

**PERSONAL RESPONSIBILITY  
AND WORK OPPORTUNITY  
RECONCILIATION ACT  
OF 1996**

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**H.R. 3734**

**PUBLIC LAW 104-193  
104TH CONGRESS**

**Volumes 1 to 19**

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**BILLS, REPORTS,  
DEBATES, AND ACT**

**Social Security Administration**

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**Office of the Deputy Commissioner for  
Legislation and Congressional Affairs**

## **PREFACE**

This 19-volume compilation contains historical documents pertaining to P.L. 104-193, the "Personal Responsibility and Work Opportunity Act of 1996." The books contain congressional debates, a chronological compilation of documents pertinent to the legislative history of the public law and relevant reference materials.

Pertinent documents include:

- o Differing versions of key bills
- o Committee reports
- o Excerpts from the Congressional Record
- o The Public Law

This history is prepared by the Office of the Deputy Commissioner for Legislation and Congressional Affairs and is designed to serve as a helpful resource tool for those charged with interpreting laws administered by the Social Security Administration.

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- F. H.R. 1214, "Personal Responsibility Act of 1995," introduced March 13, 1995 (excerpts). This bill was developed by the three committees with primary jurisdiction (Committees on Ways and Means, Agriculture, and Economic and Educational Opportunities). In addition, the Committee on Commerce worked with Ways and Means staff to draft language for H.R. 1214 as it related to provisions within the Commerce Committee's jurisdiction including ineligibility of illegal aliens for certain public benefits, SSI cash benefits, and SSI service benefits. H.R. 1214 was considered as the base text for floor consideration of welfare reform legislation.
- G. H.R. 1250, "Family Stability and Work Act of 1995," introduced March 15, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214. It failed to pass the House on March 23, 1995 by a vote of 96-336.
- H. H.R. 1267, "Individual Responsibility Act of 1995" introduced March 21, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214 that maintained several key Republican welfare reform provisions while also keeping the Federal entitlement for cash benefits, school lunches and other social programs. It failed to pass the House on March 23, 1995 by a vote of 205-228.
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- C. H.R. 3832, "Bipartisan Welfare Reform Act of 1996) as introduced July 17, 1996 (excerpts). This bill was offered as a substitute amendment to H.R. 3734 but failed to pass the House on July 18, 1996 by a vote of 168-228. H.R. 3832 was similar to H.R. 3266 introduced earlier in 1996.
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  17. Legislative Bulletin 104-32, The President Signs H.R. 3734, The "Personal Responsibility and Work Opportunity Act of 1996"--August 22, 1996
- B. "Major Welfare Reforms Enacted in 1996", Social Security Bulletin, Volume 59, No.3, Fall 1996
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1. H.R. 2903, "Balanced Budget Act of 1995 for Economic Growth and Fairness"--as introduced January 26, 1996 (excerpts). This was the text of President Clinton's balanced-budget plan. It included some provisions of interest, but did not include major welfare reform provisions.
  2. H.R. 2915, "Personal Responsibility and Work Opportunity Act"--as introduced January 31, 1996 (excerpts). Companion bill to S. 1823. These bills reflect proposals presented in a bipartisan plan by the National Governors Association in early 1996.

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3. H.R. 3266, "Bipartisan Welfare Reform Act of 1996"--as introduced on April 17, 1996 (excerpts). Companion bill to S. 1867. These bills are a compromise between H.R. 4, which was vetoed, and proposals presented in a bipartisan plan by the National Governors Association in early 1996.

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4. H.R. 3507, "Personal Responsibility and Work Opportunity Act of 1996"--as introduced--May 22, 1996 (excerpts). Companion bill to S. 1795.
5. H.R. 3612, "Work First and Personal Responsibility Act of 1996"--as introduced June 4, 1996 (excerpts). Administration Welfare Reform Bill--companion bill to S. 1841.

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H.R. 4605, "Work Responsibility Act of 1994"--as introduced June 21, 1994 (excerpts). This bill and the Senate companion bill (S. 2224) were the Administration's Welfare Reform proposals in the 103rd Congress.

104TH CONGRESS  
2D SESSION

# H. R. 3507

To restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence by requiring work, meet the health care needs of America's most vulnerable citizens, control welfare and Medicaid spending, and increase State flexibility.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 22, 1996

Mr. ARCHER (for himself, Mr. BLILEY, Mr. ROBERTS, Mr. SHAW, Mr. BILIRAKIS, Mr. EMERSON, Mr. CAMP, Mr. MCCRERY, Mr. COLLINS of Georgia, Mr. ENGLISH of Pennsylvania, Mr. NUSSLE, Ms. DUNN of Washington, Mr. ENSIGN, Mr. LAUGHLIN, and Mr. DEAL of Georgia) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Agriculture, Banking and Financial Services, Commerce, Economic and Educational Opportunities, Government Reform and Oversight, the Judiciary, National Security, International Relations, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence by requiring work, meet the health care needs of America's most vulnerable citizens, control welfare and Medicaid spending, and increase State flexibility.

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 “Personal Responsibility  
 5 and Work Opportunity Act of 1996”.

6 **SEC. 2. TABLE OF CONTENTS.**

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

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- Sec. 102. Reference to Social Security Act.
- Sec. 103. Block grants to States.
- Sec. 104. Services provided by charitable, religious, or private organizations.
- Sec. 105. Census data on grandparents as primary caregivers for their grand-  
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- Sec. 109. Conforming amendments to the Food Stamp Act of 1977 and related  
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- Sec. 111. Development of prototype of counterfeit-resistant social security card  
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- Sec. 112. Disclosure of receipt of Federal funds.
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- Sec. 114. Secretarial submission of legislative proposal for technical and con-  
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- Sec. 115. Effective date; transition rule.

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- Sec. 202. Denial of SSI benefits for fugitive felons and probation and parole  
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- Sec. 204. Effective date of application for benefits.

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- Sec. 212. Eligibility redeterminations and continuing disability reviews.
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- Sec. 215. Installment payment of large past-due supplemental security income benefits.
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- Sec. 1041. Authority to establish authorization periods.
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- Sec. 1043. Waiting period for stores that fail to meet authorization criteria.
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- Sec. 1063. Simplified food stamp program.
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#### TITLE XI—MISCELLANEOUS

- Sec. 1101. Expenditure of Federal funds in accordance with laws and procedures applicable to expenditure of State funds.
- Sec. 1102. Elimination of housing assistance with respect to fugitive felons and probation and parole violators.
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- Sec. 1105. Food stamp eligibility.
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- Sec. 1108. Sanctioning for testing positive for controlled substances.
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#### DIVISION B—RESTRUCTURING MEDICAID

- Sec. 2001. Short title of division.
- Sec. 2002. Finding; goals for Medicaid restructuring.
- Sec. 2003. Restructuring the Medicaid program.
- Sec. 2004. Termination of current program and transition.
- Sec. 2005. Integration demonstration project.

## 1 **DIVISION A—REFORMING NON-** 2 **MEDICAL WELFARE PRO-** 3 **GRAMS**

## 4 **TITLE I—BLOCK GRANTS FOR** 5 **TEMPORARY ASSISTANCE** 6 **FOR NEEDY FAMILIES**

### 7 **SEC. 101. FINDINGS.**

8 The Congress makes the following findings:

9 (1) Marriage is the foundation of a successful  
 10 society.

11 (2) Marriage is an essential institution of a suc-  
 12 cessful society which promotes the interests of chil-  
 13 dren.

14 (3) Promotion of responsible fatherhood and  
 15 motherhood is integral to successful child rearing  
 16 and the well-being of children.

17 (4) In 1992, only 54 percent of single-parent  
 18 families with children had a child support order es-

1        tablished and, of that 54 percent, only about one-  
2        half received the full amount due. Of the cases en-  
3        forced through the public child support enforcement  
4        system, only 18 percent of the caseload has a collec-  
5        tion.

6            (5) The number of individuals receiving aid to  
7        families with dependent children (in this section re-  
8        ferred to as "AFDC") has more than tripled since  
9        1965. More than two-thirds of these recipients are  
10       children. Eighty-nine percent of children receiving  
11       AFDC benefits now live in homes in which no father  
12       is present.

13            (A)(i) The average monthly number of  
14       children receiving AFDC benefits—

15                    (I) was 3,300,000 in 1965;

16                    (II) was 6,200,000 in 1970;

17                    (III) was 7,400,000 in 1980; and

18                    (IV) was 9,300,000 in 1992.

19            (ii) While the number of children receiving  
20       AFDC benefits increased nearly threefold be-  
21       tween 1965 and 1992, the total number of chil-  
22       dren in the United States aged 0 to 18 has de-  
23       clined by 5.5 percent.

24            (B) The Department of Health and  
25       Human Services has estimated that 12,000,000

1 children will receive AFDC benefits within 10  
2 years.

3 (C) The increase in the number of children  
4 receiving public assistance is closely related to  
5 the increase in births to unmarried women. Be-  
6 tween 1970 and 1991, the percentage of live  
7 births to unmarried women increased nearly  
8 threefold, from 10.7 percent to 29.5 percent.

9 (6) The increase of out-of-wedlock pregnancies  
10 and births is well documented as follows:

11 (A) It is estimated that the rate of non-  
12 marital teen pregnancy rose 23 percent from 54  
13 pregnancies per 1,000 unmarried teenagers in  
14 1976 to 66.7 pregnancies in 1991. The overall  
15 rate of nonmarital pregnancy rose 14 percent  
16 from 90.8 pregnancies per 1,000 unmarried  
17 women in 1980 to 103 in both 1991 and 1992.  
18 In contrast, the overall pregnancy rate for mar-  
19 ried couples decreased 7.3 percent between  
20 1980 and 1991, from 126.9 pregnancies per  
21 1,000 married women in 1980 to 117.6 preg-  
22 nancies in 1991.

23 (B) The total of all out-of-wedlock births  
24 between 1970 and 1991 has risen from 10.7  
25 percent to 29.5 percent and if the current trend

1 continues, 50 percent of all births by the year  
2 2015 will be out-of-wedlock.

3 (7) The negative consequences of an out-of-wed-  
4 lock birth on the mother, the child, the family, and  
5 society are well documented as follows:

6 (A) Young women 17 and under who give  
7 birth outside of marriage are more likely to go  
8 on public assistance and to spend more years  
9 on welfare once enrolled. These combined ef-  
10 fects of “younger and longer” increase total  
11 AFDC costs per household by 25 percent to 30  
12 percent for 17-year-olds.

13 (B) Children born out-of-wedlock have a  
14 substantially higher risk of being born at a very  
15 low or moderately low birth weight.

16 (C) Children born out-of-wedlock are more  
17 likely to experience low verbal cognitive attain-  
18 ment, as well as more child abuse, and neglect.

19 (D) Children born out-of-wedlock were  
20 more likely to have lower cognitive scores, lower  
21 educational aspirations, and a greater likelihood  
22 of becoming teenage parents themselves.

23 (E) Being born out-of-wedlock significantly  
24 reduces the chances of the child growing up to  
25 have an intact marriage.

1           (F) Children born out-of-wedlock are 3  
2           times more likely to be on welfare when they  
3           grow up.

4           (8) Currently 35 percent of children in single-  
5           parent homes were born out-of-wedlock, nearly the  
6           same percentage as that of children in single-parent  
7           homes whose parents are divorced (37 percent).  
8           While many parents find themselves, through divorce  
9           or tragic circumstances beyond their control, facing  
10          the difficult task of raising children alone, neverthe-  
11          less, the negative consequences of raising children in  
12          single-parent homes are well documented as follows:

13           (A) Only 9 percent of married-couple fami-  
14           lies with children under 18 years of age have  
15           income below the national poverty level. In con-  
16           trast, 46 percent of female-headed households  
17           with children under 18 years of age are below  
18           the national poverty level.

19           (B) Among single-parent families, nearly  
20            $\frac{1}{2}$  of the mothers who never married received  
21           AFDC while only  $\frac{1}{5}$  of divorced mothers re-  
22           ceived AFDC.

23           (C) Children born into families receiving  
24           welfare assistance are 3 times more likely to be

1 on welfare when they reach adulthood than chil-  
2 dren not born into families receiving welfare.

3 (D) Mothers under 20 years of age are at  
4 the greatest risk of bearing low-birth-weight ba-  
5 bies.

6 (E) The younger the single parent mother,  
7 the less likely she is to finish high school.

8 (F) Young women who have children be-  
9 fore finishing high school are more likely to re-  
10 ceive welfare assistance for a longer period of  
11 time.

12 (G) Between 1985 and 1990, the public  
13 cost of births to teenage mothers under the aid  
14 to families with dependent children program,  
15 the food stamp program, and the medicaid pro-  
16 gram has been estimated at \$120,000,000,000.

17 (H) The absence of a father in the life of  
18 a child has a negative effect on school perform-  
19 ance and peer adjustment.

20 (I) Children of teenage single parents have  
21 lower cognitive scores, lower educational aspira-  
22 tions, and a greater likelihood of becoming teen-  
23 age parents themselves.

24 (J) Children of single-parent homes are 3  
25 times more likely to fail and repeat a year in

1 grade school than are children from intact 2-  
2 parent families.

3 (K) Children from single-parent homes are  
4 almost 4 times more likely to be expelled or sus-  
5 pended from school.

6 (L) Neighborhoods with larger percentages  
7 of youth aged 12 through 20 and areas with  
8 higher percentages of single-parent households  
9 have higher rates of violent crime.

10 (M) Of those youth held for criminal of-  
11 fenses within the State juvenile justice system,  
12 only 29.8 percent lived primarily in a home with  
13 both parents. In contrast to these incarcerated  
14 youth, 73.9 percent of the 62,800,000 children  
15 in the Nation's resident population were living  
16 with both parents.

17 (9) Therefore, in light of this demonstration of  
18 the crisis in our Nation, it is the sense of the Con-  
19 gress that prevention of out-of-wedlock pregnancy  
20 and reduction in out-of-wedlock birth are very im-  
21 portant Government interests and the policy con-  
22 tained in part A of title IV of the Social Security  
23 Act (as amended by section 103(a) of this Act) is in-  
24 tended to address the crisis.

1 **SEC. 102. REFERENCE TO SOCIAL SECURITY ACT.**

2 Except as otherwise specifically provided, wherever in  
3 this title an amendment is expressed in terms of an  
4 amendment to or repeal of a section or other provision,  
5 the reference shall be considered to be made to that sec-  
6 tion or other provision of the Social Security Act.

7 **SEC. 103. BLOCK GRANTS TO STATES.**

8 (a) IN GENERAL.—Part A of title IV (42 U.S.C. 601  
9 et seq.) is amended to read as follows:

10 **“PART A—BLOCK GRANTS TO STATES FOR**  
11 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

12 **“SEC. 401. PURPOSE.**

13 “(a) IN GENERAL.—The purpose of this part is to  
14 increase the flexibility of States in operating a program  
15 designed to—

16 “(1) provide assistance to needy families so that  
17 children may be cared for in their own homes or in  
18 the homes of relatives;

19 “(2) end the dependence of needy parents on  
20 government benefits by promoting job preparation,  
21 work, and marriage;

22 “(3) prevent and reduce the incidence of out-of-  
23 wedlock pregnancies and establish annual numerical  
24 goals for preventing and reducing the incidence of  
25 these pregnancies; and

1           “(4) encourage the formation and maintenance  
2 of two-parent families.

3           “(b) NO INDIVIDUAL ENTITLEMENT.—This part  
4 shall not be interpreted to entitle any individual or family  
5 to assistance under any State program funded under this  
6 part.

7 **“SEC. 402. ELIGIBLE STATES; STATE PLAN.**

8           “(a) IN GENERAL.—As used in this part, the term  
9 ‘eligible State’ means, with respect to a fiscal year, a State  
10 that, during the 2-year period immediately preceding the  
11 fiscal year, has submitted to the Secretary a plan that in-  
12 cludes the following:

13           “(1) OUTLINE OF FAMILY ASSISTANCE PRO-  
14 GRAM.—

15           “(A) GENERAL PROVISIONS.—A written  
16 document that outlines how the State intends to  
17 do the following:

18           “(i) Conduct a program, designed to  
19 serve all political subdivisions in the State  
20 (not necessarily in a uniform manner),  
21 that provides assistance to needy families  
22 with (or expecting) children and provides  
23 parents with job preparation, work, and  
24 support services to enable them to leave  
25 the program and become self-sufficient.

1           “(ii) Require a parent or caretaker re-  
2           ceiving assistance under the program to  
3           engage in work (as defined by the State)  
4           once the State determines the parent or  
5           caretaker is ready to engage in work, or  
6           once the parent or caretaker has received  
7           assistance under the program for 24  
8           months (whether or not consecutive),  
9           whichever is earlier.

10           “(iii) Ensure that parents and care-  
11           takers receiving assistance under the pro-  
12           gram engage in work activities in accord-  
13           ance with section 407.

14           “(iv) Take such reasonable steps as  
15           the State deems necessary to restrict the  
16           use and disclosure of information about in-  
17           dividuals and families receiving assistance  
18           under the program attributable to funds  
19           provided by the Federal Government.

20           “(v) Establish goals and take action  
21           to prevent and reduce the incidence of out-  
22           of-wedlock pregnancies, with special em-  
23           phasis on teenage pregnancies, and estab-  
24           lish numerical goals for reducing the ille-  
25           gitimacy ratio of the State (as defined in

1 section 403(a)(2)(B)) for calendar years  
2 1996 through 2005.

3 “(B) SPECIAL PROVISIONS.—

4 “(i) The document shall indicate  
5 whether the State intends to treat families  
6 moving into the State from another State  
7 differently than other families under the  
8 program, and if so, how the State intends  
9 to treat such families under the program.

10 “(ii) The document shall indicate  
11 whether the State intends to provide as-  
12 sistance under the program to individuals  
13 who are not citizens of the United States,  
14 and if so, shall include an overview of such  
15 assistance.

16 “(iii) The document shall set forth ob-  
17 jective criteria for the delivery of benefits  
18 and the determination of eligibility and for  
19 fair and equitable treatment, including an  
20 explanation of how the State will provide  
21 opportunities for recipients who have been  
22 adversely affected to be heard in a State  
23 administrative or appeal process.

24 “(2) CERTIFICATION THAT THE STATE WILL  
25 OPERATE A CHILD SUPPORT ENFORCEMENT PRO-

1 GRAM.—A certification by the chief executive officer  
2 of the State that, during the fiscal year, the State  
3 will operate a child support enforcement program  
4 under the State plan approved under part D.

5 “(3) CERTIFICATION THAT THE STATE WILL  
6 OPERATE A CHILD PROTECTION PROGRAM.—A cer-  
7 tification by the chief executive officer of the State  
8 that, during the fiscal year, the State will operate a  
9 child protection program under the State plan ap-  
10 proved under part B.

11 “(4) CERTIFICATION OF THE ADMINISTRATION  
12 OF THE PROGRAM.—A certification by the chief ex-  
13 ecutive officer of the State specifying which State  
14 agency or agencies will administer and supervise the  
15 program referred to in paragraph (1) for the fiscal  
16 year, which shall include assurances that local gov-  
17 ernments and private sector organizations—

18 “(A) have been consulted regarding the  
19 plan and design of welfare services in the State  
20 so that services are provided in a manner ap-  
21 propriate to local populations; and

22 “(B) have had at least 45 days to submit  
23 comments on the plan and the design of such  
24 services.

1           “(5) CERTIFICATION THAT THE STATE WILL  
2 PROVIDE INDIANS WITH EQUITABLE ACCESS TO AS-  
3 SISTANCE.—A certification by the chief executive of-  
4 ficer of the State that, during the fiscal year, the  
5 State will provide each Indian who is a member of  
6 an Indian tribe in the State that does not have a  
7 tribal family assistance plan approved under section  
8 412 with equitable access to assistance under the  
9 State program funded under this part attributable to  
10 funds provided by the Federal Government.

11           “(b) PUBLIC AVAILABILITY OF STATE PLAN SUM-  
12 MARY.—The State shall make available to the public a  
13 summary of any plan submitted by the State under this  
14 section.

15 **“SEC. 403. GRANTS TO STATES.**

16           “(a) GRANTS.—

17           “(1) FAMILY ASSISTANCE GRANT.—

18           “(A) IN GENERAL.—Each eligible State  
19 shall be entitled to receive from the Secretary,  
20 for each of fiscal years 1996, 1997, 1998,  
21 1999, 2000, and 2001 a grant in an amount  
22 equal to the State family assistance grant.

23           “(B) STATE FAMILY ASSISTANCE GRANT  
24 DEFINED.—As used in this part, the term

1           “(A) STATE.—The term ‘State’ means  
2           each of the 50 States of the United States and  
3           the District of Columbia.

4           “(B) SECRETARY.—The term ‘Secretary’  
5           means the Secretary of the Treasury.

6           “(8) ANNUAL REPORTS.—The Secretary shall  
7           annually report to the Congress on the status of the  
8           Fund.

9           “(9) BUDGET SCORING.—Notwithstanding sec-  
10          tion 257(b)(2) of the Balanced Budget and Emer-  
11          gency Deficit Control Act of 1985, the baseline shall  
12          assume that no grant shall be made under this sub-  
13          section after fiscal year 2001.

14       **“SEC. 404. USE OF GRANTS.**

15          “(a) GENERAL RULES.—Subject to this part, a State  
16          to which a grant is made under section 403 may use the  
17          grant—

18               “(1) in any manner that is reasonably cal-  
19               culated to accomplish the purpose of this part, in-  
20               cluding to provide low income households with as-  
21               sistance in meeting home heating and cooling costs;  
22               or

23               “(2) in any manner that the State was author-  
24               ized to use amounts received under part A or F, as  
25               such parts were in effect on September 30, 1995.

1       “(b) LIMITATION ON USE OF GRANT FOR ADMINIS-  
2 TRATIVE PURPOSES.—

3           “(1) LIMITATION.—A State to which a grant is  
4 made under section 403 shall not expend more than  
5 15 percent of the grant for administrative purposes.

6           “(2) EXCEPTION.—Paragraph (1) shall not  
7 apply to the use of a grant for information tech-  
8 nology and computerization needed for tracking or  
9 monitoring required by or under this part.

10       “(c) AUTHORITY TO TREAT INTERSTATE IMMIGRATION  
11 GRANTS UNDER RULES OF FORMER STATE.—A State op-  
12 erating a program funded under this part may apply to  
13 a family the rules (including benefit amounts) of the pro-  
14 gram funded under this part of another State if the family  
15 has moved to the State from the other State and has re-  
16 sided in the State for less than 12 months.

17       “(d) AUTHORITY TO USE PORTION OF GRANT FOR  
18 OTHER PURPOSES.—

19           “(1) IN GENERAL.—A State may use not more  
20 than 30 percent of the amount of the grant made to  
21 the State under section 403 for a fiscal year to carry  
22 out a State program pursuant to any or all of the  
23 following provisions of law:

24           “(A) Part B or E of this title.

25           “(B) Title XX of this Act.

1                   “(C) The Child Care and Development  
2                   Block Grant Act of 1990.

3                   “(2) APPLICABLE RULES.—Any amount paid to  
4                   the State under this part that is used to carry out  
5                   a State program pursuant to a provision of law spec-  
6                   ified or described in paragraph (1) shall not be sub-  
7                   ject to the requirements of this part, but shall be  
8                   subject to the requirements that apply to Federal  
9                   funds provided directly under the provision of law to  
10                  carry out the program.

11                  “(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS  
12                  FOR ASSISTANCE.—A State may reserve amounts paid to  
13                  the State under this part for any fiscal year for the pur-  
14                  pose of providing, without fiscal year limitation, assistance  
15                  under the State program funded under this part.

16                  “(f) AUTHORITY TO OPERATE EMPLOYMENT PLACE-  
17                  MENT PROGRAM.—A State to which a grant is made under  
18                  section 403 may use the grant to make payments (or pro-  
19                  vide job placement vouchers) to State-approved public and  
20                  private job placement agencies that provide employment  
21                  placement services to individuals who receive assistance  
22                  under the State program funded under this part.

23                  “(g) IMPLEMENTATION OF ELECTRONIC BENEFIT  
24                  TRANSFER SYSTEM.—A State to which a grant is made  
25                  under section 403 is encouraged to implement an elec-

1 tronic benefit transfer system for providing assistance  
2 under the State program funded under this part, and may  
3 use the grant for such purpose.

4 **“SEC. 405. ADMINISTRATIVE PROVISIONS.**

5       “(a) QUARTERLY.—The Secretary shall pay each  
6 grant payable to a State under section 403 in quarterly  
7 installments.

