1, 1998” and inserting  
4           “July 1, 1998”.

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