8       “(b) NOTIFICATION.—Not later than 3 months before  
9 the payment of any such quarterly installment to a State,  
10 the Secretary shall notify the State of the amount of any  
11 reduction determined under section 412(a)(1)(B) with re-  
12 spect to the State.

13       “(c) COMPUTATION AND CERTIFICATION OF PAY-  
14 MENTS TO STATES.—

15           “(1) COMPUTATION.—The Secretary shall esti-  
16 mate the amount to be paid to each eligible State for  
17 each quarter under this part, such estimate to be  
18 based on a report filed by the State containing an  
19 estimate by the State of the total sum to be ex-  
20 pended by the State in the quarter under the State  
21 program funded under this part and such other in-  
22 formation as the Secretary may find necessary.

23           “(2) CERTIFICATION.—The Secretary of Health  
24 and Human Services shall certify to the Secretary of  
25 the Treasury the amount estimated under paragraph

1 (1) with respect to a State, reduced or increased to  
2 the extent of any overpayment or underpayment  
3 which the Secretary of Health and Human Services  
4 determines was made under this part to the State  
5 for any prior quarter and with respect to which ad-  
6 justment has not been made under this paragraph.

7 “(d) PAYMENT METHOD.—Upon receipt of a certifi-  
8 cation under subsection (c)(2) with respect to a State, the  
9 Secretary of the Treasury shall, through the Fiscal Service  
10 of the Department of the Treasury and before audit or  
11 settlement by the General Accounting Office, pay to the  
12 State, at the time or times fixed by the Secretary of  
13 Health and Human Services, the amount so certified.

14 “(e) COLLECTION OF STATE OVERPAYMENTS TO  
15 FAMILIES FROM FEDERAL TAX REFUNDS.—

16 “(1) IN GENERAL.—Upon receiving notice from  
17 the Secretary of Health and Human Services that a  
18 State agency administering a program funded under  
19 this part has notified the Secretary that a named in-  
20 dividual has been overpaid under the State program  
21 funded under this part, the Secretary of the Treas-  
22 ury shall determine whether any amounts as refunds  
23 of Federal taxes paid are payable to such individual,  
24 regardless of whether the individual filed a tax re-  
25 turn as a married or unmarried individual. If the

1 Secretary of the Treasury finds that any such  
2 amount is so payable, the Secretary shall withhold  
3 from such refunds an amount equal to the overpay-  
4 ment sought to be collected by the State and pay  
5 such amount to the State agency.

6 “(2) REGULATIONS.—The Secretary of the  
7 Treasury shall issue regulations, after review by the  
8 Secretary of Health and Human services, that pro-  
9 vide—

10 “(A) that a State may only submit under  
11 paragraph (1) requests for collection of over-  
12 payments with respect to individuals—

13 “(i) who are no longer receiving as-  
14 sistance under the State program funded  
15 under this part;

16 “(ii) with respect to whom the State  
17 has already taken appropriate action under  
18 State law against the income or resources  
19 of the individuals or families involved to  
20 collect the past-due legally enforceable  
21 debt; and

22 “(iii) to whom the State agency has  
23 given notice of its intent to request with-  
24 holding by the Secretary of the Treasury

1 from the income tax refunds of such indi-  
2 viduals;

3 “(B) that the Secretary of the Treasury  
4 will give a timely and appropriate notice to any  
5 other person filing a joint return with the indi-  
6 vidual whose refund is subject to withholding  
7 under paragraph (1); and

8 “(C) the procedures that the State and the  
9 Secretary of the Treasury will follow in carrying  
10 out this subsection which, to the maximum ex-  
11 tent feasible and consistent with the provisions  
12 of this subsection, will be the same as those is-  
13 sued pursuant to section 464(b) applicable to  
14 collection of past-due child support.

15 **“SEC. 406. FEDERAL LOANS FOR STATE WELFARE PRO-**  
16 **GRAMS.**

17 “(a) LOAN AUTHORITY.—

18 “(1) IN GENERAL.—The Secretary shall make  
19 loans to any loan-eligible State, for a period to ma-  
20 turity of not more than 3 years.

21 “(2) LOAN-ELIGIBLE STATE.—As used in para-  
22 graph (1), the term ‘loan-eligible State’ means a  
23 State against which a penalty has not been imposed  
24 under section 409(a)(1).

1       “(b) RATE OF INTEREST.—The Secretary shall  
2 charge and collect interest on any loan made under this  
3 section at a rate equal to the current average market yield  
4 on outstanding marketable obligations of the United  
5 States with remaining periods to maturity comparable to  
6 the period to maturity of the loan.

7       “(c) USE OF LOAN.—A State shall use a loan made  
8 to the State under this section only for any purpose for  
9 which grant amounts received by the State under section  
10 403(a) may be used, including—

11               “(1) welfare anti-fraud activities; and

12               “(2) the provision of assistance under the State  
13 program to Indian families that have moved from  
14 the service area of an Indian tribe with a tribal fam-  
15 ily assistance plan approved under section 412.

16       “(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO  
17 A STATE.—The cumulative dollar amount of all loans  
18 made to a State under this section during fiscal years  
19 1997 through 2001 shall not exceed 10 percent of the  
20 State family assistance grant.

21       “(e) LIMITATION ON TOTAL AMOUNT OF OUTSTAND-  
22 ING LOANS.—The total dollar amount of loans outstand-  
23 ing under this section may not exceed \$1,700,000,000.

24       “(f) APPROPRIATION.—Out of any money in the  
25 Treasury of the United States not otherwise appropriated,

1 there are appropriated such sums as may be necessary for  
 2 the cost of loans under this section.

3 **“SEC. 407. MANDATORY WORK REQUIREMENTS.**

4 **“(a) PARTICIPATION RATE REQUIREMENTS.—**

5 **“(1) ALL FAMILIES.—**A State to which a grant  
 6 is made under section 403 for a fiscal year shall  
 7 achieve the minimum participation rate specified in  
 8 the following table for the fiscal year with respect to  
 9 all families receiving assistance under the State pro-  
 10 gram funded under this part:

<b>“If the fiscal year is:</b>	<b>The minimum participation rate is:</b>
1996 .....	15
1997 .....	20
1998 .....	25
1999 .....	30
2000 .....	35
2001 .....	40
2002 or thereafter .....	50.

11 **“(2) 2-PARENT FAMILIES.—**A State to which a  
 12 grant is made under section 403 for a fiscal year  
 13 shall achieve the minimum participation rate speci-  
 14 fied in the following table for the fiscal year with re-  
 15 spect to 2-parent families receiving assistance under  
 16 the State program funded under this part:

<b>“If the fiscal year is:</b>	<b>The minimum participation rate is:</b>
1996 .....	50
1997 .....	75
1998 .....	75
1999 or thereafter .....	90.

17 **“(b) CALCULATION OF PARTICIPATION RATES.—**

1       “(h) SENSE OF THE CONGRESS THAT STATES  
2 SHOULD IMPOSE CERTAIN REQUIREMENTS ON NON-  
3 CUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the  
4 sense of the Congress that the States should require non-  
5 custodial, nonsupporting parents who have not attained 18  
6 years of age to fulfill community work obligations and at-  
7 tend appropriate parenting or money management classes  
8 after school.

9       **“SEC. 408. PROHIBITIONS; REQUIREMENTS.**

10       “(a) IN GENERAL.—

11               “(1) NO ASSISTANCE FOR FAMILIES WITHOUT A  
12 MINOR CHILD.—A State to which a grant is made  
13 under section 403 shall not use any part of the  
14 grant to provide assistance to a family, unless the  
15 family includes—

16                       “(A) a minor child who resides with a cus-  
17 todial parent or other adult caretaker relative of  
18 the child; or

19                       “(B) a pregnant individual.

20               “(2) REDUCTION OR ELIMINATION OF ASSIST-  
21 ANCE FOR NONCOOPERATION IN ESTABLISHING PA-  
22 TERNITY OR OBTAINING CHILD SUPPORT.—If the  
23 agency responsible for administering the State plan  
24 approved under part D determines that an individual  
25 is not cooperating with the State in establishing pa-

1       ternity or in establishing, modifying, or enforcing a  
2       support order with respect to a child of the individ-  
3       ual, and the individual does not qualify for any good  
4       cause or other exception established by the State  
5       pursuant to section 454(29), then the State—

6               “(A) shall deduct from the assistance that  
7       would otherwise be provided to the family of the  
8       individual under the State program funded  
9       under this part the share of such assistance at-  
10      tributable to the individual; and

11              “(B) may deny the family any assistance  
12      under the State program.

13              “(3) NO ASSISTANCE FOR FAMILIES NOT AS-  
14      SIGNING CERTAIN SUPPORT RIGHTS TO THE  
15      STATE.—

16              “(A) IN GENERAL.—A State to which a  
17      grant is made under section 403 shall require,  
18      as a condition of providing assistance to a fam-  
19      ily under the State program funded under this  
20      part, that a member of the family assign to the  
21      State any rights the family member may have  
22      (on behalf of the family member or of any other  
23      person for whom the family member has applied  
24      for or is receiving such assistance) to support  
25      from any other person, not exceeding the total

1 amount of assistance so provided to the family,  
2 which accrue (or have accrued) before the date  
3 the family leaves the program, which assign-  
4 ment, on and after the date the family leaves  
5 the program, shall not apply with respect to any  
6 support (other than support collected pursuant  
7 to section 464) which accrued before the family  
8 received such assistance and which the State  
9 has not collected by—

10 “(i) September 30, 2000, if the as-  
11 signment is executed on or after October 1,  
12 1997, and before October 1, 2000; or

13 “(ii) the date the family leaves the  
14 program, if the assignment is executed on  
15 or after October 1, 2000.

16 “(B) LIMITATION.—A State to which a  
17 grant is made under section 403 shall not re-  
18 quire, as a condition of providing assistance to  
19 any family under the State program funded  
20 under this part, that a member of the family  
21 assign to the State any rights to support de-  
22 scribed in subparagraph (A) which accrue after  
23 the date the family leaves the program, except  
24 to the extent necessary to enable the State to  
25 comply with section 457.

1           “(4) NO ASSISTANCE FOR TEENAGE PARENTS  
2 WHO DO NOT ATTEND HIGH SCHOOL OR OTHER  
3 EQUIVALENT TRAINING PROGRAM.—A State to  
4 which a grant is made under section 403 shall not  
5 use any part of the grant to provide assistance to an  
6 individual who has not attained 18 years of age, is  
7 not married, has a minor child at least 12 weeks of  
8 age in his or her care, and has not successfully com-  
9 pleted a high-school education (or its equivalent), if  
10 the individual does not participate in—

11           “(A) educational activities directed toward  
12 the attainment of a high school diploma or its  
13 equivalent; or

14           “(B) an alternative educational or training  
15 program that has been approved by the State.

16           “(5) NO ASSISTANCE FOR TEENAGE PARENTS  
17 NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

18           “(A) IN GENERAL.—

19           “(i) REQUIREMENT.—Except as pro-  
20 vided in subparagraph (B), a State to  
21 which a grant is made under section 403  
22 shall not use any part of the grant to pro-  
23 vide assistance to an individual described  
24 in clause (ii) of this subparagraph if the  
25 individual and the minor child referred to

1 in clause (ii)(II) do not reside in a place of  
2 residence maintained by a parent, legal  
3 guardian, or other adult relative of the in-  
4 dividual as such parent's, guardian's, or  
5 adult relative's own home.

6 “(ii) INDIVIDUAL DESCRIBED.—For  
7 purposes of clause (i), an individual de-  
8 scribed in this clause is an individual  
9 who—

10 “(I) has not attained 18 years of  
11 age; and

12 “(II) is not married, and has a  
13 minor child in his or her care.

14 “(B) EXCEPTION.—

15 “(i) PROVISION OF, OR ASSISTANCE IN  
16 LOCATING, ADULT-SUPERVISED LIVING AR-  
17 RANGEMENT.—In the case of an individual  
18 who is described in clause (ii), the State  
19 agency referred to in section 402(a)(4)  
20 shall provide, or assist the individual in lo-  
21 cating, a second chance home, maternity  
22 home, or other appropriate adult-super-  
23 vised supportive living arrangement, taking  
24 into consideration the needs and concerns  
25 of the individual, unless the State agency

1 determines that the individual's current  
2 living arrangement is appropriate, and  
3 thereafter shall require that the individual  
4 and the minor child referred to in subpara-  
5 graph (A)(ii)(II) reside in such living ar-  
6 rangement as a condition of the continued  
7 receipt of assistance under the State pro-  
8 gram funded under this part attributable  
9 to funds provided by the Federal Govern-  
10 ment (or in an alternative appropriate ar-  
11 rangement, should circumstances change  
12 and the current arrangement cease to be  
13 appropriate).

14 “(ii) INDIVIDUAL DESCRIBED.—For  
15 purposes of clause (i), an individual is de-  
16 scribed in this clause if the individual is  
17 described in subparagraph (A)(ii), and—

18 “(I) the individual has no parent,  
19 legal guardian or other appropriate  
20 adult relative described in subclause  
21 (II) of his or her own who is living or  
22 whose whereabouts are known;

23 “(II) no living parent, legal  
24 guardian, or other appropriate adult  
25 relative, who would otherwise meet

1 applicable State criteria to act as the  
2 individual's legal guardian, of such in-  
3 dividual allows the individual to live in  
4 the home of such parent, guardian, or  
5 relative;

6 “(III) the State agency deter-  
7 mines that—

8 “(aa) the individual or the  
9 minor child referred to in sub-  
10 paragraph (A)(ii)(II) is being or  
11 has been subjected to serious  
12 physical or emotional harm, sex-  
13 ual abuse, or exploitation in the  
14 residence of the individual's own  
15 parent or legal guardian; or

16 “(bb) substantial evidence  
17 exists of an act or failure to act  
18 that presents an imminent or se-  
19 rious harm if the individual and  
20 the minor child lived in the same  
21 residence with the individual's  
22 own parent or legal guardian; or

23 “(IV) the State agency otherwise  
24 determines that it is in the best inter-  
25 est of the minor child to waive the re-

1                    requirement of subparagraph (A) with  
2                    respect to the individual or the minor  
3                    child.

4                    “(iii) SECOND-CHANCE HOME.—For  
5                    purposes of this subparagraph, the term  
6                    ‘second-chance home’ means an entity that  
7                    provides individuals described in clause (ii)  
8                    with a supportive and supervised living ar-  
9                    rangement in which such individuals are  
10                   required to learn parenting skills, including  
11                   child development, family budgeting, health  
12                   and nutrition, and other skills to promote  
13                   their long-term economic independence and  
14                   the well-being of their children.

15                   “(6) NO MEDICAL SERVICES.—

16                   “(A) IN GENERAL.—Except as provided in  
17                   subparagraph (B), a State to which a grant is  
18                   made under section 403 shall not use any part  
19                   of the grant to provide medical services.

20                   “(B) EXCEPTION FOR FAMILY PLANNING  
21                   SERVICES.—As used in subparagraph (A), the  
22                   term ‘medical services’ does not include family  
23                   planning services.

24                   “(7) NO ASSISTANCE FOR MORE THAN 5  
25                   YEARS.—

1           “(A) IN GENERAL.—Except as provided in  
2           subparagraphs (B) and (C), a State to which a  
3           grant is made under section 403 shall not use  
4           any part of the grant to provide assistance to  
5           a family that includes an adult who has re-  
6           ceived assistance under any State program  
7           funded under this part attributable to funds  
8           provided by the Federal Government, for 60  
9           months (whether or not consecutive) after the  
10          date the State program funded under this part  
11          commences.

12          “(B) MINOR CHILD EXCEPTION.—In deter-  
13          mining the number of months for which an in-  
14          dividual who is a parent or pregnant has re-  
15          ceived assistance under the State program  
16          funded under this part, the State shall dis-  
17          regard any month for which such assistance  
18          was provided with respect to the individual and  
19          during which the individual was—

20                 “(i) a minor child; and

21                 “(ii) not the head of a household or  
22                 married to the head of a household.

23          “(C) HARDSHIP EXCEPTION.—

24                 “(i) IN GENERAL.—The State may ex-  
25                 empt a family from the application of sub-

1 paragraph (A) by reason of hardship or if  
2 the family includes an individual who has  
3 been battered or subjected to extreme cru-  
4 elty.

5 “(ii) LIMITATION.—The number of  
6 families with respect to which an exemp-  
7 tion made by a State under clause (i) is in  
8 effect for a fiscal year shall not exceed 20  
9 percent of the average monthly number of  
10 families to which assistance is provided  
11 under the State program funded under this  
12 part.

13 “(iii) BATTERED OR SUBJECT TO EX-  
14 TREME CRUELTY DEFINED.—For purposes  
15 of clause (i), an individual has been bat-  
16 tered or subjected to extreme cruelty if the  
17 individual has been subjected to—

18 “(I) physical acts that resulted  
19 in, or threatened to result in, physical  
20 injury to the individual;

21 “(II) sexual abuse;

22 “(III) sexual activity involving a  
23 dependent child;

24 “(IV) being forced as the care-  
25 taker relative of a dependent child to

1 engage in nonconsensual sexual acts  
2 or activities;

3 “(V) threats of, or attempts at,  
4 physical or sexual abuse;

5 “(VI) mental abuse; or

6 “(VII) neglect or deprivation of  
7 medical care.

8 “(D) RULE OF INTERPRETATION.—Sub-  
9 paragraph (A) shall not be interpreted to re-  
10 quire any State to provide assistance to any in-  
11 dividual for any period of time under the State  
12 program funded under this part.

13 “(8) DENIAL OF ASSISTANCE FOR 10 YEARS TO  
14 A PERSON FOUND TO HAVE FRAUDULENTLY MIS-  
15 REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-  
16 SISTANCE IN 2 OR MORE STATES.—A State to which  
17 a grant is made under section 403 shall not use any  
18 part of the grant to provide cash assistance to an in-  
19 dividual during the 10-year period that begins on  
20 the date the individual is convicted in Federal or  
21 State court of having made a fraudulent statement  
22 or representation with respect to the place of resi-  
23 dence of the individual in order to receive assistance  
24 simultaneously from 2 or more States under pro-  
25 grams that are funded under this title, title XV or

1 XIX, or the Food Stamp Act of 1977, or benefits in  
2 2 or more States under the supplemental security in-  
3 come program under title XVI. The preceding sen-  
4 tence shall not apply with respect to a conviction of  
5 an individual, for any month beginning after the  
6 President of the United States grants a pardon with  
7 respect to the conduct which was the subject of the  
8 conviction.

9 “(9) DENIAL OF ASSISTANCE FOR FUGITIVE  
10 FELONS AND PROBATION AND PAROLE VIOLA-  
11 TORS.—

12 “(A) IN GENERAL.—A State to which a  
13 grant is made under section 403 shall not use  
14 any part of the grant to provide assistance to  
15 any individual who is—

16 “(i) fleeing to avoid prosecution, or  
17 custody or confinement after conviction,  
18 under the laws of the place from which the  
19 individual flees, for a crime, or an attempt  
20 to commit a crime, which is a felony under  
21 the laws of the place from which the indi-  
22 vidual flees, or which, in the case of the  
23 State of New Jersey, is a high mis-  
24 demeanor under the laws of such State; or

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

4                   The preceding sentence shall not apply with re-  
5                   spect to conduct of an individual, for any month  
6                   beginning after the President of the United  
7                   States grants a pardon with respect to the con-  
8                   duct.

9                   “(B) EXCHANGE OF INFORMATION WITH  
10                  LAW ENFORCEMENT AGENCIES.—If a State to  
11                  which a grant is made under section 403 estab-  
12                  lishes safeguards against the use or disclosure  
13                  of information about applicants or recipients of  
14                  assistance under the State program funded  
15                  under this part, the safeguards shall not pre-  
16                  vent the State agency administering the pro-  
17                  gram from furnishing a Federal, State, or local  
18                  law enforcement officer, upon the request of the  
19                  officer, with the current address of any recipi-  
20                  ent if the officer furnishes the agency with the  
21                  name of the recipient and notifies the agency  
22                  that—

23                                 “(i) the recipient—

24   “(I) is described in subparagraph  
25   (A); or

1                   “(II) has information that is nec-  
2                   essary for the officer to conduct the  
3                   official duties of the officer; and

4                   “(ii) the location or apprehension of  
5                   the recipient is within such official duties.

6                   “(10) DENIAL OF ASSISTANCE FOR MINOR  
7 CHILDREN WHO ARE ABSENT FROM THE HOME FOR  
8 A SIGNIFICANT PERIOD.—

9                   “(A) IN GENERAL.—A State to which a  
10                  grant is made under section 403 shall not use  
11                  any part of the grant to provide assistance for  
12                  a minor child who has been, or is expected by  
13                  a parent (or other caretaker relative) of the  
14                  child to be, absent from the home for a period  
15                  of 45 consecutive days or, at the option of the  
16                  State, such period of not less than 30 and not  
17                  more than 180 consecutive days as the State  
18                  may provide for in the State plan submitted  
19                  pursuant to section 402.

20                  “(B) STATE AUTHORITY TO ESTABLISH  
21                  GOOD CAUSE EXCEPTIONS.—The State may es-  
22                  tablish such good cause exceptions to subpara-  
23                  graph (A) as the State considers appropriate if  
24                  such exceptions are provided for in the State  
25                  plan submitted pursuant to section 402.

1           “(C) DENIAL OF ASSISTANCE FOR REL-  
2           ATIVE WHO FAILS TO NOTIFY STATE AGENCY  
3           OF ABSENCE OF CHILD.—A State to which a  
4           grant is made under section 403 shall not use  
5           any part of the grant to provide assistance for  
6           an individual who is a parent (or other care-  
7           taker relative) of a minor child and who fails to  
8           notify the agency administering the State pro-  
9           gram funded under this part of the absence of  
10          the minor child from the home for the period  
11          specified in or provided for pursuant to sub-  
12          paragraph (A), by the end of the 5-day period  
13          that begins with the date that it becomes clear  
14          to the parent (or relative) that the minor child  
15          will be absent for such period so specified or  
16          provided for.

17          “(11) INCOME SECURITY PAYMENTS NOT TO BE  
18          DISREGARDED IN DETERMINING THE AMOUNT OF  
19          ASSISTANCE TO BE PROVIDED TO A FAMILY.—If a  
20          State to which a grant is made under section 403  
21          uses any part of the grant to provide assistance for  
22          any individual who is receiving benefits, or on behalf  
23          of whom benefits are paid, under a State plan for  
24          old-age assistance approved under section 2, under  
25          section 202, 205(j)(1), 223, or 228, under a State

1 program funded under part E that provides cash  
2 payments for foster care, or under the supplemental  
3 security income program under title XVI, then the  
4 State shall not disregard the payment in determin-  
5 ing the amount of assistance to be provided under  
6 the State program funded under this part, from  
7 funds provided by the Federal Government, to the  
8 family of which the individual is a member.

9 “(b) ALIENS.—For special rules relating to the treat-  
10 ment of aliens, see section 402 of the Personal Respon-  
11 sibility and Work Opportunity Act of 1996.

12 **“SEC. 409. PENALTIES.**

13 “(a) IN GENERAL.—Subject to this section:

14 “(1) USE OF GRANT IN VIOLATION OF THIS  
15 PART.—

16 “(A) GENERAL PENALTY.—If an audit  
17 conducted under chapter 75 of title 31, United  
18 States Code, finds that an amount paid to a  
19 State under section 403 for a fiscal year has  
20 been used in violation of this part, the Sec-  
21 retary shall reduce the grant payable to the  
22 State under section 403(a)(1) for the imme-  
23 diately succeeding fiscal year quarter by the  
24 amount so used.

1           “(B) ENHANCED PENALTY FOR INTEN-  
2           TIONAL VIOLATIONS.—If the State does not  
3           prove to the satisfaction of the Secretary that  
4           the State did not intend to use the amount in  
5           violation of this part, the Secretary shall fur-  
6           ther reduce the grant payable to the State  
7           under section 403(a)(1) for the immediately  
8           succeeding fiscal year quarter by an amount  
9           equal to 5 percent of the State family assist-  
10          ance grant.

11          “(2) FAILURE TO SUBMIT REQUIRED RE-  
12          PORT.—

13                 “(A) IN GENERAL.—If the Secretary deter-  
14                 mines that a State has not, within 1 month  
15                 after the end of a fiscal quarter, submitted the  
16                 report required by section 411(a) for the quar-  
17                 ter, the Secretary shall reduce the grant pay-  
18                 able to the State under section 403(a)(1) for  
19                 the immediately succeeding fiscal year by an  
20                 amount equal to 4 percent of the State family  
21                 assistance grant.

22                 “(B) RESCISSION OF PENALTY.—The Sec-  
23                 retary shall rescind a penalty imposed on a  
24                 State under subparagraph (A) with respect to a  
25                 report if the State submits the report before the

1 end of the fiscal quarter that immediately suc-  
2 ceeds the fiscal quarter for which the report  
3 was required.

4 “(3) FAILURE TO SATISFY MINIMUM PARTICIPA-  
5 TION RATES.—

6 “(A) IN GENERAL.—If the Secretary deter-  
7 mines that a State to which a grant is made  
8 under section 403 for a fiscal year has failed to  
9 comply with section 407(a) for the fiscal year,  
10 the Secretary shall reduce the grant payable to  
11 the State under section 403(a)(1) for the imme-  
12 diately succeeding fiscal year by an amount  
13 equal to not more than 5 percent of the State  
14 family assistance grant.

15 “(B) PENALTY BASED ON SEVERITY OF  
16 FAILURE.—The Secretary shall impose reduc-  
17 tions under subparagraph (A) based on the de-  
18 gree of noncompliance.

19 “(4) FAILURE TO PARTICIPATE IN THE INCOME  
20 AND ELIGIBILITY VERIFICATION SYSTEM.—If the  
21 Secretary determines that a State program funded  
22 under this part is not participating during a fiscal  
23 year in the income and eligibility verification system  
24 required by section 1137, the Secretary shall reduce  
25 the grant payable to the State under section

1 403(a)(1) for the immediately succeeding fiscal year  
2 by an amount equal to not more than 2 percent of  
3 the State family assistance grant.

4 “(5) FAILURE TO COMPLY WITH PATERNITY ES-  
5 TABLISHMENT AND CHILD SUPPORT ENFORCEMENT  
6 REQUIREMENTS UNDER PART D.—Notwithstanding  
7 any other provision of this Act, if the Secretary de-  
8 termines that the State agency that administers a  
9 program funded under this part does not enforce the  
10 penalties requested by the agency administering part  
11 D against recipients of assistance under the State  
12 program who fail to cooperate in establishing pater-  
13 nity or in establishing, modifying, or enforcing a  
14 child support order in accordance with such part,  
15 the Secretary shall reduce the grant payable to the  
16 State under section 403(a)(1) for the immediately  
17 succeeding fiscal year (without regard to this sec-  
18 tion) by not more than 5 percent.

19 “(6) FAILURE TO TIMELY REPAY A FEDERAL  
20 LOAN FUND FOR STATE WELFARE PROGRAMS.—If  
21 the Secretary determines that a State has failed to  
22 repay any amount borrowed from the Federal Loan  
23 Fund for State Welfare Programs established under  
24 section 406 within the period of maturity applicable  
25 to the loan, plus any interest owed on the loan, the

1 Secretary shall reduce the grant payable to the State  
2 under section 403(a)(1) for the immediately succeed-  
3 ing fiscal year quarter (without regard to this sec-  
4 tion) by the outstanding loan amount, plus the inter-  
5 est owed on the outstanding amount. The Secretary  
6 shall not forgive any outstanding loan amount or in-  
7 terest owed on the outstanding amount.

8 “(7) FAILURE OF ANY STATE TO MAINTAIN  
9 CERTAIN LEVEL OF HISTORIC EFFORT.—

10 “(A) IN GENERAL.—The Secretary shall  
11 reduce the grant payable to the State under  
12 section 403(a)(1) for fiscal year 1998, 1999,  
13 2000, 2001, or 2002 by the amount (if any) by  
14 which qualified State expenditures for the then  
15 immediately preceding fiscal year are less than  
16 the applicable percentage of historic State ex-  
17 penditures with respect to such preceding fiscal  
18 year.

19 “(B) DEFINITIONS.—As used in this para-  
20 graph:

21 “(i) QUALIFIED STATE EXPENDI-  
22 TURES.—

23 “(I) IN GENERAL.—The term  
24 ‘qualified State expenditures’ means,  
25 with respect to a State and a fiscal

1 year, the total expenditures by the  
2 State during the fiscal year, under all  
3 State programs, for any of the follow-  
4 ing with respect to eligible families:

5 “(aa) Cash assistance.

6 “(bb) Child care assistance.

7 “(cc) Educational activities  
8 designed to increase self-suffi-  
9 ciency, job training, and work.

10 “(dd) Administrative costs.

11 “(ee) Any other use of funds  
12 allowable under section  
13 404(a)(1).

14 “(II) EXCLUSION OF TRANSFERS  
15 FROM OTHER STATE AND LOCAL PRO-  
16 GRAMS.—Such term does not include  
17 funding supplanted by transfers from  
18 other State and local programs.

19 “(III) ELIGIBLE FAMILIES.—As  
20 used in subclause (I), the term ‘eligi-  
21 ble families’ means families eligible  
22 for assistance under the State pro-  
23 gram funded under this part, and  
24 families that would be eligible for such  
25 assistance but for the application of

1 section 408(a)(7) of this Act or sec-  
2 tion 402 of the Personal Responsibil-  
3 ity and Work Opportunity Act of  
4 1996.

5 “(ii) APPLICABLE PERCENTAGE.—The  
6 term ‘applicable percentage’ means for fis-  
7 cal years 1997 through 2001, 75 percent  
8 reduced (if appropriate) in accordance with  
9 subparagraph (C)(ii).

10 “(iii) HISTORIC STATE EXPENDI-  
11 TURES.—The term ‘historic State expendi-  
12 tures’ means, with respect to a State, the  
13 lesser of—

14 “(I) the expenditures by the  
15 State under parts A and F (as in ef-  
16 fect during fiscal year 1994) for fiscal  
17 year 1994; or

18 “(II) the amount which bears the  
19 same ratio to the amount described in  
20 subclause (I) as—

21 “(aa) the State family as-  
22 sistance grant, plus the total  
23 amount required to be paid to  
24 the State under former section  
25 403 for fiscal year 1994 with re-

1           spect to amounts expended by  
2           the State for child care under  
3           subsection (g) or (i) of section  
4           402 (as in effect during fiscal  
5           year 1994); bears to

6                       “(bb) the total amount re-  
7                       quired to be paid to the State  
8                       under former section 403 (as in  
9                       effect during fiscal year 1994)  
10                      for fiscal year 1994.

11           Such term does not include any expendi-  
12           tures under the State plan approved under  
13           part A (as so in effect) on behalf of indi-  
14           viduals covered by a tribal family assist-  
15           ance plan approved under section 412, as  
16           determined by the Secretary.

17                      “(iv) EXPENDITURES BY THE  
18                      STATE.—The term ‘expenditures by the  
19                      State’ does not include—

20                           “(I) any expenditures from  
21                           amounts made available by the Fed-  
22                           eral Government;

23                           “(II) State funds expended for  
24                           the medicaid program under title XV  
25                           or XIX; or

1                   “(III) any State funds which are  
2                   used to match Federal funds or are  
3                   expended as a condition of receiving  
4                   Federal funds under Federal pro-  
5                   grams other than under this part.

6                   “(C) APPLICABLE PERCENTAGE REDUCED  
7                   FOR HIGH PERFORMANCE STATES.—

8                   “(i) DETERMINATION OF HIGH PER-  
9                   FORMANCE STATES.—The Secretary shall  
10                  use the formula developed under section  
11                  403(a)(4)(C) to assign a score to each eli-  
12                  gible State that represents the perform-  
13                  ance of the State program funded under  
14                  this part for each fiscal year, and shall  
15                  prescribe a performance threshold which  
16                  the Secretary shall use to determine  
17                  whether to reduce the applicable percent-  
18                  age with respect to any eligible State for a  
19                  fiscal year.

20                  “(ii) REDUCTION PROPORTIONAL TO  
21                  PERFORMANCE.—The Secretary shall re-  
22                  duce the applicable percentage for a fiscal  
23                  year with respect to each eligible State by  
24                  an amount which is directly proportional to  
25                  the amount (if any) by which the score as-

1 signed to the State under clause (i) for the  
2 immediately preceding fiscal year exceeds  
3 the performance threshold prescribed  
4 under clause (i) for such preceding fiscal  
5 year, subject to clause (iii).

6 “(iii) LIMITATION ON REDUCTION.—  
7 The applicable percentage for a fiscal year  
8 with respect to a State may not be reduced  
9 by more than 8 percentage points under  
10 this subparagraph.

11 “(8) SUBSTANTIAL NONCOMPLIANCE OF STATE  
12 CHILD SUPPORT ENFORCEMENT PROGRAM WITH RE-  
13 QUIREMENTS OF PART D.—

14 “(A) IN GENERAL.—If a State program  
15 operated under part D is found as a result of  
16 a review conducted under section 452(a)(4) not  
17 to have complied substantially with the require-  
18 ments of such part for any quarter, and the  
19 Secretary determines that the program is not  
20 complying substantially with such requirements  
21 at the time the finding is made, the Secretary  
22 shall reduce the grant payable to the State  
23 under section 403(a)(1) for the quarter and  
24 each subsequent quarter that ends before the  
25 1st quarter throughout which the program is

1 found to be in substantial compliance with such  
2 requirements by—

3 “(i) not less than 1 nor more than 2  
4 percent;

5 “(ii) not less than 2 nor more than 3  
6 percent, if the finding is the 2nd consecu-  
7 tive such finding made as a result of such  
8 a review; or

9 “(iii) not less than 3 nor more than 5  
10 percent, if the finding is the 3rd or a sub-  
11 sequent consecutive such finding made as a  
12 result of such a review.

13 “(B) DISREGARD OF NONCOMPLIANCE  
14 WHICH IS OF A TECHNICAL NATURE.—For pur-  
15 poses of subparagraph (A) and section  
16 452(a)(4), a State which is not in full compli-  
17 ance with the requirements of this part shall be  
18 determined to be in substantial compliance with  
19 such requirements only if the Secretary deter-  
20 mines that any noncompliance with such re-  
21 quirements is of a technical nature which does  
22 not adversely affect the performance of the  
23 State’s program operated under part D.

24 “(9) FAILURE OF STATE RECEIVING AMOUNTS  
25 FROM CONTINGENCY FUND TO MAINTAIN 100 PER-

1 CENT OF HISTORIC EFFORT.—If, at the end of any  
2 fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been  
3 paid to a State, the Secretary finds that the expenditures under the State program funded under this  
4 part for the fiscal year are less than 100 percent of  
5 historic State expenditures (as defined in paragraph  
6 (7)(B)(iii) of this subsection), the Secretary shall reduce the grant payable to the State under section  
7 403(a)(1) for the immediately succeeding fiscal year  
8 by the total of the amounts so paid to the State.  
9

10  
11  
12 “(10) FAILURE TO EXPEND ADDITIONAL STATE  
13 FUNDS TO REPLACE GRANT REDUCTIONS.—If the  
14 grant payable to a State under section 403(a)(1) for  
15 a fiscal year is reduced by reason of this subsection,  
16 the State shall, during the immediately succeeding  
17 fiscal year, expend under the State program funded  
18 under this part an amount equal to the total amount  
19 of such reductions.

20 “(b) REASONABLE CAUSE EXCEPTION.—

21 “(1) IN GENERAL.—The Secretary may not impose a penalty on a State under subsection (a) with  
22 respect to a requirement if the Secretary determines  
23 that the State has reasonable cause for failing to  
24 comply with the requirement.  
25

1           “(2) EXCEPTION.—Paragraph (1) of this sub-  
2 section shall not apply to any penalty under para-  
3 graph (6) or (7) of subsection (a).

4           “(c) CORRECTIVE COMPLIANCE PLAN.—

5           “(1) IN GENERAL.—

6           “(A) NOTIFICATION OF VIOLATION.—Be-  
7 fore imposing a penalty against a State under  
8 subsection (a) with respect to a violation of this  
9 part, the Secretary shall notify the State of the  
10 violation and allow the State the opportunity to  
11 enter into a corrective compliance plan in ac-  
12 cordance with this subsection which outlines  
13 how the State will correct the violation and how  
14 the State will insure continuing compliance with  
15 this part.

16           “(B) 60-DAY PERIOD TO PROPOSE A COR-  
17 RECTIVE COMPLIANCE PLAN.—During the 60-  
18 day period that begins on the date the State re-  
19 ceives a notice provided under subparagraph  
20 (A) with respect to a violation, the State may  
21 submit to the Federal Government a corrective  
22 compliance plan to correct the violation.

23           “(C) CONSULTATION ABOUT MODIFICA-  
24 TIONS.—During the 60-day period that begins  
25 with the date the Secretary receives a corrective

1 compliance plan submitted by a State in accord-  
2 ance with subparagraph (B), the Secretary may  
3 consult with the State on modifications to the  
4 plan.

5 “(D) ACCEPTANCE OF PLAN.—A corrective  
6 compliance plan submitted by a State in accord-  
7 ance with subparagraph (B) is deemed to be ac-  
8 cepted by the Secretary if the Secretary does  
9 not accept or reject the plan during 60-day pe-  
10 riod that begins on the date the plan is submit-  
11 ted.

12 “(2) EFFECT OF CORRECTING VIOLATION.—  
13 The Secretary may not impose any penalty under  
14 subsection (a) with respect to any violation covered  
15 by a State corrective compliance plan accepted by  
16 the Secretary if the State corrects the violation pur-  
17 suant to the plan.

18 “(3) EFFECT OF FAILING TO CORRECT VIOLA-  
19 TION.—The Secretary shall assess some or all of a  
20 penalty imposed on a State under subsection (a)  
21 with respect to a violation if the State does not, in  
22 a timely manner, correct the violation pursuant to a  
23 State corrective compliance plan accepted by the  
24 Secretary.

1           “(4) **INAPPLICABILITY TO FAILURE TO TIMELY**  
2           **REPAY A FEDERAL LOAN FUND FOR A STATE WEL-**  
3           **FARE PROGRAM.**—This subsection shall not apply to  
4           the imposition of a penalty against a State under  
5           subsection (a)(6).

6           “(d) **LIMITATION ON AMOUNT OF PENALTY.**—

7           “(1) **IN GENERAL.**—In imposing the penalties  
8           described in subsection (a), the Secretary shall not  
9           reduce any quarterly payment to a State by more  
10          than 25 percent.

11          “(2) **CARRYFORWARD OF UNRECOVERED PEN-**  
12          **ALTIES.**—To the extent that paragraph (1) of this  
13          subsection prevents the Secretary from recovering  
14          during a fiscal year the full amount of penalties im-  
15          posed on a State under subsection (a) of this section  
16          for a prior fiscal year, the Secretary shall apply any  
17          remaining amount of such penalties to the grant  
18          payable to the State under section 403(a)(1) for the  
19          immediately succeeding fiscal year.

20          **“SEC. 410. APPEAL OF ADVERSE DECISION.**

21          “(a) **IN GENERAL.**—Within 5 days after the date the  
22          Secretary takes any adverse action under this part with  
23          respect to a State, the Secretary shall notify the chief ex-  
24          ecutive officer of the State of the adverse action, including  
25          any action with respect to the State plan submitted under

1 section 402 or the imposition of a penalty under section  
2 409.

3 “(b) ADMINISTRATIVE REVIEW.—

4 “(1) IN GENERAL.—Within 60 days after the  
5 date a State receives notice under subsection (a) of  
6 an adverse action, the State may appeal the action,  
7 in whole or in part, to the Departmental Appeals  
8 Board established in the Department of Health and  
9 Human Services (in this section referred to as the  
10 ‘Board’) by filing an appeal with the Board.

11 “(2) PROCEDURAL RULES.—The Board shall  
12 consider an appeal filed by a State under paragraph  
13 (1) on the basis of such documentation as the State  
14 may submit and as the Board may require to sup-  
15 port the final decision of the Board. In deciding  
16 whether to uphold an adverse action or any portion  
17 of such an action, the Board shall conduct a thor-  
18 ough review of the issues and take into account all  
19 relevant evidence. The Board shall make a final de-  
20 termination with respect to an appeal filed under  
21 paragraph (1) not less than 60 days after the date  
22 the appeal is filed.

23 “(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

24 “(1) IN GENERAL.—Within 90 days after the  
25 date of a final decision by the Board under this sec-

1 tion with respect to an adverse action taken against  
2 a State, the State may obtain judicial review of the  
3 final decision (and the findings incorporated into the  
4 final decision) by filing an action in—

5 “(A) the district court of the United States  
6 for the judicial district in which the principal or  
7 headquarters office of the State agency is lo-  
8 cated; or

9 “(B) the United States District Court for  
10 the District of Columbia.

11 “(2) PROCEDURAL RULES.—The district court  
12 in which an action is filed under paragraph (1) shall  
13 review the final decision of the Board on the record  
14 established in the administrative proceeding, in ac-  
15 cordance with the standards of review prescribed by  
16 subparagraphs (A) through (E) of section 706(2) of  
17 title 5, United States Code. The review shall be on  
18 the basis of the documents and supporting data sub-  
19 mitted to the Board.

20 **“SEC. 411. DATA COLLECTION AND REPORTING.**

21 “(a) QUARTERLY REPORTS BY STATES.—

22 “(1) GENERAL REPORTING REQUIREMENT.—

23 “(A) CONTENTS OF REPORT.—Each eligi-  
24 ble State shall collect on a monthly basis, and  
25 report to the Secretary on a quarterly basis, the

1 following disaggregated case record information  
2 on the families receiving assistance under the  
3 State program funded under this part:

4 “(i) The county of residence of the  
5 family.

6 “(ii) Whether a child receiving such  
7 assistance or an adult in the family is dis-  
8 abled.

9 “(iii) The ages of the members of  
10 such families.

11 “(iv) The number of individuals in the  
12 family, and the relation of each family  
13 member to the youngest child in the fam-  
14 ily.

15 “(v) The employment status and earn-  
16 ings of the employed adult in the family.

17 “(vi) The marital status of the adults  
18 in the family, including whether such  
19 adults have never married, are widowed, or  
20 are divorced.

21 “(vii) The race and educational status  
22 of each adult in the family.

23 “(viii) The race and educational sta-  
24 tus of each child in the family.

1           “(ix) Whether the family received sub-  
2           sidized housing, medical assistance under  
3           the State plan under title XV or the State  
4           plan approved under title XIX, food  
5           stamps, or subsidized child care, and if the  
6           latter 2, the amount received.

7           “(x) The number of months that the  
8           family has received each type of assistance  
9           under the program.

10          “(xi) If the adults participated in, and  
11          the number of hours per week of participa-  
12          tion in, the following activities:

13                   “(I) Education.

14                   “(II) Subsidized private sector  
15                   employment.

16                   “(III) Unsubsidized employment.

17                   “(IV) Public sector employment,  
18                   work experience, or community serv-  
19                   ice.

20                   “(V) Job search.

21                   “(VI) Job skills training or on-  
22                   the-job training.

23                   “(VII) Vocational education.

1           “(xii) Information necessary to cal-  
2           culate participation rates under section  
3           407.

4           “(xiii) The type and amount of assist-  
5           ance received under the program, including  
6           the amount of and reason for any reduc-  
7           tion of assistance (including sanctions).

8           “(xiv) Any amount of unearned in-  
9           come received by any member of the fam-  
10          ily.

11          “(xv) The citizenship of the members  
12          of the family.

13          “(xvi) From a sample of closed cases,  
14          whether the family left the program, and if  
15          so, whether the family left due to—

16                 “(I) employment;

17                 “(II) marriage;

18                 “(III) the prohibition set forth in  
19                 section 408(a)(7);

20                 “(IV) sanction; or

21                 “(V) State policy.

22          “(B) USE OF ESTIMATES.—

23                 “(i) AUTHORITY.—A State may com-  
24                 ply with subparagraph (A) by submitting  
25                 an estimate which is obtained through the

1 use of scientifically acceptable sampling  
2 methods approved by the Secretary.

3 “(ii) SAMPLING AND OTHER METH-  
4 ODS.—The Secretary shall provide the  
5 States with such case sampling plans and  
6 data collection procedures as the Secretary  
7 deems necessary to produce statistically  
8 valid estimates of the performance of State  
9 programs funded under this part. The Sec-  
10 retary may develop and implement proce-  
11 dures for verifying the quality of data sub-  
12 mitted by the States.

13 “(2) REPORT ON USE OF FEDERAL FUNDS TO  
14 COVER ADMINISTRATIVE COSTS AND OVERHEAD.—  
15 The report required by paragraph (1) for a fiscal  
16 quarter shall include a statement of the percentage  
17 of the funds paid to the State under this part for  
18 the quarter that are used to cover administrative  
19 costs or overhead.

20 “(3) REPORT ON STATE EXPENDITURES ON  
21 PROGRAMS FOR NEEDY FAMILIES.—The report re-  
22 quired by paragraph (1) for a fiscal quarter shall in-  
23 clude a statement of the total amount expended by  
24 the State during the quarter on programs for needy  
25 families.

1           “(4) REPORT ON NONCUSTODIAL PARENTS PAR-  
2           TICIPATING IN WORK ACTIVITIES.—The report re-  
3           quired by paragraph (1) for a fiscal quarter shall in-  
4           clude the number of noncustodial parents in the  
5           State who participated in work activities (as defined  
6           in section 407(d)) during the quarter.

7           “(5) REPORT ON TRANSITIONAL SERVICES.—  
8           The report required by paragraph (1) for a fiscal  
9           quarter shall include the total amount expended by  
10          the State during the quarter to provide transitional  
11          services to a family that has ceased to receive assist-  
12          ance under this part because of employment, along  
13          with a description of such services.

14          “(6) REPORT ON THOSE WHO HAVE LEFT THE  
15          PROGRAM BECAUSE OF EMPLOYMENT.—The report  
16          required by paragraph (1) for a fiscal quarter shall  
17          include such information as the Secretary may re-  
18          quire to enable the Secretary to verify that those  
19          who have become ineligible to receive assistance  
20          under the State program because of employment  
21          have not received cash assistance under the program  
22          in the fiscal year in which the quarter occurs.

23          “(7) REGULATIONS.—The Secretary shall pre-  
24          scribe such regulations as may be necessary to de-

1 fine the data elements with respect to which reports  
2 are required by this subsection.

3 “(b) ANNUAL REPORTS TO THE CONGRESS BY THE  
4 SECRETARY.—Not later than 6 months after the end of  
5 fiscal year 1997, and each fiscal year thereafter, the Sec-  
6 retary shall transmit to the Congress a report describ-  
7 ing—

8 “(1) whether the States are meeting—

9 “(A) the participation rates described in  
10 section 407(a); and

11 “(B) the objectives of—

12 “(i) increasing employment and earn-  
13 ings of needy families, and child support  
14 collections; and

15 “(ii) decreasing out-of-wedlock preg-  
16 nancies and child poverty;

17 “(2) the demographic and financial characteris-  
18 tics of families applying for assistance, families re-  
19 ceiving assistance, and families that become ineli-  
20 gible to receive assistance;

21 “(3) the characteristics of each State program  
22 funded under this part; and

23 “(4) the trends in employment and earnings of  
24 needy families with minor children living at home.

1 **“SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY IN-**  
2 **DIAN TRIBES.**

3 **“(a) GRANTS FOR INDIAN TRIBES.—**

4 **“(1) TRIBAL FAMILY ASSISTANCE GRANT.—**

5 **“(A) IN GENERAL.—**For each of fiscal  
6 years 1997, 1998, 1999, and 2000, the Sec-  
7 retary shall pay to each Indian tribe that has  
8 an approved tribal family assistance plan a trib-  
9 al family assistance grant for the fiscal year in  
10 an amount equal to the amount determined  
11 under subparagraph (B), and shall reduce the  
12 grant payable under section 403(a)(1) to any  
13 State in which lies the service area or areas of  
14 the Indian tribe by that portion of the amount  
15 so determined that is attributable to expendi-  
16 tures by the State.

17 **“(B) AMOUNT DETERMINED.—**

18 **“(i) IN GENERAL.—**The amount de-  
19 termined under this subparagraph is an  
20 amount equal to the total amount of the  
21 Federal payments to a State or States  
22 under section 403 (as in effect during such  
23 fiscal year) for fiscal year 1994 attrib-  
24 utable to expenditures (other than child  
25 care expenditures) by the State or States  
26 under parts A and F (as so in effect) for

1 fiscal year 1994 for Indian families resid-  
2 ing in the service area or areas identified  
3 by the Indian tribe pursuant to subsection  
4 (b)(1)(C) of this section.

5 “(ii) USE OF STATE SUBMITTED  
6 DATA.—

7 “(I) IN GENERAL.—The Sec-  
8 retary shall use State submitted data  
9 to make each determination under  
10 clause (i).

11 “(II) DISAGREEMENT WITH DE-  
12 TERMINATION.—If an Indian tribe or  
13 tribal organization disagrees with  
14 State submitted data described under  
15 subclause (I), the Indian tribe or trib-  
16 al organization may submit to the  
17 Secretary such additional information  
18 as may be relevant to making the de-  
19 termination under clause (i) and the  
20 Secretary may consider such informa-  
21 tion before making such determina-  
22 tion.

23 “(2) GRANTS FOR INDIAN TRIBES THAT RE-  
24 CEIVED JOBS FUNDS.—

1           “(A) IN GENERAL.—The Secretary shall  
2           pay to each eligible Indian tribe for each of fis-  
3           cal years 1996, 1997, 1998, 1999, and 2000 a  
4           grant in an amount equal to the amount re-  
5           ceived by the Indian tribe in fiscal year 1994  
6           under section 482(i) (as in effect during fiscal  
7           year 1994).

8           “(B) ELIGIBLE INDIAN TRIBE.—For pur-  
9           poses of subparagraph (A), the term ‘eligible  
10          Indian tribe’ means an Indian tribe or Alaska  
11          Native organization that conducted a job oppor-  
12          tunities and basic skills training program in fis-  
13          cal year 1995 under section 482(i) (as in effect  
14          during fiscal year 1995).

15          “(C) USE OF GRANT.—Each Indian tribe  
16          to which a grant is made under this paragraph  
17          shall use the grant for the purpose of operating  
18          a program to make work activities available to  
19          members of the Indian tribe.

20          “(D) APPROPRIATION.—Out of any money  
21          in the Treasury of the United States not other-  
22          wise appropriated, there are appropriated  
23          \$7,638,474 for each fiscal year specified in sub-  
24          paragraph (A) for grants under subparagraph  
25          (A).

1 “(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

2 “(1) IN GENERAL.—Any Indian tribe that de-  
3 sires to receive a tribal family assistance grant shall  
4 submit to the Secretary a 3-year tribal family assist-  
5 ance plan that—

6 “(A) outlines the Indian tribe’s approach  
7 to providing welfare-related services for the 3-  
8 year period, consistent with this section;

9 “(B) specifies whether the welfare-related  
10 services provided under the plan will be pro-  
11 vided by the Indian tribe or through agree-  
12 ments, contracts, or compacts with intertribal  
13 consortia, States, or other entities;

14 “(C) identifies the population and service  
15 area or areas to be served by such plan;

16 “(D) provides that a family receiving as-  
17 sistance under the plan may not receive duplica-  
18 tive assistance from other State or tribal pro-  
19 grams funded under this part;

20 “(E) identifies the employment opportuni-  
21 ties in or near the service area or areas of the  
22 Indian tribe and the manner in which the In-  
23 dian tribe will cooperate and participate in en-  
24 hancing such opportunities for recipients of as-

1 assistance under the plan consistent with any ap-  
2 plicable State standards; and

3 “(F) applies the fiscal accountability provi-  
4 sions of section 5(f)(1) of the Indian Self-De-  
5 termination and Education Assistance Act (25  
6 U.S.C. 450c(f)(1)), relating to the submission  
7 of a single-agency audit report required by  
8 chapter 75 of title 31, United States Code.

9 “(2) APPROVAL.—The Secretary shall approve  
10 each tribal family assistance plan submitted in ac-  
11 cordance with paragraph (1).

12 “(3) CONSORTIUM OF TRIBES.—Nothing in this  
13 section shall preclude the development and submis-  
14 sion of a single tribal family assistance plan by the  
15 participating Indian tribes of an intertribal Consor-  
16 tium.

17 “(c) MINIMUM WORK PARTICIPATION REQUIRE-  
18 MENTS AND TIME LIMITS.—The Secretary, with the par-  
19 ticipation of Indian tribes, shall establish for each Indian  
20 tribe receiving a grant under this section minimum work  
21 participation requirements, appropriate time limits for re-  
22 ceipt of welfare-related services under the grant, and pen-  
23 alties against individuals—

24 “(1) consistent with the purposes of this sec-  
25 tion;

1           “(2) consistent with the economic conditions  
2           and resources available to each tribe; and

3           “(3) similar to comparable provisions in section  
4           407(d).

5           “(d) EMERGENCY ASSISTANCE.—Nothing in this sec-  
6           tion shall preclude an Indian tribe from seeking emergency  
7           assistance from any Federal loan program or emergency  
8           fund.

9           “(e) ACCOUNTABILITY.—Nothing in this section shall  
10          be construed to limit the ability of the Secretary to main-  
11          tain program funding accountability consistent with—

12           “(1) generally accepted accounting principles;  
13          and

14           “(2) the requirements of the Indian Self-Deter-  
15          mination and Education Assistance Act (25 U.S.C.  
16          450 et seq.).

17          “(f) PENALTIES.—

18           “(1) Subsections (a)(1), (a)(6), and (b) of sec-  
19          tion 409, shall apply to an Indian tribe with an ap-  
20          proved tribal assistance plan in the same manner as  
21          such subsections apply to a State.

22           “(2) Section 409(a)(3) shall apply to an Indian  
23          tribe with an approved tribal assistance plan by sub-  
24          stituting ‘meet minimum work participation require-

1       ments established under section 412(c)' for 'comply  
2       with section 407(a)'.

3       “(g) DATA COLLECTION AND REPORTING.—Section  
4       411 shall apply to an Indian tribe with an approved tribal  
5       family assistance plan.

6       “(h) SPECIAL RULE FOR INDIAN TRIBES IN ALAS-  
7       KA.—

8               “(1) IN GENERAL.—Notwithstanding any other  
9       provision of this section, and except as provided in  
10      paragraph (2), an Indian tribe in the State of Alas-  
11      ka that receives a tribal family assistance grant  
12      under this section shall use the grant to operate a  
13      program in accordance with requirements com-  
14      parable to the requirements applicable to the pro-  
15      gram of the State of Alaska funded under this part.  
16      Comparability of programs shall be established on  
17      the basis of program criteria developed by the Sec-  
18      retary in consultation with the State of Alaska and  
19      such Indian tribes.

20              “(2) WAIVER.—An Indian tribe described in  
21      paragraph (1) may apply to the appropriate State  
22      authority to receive a waiver of the requirement of  
23      paragraph (1).

1 **“SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**  
2 **IES.**

3 “(a) RESEARCH.—The Secretary shall conduct re-  
4 search on the benefits, effects, and costs of operating dif-  
5 ferent State programs funded under this part, including  
6 time limits relating to eligibility for assistance. The re-  
7 search shall include studies on the effects of different pro-  
8 grams and the operation of such programs on welfare de-  
9 pendency, illegitimacy, teen pregnancy, employment rates,  
10 child well-being, and any other area the Secretary deems  
11 appropriate. The Secretary shall also conduct research on  
12 the costs and benefits of State activities under section  
13 409.

14 “(b) DEVELOPMENT AND EVALUATION OF INNOVA-  
15 TIVE APPROACHES TO REDUCING WELFARE DEPEND-  
16 ENCY AND INCREASING CHILD WELL-BEING.—

17 “(1) IN GENERAL.—The Secretary may assist  
18 States in developing, and shall evaluate, innovative  
19 approaches for reducing welfare dependency and in-  
20 creasing the well-being of minor children living at  
21 home with respect to recipients of assistance under  
22 programs funded under this part. The Secretary  
23 may provide funds for training and technical assist-  
24 ance to carry out the approaches developed pursuant  
25 to this paragraph.

1           “(2) EVALUATIONS.—In performing the evalua-  
2           tions under paragraph (1), the Secretary shall, to  
3           the maximum extent feasible, use random assign-  
4           ment as an evaluation methodology.

5           “(c) DISSEMINATION OF INFORMATION.—The Sec-  
6           retary shall develop innovative methods of disseminating  
7           information on any research, evaluations, and studies con-  
8           ducted under this section, including the facilitation of the  
9           sharing of information and best practices among States  
10          and localities through the use of computers and other  
11          technologies.

12          “(d) ANNUAL RANKING OF STATES AND REVIEW OF  
13          MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

14                 “(1) ANNUAL RANKING OF STATES.—The Sec-  
15                 retary shall rank annually the States to which  
16                 grants are paid under section 403 in the order of  
17                 their success in placing recipients of assistance  
18                 under the State program funded under this part into  
19                 long-term private sector jobs, reducing the overall  
20                 welfare caseload, and, when a practicable method for  
21                 calculating this information becomes available, di-  
22                 verting individuals from formally applying to the  
23                 State program and receiving assistance. In ranking  
24                 States under this subsection, the Secretary shall  
25                 take into account the average number of minor chil-

1       dren living at home in families in the State that  
2       have incomes below the poverty line and the amount  
3       of funding provided each State for such families.

4           “(2) ANNUAL REVIEW OF MOST AND LEAST  
5       SUCCESSFUL WORK PROGRAMS.—The Secretary shall  
6       review the programs of the 3 States most recently  
7       ranked highest under paragraph (1) and the 3  
8       States most recently ranked lowest under paragraph  
9       (1) that provide parents with work experience, as-  
10      sistance in finding employment, and other work  
11      preparation activities and support services to enable  
12      the families of such parents to leave the program  
13      and become self-sufficient.

14          “(e) ANNUAL RANKING OF STATES AND REVIEW OF  
15      ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

16           “(1) ANNUAL RANKING OF STATES.—

17           “(A) IN GENERAL.—The Secretary shall  
18           annually rank States to which grants are made  
19           under section 403 based on the following rank-  
20           ing factors:

21                   “(i) ABSOLUTE OUT-OF-WEDLOCK RA-  
22                   TIOS.—The ratio represented by—

23                           “(I) the total number of out-of-  
24                           wedlock births in families receiving as-  
25                           sistance under the State program

1 under this part in the State for the  
2 most recent fiscal year for which in-  
3 formation is available; over

4 “(II) the total number of births  
5 in families receiving assistance under  
6 the State program under this part in  
7 the State for such year.

8 “(ii) NET CHANGES IN THE OUT-OF-  
9 WEDLOCK RATIO.—The difference between  
10 the ratio described in subparagraph (A)(i)  
11 with respect to a State for the most recent  
12 fiscal year for which such information is  
13 available and the ratio with respect to the  
14 State for the immediately preceding year.

15 “(2) ANNUAL REVIEW.—The Secretary shall re-  
16 view the programs of the 5 States most recently  
17 ranked highest under paragraph (1) and the 5  
18 States most recently ranked the lowest under para-  
19 graph (1).

20 “(f) STATE-INITIATED EVALUATIONS.—A State shall  
21 be eligible to receive funding to evaluate the State pro-  
22 gram funded under this part if—

23 “(1) the State submits a proposal to the Sec-  
24 retary for the evaluation;

1           “(2) the Secretary determines that the design  
2           and approach of the evaluation is rigorous and is  
3           likely to yield information that is credible and will  
4           be useful to other States, and

5           “(3) unless otherwise waived by the Secretary,  
6           the State contributes to the cost of the evaluation,  
7           from non-Federal sources, an amount equal to at  
8           least 10 percent of the cost of the evaluation.

9           “(g) FUNDING OF STUDIES AND DEMONSTRATION-  
10          TIONS.—

11           “(1) IN GENERAL.—Out of any money in the  
12           Treasury of the United States not otherwise appro-  
13           priated, there are appropriated \$15,000,000 for each  
14           fiscal year specified in section 403(a)(1) for the pur-  
15           pose of paying—

16                   “(A) the cost of conducting the research  
17                   described in subsection (a);

18                   “(B) the cost of developing and evaluating  
19                   innovative approaches for reducing welfare de-  
20                   pendency and increasing the well-being of minor  
21                   children under subsection (b);

22                   “(C) the Federal share of any State-initi-  
23                   ated study approved under subsection (f); and

24                   “(D) an amount determined by the Sec-  
25                   retary to be necessary to operate and evaluate

1 demonstration projects, relating to this part,  
2 that are in effect or approved under section  
3 1115 as of September 30, 1995, and are contin-  
4 ued after such date.

5 “(2) ALLOCATION.—Of the amount appro-  
6 priated under paragraph (1) for a fiscal year—

7 “(A) 50 percent shall be allocated for the  
8 purposes described in subparagraphs (A) and  
9 (B) of paragraph (1), and

10 “(B) 50 percent shall be allocated for the  
11 purposes described in subparagraphs (C) and  
12 (D) of paragraph (1).

13 **“SEC. 414. STUDY BY THE CENSUS BUREAU.**

14 “(a) IN GENERAL.—The Bureau of the Census shall  
15 expand the Survey of Income and Program Participation  
16 as necessary to obtain such information as will enable in-  
17 terested persons to evaluate the impact of the amendments  
18 made by title I of the Personal Responsibility and Work  
19 Opportunity Act of 1996 on a random national sample of  
20 recipients of assistance under State programs funded  
21 under this part and (as appropriate) other low income  
22 families, and in doing so, shall pay particular attention  
23 to the issues of out-of-wedlock birth, welfare dependency,  
24 the beginning and end of welfare spells, and the causes  
25 of repeat welfare spells.

1       “(b) APPROPRIATION.—Out of any money in the  
2 Treasury of the United States not otherwise appropriated,  
3 there are appropriated \$10,000,000 for each of fiscal  
4 years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for  
5 payment to the Bureau of the Census to carry out sub-  
6 section (a).

7 **“SEC. 415. WAIVERS.**

8       “(a) CONTINUATION OF WAIVERS.—

9               “(1) WAIVERS IN EFFECT ON DATE OF ENACT-  
10       MENT OF WELFARE REFORM.—Except as provided  
11       in paragraph (3), if any waiver granted to a State  
12       under section 1115 or otherwise which relates to the  
13       provision of assistance under a State plan under this  
14       part (as in effect on September 30, 1995) is in ef-  
15       fect as of the date of the enactment of the Personal  
16       Responsibility and Work Opportunity Act of 1996,  
17       the amendments made by such Act shall not apply  
18       with respect to the State before the expiration (de-  
19       termined without regard to any extensions) of the  
20       waiver to the extent such amendments are inconsis-  
21       tent with the waiver.

22               “(2) WAIVERS GRANTED SUBSEQUENTLY.—Ex-  
23       cept as provided in paragraph (3), if any waiver  
24       granted to a State under section 1115 or otherwise  
25       which relates to the provision of assistance under a

1 State plan under this part (as in effect on Septem-  
2 ber 30, 1995) is submitted to the Secretary before  
3 the date of the enactment of the Personal Respon-  
4 sibility and Work Opportunity Act of 1996 and ap-  
5 proved by the Secretary on or before July 1, 1997,  
6 and the State demonstrates to the satisfaction of the  
7 Secretary that the waiver will not result in Federal  
8 expenditures under title IV of this Act (as in effect  
9 without regard to the amendments made by the Per-  
10 sonal Responsibility and Work Opportunity Act of  
11 1996) that are greater than would occur in the ab-  
12 sence of the waiver, the amendments made by the  
13 Personal Responsibility and Work Opportunity Act  
14 of 1996 shall not apply with respect to the State be-  
15 fore the expiration (determined without regard to  
16 any extensions) of the waiver to the extent the  
17 amendments made by the Personal Responsibility  
18 and Work Opportunity Act of 1996 are inconsistent  
19 with the waiver.

20 “(3) FINANCING LIMITATION.—Notwithstand-  
21 ing any other provision of law, beginning with fiscal  
22 year 1996, a State operating under a waiver de-  
23 scribed in paragraph (1) shall be entitled to payment  
24 under section 403 for the fiscal year, in lieu of any  
25 other payment provided for in the waiver.

1       “(b) STATE OPTION TO TERMINATE WAIVER.—

2               “(1) IN GENERAL.—A State may terminate a  
3 waiver described in subsection (a) before the expira-  
4 tion of the waiver.

5               “(2) REPORT.—A State which terminates a  
6 waiver under paragraph (1) shall submit a report to  
7 the Secretary summarizing the waiver and any avail-  
8 able information concerning the result or effect of  
9 the waiver.

10              “(3) HOLD HARMLESS PROVISION.—

11                   “(A) IN GENERAL.—Notwithstanding any  
12 other provision of law, a State that, not later  
13 than the date described in subparagraph (B),  
14 submits a written request to terminate a waiver  
15 described in subsection (a) shall be held harm-  
16 less for accrued cost neutrality liabilities in-  
17 curred under the waiver.

18                   “(B) DATE DESCRIBED.—The date de-  
19 scribed in this subparagraph is 90 days follow-  
20 ing the adjournment of the first regular session  
21 of the State legislature that begins after the  
22 date of the enactment of the Personal Respon-  
23 sibility and Work Opportunity Act of 1996.

24              “(c) SECRETARIAL ENCOURAGEMENT OF CURRENT  
25 WAIVERS.—The Secretary shall encourage any State oper-

1 ating a waiver described in subsection (a) to continue the  
2 waiver and to evaluate, using random sampling and other  
3 characteristics of accepted scientific evaluations, the result  
4 or effect of the waiver.

5 “(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A  
6 State may elect to continue 1 or more individual waivers  
7 described in subsection (a).

8 **“SEC. 416. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

9 “The programs under this part and part D shall be  
10 administered by an Assistant Secretary for Family Sup-  
11 port within the Department of Health and Human Serv-  
12 ices, who shall be appointed by the President, by and with  
13 the advice and consent of the Senate, and who shall be  
14 in addition to any other Assistant Secretary of Health and  
15 Human Services provided for by law.

16 **“SEC. 417. LIMITATION ON FEDERAL AUTHORITY.**

17 “No officer or employee of the Federal Government  
18 may regulate the conduct of States under this part or en-  
19 force any provision of this part, except to the extent ex-  
20 pressly provided in this part.

21 **“SEC. 418. DEFINITIONS.**

22 “As used in this part:

23 “(1) ADULT.—The term ‘adult’ means an indi-  
24 vidual who is not a minor child.

1           “(2) MINOR CHILD.—The term ‘minor child’  
2 means an individual who—

3                   “(A) has not attained 18 years of age; or

4                   “(B) has not attained 19 years of age and  
5 is a full-time student in a secondary school (or  
6 in the equivalent level of vocational or technical  
7 training).

8           “(3) FISCAL YEAR.—The term ‘fiscal year’  
9 means any 12-month period ending on September 30  
10 of a calendar year.

11           “(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGA-  
12 NIZATION.—

13                   “(A) IN GENERAL.—Except as provided in  
14 subparagraph (B), the terms ‘Indian’, ‘Indian  
15 tribe’, and ‘tribal organization’ have the mean-  
16 ing given such terms by section 4 of the Indian  
17 Self-Determination and Education Assistance  
18 Act (25 U.S.C. 450b).

19                   “(B) SPECIAL RULE FOR INDIAN TRIBES  
20 IN ALASKA.—The term ‘Indian tribe’ means,  
21 with respect to the State of Alaska, only the  
22 Metlakatla Indian Community of the Annette  
23 Islands Reserve and the following Alaska Native  
24 regional nonprofit corporations:

25                           “(i) Arctic Slope Native Association.

- 1                   “(ii) Kawerak, Inc.  
2                   “(iii) Maniilaq Association.  
3                   “(iv) Association of Village Council  
4                   Presidents.  
5                   “(v) Tanana Chiefs Conference.  
6                   “(vi) Cook Inlet Tribal Council.  
7                   “(vii) Bristol Bay Native Association.  
8                   “(viii) Aleutian and Pribilof Island  
9                   Association.  
10                  “(ix) Chugachmuit.  
11                  “(x) Tlingit Haida Central Council.  
12                  “(xi) Kodiak Area Native Association.  
13                  “(xii) Copper River Native Associa-  
14                  tion.

15                  “(5) STATE.—Except as otherwise specifically  
16                  provided, the term ‘State’ means the 50 States of  
17                  the United States, the District of Columbia, the  
18                  Commonwealth of Puerto Rico, the United States  
19                  Virgin Islands, Guam, and American Samoa.”.

20                  (b) GRANTS TO OUTLYING AREAS.—Section 1108  
21                  (42 U.S.C. 1308) is amended—

22                         (1) by redesignating subsection (c) as sub-  
23                         section (g);

24                         (2) by striking all that precedes subsection (c)  
25                         and inserting the following:

1 **“SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE**  
2 **VIRGIN ISLANDS, GUAM, AND AMERICAN**  
3 **SAMOA; LIMITATION ON TOTAL PAYMENTS.**

4 “(a) LIMITATION ON TOTAL PAYMENTS TO EACH  
5 TERRITORY.—Notwithstanding any other provision of this  
6 Act, the total amount certified by the Secretary of Health  
7 and Human Services under titles I, X, XIV, and XVI,  
8 under parts A, B, and E of title IV, and under subsection  
9 (b) of this section, for payment to any territory for a fiscal  
10 year shall not exceed the ceiling amount for the territory  
11 for the fiscal year.

12 “(b) ENTITLEMENT TO MATCHING GRANT.—

13 “(1) IN GENERAL.—Each territory shall be en-  
14 titled to receive from the Secretary for each fiscal  
15 year a grant in an amount equal to 75 percent of  
16 the amount (if any) by which—

17 “(A) the total expenditures of the territory  
18 during the fiscal year under the territory pro-  
19 grams funded under parts A, B, and E of title  
20 IV; exceeds

21 “(B) the sum of—

22 “(i) the total amount required to be  
23 paid to the territory (other than with re-  
24 spect to child care) under former section  
25 403 (as in effect on September 30, 1995)  
26 for fiscal year 1995, which shall be deter-

1                   mined by applying subparagraphs (C) and  
2                   (D) of section 403(a)(1) to the territory;

3                   “(ii) the total amount required to be  
4                   paid to the territory under former section  
5                   434 (as so in effect) for fiscal year 1995;  
6                   and

7                   “(iii) the total amount expended by  
8                   the territory during fiscal year 1995 pur-  
9                   suant to parts A, B, and F of title IV (as  
10                  so in effect), other than for child care.

11                  “(2) USE OF GRANT.—Any territory to which a  
12                  grant is made under paragraph (1) may expend the  
13                  amount under any program operated or funded  
14                  under any provision of law specified in subsection  
15                  (a).

16                  “(c) DEFINITIONS.—As used in this section:

17                  “(1) TERRITORY.—The term ‘territory’ means  
18                  Puerto Rico, the Virgin Islands, Guam, and Amer-  
19                  ican Samoa.

20                  “(2) CEILING AMOUNT.—The term ‘ceiling  
21                  amount’ means, with respect to a territory and a fis-  
22                  cal year, the mandatory ceiling amount with respect  
23                  to the territory plus the discretionary ceiling amount  
24                  with respect to the territory, reduced for the fiscal  
25                  year in accordance with subsection (f).

1           “(3) MANDATORY CEILING AMOUNT.—The term  
2           ‘mandatory ceiling amount’ means—

3                   “(A) \$105,538,000 with respect to for  
4                   Puerto Rico;

5                   “(B) \$4,902,000 with respect to Guam;

6                   “(C) \$3,742,000 with respect to the Virgin  
7                   Islands; and

8                   “(D) \$1,122,000 with respect to American  
9                   Samoa.

10           “(4) DISCRETIONARY CEILING AMOUNT.—The  
11           term ‘discretionary ceiling amount’ means, with re-  
12           spect to a territory and a fiscal year, the total  
13           amount appropriated pursuant to subsection (d)(3)  
14           for the fiscal year for payment to the territory.

15           “(5) TOTAL AMOUNT EXPENDED BY THE TER-  
16           RITORY.—The term ‘total amount expended by the  
17           territory’—

18                   “(A) does not include expenditures during  
19                   the fiscal year from amounts made available by  
20                   the Federal Government; and

21                   “(B) when used with respect to fiscal year  
22                   1995, also does not include—

23                           “(i) expenditures during fiscal year  
24                           1995 under subsection (g) or (i) of section

1 402 (as in effect on September 30, 1995);

2 or

3 “(ii) any expenditures during fiscal  
4 year 1995 for which the territory (but for  
5 section 1108, as in effect on September 30,  
6 1995) would have received reimbursement  
7 from the Federal Government.

8 “(d) DISCRETIONARY GRANTS.—

9 “(1) IN GENERAL.—The Secretary shall make a  
10 grant to each territory for any fiscal year in the  
11 amount appropriated pursuant to paragraph (3) for  
12 the fiscal year for payment to the territory.

13 “(2) USE OF GRANT.—Any territory to which a  
14 grant is made under paragraph (1) may expend the  
15 amount under any program operated or funded  
16 under any provision of law specified in subsection  
17 (a).

18 “(3) LIMITATION ON AUTHORIZATION OF AP-  
19 PROPRIATIONS.—For grants under paragraph (1),  
20 there are authorized to be appropriated to the Sec-  
21 retary for each fiscal year—

22 “(A) \$7,951,000 for payment to Puerto  
23 Rico;

24 “(B) \$345,000 for payment to Guam;

1                   “(C) \$275,000 for payment to the Virgin  
2                   Islands; and

3                   “(D) \$190,000 for payment to American  
4                   Samoa.

5                   “(e) AUTHORITY TO TRANSFER FUNDS AMONG PRO-  
6 GRAMS.—Notwithstanding any other provision of this Act,  
7 any territory to which an amount is paid under any provi-  
8 sion of law specified in subsection (a) may use part or  
9 all of the amount to carry out any program operated by  
10 the territory, or funded, under any other such provision  
11 of law.

12                   “(f) MAINTENANCE OF EFFORT.—The ceiling  
13 amount with respect to a territory shall be reduced for  
14 a fiscal year by an amount equal to the amount (if any)  
15 by which—

16                   “(1) the total amount expended by the territory  
17                   under all programs of the territory operated pursu-  
18                   ant to the provisions of law specified in subsection  
19                   (a) (as such provisions were in effect for fiscal year  
20                   1995) for fiscal year 1995; exceeds

21                   “(2) the total amount expended by the territory  
22                   under all programs of the territory that are funded  
23                   under the provisions of law specified in subsection  
24                   (a) for the fiscal year that immediately precedes the

1 fiscal year referred to in the matter preceding para-  
2 graph (1).”); and

3 (3) by striking subsections (d) and (e).

4 (c) REPEAL OF PROVISIONS REQUIRING REDUCTION  
5 OF MEDICAID PAYMENTS TO STATES THAT REDUCE  
6 WELFARE PAYMENT LEVELS.—

7 (1) Section 1903(i) (42 U.S.C. 1396b(i)) is  
8 amended by striking paragraph (9).

9 (2) Section 1902 (42 U.S.C. 1396a) is amended  
10 by striking subsection (c).

11 **SEC. 104. SERVICES PROVIDED BY CHARITABLE, RELI-**  
12 **GIUS, OR PRIVATE ORGANIZATIONS.**

13 (a) IN GENERAL.—

14 (1) STATE OPTIONS.—A State may—

15 (A) administer and provide services under  
16 the programs described in subparagraphs (A)  
17 and (B)(i) of paragraph (2) through contracts  
18 with charitable, religious, or private organiza-  
19 tions; and

20 (B) provide beneficiaries of assistance  
21 under the programs described in subparagraphs  
22 (A) and (B)(ii) of paragraph (2) with certifi-  
23 cates, vouchers, or other forms of disbursement  
24 which are redeemable with such organizations.

1           (2) PROGRAMS DESCRIBED.—The programs de-  
2           scribed in this paragraph are the following pro-  
3           grams:

4                   (A) A State program funded under part A  
5                   of title IV of the Social Security Act (as amend-  
6                   ed by section 103(a) of this Act).

7                   (B) Any other program established or  
8                   modified under title I, II, or VI of this Act,  
9                   that—

10                           (i) permits contracts with organiza-  
11                           tions; or

12                           (ii) permits certificates, vouchers, or  
13                           other forms of disbursement to be provided  
14                           to beneficiaries, as a means of providing  
15                           assistance.

16           (b) RELIGIOUS ORGANIZATIONS.—The purpose of  
17           this section is to allow States to contract with religious  
18           organizations, or to allow religious organizations to accept  
19           certificates, vouchers, or other forms of disbursement  
20           under any program described in subsection (a)(2), on the  
21           same basis as any other nongovernmental provider without  
22           impairing the religious character of such organizations,  
23           and without diminishing the religious freedom of bene-  
24           ficiaries of assistance funded under such program.

1           (c) NONDISCRIMINATION AGAINST RELIGIOUS ORGA-  
2 NIZATIONS.—In the event a State exercises its authority  
3 under subsection (a), religious organizations are eligible,  
4 on the same basis as any other private organization, as  
5 contractors to provide assistance, or to accept certificates,  
6 vouchers, or other forms of disbursement, under any pro-  
7 gram described in subsection (a)(2) so long as the pro-  
8 grams are implemented consistent with the Establishment  
9 Clause of the United States Constitution. Except as pro-  
10 vided in subsection (k), neither the Federal Government  
11 nor a State receiving funds under such programs shall dis-  
12 criminate against an organization which is or applies to  
13 be a contractor to provide assistance, or which accepts cer-  
14 tificates, vouchers, or other forms of disbursement, on the  
15 basis that the organization has a religious character.

16           (d) RELIGIOUS CHARACTER AND FREEDOM.—

17           (1) RELIGIOUS ORGANIZATIONS.—A religious  
18 organization with a contract described in subsection  
19 (a)(1)(A), or which accepts certificates, vouchers, or  
20 other forms of disbursement under subsection  
21 (a)(1)(B), shall retain its independence from Fed-  
22 eral, State, and local governments, including such  
23 organization's control over the definition, develop-  
24 ment, practice, and expression of its religious beliefs.

1           (2) ADDITIONAL SAFEGUARDS.—Neither the  
2 Federal Government nor a State shall require a reli-  
3 gious organization to—

4           (A) alter its form of internal governance;

5           or

6           (B) remove religious art, icons, scripture,

7           or other symbols;

8           in order to be eligible to contract to provide assist-  
9           ance, or to accept certificates, vouchers, or other  
10          forms of disbursement, funded under a program de-  
11          scribed in subsection (a)(2).

12         (e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

13           (1) IN GENERAL.—If an individual described in  
14          paragraph (2) has an objection to the religious char-  
15          acter of the organization or institution from which  
16          the individual receives, or would receive, assistance  
17          funded under any program described in subsection  
18          (a)(2), the State in which the individual resides shall  
19          provide such individual (if otherwise eligible for such  
20          assistance) within a reasonable period of time after  
21          the date of such objection with assistance from an  
22          alternative provider that is accessible to the individ-  
23          ual and the value of which is not less than the value  
24          of the assistance which the individual would have re-  
25          ceived from such organization.

1           (2) INDIVIDUAL DESCRIBED.—An individual de-  
2           scribed in this paragraph is an individual who re-  
3           ceives, applies for, or requests to apply for, assist-  
4           ance under a program described in subsection (a)(2).

5           (f) EMPLOYMENT PRACTICES.—A religious organiza-  
6           tion's exemption provided under section 702 of the Civil  
7           Rights Act of 1964 (42 U.S.C. 2000e-1a) regarding em-  
8           ployment practices shall not be affected by its participa-  
9           tion in, or receipt of funds from, programs described in  
10          subsection (a)(2).

11          (g) NONDISCRIMINATION AGAINST BENE-  
12          FICIARIES.—Except as otherwise provided in law, a reli-  
13          gious organization shall not discriminate against an indi-  
14          vidual in regard to rendering assistance funded under any  
15          program described in subsection (a)(2) on the basis of reli-  
16          gion, a religious belief, or refusal to actively participate  
17          in a religious practice.

18          (h) FISCAL ACCOUNTABILITY.—

19                (1) IN GENERAL.—Except as provided in para-  
20                graph (2), any religious organization contracting to  
21                provide assistance funded under any program de-  
22                scribed in subsection (a)(2) shall be subject to the  
23                same regulations as other contractors to account in  
24                accord with generally accepted auditing principles

1 for the use of such funds provided under such pro-  
2 grams.

3 (2) LIMITED AUDIT.—If such organization seg-  
4 regates Federal funds provided under such programs  
5 into separate accounts, then only the financial as-  
6 sistance provided with such funds shall be subject to  
7 audit.

8 (i) COMPLIANCE.—Any party which seeks to enforce  
9 its rights under this section may assert a civil action for  
10 injunctive relief exclusively in an appropriate State court  
11 against the entity or agency that allegedly commits such  
12 violation.

13 (j) LIMITATIONS ON USE OF FUNDS FOR CERTAIN  
14 PURPOSES.—No funds provided directly to institutions or  
15 organizations to provide services and administer programs  
16 under subsection (a)(1)(A) shall be expended for sectarian  
17 worship, instruction, or proselytization.

18 (k) PREEMPTION.—Nothing in this section shall be  
19 construed to preempt any provision of a State constitution  
20 or State statute that prohibits or restricts the expenditure  
21 of State funds in or by religious organizations.

22 **SEC. 105. CENSUS DATA ON GRANDPARENTS AS PRIMARY**  
23 **CAREGIVERS FOR THEIR GRANDCHILDREN.**

24 (a) IN GENERAL.—Not later than 90 days after the  
25 date of the enactment of this Act, the Secretary of Com-

1 merce, in carrying out section 141 of title 13, United  
2 States Code, shall expand the data collection efforts of the  
3 Bureau of the Census (in this section referred to as the  
4 “Bureau”) to enable the Bureau to collect statistically sig-  
5 nificant data, in connection with its decennial census and  
6 its mid-decade census, concerning the growing trend of  
7 grandparents who are the primary caregivers for their  
8 grandchildren.

9 (b) EXPANDED CENSUS QUESTION.—In carrying out  
10 subsection (a), the Secretary of Commerce shall expand  
11 the Bureau’s census question that details households  
12 which include both grandparents and their grandchildren.  
13 The expanded question shall be formulated to distinguish  
14 between the following households:

15 (1) A household in which a grandparent tempo-  
16 rarily provides a home for a grandchild for a period  
17 of weeks or months during periods of parental dis-  
18 tress.

19 (2) A household in which a grandparent pro-  
20 vides a home for a grandchild and serves as the pri-  
21 mary caregiver for the grandchild.

22 **SEC. 106. REPORT ON DATA PROCESSING.**

23 (a) IN GENERAL.—Within 6 months after the date  
24 of the enactment of this Act, the Secretary of Health and

1 Human Services shall prepare and submit to the Congress  
2 a report on—

3 (1) the status of the automated data processing  
4 systems operated by the States to assist manage-  
5 ment in the administration of State programs under  
6 part A of title IV of the Social Security Act (wheth-  
7 er in effect before or after October 1, 1995); and

8 (2) what would be required to establish a sys-  
9 tem capable of—

10 (A) tracking participants in public pro-  
11 grams over time; and

12 (B) checking case records of the States to  
13 determine whether individuals are participating  
14 in public programs of 2 or more States.

15 (b) PREFERRED CONTENTS.—The report required by  
16 subsection (a) should include—

17 (1) a plan for building on the automated data  
18 processing systems of the States to establish a sys-  
19 tem with the capabilities described in subsection  
20 (a)(2); and

21 (2) an estimate of the amount of time required  
22 to establish such a system and of the cost of estab-  
23 lishing such a system.

1 **SEC. 107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.**

2 (a) **STUDY.**—The Secretary shall, in cooperation with  
3 the States, study and analyze outcomes measures for eval-  
4 uating the success of the States in moving individuals out  
5 of the welfare system through employment as an alter-  
6 native to the minimum participation rates described in  
7 section 407 of the Social Security Act. The study shall  
8 include a determination as to whether such alternative  
9 outcomes measures should be applied on a national or a  
10 State-by-State basis and a preliminary assessment of the  
11 effects of section 409(a)(7)(C) of such Act.

12 (b) **REPORT.**—Not later than September 30, 1998,  
13 the Secretary shall submit to the Committee on Finance  
14 of the Senate and the Committee on Ways and Means of  
15 the House of Representatives a report containing the find-  
16 ings of the study required by subsection (a).

17 **SEC. 108. CONFORMING AMENDMENTS TO THE SOCIAL SE-**  
18 **CURITY ACT.**

19 (a) **AMENDMENTS TO TITLE II.**—

20 (1) Section 205(c)(2)(C)(vi) (42 U.S.C.  
21 405(c)(2)(C)(vi)), as so redesignated by section  
22 321(a)(9)(B) of the Social Security Independence  
23 and Program Improvements Act of 1994, is amend-  
24 ed—

1 (A) by inserting “an agency administering  
2 a program funded under part A of title IV or”  
3 before “an agency operating”; and

4 (B) by striking “A or D of title IV of this  
5 Act” and inserting “D of such title”.

6 (2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is  
7 amended by inserting “under a State program fund-  
8 ed under” before “part A of title IV”.

9 (b) AMENDMENTS TO PART D OF TITLE IV.—

10 (1) Section 451 (42 U.S.C. 651) is amended by  
11 striking “aid” and inserting “assistance under a  
12 State program funded”.

13 (2) Section 452(a)(10)(C) (42 U.S.C.  
14 652(a)(10)(C)) is amended—

15 (A) by striking “aid to families with de-  
16 pendent children” and inserting “assistance  
17 under a State program funded under part A”;

18 (B) by striking “such aid” and inserting  
19 “such assistance”; and

20 (C) by striking “under section 402(a)(26)  
21 or” and inserting “pursuant to section  
22 408(a)(3) or under section”.

23 (3) Section 452(a)(10)(F) (42 U.S.C.  
24 652(a)(10)(F)) is amended—

1 (A) by striking “aid under a State plan ap-  
2 proved” and inserting “assistance under a State  
3 program funded”; and

4 (B) by striking “in accordance with the  
5 standards referred to in section  
6 402(a)(26)(B)(ii)” and inserting “by the  
7 State”.

8 (4) Section 452(b) (42 U.S.C. 652(b)) is  
9 amended in the first sentence by striking “aid under  
10 the State plan approved under part A” and inserting  
11 “assistance under the State program funded under  
12 part A”.

13 (5) Section 452(d)(3)(B)(i) (42 U.S.C.  
14 652(d)(3)(B)(i)) is amended by striking “1115(c)”  
15 and inserting “1115(b)”.

16 (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.  
17 652(g)(2)(A)(ii)(I)) is amended by striking “aid is  
18 being paid under the State’s plan approved under  
19 part A or E” and inserting “assistance is being pro-  
20 vided under the State program funded under part  
21 A”.

22 (7) Section 452(g)(2)(A) (42 U.S.C.  
23 652(g)(2)(A)) is amended in the matter following  
24 clause (iii) by striking “aid was being paid under the  
25 State’s plan approved under part A or E” and in-

1       serting “assistance was being provided under the  
2       State program funded under part A”.

3               (8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is  
4       amended in the matter following subparagraph  
5       (B)—

6                       (A) by striking “who is a dependent child”  
7                       and inserting “with respect to whom assistance  
8                       is being provided under the State program  
9                       funded under part A”;

10                      (B) by inserting “by the State agency”  
11                      after “found”; and

12                      (C) by striking “to have good cause for re-  
13                      fusing to cooperate under section 402(a)(26)”  
14                      and inserting “to qualify for a good cause or  
15                      other exception to cooperate pursuant to section  
16                      454(29)”.

17               (9) Section 452(h) (42 U.S.C. 652(h)) is  
18       amended by striking “under section 402(a)(26)” and  
19       inserting “pursuant to section 408(a)(3)”.

20               (10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is  
21       amended by striking “aid under part A of this title”  
22       and inserting “assistance under a State program  
23       funded under part A”.

24               (11) Section 454(5)(A) (42 U.S.C. 654(5)(A))  
25       is amended—

1 (A) by striking “under section 402(a)(26)”  
2 and inserting “pursuant to section 408(a)(3)”;  
3 and

4 (B) by striking “; except that this para-  
5 graph shall not apply to such payments for any  
6 month following the first month in which the  
7 amount collected is sufficient to make such  
8 family ineligible for assistance under the State  
9 plan approved under part A;” and inserting a  
10 comma.

11 (12) Section 454(6)(D) (42 U.S.C. 654(6)(D))  
12 is amended by striking “aid under a State plan ap-  
13 proved” and inserting “assistance under a State pro-  
14 gram funded”.

15 (13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is  
16 amended by striking “under section 402(a)(26)”.

17 (14) Section 466(a)(3)(B) (42 U.S.C.  
18 666(a)(3)(B)) is amended by striking “402(a)(26)”  
19 and inserting “408(a)(3)”.

20 (15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is  
21 amended by striking “aid” and inserting “assistance  
22 under a State program funded”.

23 (16) Section 469(a) (42 U.S.C. 669(a)) is  
24 amended—

1 (A) by striking “aid under plans approved”  
2 and inserting “assistance under State programs  
3 funded”; and

4 (B) by striking “such aid” and inserting  
5 “such assistance”.

6 (c) REPEAL OF PART F OF TITLE IV.—Part F of  
7 title IV (42 U.S.C. 681–687) is repealed.

8 (d) AMENDMENT TO TITLE X.—Section 1002(a)(7)  
9 (42 U.S.C. 1202(a)(7)) is amended by striking “aid to  
10 families with dependent children under the State plan ap-  
11 proved under section 402 of this Act” and inserting “as-  
12 sistance under a State program funded under part A of  
13 title IV”.

14 (e) AMENDMENTS TO TITLE XI.—

15 (1) Section 1109 (42 U.S.C. 1309) is amended  
16 by striking “or part A of title IV,”.

17 (2) Section 1115 (42 U.S.C. 1315) is amend-  
18 ed—

19 (A) in subsection (a)(2)—

20 (i) by inserting “(A)” after “(2)”;

21 (ii) by striking “403,”;

22 (iii) by striking the period at the end  
23 and inserting “, and”;

24 (iv) by adding at the end the following  
25 new subparagraph:

1           “(B) costs of such project which would not oth-  
2           erwise be a permissible use of funds under part A  
3           of title IV and which are not included as part of the  
4           costs of projects under section 1110, shall to the ex-  
5           tent and for the period prescribed by the Secretary,  
6           be regarded as a permissible use of funds under  
7           such part.”; and

8                       (B) in subsection (c)(3), by striking  
9           “under the program of aid to families with de-  
10          pendent children” and inserting “part A of  
11          such title”.

12          (3) Section 1116 (42 U.S.C. 1316) is amend-  
13          ed—

14                       (A) in each of subsections (a)(1), (b), and  
15          (d), by striking “or part A of title IV,”; and

16                       (B) in subsection (a)(3), by striking  
17          “404,”.

18          (4) Section 1118 (42 U.S.C. 1318) is amend-  
19          ed—

20                       (A) by striking “403(a),”;

21                       (B) by striking “and part A of title IV,”;

22          and

23                       (C) by striking “, and shall, in the case of  
24          American Samoa, mean 75 per centum with re-  
25          spect to part A of title IV”.

1 (5) Section 1119 (42 U.S.C. 1319) is amend-  
2 ed—

3 (A) by striking “or part A of title IV”; and  
4 (B) by striking “403(a),”.

5 (6) Section 1133(a) (42 U.S.C. 1320b-3(a)) is  
6 amended by striking “or part A of title IV,”.

7 (7) Section 1136 (42 U.S.C. 1320b-6) is re-  
8 pealed.

9 (8) Section 1137 (42 U.S.C. 1320b-7) is  
10 amended—

11 (A) in subsection (b), by striking para-  
12 graph (1) and inserting the following:

13 “(1) any State program funded under part A of  
14 title IV of this Act;”; and

15 (B) in subsection (d)(1)(B)—

16 (i) by striking “In this subsection—”  
17 and all that follows through “(ii) in” and  
18 inserting “In this subsection, in”;

19 (ii) by redesignating subclauses (I),  
20 (II), and (III) as clauses (i), (ii), and (iii);  
21 and

22 (iii) by moving such redesignated ma-  
23 terial 2 ems to the left.

24 (f) AMENDMENT TO TITLE XIV.—Section  
25 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking

1 “aid to families with dependent children under the State  
2 plan approved under section 402 of this Act” and insert-  
3 ing “assistance under a State program funded under part  
4 A of title IV”.

5 (g) AMENDMENT TO TITLE XVI AS IN EFFECT WITH  
6 RESPECT TO THE TERRITORIES.—Section 1602(a)(11),  
7 as in effect without regard to the amendment made by  
8 section 301 of the Social Security Amendments of 1972  
9 (42 U.S.C. 1382 note), is amended by striking “aid under  
10 the State plan approved” and inserting “assistance under  
11 a State program funded”.

12 (h) AMENDMENT TO TITLE XVI AS IN EFFECT WITH  
13 RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42  
14 U.S.C. 1382(c)(5)(A)) is amended to read as follows: “(A)  
15 a State program funded under part A of title IV,”.

16 (i) AMENDMENT TO TITLE XIX.—Section 1902(j)  
17 (42 U.S.C. 1396a(j)) is amended by striking “1108(c)”  
18 and inserting “1108(g)”.

19 **SEC. 109. CONFORMING AMENDMENTS TO THE FOOD**  
20 **STAMP ACT OF 1977 AND RELATED PROVI-**  
21 **SIONS.**

22 (a) Section 5 of the Food Stamp Act of 1977 (7  
23 U.S.C. 2014) is amended—

24 (1) in the second sentence of subsection (a), by  
25 striking “plan approved” and all that follows

1 through “title IV of the Social Security Act” and in-  
2 sserting “program funded under part A of title IV of  
3 the Social Security Act (42 U.S.C. 601 et seq.)”;

4 (2) in subsection (d)—

5 (A) in paragraph (5), by striking “assist-  
6 ance to families with dependent children” and  
7 inserting “assistance under a State program  
8 funded”; and

9 (B) by striking paragraph (13) and redesi-  
10 gnating paragraphs (14), (15), and (16) as  
11 paragraphs (13), (14), and (15), respectively;

12 (3) in subsection (j), by striking “plan approved  
13 under part A of title IV of such Act (42 U.S.C. 601  
14 et seq.)” and inserting “program funded under part  
15 A of title IV of the Act (42 U.S.C. 601 et seq.)”;  
16 and

17 (4) by striking subsection (m).

18 (b) Section 6 of such Act (7 U.S.C. 2015) is amend-  
19 ed—

20 (1) in subsection (c)(5), by striking “the State  
21 plan approved” and inserting “the State program  
22 funded”; and

23 (2) in subsection (e)(6), by striking “aid to  
24 families with dependent children” and inserting  
25 “benefits under a State program funded”.

1 (c) Section 16(g)(4) of such Act (7 U.S.C.  
2 2025(g)(4)) is amended by striking “State plans under the  
3 Aid to Families with Dependent Children Program under”  
4 and inserting “State programs funded under part A of”.

5 (d) Section 17 of such Act (7 U.S.C. 2026) is amend-  
6 ed—

7 (1) in the first sentence of subsection (b)(1)(A),  
8 by striking “to aid to families with dependent chil-  
9 dren under part A of title IV of the Social Security  
10 Act” and inserting “or are receiving assistance  
11 under a State program funded under part A of title  
12 IV of the Social Security Act (42 U.S.C. 601 et  
13 seq.)”; and

14 (2) in subsection (b)(3), by adding at the end  
15 the following new subparagraph:

16 “(I) The Secretary may not grant a waiver  
17 under this paragraph on or after October 1, 1995.  
18 Any reference in this paragraph to a provision of  
19 title IV of the Social Security Act shall be deemed  
20 to be a reference to such provision as in effect on  
21 September 30, 1995.”;

22 (e) Section 20 of such Act (7 U.S.C. 2029) is amend-  
23 ed—

1 (1) in subsection (a)(2)(B) by striking “operat-  
2 ing—” and all that follows through “(ii) any other”  
3 and inserting “operating any”; and

4 (2) in subsection (b)—

5 (A) in paragraph (1)—

6 (i) by striking “(b)(1) A household”  
7 and inserting “(b) A household”; and

8 (ii) in subparagraph (B), by striking  
9 “training program” and inserting “activ-  
10 ity”;

11 (B) by striking paragraph (2); and

12 (C) by redesignating subparagraphs (A)  
13 through (F) as paragraphs (1) through (6), re-  
14 spectively.

15 (f) Section 5(h)(1) of the Agriculture and Consumer  
16 Protection Act of 1973 (Public Law 93-186; 7 U.S.C.  
17 612c note) is amended by striking “the program for aid  
18 to families with dependent children” and inserting “the  
19 State program funded”.

20 (g) Section 9 of the National School Lunch Act (42  
21 U.S.C. 1758) is amended—

22 (1) in subsection (b)—

23 (A) in paragraph (2)(C)(ii)(II)—

1 (i) by striking “program for aid to  
2 families with dependent children” and in-  
3 serting “State program funded”; and

4 (ii) by inserting before the period at  
5 the end the following: “that the Secretary  
6 determines complies with standards estab-  
7 lished by the Secretary that ensure that  
8 the standards under the State program are  
9 comparable to or more restrictive than  
10 those in effect on June 1, 1995”; and

11 (B) in paragraph (6)—

12 (i) in subparagraph (A)(ii)—

13 (I) by striking “an AFDC assist-  
14 ance unit (under the aid to families  
15 with dependent children program au-  
16 thorized” and inserting “a family  
17 (under the State program funded”;  
18 and

19 (II) by striking “, in a State”  
20 and all that follows through  
21 “9902(2))” and inserting “that the  
22 Secretary determines complies with  
23 standards established by the Secretary  
24 that ensure that the standards under  
25 the State program are comparable to

1 or more restrictive than those in effect  
2 on June 1, 1995”; and

3 (ii) in subparagraph (B), by striking  
4 “aid to families with dependent children”  
5 and inserting “assistance under the State  
6 program funded under part A of title IV of  
7 the Social Security Act (42 U.S.C. 601 et  
8 seq.) that the Secretary determines com-  
9 plies with standards established by the  
10 Secretary that ensure that the standards  
11 under the State program are comparable  
12 to or more restrictive than those in effect  
13 on June 1, 1995”; and

14 (2) in subsection (d)(2)(C)—

15 (A) by striking “program for aid to fami-  
16 lies with dependent children” and inserting  
17 “State program funded”; and

18 (B) by inserting before the period at the  
19 end the following: “that the Secretary deter-  
20 mines complies with standards established by  
21 the Secretary that ensure that the standards  
22 under the State program are comparable to or  
23 more restrictive than those in effect on June 1,  
24 1995”.

1 (h) Section 17(d)(2)(A)(ii)(II) of the Child Nutrition  
2 Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(II)) is amend-  
3 ed—

4 (1) by striking “program for aid to families  
5 with dependent children established” and inserting  
6 “State program funded”; and

7 (2) by inserting before the semicolon the follow-  
8 ing: “that the Secretary determines complies with  
9 standards established by the Secretary that ensure  
10 that the standards under the State program are  
11 comparable to or more restrictive than those in ef-  
12 fect on June 1, 1995”.

13 **SEC. 110. CONFORMING AMENDMENTS TO OTHER LAWS.**

14 (a) Subsection (b) of section 508 of the Unemploy-  
15 ment Compensation Amendments of 1976 (42 U.S.C.  
16 603a; Public Law 94–566; 90 Stat. 2689) is amended to  
17 read as follows:

18 “(b) **PROVISION FOR REIMBURSEMENT OF EX-**  
19 **PENSES.**—For purposes of section 455 of the Social Secu-  
20 rity Act, expenses incurred to reimburse State employment  
21 offices for furnishing information requested of such of-  
22 fices—

23 “(1) pursuant to the third sentence of section  
24 3(a) of the Act entitled ‘An Act to provide for the  
25 establishment of a national employment system and

1 for cooperation with the States in the promotion of  
2 such system, and for other purposes', approved June  
3 6, 1933 (29 U.S.C. 49b(a)), or

4 “(2) by a State or local agency charged with  
5 the duty of carrying a State plan for child support  
6 approved under part D of title IV of the Social Se-  
7 curity Act,

8 shall be considered to constitute expenses incurred in the  
9 administration of such State plan.”.

10 (b) Section 9121 of the Omnibus Budget Reconcili-  
11 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

12 (c) Section 9122 of the Omnibus Budget Reconcili-  
13 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

14 (d) Section 221 of the Housing and Urban-Rural Re-  
15 covery Act of 1983 (42 U.S.C. 602 note), relating to treat-  
16 ment under AFDC of certain rental payments for federally  
17 assisted housing, is repealed.

18 (e) Section 159 of the Tax Equity and Fiscal Respon-  
19 sibility Act of 1982 (42 U.S.C. 602 note) is repealed.

20 (f) Section 202(d) of the Social Security Amendments  
21 of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

22 (g) Section 903 of the Stewart B. McKinney Home-  
23 less Assistance Amendments Act of 1988 (42 U.S.C.  
24 11381 note), relating to demonstration projects to reduce  
25 number of AFDC families in welfare hotels, is amended—

1           (1) in subsection (a), by striking “aid to fami-  
2           lies with dependent children under a State plan ap-  
3           proved” and inserting “assistance under a State pro-  
4           gram funded”; and

5           (2) in subsection (c), by striking “aid to fami-  
6           lies with dependent children in the State under a  
7           State plan approved” and inserting “assistance in  
8           the State under a State program funded”.

9           (h) The Higher Education Act of 1965 (20 U.S.C.  
10 1001 et seq.) is amended—

11           (1) in section 404C(c)(3) (20 U.S.C. 1070a-  
12           23(c)(3)), by striking “(Aid to Families with De-  
13           pendent Children)”; and

14           (2) in section 480(b)(2) (20 U.S.C.  
15           1087vv(b)(2)), by striking “aid to families with de-  
16           pendent children under a State plan approved” and  
17           inserting “assistance under a State program fund-  
18           ed”.

19           (i) The Carl D. Perkins Vocational and Applied Tech-  
20 nology Education Act (20 U.S.C. 2301 et seq.) is amend-  
21 ed—

22           (1) in section 231(d)(3)(A)(ii) (20 U.S.C.  
23           2341(d)(3)(A)(ii)), by striking “the program for aid  
24           to dependent children” and inserting “the State pro-  
25           gram funded”;

1           (2) in section 232(b)(2)(B) (20 U.S.C.  
2           2341a(b)(2)(B)), by striking “the program for aid to  
3           families with dependent children” and inserting “the  
4           State program funded”; and

5           (3) in section 521(14)(B)(iii) (20 U.S.C.  
6           2471(14)(B)(iii)), by striking “the program for aid  
7           to families with dependent children” and inserting  
8           “the State program funded”.

9           (j) The Elementary and Secondary Education Act of  
10          1965 (20 U.S.C. 2701 et seq.) is amended—

11           (1) in section 1113(a)(5) (20 U.S.C.  
12           6313(a)(5)), by striking “Aid to Families with De-  
13           pendent Children Program” and inserting “State  
14           program funded under part A of title IV of the So-  
15           cial Security Act”;

16           (2) in section 1124(c)(5) (20 U.S.C.  
17           6333(c)(5)), by striking “the program of aid to fam-  
18           ilies with dependent children under a State plan ap-  
19           proved under” and inserting “a State program fund-  
20           ed under part A of”; and

21           (3) in section 5203(b)(2) (20 U.S.C.  
22           7233(b)(2))—

23                   (A) in subparagraph (A)(xi), by striking  
24                   “Aid to Families with Dependent Children ben-  
25                   efits” and inserting “assistance under a State

1 program funded under part A of title IV of the  
2 Social Security Act”; and

3 (B) in subparagraph (B)(viii), by striking  
4 “Aid to Families with Dependent Children” and  
5 inserting “assistance under the State program  
6 funded under part A of title IV of the Social  
7 Security Act”.

8 (k) Chapter VII of title I of Public Law 99–88 (25  
9 U.S.C. 13d–1) is amended to read as follows: “*Provided*  
10 *further*, That general assistance payments made by the  
11 Bureau of Indian Affairs shall be made—

12 “(1) after April 29, 1985, and before October  
13 1, 1995, on the basis of Aid to Families with De-  
14 pendent Children (AFDC) standards of need; and

15 “(2) on and after October 1, 1995, on the basis  
16 of standards of need established under the State  
17 program funded under part A of title IV of the So-  
18 cial Security Act,

19 except that where a State ratably reduces its AFDC or  
20 State program payments, the Bureau shall reduce general  
21 assistance payments in such State by the same percentage  
22 as the State has reduced the AFDC or State program pay-  
23 ment.”.

24 (l) The Internal Revenue Code of 1986 (26 U.S.C.  
25 1 et seq.) is amended—

1 (1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by  
2 striking all that follows “agency as” and inserting  
3 “being eligible for financial assistance under part A  
4 of title IV of the Social Security Act and as having  
5 continually received such financial assistance during  
6 the 90-day period which immediately precedes the  
7 date on which such individual is hired by the em-  
8 ployer.”;

9 (2) in section 3304(a)(16) (26 U.S.C.  
10 3304(a)(16)), by striking “eligibility for aid or serv-  
11 ices,” and all that follows through “children ap-  
12 proved” and inserting “eligibility for assistance, or  
13 the amount of such assistance, under a State pro-  
14 gram funded”;

15 (3) in section 6103(l)(7)(D)(i) (26 U.S.C.  
16 6103(l)(7)(D)(i)), by striking “aid to families with  
17 dependent children provided under a State plan ap-  
18 proved” and inserting “a State program funded”;

19 (4) in section 6103(l)(10) (26 U.S.C.  
20 6103(l)(10))—

21 (A) by striking “(c) or (d)” each place it  
22 appears and inserting “(c), (d), or (e)”; and

23 (B) by adding at the end of subparagraph  
24 (B) the following new sentence: “Any return in-  
25 formation disclosed with respect to section

1           6402(e) shall only be disclosed to officers and  
2           employees of the State agency requesting such  
3           information.”;

4           (5) in section 6103(p)(4) (26 U.S.C.  
5           6103(p)(4)), in the matter preceding subparagraph  
6           (A)—

7                   (A) by striking “(5), (10)” and inserting  
8                   “(5)”; and

9                   (B) by striking “(9), or (12)” and insert-  
10                  ing “(9), (10), or (12)”;

11           (6) in section 6334(a)(11)(A) (26 U.S.C.  
12           6334(a)(11)(A)), by striking “(relating to aid to  
13           families with dependent children)”;

14           (7) in section 6402 (26 U.S.C. 6402)—

15                   (A) in subsection (a), by striking “(c) and  
16                   (d)” and inserting “(c), (d), and (e)”;

17                   (B) by redesignating subsections (e)  
18                   through (i) as subsections (f) through (j), re-  
19                   spectively; and

20                   (C) by inserting after subsection (d) the  
21                  following:

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

1 to subsections (c) and (d), but before a credit against fu-  
2 ture liability for an internal revenue tax) in accordance  
3 with section 405(e) of the Social Security Act (concerning  
4 recovery of overpayments to individuals under State plans  
5 approved under part A of title IV of such Act).”; and

6 (8) in section 7523(b)(3)(C) (26 U.S.C.  
7 7523(b)(3)(C)), by striking “aid to families with de-  
8 pendent children” and inserting “assistance under a  
9 State program funded under part A of title IV of the  
10 Social Security Act”.

11 (m) Section 3(b) of the Wagner-Peyser Act (29  
12 U.S.C. 49b(b)) is amended by striking “State plan ap-  
13 proved under part A of title IV” and inserting “State pro-  
14 gram funded under part A of title IV”.

15 (n) The Job Training Partnership Act (29 U.S.C.  
16 1501 et seq.) is amended—

17 (1) in section 4(29)(A)(i) (29 U.S.C.  
18 1503(29)(A)(i)), by striking “(42 U.S.C. 601 et  
19 seq.)”;

20 (2) in section 106(b)(6)(C) (29 U.S.C.  
21 1516(b)(6)(C)), by striking “State aid to families  
22 with dependent children records,” and inserting  
23 “records collected under the State program funded  
24 under part A of title IV of the Social Security Act,”;

1           (3) in section 121(b)(2) (29 U.S.C.  
2 1531(b)(2))—

3           (A) by striking “the JOBS program” and  
4 inserting “the work activities required under  
5 title IV of the Social Security Act”; and

6           (B) by striking the second sentence;

7           (4) in section 123(c) (29 U.S.C. 1533(c))—

8           (A) in paragraph (1)(E), by repealing  
9 clause (vi); and

10           (B) in paragraph (2)(D), by repealing  
11 clause (v);

12           (5) in section 203(b)(3) (29 U.S.C.  
13 1603(b)(3)), by striking “, including recipients  
14 under the JOBS program”;

15           (6) in subparagraphs (A) and (B) of section  
16 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by  
17 striking “(such as the JOBS program)” each place  
18 it appears;

19           (7) in section 205(a) (29 U.S.C. 1605(a)), by  
20 striking paragraph (4) and inserting the following:

21           “(4) the portions of title IV of the Social Secu-  
22 rity Act relating to work activities;”;

23           (8) in section 253 (29 U.S.C. 1632)—

24           (A) in subsection (b)(2), by repealing sub-  
25 paragraph (C); and

- 1 (B) in paragraphs (1)(B) and (2)(B) of  
2 subsection (c), by striking “the JOBS program  
3 or” each place it appears;  
4 (9) in section 264 (29 U.S.C. 1644)—
- 5 (A) in subparagraphs (A) and (B) of sub-  
6 section (b)(1), by striking “(such as the JOBS  
7 program)” each place it appears; and
- 8 (B) in subparagraphs (A) and (B) of sub-  
9 section (d)(3), by striking “and the JOBS pro-  
10 gram” each place it appears;
- 11 (10) in section 265(b) (29 U.S.C. 1645(b)), by  
12 striking paragraph (6) and inserting the following:  
13 “(6) the portion of title IV of the Social Secu-  
14 rity Act relating to work activities;”;
- 15 (11) in the second sentence of section 429(e)  
16 (29 U.S.C. 1699(e)), by striking “and shall be in an  
17 amount that does not exceed the maximum amount  
18 that may be provided by the State pursuant to sec-  
19 tion 402(g)(1)(C) of the Social Security Act (42  
20 U.S.C. 602(g)(1)(C))”;
- 21 (12) in section 454(c) (29 U.S.C. 1734(c)), by  
22 striking “JOBS and”;
- 23 (13) in section 455(b) (29 U.S.C. 1735(b)), by  
24 striking “the JOBS program,”;

1           (14) in section 501(1) (29 U.S.C. 1791(1)), by  
2 striking “aid to families with dependent children  
3 under part A of title IV of the Social Security Act  
4 (42 U.S.C. 601 et seq.)” and inserting “assistance  
5 under the State program funded under part A of  
6 title IV of the Social Security Act”;

7           (15) in section 506(1)(A) (29 U.S.C.  
8 1791e(1)(A)), by striking “aid to families with de-  
9 pendent children” and inserting “assistance under  
10 the State program funded”;

11           (16) in section 508(a)(2)(A) (29 U.S.C.  
12 1791g(a)(2)(A)), by striking “aid to families with  
13 dependent children” and inserting “assistance under  
14 the State program funded”; and

15           (17) in section 701(b)(2)(A) (29 U.S.C.  
16 1792(b)(2)(A))—

17                   (A) in clause (v), by striking the semicolon  
18 and inserting “; and”; and

19                   (B) by striking clause (vi).

20           (o) Section 3803(c)(2)(C)(iv) of title 31, United  
21 States Code, is amended to read as follows:

22                           “(iv) assistance under a State pro-  
23 gram funded under part A of title IV of  
24 the Social Security Act”.

1 (p) Section 2605(b)(2)(A)(i) of the Low-Income  
2 Home Energy Assistance Act of 1981 (42 U.S.C.  
3 8624(b)(2)(A)(i)) is amended to read as follows:

4 “(i) assistance under the State pro-  
5 gram funded under part A of title IV of  
6 the Social Security Act;”.

7 (q) Section 303(f)(2) of the Family Support Act of  
8 1988 (42 U.S.C. 602 note) is amended—

9 (1) by striking “(A)”; and

10 (2) by striking subparagraphs (B) and (C).

11 (r) The Balanced Budget and Emergency Deficit  
12 Control Act of 1985 (2 U.S.C. 900 et seq.) is amended—

13 (1) in the first section 255(h) (2 U.S.C.  
14 905(h)), by striking “Aid to families with dependent  
15 children (75-0412-0-1-609);” and inserting “Block  
16 grants to States for temporary assistance for needy  
17 families;”; and

18 (2) in section 256 (2 U.S.C. 906)—

19 (A) by striking subsection (k); and

20 (B) by redesignating subsection (l) as sub-  
21 section (k).

22 (s) The Immigration and Nationality Act (8 U.S.C.  
23 1101 et seq.) is amended—

24 (1) in section 210(f) (8 U.S.C. 1160(f)), by  
25 striking “aid under a State plan approved under”

1 each place it appears and inserting “assistance  
2 under a State program funded under”;

3 (2) in section 245A(h) (8 U.S.C. 1255a(h))—

4 (A) in paragraph (1)(A)(i), by striking  
5 “program of aid to families with dependent chil-  
6 dren” and inserting “State program of assist-  
7 ance”; and

8 (B) in paragraph (2)(B), by striking “aid  
9 to families with dependent children” and insert-  
10 ing “assistance under a State program funded  
11 under part A of title IV of the Social Security  
12 Act”; and

13 (3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)),  
14 by striking “State plan approved” and inserting  
15 “State program funded”.

16 (t) Section 640(a)(4)(B)(i) of the Head Start Act (42  
17 U.S.C. 9835(a)(4)(B)(i)) is amended by striking “pro-  
18 gram of aid to families with dependent children under a  
19 State plan approved” and inserting “State program of as-  
20 sistance funded”.

21 (u) Section 9 of the Act of April 19, 1950 (64 Stat.  
22 47, chapter 92; 25 U.S.C. 639) is repealed.

23 (v) Subparagraph (E) of section 213(d)(6) of the  
24 School-To-Work Opportunities Act of 1994 (20 U.S.C.  
25 6143(d)(6)) is amended to read as follows:

1           “(E) part A of title IV of the Social Secu-  
2           rity Act (42 U.S.C. 601 et seq.) relating to  
3           work activities;”.

4           (w) Section 552a(a)(8)(B)(iv)(III) of title 5, United  
5 States Code, is amended by striking “section 464 or 1137  
6 of the Social Security Act” and inserting “section 404(e),  
7 464, or 1137 of the Social Security Act.”.

8 **SEC. 111. DEVELOPMENT OF PROTOTYPE OF COUNTER-**  
9           **FEIT-RESISTANT SOCIAL SECURITY CARD RE-**  
10           **QUIRED.**

11           (a) DEVELOPMENT.—

12           (1) IN GENERAL.—The Commissioner of Social  
13 Security (in this section referred to as the “Commis-  
14 sioner”) shall, in accordance with this section, de-  
15 velop a prototype of a counterfeit-resistant social se-  
16 curity card. Such prototype card shall—

17           (A) be made of a durable, tamper-resistant  
18 material such as plastic or polyester,

19           (B) employ technologies that provide secu-  
20 rity features, such as magnetic stripes,  
21 holograms, and integrated circuits, and

22           (C) be developed so as to provide individ-  
23 uals with reliable proof of citizenship or legal  
24 resident alien status.

1           (2) ASSISTANCE BY ATTORNEY GENERAL.—The  
2 Attorney General of the United States shall provide  
3 such information and assistance as the Commis-  
4 sioner deems necessary to enable the Commissioner  
5 to comply with this section.

6           (b) STUDY AND REPORT.—

7           (1) IN GENERAL.—The Commissioner shall con-  
8 duct a study and issue a report to Congress which  
9 examines different methods of improving the social  
10 security card application process.

11           (2) ELEMENTS OF STUDY.—The study shall in-  
12 clude an evaluation of the cost and work load impli-  
13 cations of issuing a counterfeit-resistant social secu-  
14 rity card for all individuals over a 3-, 5-, and 10-  
15 year period. The study shall also evaluate the fea-  
16 sibility and cost implications of imposing a user fee  
17 for replacement cards and cards issued to individ-  
18 uals who apply for such a card prior to the sched-  
19 uled 3-, 5-, and 10-year phase-in options.

20           (3) DISTRIBUTION OF REPORT.—The Commis-  
21 sioner shall submit copies of the report described in  
22 this subsection along with a facsimile of the proto-  
23 type card as described in subsection (a) to the Com-  
24 mittees on Ways and Means and Judiciary of the  
25 House of Representatives and the Committees on Fi-

1 nance and Judiciary of the Senate within 1 year  
2 after the date of the enactment of this Act.

3 **SEC. 112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

4 (a) IN GENERAL.—Whenever an organization that  
5 accepts Federal funds under this Act or the amendments  
6 made by this Act makes any communication that in any  
7 way intends to promote public support or opposition to  
8 any policy of a Federal, State, or local government  
9 through any broadcasting station, newspaper, magazine,  
10 outdoor advertising facility, direct mailing, or any other  
11 type of general public advertising, such communication  
12 shall state the following: “This was prepared and paid for  
13 by an organization that accepts taxpayer dollars.”.

14 (b) FAILURE TO COMPLY.—If an organization makes  
15 any communication described in subsection (a) and fails  
16 to provide the statement required by that subsection, such  
17 organization shall be ineligible to receive Federal funds  
18 under this Act or the amendments made by this Act.

19 (c) DEFINITION.—For purposes of this section, the  
20 term “organization” means an organization described in  
21 section 501(c) of the Internal Revenue Code of 1986.

22 (d) EFFECTIVE DATES.—This section shall take ef-  
23 fect—

24 (1) with respect to printed communications 1  
25 year after the date of enactment of this Act; and

1           (2) with respect to any other communication on  
2           the date of enactment of this Act.

3 **SEC. 113. MODIFICATIONS TO THE JOB OPPORTUNITIES**  
4                   **FOR CERTAIN LOW-INCOME INDIVIDUALS**  
5                   **PROGRAM.**

6           Section 505 of the Family Support Act of 1988 (42  
7 U.S.C. 1315 note) is amended—

8           (1) in the heading, by striking “**DEMONSTRA-**  
9           **TION**”;

10          (2) by striking “demonstration” each place such  
11          term appears;

12          (3) in subsection (a), by striking “in each of  
13          fiscal years” and all that follows through “10” and  
14          inserting “shall enter into agreements with”;

15          (4) in subsection (b)(3), by striking “aid to  
16          families with dependent children under part A of  
17          title IV of the Social Security Act” and inserting  
18          “assistance under the program funded part A of title  
19          IV of the Social Security Act of the State in which  
20          the individual resides”;

21          (5) in subsection (c)—

22                  (A) in paragraph (1)(C), by striking “aid  
23                  to families with dependent children under part  
24                  A of title IV of the Social Security Act” and in-  
25                  serting “assistance under a State program

1 funded part A of title IV of the Social Security  
2 Act”;

3 (B) in paragraph (2), by striking “aid to  
4 families with dependent children under title IV  
5 of such Act” and inserting “assistance under a  
6 State program funded part A of title IV of the  
7 Social Security Act”;

8 (6) in subsection (d), by striking “job opportu-  
9 nities and basic skills training program (as provided  
10 for under title IV of the Social Security Act)” and  
11 inserting “the State program funded under part A  
12 of title IV of the Social Security Act”; and

13 (7) by striking subsections (e) through (g) and  
14 inserting the following:

15 “(e) AUTHORIZATION OF APPROPRIATIONS.—For the  
16 purpose of conducting projects under this section, there  
17 is authorized to be appropriated an amount not to exceed  
18 \$25,000,000 for any fiscal year.”.

19 **SEC. 114. SECRETARIAL SUBMISSION OF LEGISLATIVE PRO-**  
20 **POSAL FOR TECHNICAL AND CONFORMING**  
21 **AMENDMENTS.**

22 Not later than 90 days after the date of the enact-  
23 ment of this Act, the Secretary of Health and Human  
24 Services and the Commissioner of Social Security, in con-  
25 sultation, as appropriate, with the heads of other Federal

1 agencies, shall submit to the appropriate committees of  
2 Congress a legislative proposal proposing such technical  
3 and conforming amendments as are necessary to bring the  
4 law into conformity with the policy embodied in this title.

5 **SEC. 115. EFFECTIVE DATE; TRANSITION RULE.**

6 (a) **EFFECTIVE DATES.**—

7 (1) **IN GENERAL.**—Except as otherwise pro-  
8 vided in this title, this title and the amendments  
9 made by this title shall take effect on July 1, 1997.

10 (2) **DELAYED EFFECTIVE DATE FOR CERTAIN**  
11 **PROVISIONS.**—Notwithstanding any other provision  
12 of this section, paragraphs (2), (3), (4), (5), (8), and  
13 (10) of section 409(a) and section 411(a) of the So-  
14 cial Security Act (as added by the amendment made  
15 by section 103(a) of this Act) shall not take effect  
16 with respect to a State until, and shall apply only  
17 with respect to conduct that occurs on or after, the  
18 later of—

19 (A) July 1, 1997; or

20 (B) the date that is 6 months after the  
21 date the Secretary of Health and Human Serv-  
22 ices receives from the State a plan described in  
23 section 402(a) of the Social Security Act (as  
24 added by such amendment).

1 (b) TRANSITION RULES.—Effective on the date of  
2 the enactment of this Act:

3 (1) STATE OPTION TO ACCELERATE EFFECTIVE  
4 DATE.—

5 (A) IN GENERAL.—If the Secretary of  
6 Health and Human Services receives from a  
7 State a plan described in section 402(a) of the  
8 Social Security Act (as added by the amend-  
9 ment made by section 103(a) of this Act),  
10 then—

11 (i) on and after the date of such re-  
12 ceipt—

13 (I) except as provided in clause  
14 (ii), this title and the amendments  
15 made by this title shall apply with re-  
16 spect to the State; and

17 (II) the State shall be considered  
18 an eligible State for purposes of part  
19 A of title IV of the Social Security  
20 Act (as in effect pursuant to the  
21 amendment made by such section  
22 103(a)); and

23 (ii) during the period that begins on  
24 the date of such receipt and ends on June

1                   30, 1997, there shall remain in effect with  
2                   respect to the State—

3                   (I) section 403(h) of the Social  
4                   Security Act (as in effect on Septem-  
5                   ber 30, 1995); and

6                   (II) all State reporting require-  
7                   ments under parts A and F of title IV  
8                   of the Social Security Act (as in effect  
9                   on September 30, 1995), modified by  
10                  the Secretary as appropriate, taking  
11                  into account the State program under  
12                  part A of title IV of the Social Secu-  
13                  rity Act (as in effect pursuant to the  
14                  amendment made by such section  
15                  103(a)).

16                  (B) LIMITATIONS ON FEDERAL OBLIGA-  
17                  TIONS.—

18                  (i) UNDER AFDC PROGRAM.—The  
19                  total obligations of the Federal Govern-  
20                  ment to a State under part A of title IV  
21                  of the Social Security Act (as in effect on  
22                  September 30, 1995) with respect to ex-  
23                  penditures in fiscal year 1997 shall not ex-  
24                  ceed an amount equal to the State family  
25                  assistance grant.

1                   (ii) UNDER TEMPORARY FAMILY AS-  
2                   SISTANCE       PROGRAM.—Notwithstanding  
3                   section 403(a)(1) of the Social Security  
4                   Act (as in effect pursuant to the amend-  
5                   ment made by section 103(a) of this Act),  
6                   the total obligations of the Federal Govern-  
7                   ment to a State under such section  
8                   403(a)(1)—

9                   (I) for fiscal year 1996, shall be  
10                  an amount equal to—

11                  (aa) the State family assist-  
12                  ance grant; multiplied by

13                  (bb)  $\frac{1}{366}$  of the number of  
14                  days during the period that be-  
15                  gins on the date the Secretary of  
16                  Health and Human Services first  
17                  receives from the State a plan  
18                  described in section 402(a) of the  
19                  Social Security Act (as added by  
20                  the amendment made by section  
21                  103(a) of this Act) and ends on  
22                  September 30, 1996; and

23                  (II) for fiscal year 1997, shall be  
24                  an amount equal to the lesser of—

1 (aa) the amount (if any) by  
2 which the State family assistance  
3 grant exceeds the total obliga-  
4 tions of the Federal Government  
5 to the State under part A of title  
6 IV of the Social Security Act (as  
7 in effect on September 30, 1995)  
8 with respect to expenditures in  
9 fiscal year 1997; or

10 (bb) the State family assist-  
11 ance grant, multiplied by  $\frac{1}{365}$  of  
12 the number of days during the  
13 period that begins on October 1,  
14 1996, or the date the Secretary  
15 of Health and Human Services  
16 first receives from the State a  
17 plan described in section 402(a)  
18 of the Social Security Act (as  
19 added by the amendment made  
20 by section 103(a) of this Act),  
21 whichever is later, and ends on  
22 September 30, 1997.

23 (iii) CHILD CARE OBLIGATIONS EX-  
24 CLUDED IN DETERMINING FEDERAL AFDC  
25 OBLIGATIONS.—As used in this subpara-

1 graph, the term “obligations of the Federal  
2 Government to the State under part A of  
3 title IV of the Social Security Act” does  
4 not include any obligation of the Federal  
5 Government with respect to child care ex-  
6 penditures by the State.

7 (C) SUBMISSION OF STATE PLAN FOR FIS-  
8 CAL YEAR 1996 OR 1997 DEEMED ACCEPTANCE  
9 OF GRANT LIMITATIONS AND FORMULA AND  
10 TERMINATION OF AFDC ENTITLEMENT.—The  
11 submission of a plan by a State pursuant to  
12 subparagraph (A) is deemed to constitute—

13 (i) the State’s acceptance of the grant  
14 reductions under subparagraph (B) (in-  
15 cluding the formula for computing the  
16 amount of the reduction); and

17 (ii) the termination of any entitlement  
18 of any individual or family to benefits or  
19 services under the State AFDC program.

20 (D) DEFINITIONS.—As used in this para-  
21 graph:

22 (i) STATE AFDC PROGRAM.—The term  
23 “State AFDC program” means the State  
24 program under parts A and F of title IV

1 of the Social Security Act (as in effect on  
2 September 30, 1995).

3 (ii) STATE.—The term “State” means  
4 the 50 States and the District of Colum-  
5 bia.

6 (iii) STATE FAMILY ASSISTANCE  
7 GRANT.—The term “State family assist-  
8 ance grant” means the State family assist-  
9 ance grant (as defined in section  
10 403(a)(1)(B) of the Social Security Act, as  
11 added by the amendment made by section  
12 103(a) of this Act).

13 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—  
14 The amendments made by this title shall not apply  
15 with respect to—

16 (A) powers, duties, functions, rights,  
17 claims, penalties, or obligations applicable to  
18 aid, assistance, or services provided before the  
19 effective date of this title under the provisions  
20 amended; and

21 (B) administrative actions and proceedings  
22 commenced before such date, or authorized be-  
23 fore such date to be commenced, under such  
24 provisions.

1           (3) CLOSING OUT ACCOUNT FOR THOSE PRO-  
2           GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED  
3           BY THIS TITLE.—In closing out accounts, Federal  
4           and State officials may use scientifically acceptable  
5           statistical sampling techniques. Claims made with  
6           respect to State expenditures under a State plan ap-  
7           proved under part A of title IV of the Social Secu-  
8           rity Act (as in effect on September 30, 1995) with  
9           respect to assistance or services provided on or be-  
10          fore September 30, 1995, shall be treated as claims  
11          with respect to expenditures during fiscal year 1995  
12          for purposes of reimbursement even if payment was  
13          made by a State on or after October 1, 1995. Each  
14          State shall complete the filing of all claims under the  
15          State plan (as so in effect) within 2 years after the  
16          date of the enactment of this Act. The head of each  
17          Federal department shall—

18                   (A) use the single audit procedure to re-  
19                   view and resolve any claims in connection with  
20                   the close out of programs under such State  
21                   plans; and

22                   (B) reimburse States for any payments  
23                   made for assistance or services provided during  
24                   a prior fiscal year from funds for fiscal year

1           1995, rather than from funds authorized by  
2           this title.

3           (4) CONTINUANCE IN OFFICE OF ASSISTANT  
4           SECRETARY FOR FAMILY SUPPORT.—The individual  
5           who, on the day before the effective date of this title,  
6           is serving as Assistant Secretary for Family Support  
7           within the Department of Health and Human Serv-  
8           ices shall, until a successor is appointed to such po-  
9           sition—

10                   (A) continue to serve in such position; and

11                   (B) except as otherwise provided by law—

12                           (i) continue to perform the functions  
13                           of the Assistant Secretary for Family Sup-  
14                           port under section 417 of the Social Secu-  
15                           rity Act (as in effect before such effective  
16                           date); and

17                           (ii) have the powers and duties of the  
18                           Assistant Secretary for Family Support  
19                           under section 416 of the Social Security  
20                           Act (as in effect pursuant to the amend-  
21                           ment made by section 103(a) of this Act).

22           (c) TERMINATION OF ENTITLEMENT UNDER AFDC  
23           PROGRAM.—Effective October 1, 1996, no individual or  
24           family shall be entitled to any benefits or services under  
25           any State plan approved under part A or F of title IV

1 of the Social Security Act (as in effect on September 30,  
2 1995).

3           **TITLE II—SUPPLEMENTAL**  
4                           **SECURITY INCOME**

5   **SEC. 200. REFERENCE TO SOCIAL SECURITY ACT.**

6           Except as otherwise specifically provided, wherever in  
7 this title an amendment is expressed in terms of an  
8 amendment to or repeal of a section or other provision,  
9 the reference shall be considered to be made to that sec-  
10 tion or other provision of the Social Security Act.

11   **Subtitle A—Eligibility Restrictions**

12   **SEC. 201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**  
13                           **VIDUALS FOUND TO HAVE FRAUDULENTLY**  
14                           **MISREPRESENTED RESIDENCE IN ORDER TO**  
15                           **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**  
16                           **MORE STATES.**

17           (a) IN GENERAL.—Section 1611(e) (42 U.S.C.  
18 1382(e)), as amended by section 105(b)(4) of the Contract  
19 with America Advancement Act of 1996, is amended by  
20 redesignating paragraph (5) as paragraph (3) and by add-  
21 ing at the end the following new paragraph:

22           “(4)(A) No person shall be considered an eligible in-  
23 dividual or eligible spouse for purposes of this title during  
24 the 10-year period that begins on the date the person is  
25 convicted in Federal or State court of having made a

1 fraudulent statement or representation with respect to the  
2 place of residence of the person in order to receive assist-  
3 ance simultaneously from 2 or more States under pro-  
4 grams that are funded under title IV, title XV, title XIX,  
5 or the Food Stamp Act of 1977, or benefits in 2 or more  
6 States under the supplemental security income program  
7 under this title.

8 “(B) As soon as practicable after the conviction of  
9 a person in a Federal or State court as described in sub-  
10 paragraph (A), an official of such court shall notify the  
11 Commissioner of such conviction.”.

12 (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall take effect on the date of the enactment  
14 of this Act.

15 **SEC. 202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**  
16 **AND PROBATION AND PAROLE VIOLATORS.**

17 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.  
18 1382(e)), as amended by section 201(a), is amended by  
19 adding at the end the following new paragraph:

20 “(5) No person shall be considered an eligible individ-  
21 ual or eligible spouse for purposes of this title with respect  
22 to any month if during such month the person is—

23 “(A) fleeing to avoid prosecution, or custody or  
24 confinement after conviction, under the laws of the  
25 place from which the person flees, for a crime, or an

1 attempt to commit a crime, which is a felony under  
2 the laws of the place from which the person flees, or  
3 which, in the case of the State of New Jersey, is a  
4 high misdemeanor under the laws of such State; or

5 “(B) violating a condition of probation or pa-  
6 role imposed under Federal or State law.”.

7 (b) EXCHANGE OF INFORMATION.—Section 1611(e)  
8 (42 U.S.C. 1382(e)), as amended by section 201(a) and  
9 subsection (a), is amended by adding at the end the follow-  
10 ing new paragraph:

11 “(6) Notwithstanding any other provision of law  
12 (other than section 6103 of the Internal Revenue Code  
13 of 1986), the Commissioner shall furnish any Federal,  
14 State, or local law enforcement officer, upon the written  
15 request of the officer, with the current address, Social Se-  
16 curity number, and photograph (if applicable) of any re-  
17 cipient of benefits under this title, if the officer furnishes  
18 the Commissioner with the name of the recipient, and  
19 other identifying information as reasonably required by  
20 the Commissioner to establish the unique identity of the  
21 recipient, and notifies the Commissioner that—

22 “(A) the recipient—

23 “(i) is described in subparagraph (A) or  
24 (B) of paragraph (5); or

1           “(ii) has information that is necessary for  
2           the officer to conduct the officer’s official du-  
3           ties; and

4           “(B) the location or apprehension of the recipi-  
5           ent is within the officer’s official duties.”.

6           (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall take effect on the date of the enactment  
8 of this Act.

9   **SEC. 203. TREATMENT OF PRISONERS.**

10          (a) IMPLEMENTATION OF PROHIBITION AGAINST  
11 PAYMENT OF BENEFITS TO PRISONERS.—

12           (1) IN GENERAL.—Section 1611(e)(1) (42  
13           U.S.C. 1382(e)(1)) is amended by adding at the end  
14           the following new subparagraph:

15           “(I)(i) The Commissioner shall enter into a contract,  
16 with any interested State or local institution referred to  
17 in subparagraph (A), under which—

18           “(I) the institution shall provide to the Com-  
19           missioner, on a monthly basis, the names, social se-  
20           curity account numbers, dates of birth, and such  
21           other identifying information concerning the inmates  
22           of the institution as the Commissioner may require  
23           for the purpose of carrying out paragraph (1); and

24           “(II) the Commissioner shall pay to any such  
25           institution, with respect to each inmate of the insti-

1       tution who is eligible for a benefit under this title for  
2       the month preceding the first month throughout  
3       which such inmate is in such institution and be-  
4       comes ineligible for such benefit (or becomes eligible  
5       only for a benefit payable at a reduced rate) as a re-  
6       sult of the application of this paragraph, an amount  
7       not to exceed \$400 if the institution furnishes the  
8       information described in subclause (I) to the Com-  
9       missioner within 30 days after such individual be-  
10      comes an inmate of such institution, or an amount  
11      not to exceed \$200 if the institution furnishes such  
12      information after 30 days after such date but within  
13      90 days after such date.

14      “(ii) The provisions of section 552a of title 5, United  
15 States Code, shall not apply to any contract entered into  
16 under clause (i) or to information exchanged pursuant to  
17 such contract.”.

18           (2) CONFORMING OASDI AMENDMENTS.—Sec-  
19 tion 202(x)(3) (42 U.S.C. 402(x)(3)) is amended—

20                   (A) by inserting “(A)” after “(3)”; and

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

23      “(B)(i) The Commissioner shall enter into a contract,  
24 with any interested State or local institution described in  
25 clause (i) or (ii) of paragraph (1)(A) the primary purpose

1 of which is to confine individuals as described in para-  
2 graph (1)(A), under which—

3           “(I) the institution shall provide to the Com-  
4 missioner, on a monthly basis, the names, social se-  
5 curity account numbers, dates of birth, and such  
6 other identifying information concerning the individ-  
7 uals confined in the institution as the Commissioner  
8 may require for the purpose of carrying out para-  
9 graph (1); and

10           “(II) the Commissioner shall pay to any such  
11 institution, with respect to each individual who is en-  
12 titled to a benefit under this title for the month pre-  
13 ceding the first month throughout which such indi-  
14 vidual is confined in such institution as described in  
15 paragraph (1)(A), an amount not to exceed \$400 if  
16 the institution furnishes the information described in  
17 subclause (I) to the Commissioner within 30 days  
18 after the date such individual’s confinement in such  
19 institution begins, or an amount not to exceed \$200  
20 if the institution furnishes such information after 30  
21 days after such date but within 90 days after such  
22 date.

23           “(ii) The provisions of section 552a of title 5, United  
24 States Code, shall not apply to any contract entered into

1 under clause (i) or to information exchanged pursuant to  
2 such contract.”.

3 (b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A  
4 PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED  
5 SSI BENEFITS WHILE IN PRISON.—

6 (1) IN GENERAL.—Section 1611(e)(1) (42  
7 U.S.C. 1382(e)(1)), as amended by subsection  
8 (a)(1), is amended by adding at the end the follow-  
9 ing new subparagraph:

10 “(J) In any case in which the Commissioner of Social  
11 Security finds that a person has made a fraudulent state-  
12 ment or representation in order to obtain or to continue  
13 to receive benefits under this title while being an inmate  
14 in a penal institution, such person shall not be considered  
15 an eligible individual or eligible spouse for any month end-  
16 ing during the 10-year period beginning on the date on  
17 which such person ceases being such an inmate.”.

18 (2) EFFECTIVE DATE.—The amendment made  
19 by this subsection shall apply with respect to state-  
20 ments or representations made on or after the date  
21 of the enactment of this Act.

22 (c) ELIMINATION OF OASDI REQUIREMENT THAT  
23 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-  
24 PRISONMENT FOR MORE THAN 1 YEAR.—

1           (1) IN GENERAL.—Section 202(x)(1)(A) (42  
2 U.S.C. 402(x)(1)(A)) is amended—

3           (A) in the matter preceding clause (i), by  
4 striking “during” and inserting “throughout”;

5           (B) in clause (i), by striking “pursuant”  
6 and all that follows through “imposed”; and

7           (C) in clause (ii)(I), by striking “an of-  
8 fense punishable by imprisonment for more  
9 than 1 year” and inserting “a criminal of-  
10 fense”.

11           (2) EFFECTIVE DATE.—The amendments made  
12 by this subsection shall be effective with respect to  
13 benefits payable for months beginning more than  
14 180 days after the date of the enactment of this Act.

15           (d) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN  
16 THE COLLECTION OF INFORMATION RESPECTING PUBLIC  
17 INMATES.—

18           (1) STUDY.—The Commissioner of Social Secu-  
19 rity shall conduct a study of the desirability, feasibil-  
20 ity, and cost of—

21           (A) establishing a system under which  
22 Federal, State, and local courts would furnish  
23 to the Commissioner such information respect-  
24 ing court orders by which individuals are con-  
25 fined in jails, prisons, or other public penal,

1 correctional, or medical facilities as the Com-  
2 missioner may require for the purpose of carry-  
3 ing out sections 202(x) and 1611(e)(1) of the  
4 Social Security Act; and

5 (B) requiring that State and local jails,  
6 prisons, and other institutions that enter into  
7 contracts with the Commissioner under section  
8 202(x)(3)(B) or 1611(e)(1)(I) of the Social Se-  
9 curity Act furnish the information required by  
10 such contracts to the Commissioner by means  
11 of an electronic or other sophisticated data ex-  
12 change system.

13 (2) REPORT.—Not later than 1 year after the  
14 date of the enactment of this Act, the Commissioner  
15 of Social Security shall submit a report on the re-  
16 sults of the study conducted pursuant to this sub-  
17 section to the Committee on Finance of the Senate  
18 and the Committee on Ways and Means of the  
19 House of Representatives.

20 **SEC. 204. EFFECTIVE DATE OF APPLICATION FOR BENE-**  
21 **FITS.**

22 (a) IN GENERAL.—Subparagraph (A) of section  
23 1611(e)(7) (42 U.S.C. 1382(c)(7)) is amended to read as  
24 follows:

1           “(A) the first day of the month following the  
2           date such application is filed, or”.

3           (b) CONFORMING AMENDMENTS.—

4           (1) Section 1614(b) (42 U.S.C. 1382c(b)) is  
5           amended by striking “at the time the application or  
6           request is filed” and inserting “on the first day of  
7           the month following the date the application or re-  
8           quest is filed”.

9           (2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3))  
10          is amended by inserting “following the month” after  
11          “beginning with the month”.

12          (c) EFFECTIVE DATE.—

13          (1) IN GENERAL.—The amendments made by  
14          this section shall apply to applications for benefits  
15          under title XVI of the Social Security Act filed on  
16          or after the date of the enactment of this Act, with-  
17          out regard to whether regulations have been issued  
18          to implement such amendments.

19          (2) BENEFITS UNDER TITLE XVI.—For pur-  
20          poses of this subsection, the term “benefits under  
21          title XVI of the Social Security Act” includes sup-  
22          plementary payments pursuant to an agreement for  
23          Federal administration under section 1616(a) of the  
24          Social Security Act, and payments pursuant to an

1 agreement entered into under section 212(b) of Pub-  
2 lic Law 93-66.

3 **Subtitle B—Benefits for Disabled**  
4 **Children**

5 **SEC. 211. DEFINITION AND ELIGIBILITY RULES.**

6 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-  
7 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by  
8 section 105(b)(1) of the Contract with America Advance-  
9 ment Act of 1996, is amended—

10 (1) in subparagraph (A), by striking “An indi-  
11 vidual” and inserting “Except as provided in sub-  
12 paragraph (C), an individual”;

13 (2) in subparagraph (A), by striking “(or, in  
14 the case of an individual under the age of 18, if he  
15 suffers from any medically determinable physical or  
16 mental impairment of comparable severity)”;

17 (3) by redesignating subparagraphs (C) through  
18 (I) as subparagraphs (D) through (J), respectively;

19 (4) by inserting after subparagraph (B) the fol-  
20 lowing new subparagraph:

21 “(C) An individual under the age of 18 shall be con-  
22 sidered disabled for the purposes of this title if that indi-  
23 vidual has a medically determinable physical or mental im-  
24 pairment, which results in marked and severe functional  
25 limitations, and which can be expected to result in death

1 or which has lasted or can be expected to last for a contin-  
2 uous period of not less than 12 months. Notwithstanding  
3 the preceding sentence, no individual under the age of 18  
4 who engages in substantial gainful activity (determined in  
5 accordance with regulations prescribed pursuant to sub-  
6 paragraph (E)) may be considered to be disabled.”; and

7 (5) in subparagraph (F), as redesignated by  
8 paragraph (3), by striking “(D)” and inserting  
9 “(E)”.

10 (b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

11 (1) MODIFICATION TO MEDICAL CRITERIA FOR  
12 EVALUATION OF MENTAL AND EMOTIONAL DIS-  
13 ORDERS.—The Commissioner of Social Security  
14 shall modify sections 112.00C.2. and  
15 112.02B.2.c.(2) of appendix 1 to subpart P of part  
16 404 of title 20, Code of Federal Regulations, to  
17 eliminate references to maladaptive behavior in the  
18 domain of personal/behaviorial function.

19 (2) DISCONTINUANCE OF INDIVIDUALIZED  
20 FUNCTIONAL ASSESSMENT.—The Commissioner of  
21 Social Security shall discontinue the individualized  
22 functional assessment for children set forth in sec-  
23 tions 416.924d and 416.924e of title 20, Code of  
24 Federal Regulations.

1 (c) MEDICAL IMPROVEMENT REVIEW STANDARD AS  
2 IT APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—

3 Section 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended—

4 (1) by redesignating subclauses (I) and (II) of  
5 clauses (i) and (ii) of subparagraph (B) as items  
6 (aa) and (bb), respectively;

7 (2) by redesignating clauses (i) and (ii) of sub-  
8 paragraphs (A) and (B) as subclauses (I) and (II),  
9 respectively;

10 (3) by redesignating subparagraphs (A) through  
11 (C) as clauses (i) through (iii), respectively, and by  
12 moving their left hand margin 2 ems to the right;

13 (4) by inserting before clause (i) (as redesign-  
14 ated by paragraph (3)) the following new subpara-  
15 graph:

16 “(A) in the case of an individual who is  
17 age 18 or older—”;

18 (5) at the end of subparagraph (A)(iii) (as re-  
19 designated by paragraphs (3) and (4)), by striking  
20 the period and inserting “; or”;

21 (6) by inserting after and below subparagraph  
22 (A)(iii) (as so redesignated) the following new sub-  
23 paragraph:

24 “(B) in the case of an individual who is  
25 under the age of 18—

1           “(i) substantial evidence which dem-  
2           onstrates that there has been medical im-  
3           provement in the individual’s impairment  
4           or combination of impairments, and that  
5           such impairment or combination of impair-  
6           ments no longer results in marked and se-  
7           vere functional limitations; or

8           “(ii) substantial evidence which dem-  
9           onstrates that, as determined on the basis  
10          of new or improved diagnostic techniques  
11          or evaluations, the individual’s impairment  
12          or combination of impairments, is not as  
13          disabling as it was considered to be at the  
14          time of the most recent prior decision that  
15          the individual was under a disability or  
16          continued to be under a disability, and  
17          such impairment or combination of impair-  
18          ments does not result in marked or severe  
19          functional limitations; or”;

20          (7) by redesignating subparagraph (D) as sub-  
21          paragraph (C) and by inserting in such subpara-  
22          graph “in the case of any individual,” before “sub-  
23          stantial evidence”; and

24          (8) in the first sentence following subparagraph  
25          (C) (as redesignated by paragraph (7)), by—

1 (A) inserting “(i)” before “to restore”; and

2 (B) inserting “, or (ii) in the case of an in-  
3 dividual under the age of 18, to eliminate or  
4 improve the individual’s impairment or com-  
5 bination of impairments so that it no longer re-  
6 sults in marked and severe functional limita-  
7 tions” immediately before the period.

8 (d) EFFECTIVE DATES, ETC.—

9 (1) EFFECTIVE DATES.—

10 (A) IN GENERAL.—The provisions of, and  
11 amendments made by, subsections (a) and  
12 (b)(2) shall apply to applications for benefits  
13 under title XVI of the Social Security Act pend-  
14 ing on, or filed on or after, the date of the en-  
15 actment of this Act, without regard to whether  
16 regulations have been issued to implement such  
17 provisions and amendments.

18 (B) MEDICAL CRITERIA MODIFICATION.—  
19 The provisions of, and amendments made by,  
20 subsections (b)(1) and (c) shall apply to bene-  
21 fits under title XVI of the Social Security Act  
22 for months beginning on or after the date of  
23 the enactment of this Act, without regard to  
24 whether regulations have been issued to imple-  
25 ment such subsection.

1 (2) APPLICATION TO CURRENT RECIPIENTS.—

2 (A) ELIGIBILITY DETERMINATIONS.—Dur-  
3 ing the period beginning on the date of the en-  
4 actment of this Act and ending on the date  
5 which is 1 year after such date of enactment,  
6 the Commissioner of Social Security shall rede-  
7 termine the eligibility of any individual under  
8 age 18 who is receiving supplemental security  
9 income benefits by reason of disability under  
10 title XVI of the Social Security Act as of the  
11 date of the enactment of this Act and whose eli-  
12 gibility for such benefits may terminate by rea-  
13 son of the provisions of, or amendments made  
14 by, subsections (a) and (b)(2). With respect to  
15 any redetermination under this subparagraph—

16 (i) section 1614(a)(4) of the Social  
17 Security Act (42 U.S.C. 1382c(a)(4)) shall  
18 not apply;

19 (ii) the Commissioner of Social Secu-  
20 rity shall apply the eligibility criteria for  
21 new applicants for benefits under title XVI  
22 of such Act;

23 (iii) the Commissioner shall give such  
24 redetermination priority over all continuing

1 eligibility reviews and other reviews under  
2 such title; and

3 (iv) such redetermination shall be  
4 counted as a review or redetermination  
5 otherwise required to be made under sec-  
6 tion 208 of the Social Security Independ-  
7 ence and Program Improvements Act of  
8 1994 or any other provision of title XVI of  
9 the Social Security Act.

10 (B) GRANDFATHER PROVISION.—The pro-  
11 visions of, and amendments made by, sub-  
12 sections (a) and (b)(2), and the redetermination  
13 under subparagraph (A), shall only apply with  
14 respect to the benefits of an individual de-  
15 scribed in subparagraph (A) for months begin-  
16 ning on or after the date of the redetermination  
17 with respect to such individual.

18 (C) NOTICE.—Not later than January 1,  
19 1997, the Commissioner of Social Security shall  
20 notify an individual described in subparagraph  
21 (A) of the provisions of this paragraph.

22 (3) REPORT.—The Commissioner of Social Se-  
23 curity shall report to the Congress regarding the  
24 progress made in implementing the provisions of,  
25 and amendments made by, this section on child dis-

1 ability evaluations not later than 180 days after the  
2 date of the enactment of this Act.

3 (4) REGULATIONS.—Notwithstanding any other  
4 provision of law, the Commissioner of Social Secu-  
5 rity shall submit for review to the committees of ju-  
6 risdiction in the Congress any final regulation per-  
7 taining to the eligibility of individuals under age 18  
8 for benefits under title XVI of the Social Security  
9 Act at least 45 days before the effective date of such  
10 regulation. The submission under this paragraph  
11 shall include supporting documentation providing a  
12 cost analysis, workload impact, and projections as to  
13 how the regulation will effect the future number of  
14 recipients under such title.

15 (5) BENEFITS UNDER TITLE XVI.—For pur-  
16 poses of this subsection, the term “benefits under  
17 title XVI of the Social Security Act” includes sup-  
18 plementary payments pursuant to an agreement for  
19 Federal administration under section 1616(a) of the  
20 Social Security Act, and payments pursuant to an  
21 agreement entered into under section 212(b) of Pub-  
22 lic Law 93–66.

1 **SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINU-**  
2 **ING DISABILITY REVIEWS.**

3 (a) CONTINUING DISABILITY REVIEWS RELATING TO  
4 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.  
5 1382c(a)(3)(H)), as redesignated by section 211(a)(3), is  
6 amended—

7 (1) by inserting “(i)” after “(H)”; and

8 (2) by adding at the end the following new  
9 clause:

10 “(ii)(I) Not less frequently than once every 3 years,  
11 the Commissioner shall review in accordance with para-  
12 graph (4) the continued eligibility for benefits under this  
13 title of each individual who has not attained 18 years of  
14 age and is eligible for such benefits by reason of an im-  
15 pairment (or combination of impairments) which is likely  
16 to improve (or, at the option of the Commissioner, which  
17 is unlikely to improve).

18 “(II) A representative payee 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 title.

24 “(III) If the representative payee refuses to comply  
25 without good cause with the requirements of subclause  
26 (II), the Commissioner of Social Security shall, if the

1 Commissioner determines it is in the best interest of the  
2 individual, promptly terminate payment of benefits to the  
3 representative payee, and provide for payment of benefits  
4 to an alternative representative payee of the individual or,  
5 if the interest of the individual under this title would be  
6 served thereby, to the individual.

7 “(IV) Subclause (II) shall not apply to the represent-  
8 ative payee of any individual with respect to whom the  
9 Commissioner determines such application would be inap-  
10 propriate or unnecessary. In making such determination,  
11 the Commissioner shall take into consideration the nature  
12 of the individual’s impairment (or combination of impair-  
13 ments). Section 1631(c) shall not apply to a finding by  
14 the Commissioner that the requirements of subclause (II)  
15 should not apply to an individual’s representative payee.”.

16 (b) DISABILITY ELIGIBILITY REDETERMINATIONS  
17 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS  
18 OF AGE.—

19 (1) IN GENERAL.—Section 1614(a)(3)(H) (42  
20 U.S.C. 1382c(a)(3)(H)), as amended by subsection  
21 (a), is amended by adding at the end the following  
22 new clause:

23 “(iii) If an individual is eligible for benefits under this  
24 title by reason of disability for the month preceding the

1 month in which the individual attains the age of 18 years,  
2 the Commissioner shall redetermine such eligibility—

3 “(I) during the 1-year period beginning on the  
4 individual’s 18th birthday; and

5 “(II) by applying the criteria used in determin-  
6 ing the initial eligibility for applicants who are age  
7 18 or older.

8 With respect to a redetermination under this clause, para-  
9 graph (4) shall not apply and such redetermination shall  
10 be considered a substitute for a review or redetermination  
11 otherwise required under any other provision of this sub-  
12 paragraph during that 1-year period.”.

13 (2) CONFORMING REPEAL.—Section 207 of the  
14 Social Security Independence and Program Improve-  
15 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.  
16 1516) is hereby repealed.

17 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR  
18 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)  
19 (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections  
20 (a) and (b), is amended by adding at the end the following  
21 new clause:

22 “(iv)(I) Not later than 12 months after the birth of  
23 an individual, the Commissioner shall review in accordance  
24 with paragraph (4) the continuing eligibility for benefits  
25 under this title by reason of disability of such individual

1 whose low birth weight is a contributing factor material  
2 to the Commissioner's determination that the individual  
3 is disabled.

4       “(II) A review under subclause (I) shall be considered  
5 a substitute for a review otherwise required under any  
6 other provision of this subparagraph during that 12-  
7 month period.

8       “(III) A representative payee of a recipient whose  
9 case is reviewed under this clause shall present, at the  
10 time of review, evidence demonstrating that the recipient  
11 is, and has been, receiving treatment, to the extent consid-  
12 ered medically necessary and available, of the condition  
13 which was the basis for providing benefits under this title.

14       “(IV) If the representative payee refuses to comply  
15 without good cause with the requirements of subclause  
16 (III), the Commissioner of Social Security shall, if the  
17 Commissioner determines it is in the best interest of the  
18 individual, promptly terminate payment of benefits to the  
19 representative payee, and provide for payment of benefits  
20 to an alternative representative payee of the individual or,  
21 if the interest of the individual under this title would be  
22 served thereby, to the individual.

23       “(V) Subclause (III) shall not apply to the represent-  
24 ative payee of any individual with respect to whom the  
25 Commissioner determines such application would be inap-

1 appropriate or unnecessary. In making such determination,  
2 the Commissioner shall take into consideration the nature  
3 of the individual's impairment (or combination of impair-  
4 ments). Section 1631(c) shall not apply to a finding by  
5 the Commissioner that the requirements of subclause (III)  
6 should not apply to an individual's representative payee.".

7 (d) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to benefits for months beginning  
9 on or after the date of the enactment of this Act, without  
10 regard to whether regulations have been issued to imple-  
11 ment such amendments.

12 **SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

13 (a) DISPOSAL OF RESOURCES FOR LESS THAN FAIR  
14 MARKET VALUE.—

15 (1) IN GENERAL.—Section 1613(c) (42 U.S.C.  
16 1382b(c)) is amended to read as follows:

17 "Disposal of Resources for Less Than Fair Market Value  
18 "(c)(1)(A)(i) If an individual who has not attained  
19 18 years of age (or any person acting on such individual's  
20 behalf) disposes of resources of the individual for less than  
21 fair market value on or after the look-back date specified  
22 in clause (ii)(I), the individual is ineligible for benefits  
23 under this title for months during the period beginning  
24 on the date specified in clause (iii) and equal to the num-  
25 ber of months specified in clause (iv).

1       “(ii)(I) The look-back date specified in this subclause  
2 is a date that is 36 months before the date specified in  
3 subclause (II).

4       “(II) The date specified in this subclause is the date  
5 on which the individual applies for benefits under this title  
6 or, if later, the date on which the disposal of the individ-  
7 ual’s resources for less than fair market value occurs.

8       “(iii) The date specified in this clause is the first day  
9 of the first month that follows the month in which the  
10 individual’s resources were disposed of for less than fair  
11 market value and that does not occur in any other period  
12 of ineligibility under this paragraph.

13       “(iv) The number of months of ineligibility under this  
14 clause for an individual shall be equal to—

15               “(I) the total, cumulative uncompensated value  
16 of all the individual’s resources so disposed of on or  
17 after the look-back date specified in clause (ii)(I), di-  
18 vided by

19               “(II) the amount of the maximum monthly ben-  
20 efit payable under section 1611(b) to an eligible in-  
21 dividual for the month in which the date specified in  
22 clause (ii)(II) occurs.

23       “(B) An individual shall not be ineligible for benefits  
24 under this title by reason of subparagraph (A) if the Com-  
25 missioner determines that—

1           “(i) the individual intended to dispose of the re-  
2           sources at fair market value;

3           “(ii) the resources were transferred exclusively  
4           for a purpose other than to qualify for benefits  
5           under this title;

6           “(iii) all resources transferred for less than fair  
7           market value have been returned to the individual;  
8           or

9           “(iv) the denial of eligibility would work an  
10          undue hardship on the individual (as determined on  
11          the basis of criteria established by the Commissioner  
12          in regulations).

13          “(C) For purposes of this paragraph, in the case of  
14          a resource held by an individual in common with another  
15          person or persons in a joint tenancy, tenancy in common,  
16          or similar arrangement, the resource (or the affected por-  
17          tion of such resource) shall be considered to be disposed  
18          of by such individual when any action is taken, either by  
19          such individual or by any other person, that reduces or  
20          eliminates such individual’s ownership or control of such  
21          resource.

22          “(D)(i) Notwithstanding subparagraph (A), this sub-  
23          section shall not apply to a transfer of a resource to a  
24          trust if the portion of the trust attributable to such re-  
25          source is considered a resource available to the individual

1 pursuant to subsection (e)(3) (or would be so considered,  
2 but for the application of subsection (e)(4)).

3       “(ii) In the case of a trust established by an individ-  
4 ual (within the meaning of subsection (e)(2)(A)), if from  
5 such portion of the trust (if any) that is considered a re-  
6 source available to the individual pursuant to subsection  
7 (e)(3) (or would be so considered but for the application  
8 of subsection (e)(2)) or the residue of such portion upon  
9 the termination of the trust—

10               “(I) there is made a payment other than to or  
11       for the benefit of the individual, or

12               “(II) no payment could under any circumstance  
13       be made to the individual,

14 then the payment described in subclause (I) or the fore-  
15 closure of payment described in subclause (II) shall be  
16 considered a disposal of resources by the individual subject  
17 to this subsection, as of the date of such payment or fore-  
18 closure, respectively.

19       “(2)(A) At the time an individual (and the individ-  
20 ual’s eligible spouse, if any) applies for benefits under this  
21 title, and at the time the eligibility of an individual (and  
22 such spouse, if any) for such benefits is redetermined, the  
23 Commissioner of Social Security shall—

24               “(i) inform such individual of the provisions of  
25       paragraph (1) providing for a period of ineligibility

1 for benefits under this title for individuals who make  
2 certain dispositions of resources for less than fair  
3 market value, and inform such individual that infor-  
4 mation obtained pursuant to clause (ii) will be made  
5 available to the State agency administering a State  
6 plan approved under title XV or XIX (as provided  
7 in subparagraph (B)); and

8 “(ii) obtain from such individual information  
9 which may be used in determining whether or not a  
10 period of ineligibility for such benefits would be re-  
11 quired by reason of paragraph (1).

12 “(B) The Commissioner of Social Security shall make  
13 the information obtained under subparagraph (A)(ii)  
14 available, on request, to any State agency administering  
15 a State plan approved under title XV or XIX.

16 “(3) For purposes of this subsection—

17 “(A) the term ‘trust’ includes any legal instru-  
18 ment or device that is similar to a trust; and

19 “(B) the term ‘benefits under this title’ includes  
20 supplementary payments pursuant to an agreement  
21 for Federal administration under section 1616(a),  
22 and payments pursuant to an agreement entered  
23 into under section 212(b) of Public Law 93-66.”.

24 (2) EFFECTIVE DATE.—The amendment made  
25 by this subsection shall be effective with respect to

1 transfers that occur at least 90 days after the date  
2 of the enactment of this Act.

3 (b) TREATMENT OF ASSETS HELD IN TRUST.—

4 (1) TREATMENT AS RESOURCE.—Section 1613  
5 (42 U.S.C. 1382) is amended by adding at the end  
6 the following new subsection:

7 “Trusts

8 “(e)(1) In determining the resources of an individual  
9 who has not attained 18 years of age, the provisions of  
10 paragraph (3) shall apply to a trust established by such  
11 individual.

12 “(2)(A) For purposes of this subsection, an individual  
13 shall be considered to have established a trust if any assets  
14 of the individual were transferred to the trust.

15 “(B) In the case of an irrevocable trust to which the  
16 assets of an individual and the assets of any other person  
17 or persons were transferred, the provisions of this sub-  
18 section shall apply to the portion of the trust attributable  
19 to the assets of the individual.

20 “(C) This subsection shall apply without regard to—

21 “(i) the purposes for which the trust is estab-  
22 lished;

23 “(ii) whether the trustees have or exercise any  
24 discretion under the trust;

1           “(iii) any restrictions on when or whether dis-  
2           tributions may be made from the trust; or

3           “(iv) any restrictions on the use of distributions  
4           from the trust.

5           “(3)(A) In the case of a revocable trust, the corpus  
6 of the trust shall be considered a resource available to the  
7 individual.

8           “(B) In the case of an irrevocable trust, if there are  
9 any circumstances under which payment from the trust  
10 could be made to or for the benefit of the individual, the  
11 portion of the corpus from which payment to or for the  
12 benefit of the individual could be made shall be considered  
13 a resource available to the individual.

14           “(4) The Commissioner may waive the application of  
15 this subsection with respect to any individual if the Com-  
16 missioner determines, on the basis of criteria prescribed  
17 in regulations, that such application would work an undue  
18 hardship on such individual.

19           “(5) For purposes of this subsection—

20           “(A) the term ‘trust’ includes any legal instru-  
21           ment or device that is similar to a trust;

22           “(B) the term ‘corpus’ means all property and  
23           other interests held by the trust, including accumu-  
24           lated earnings and any other addition to such trust  
25           after its establishment (except that such term does

1 not include any such earnings or addition in the  
2 month in which such earnings or addition is credited  
3 or otherwise transferred to the trust);

4 “(C) the term ‘asset’ includes any income or re-  
5 source of the individual, including—

6 “(i) any income otherwise excluded by sec-  
7 tion 1612(b);

8 “(ii) any resource otherwise excluded by  
9 this section; and

10 “(iii) any other payment or property that  
11 the individual is entitled to but does not receive  
12 or have access to because of action by—

13 “(I) such individual;

14 “(II) a person or entity (including a  
15 court) with legal authority to act in place  
16 of, or on behalf of, such individual; or

17 “(III) a person or entity (including a  
18 court) acting at the direction of, or upon  
19 the request of, such individual; and

20 “(D) the term ‘benefits under this title’ in-  
21 cludes supplementary payments pursuant to an  
22 agreement for Federal administration under section  
23 1616(a), and payments pursuant to an agreement  
24 entered into under section 212(b) of Public Law 93-  
25 66.”.

1           (2) TREATMENT AS INCOME.—Section  
2 1612(a)(2) (42 U.S.C. 1382a(a)(2)) is amended—

3           (A) by striking “and” at the end of sub-  
4 paragraph (E);

5           (B) by striking the period at the end of  
6 subparagraph (F) and inserting “; and”; and

7           (C) by adding at the end the following new  
8 subparagraph:

9           “(G) any earnings of, and additions to, the  
10 corpus of a trust (as defined in section 1613(f))  
11 established by an individual (within the mean-  
12 ing of section 1613(e)(2)(A)) and of which such  
13 individual is a beneficiary (other than a trust to  
14 which section 1613(e)(4) applies), except that  
15 in the case of an irrevocable trust, there shall  
16 exist circumstances under which payment from  
17 such earnings or additions could be made to, or  
18 for the benefit of, such individual.”.

19           (3) EFFECTIVE DATE.—The amendments made  
20 by this subsection shall take effect on January 1,  
21 1996, and shall apply to trusts established on or  
22 after such date.

23           (e) REQUIREMENT TO ESTABLISH ACCOUNT.—

24           (1) IN GENERAL.—Section 1631(a)(2) (42  
25 U.S.C. 1383(a)(2)) is amended—

1           (A) by redesignating subparagraphs (F)  
2           and (G) as subparagraphs (G) and (H), respec-  
3           tively; and

4           (B) by inserting after subparagraph (E)  
5           the following new subparagraph:

6           “(F)(i)(I) Each representative payee of an eligible in-  
7           dividual under the age of 18 who is eligible for the pay-  
8           ment of benefits described in subclause (II) shall establish  
9           on behalf of such individual an account in a financial insti-  
10          tution into which such benefits shall be paid, and shall  
11          thereafter maintain such account for use in accordance  
12          with clause (ii).

13          “(II) Benefits described in this subclause are past-  
14          due monthly benefits under this title (which, for purposes  
15          of this subclause, include State supplementary payments  
16          made by the Commissioner pursuant to an agreement  
17          under section 1616 or section 212(b) of Public Law 93-  
18          66) in an amount (after any withholding by the Commis-  
19          sioner for reimbursement to a State for interim assistance  
20          under subsection (g)) that exceeds the product of—

21                 “(aa) 6, and

22                 “(bb) the maximum monthly benefit payable  
23          under this title to an eligible individual.

1           “(ii)(I) A representative payee may use funds in the  
2 account established under clause (i) to pay for allowable  
3 expenses described in subclause (II).

4           “(II) An allowable expense described in this subclause  
5 is an expense for—

6           “(aa) education or job skills training;

7           “(bb) personal needs assistance;

8           “(cc) special equipment;

9           “(dd) housing modification;

10          “(ee) medical treatment;

11          “(ff) therapy or rehabilitation; or

12          “(gg) any other item or service that the Com-  
13 missioner determines to be appropriate;

14 provided that such expense benefits such individual and,  
15 in the case of an expense described in item (cc), (dd), (ff),  
16 or (gg), is related to the impairment (or combination of  
17 impairments) of such individual.

18          “(III) The use of funds from an account established  
19 under clause (i) in any manner not authorized by this  
20 clause—

21           “(aa) by a representative payee shall constitute  
22 misuse of benefits for all purposes of this paragraph,  
23 and any representative payee who knowingly misuses  
24 benefits from such an account shall be liable to the

1 Commissioner in an amount equal to the total  
2 amount of such misused benefits; and

3 “(bb) by an eligible individual who is his or her  
4 own representative payee shall be considered an  
5 overpayment subject to recovery under subsection  
6 (b).

7 “(IV) This clause shall continue to apply to funds in  
8 the account after the child has reached age 18, regardless  
9 of whether benefits are paid directly to the beneficiary or  
10 through a representative payee.

11 “(iii) The representative payee may deposit into the  
12 account established pursuant to clause (i)—

13 “(I) past-due benefits payable to the eligible in-  
14 dividual in an amount less than that specified in  
15 clause (i)(II), and

16 “(II) any other funds representing an under-  
17 payment under this title to such individual, provided  
18 that the amount of such underpayment is equal to  
19 or exceeds the maximum monthly benefit payable  
20 under this title to an eligible individual.

21 “(iv) The Commissioner of Social Security shall es-  
22 tablish a system for accountability monitoring whereby  
23 such representative payee shall report, at such time and  
24 in such manner as the Commissioner shall require, on ac-

1 tivity respecting funds in the account established pursuant  
2 to clause (i).”.

3 (2) EXCLUSION FROM RESOURCES.—Section  
4 1613(a) (42 U.S.C. 1382b(a)) is amended—

5 (A) in paragraph (9), by striking “; and”  
6 and inserting a semicolon;

7 (B) in the first paragraph (10), by striking  
8 the period and inserting a semicolon;

9 (C) by redesignating the second paragraph  
10 (10) as paragraph (11), and by striking the pe-  
11 riod and inserting “; and”; and

12 (D) by adding at the end the following new  
13 paragraph:

14 “(12) the assets and accrued interest or other  
15 earnings of any account established and maintained  
16 in accordance with section 1631(a)(2)(F).”.

17 (3) EXCLUSION FROM INCOME.—Section  
18 1612(b) (42 U.S.C. 1382a(b)) is amended—

19 (A) by striking “and” at the end of para-  
20 graph (19);

21 (B) by striking the period at the end of  
22 paragraph (20) and inserting “; and”; and

23 (C) by adding at the end the following new  
24 paragraph:

1           “(21) the interest or other earnings on any ac-  
2           count established and maintained in accordance with  
3           section 1631(a)(2)(F).”.

4           (4) EFFECTIVE DATE.—The amendments made  
5           by this subsection shall apply to payments made  
6           after the date of the enactment of this Act.

7 **SEC. 214. REDUCTION IN CASH BENEFITS PAYABLE TO IN-**  
8                                   **STITUTIONALIZED INDIVIDUALS WHOSE MED-**  
9                                   **ICAL COSTS ARE COVERED BY PRIVATE IN-**  
10                                  **SURANCE.**

11           (a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C.  
12 1382(e)(1)(B)) is amended—

13           (1) by striking “title XIX, or” and inserting  
14           “title XV or XIX,”; and

15           (2) by inserting “or, in the case of an eligible  
16           individual under the age of 18 receiving payments  
17           (with respect to such individual) under any health  
18           insurance policy issued by a private provider of such  
19           insurance” after “section 1614(f)(2)(B),”.

20           (b) EFFECTIVE DATE.—The amendment made by  
21           this section shall apply to benefits for months beginning  
22           90 or more days after the date of the enactment of this  
23           Act, without regard to whether regulations have been is-  
24           sued to implement such amendments.

1 **SEC. 215. INSTALLMENT PAYMENT OF LARGE PAST-DUE**  
2 **SUPPLEMENTAL SECURITY INCOME BENE-**  
3 **FITS.**

4 (a) **IN GENERAL.**—Section 1631(a) (42 U.S.C. 1383)  
5 is amended by adding at the end the following new para-  
6 graph:

7 “(10)(A) If an individual is eligible for past-due  
8 monthly benefits under this title in an amount that (after  
9 any withholding for reimbursement to a State for interim  
10 assistance under subsection (g)) equals or exceeds the  
11 product of—

12 “(i) 12, and

13 “(ii) the maximum monthly benefit payable  
14 under this title to an eligible individual (or, if appro-  
15 priate, to an eligible individual and eligible spouse),  
16 then the payment of such past-due benefits (after any such  
17 reimbursement to a State) shall be made in installments  
18 as provided in subparagraph (B).

19 “(B)(i) The payment of past-due benefits subject to  
20 this subparagraph shall be made in not to exceed 3 install-  
21 ments that are made at 6-month intervals.

22 “(ii) Except as provided in clause (iii), the amount  
23 of each of the first and second installments may not exceed  
24 an amount equal to the product of clauses (i) and (ii) of  
25 subparagraph (A).

26 “(iii) In the case of an individual who has—

1           “(I) outstanding debt attributable to—  
2                   “(aa) food,  
3                   “(bb) clothing,  
4                   “(cc) shelter, or  
5                   “(dd) medically necessary services, supplies  
6           or equipment, or medicine; or  
7           “(II) current expenses or expenses anticipated  
8           in the near term attributable to—  
9                   “(aa) medically necessary services, supplies  
10           or equipment, or medicine, or  
11                   “(bb) the purchase of a home, and  
12 such debt or expenses are not subject to reimbursement  
13 by a public assistance program, the Secretary under title  
14 XVIII, a State plan approved under title XV or XIX, or  
15 any private entity legally liable to provide payment pursu-  
16 ant to an insurance policy, pre-paid plan, or other ar-  
17 rangement, the limitation specified in clause (ii) may be  
18 exceeded by an amount equal to the total of such debt  
19 and expenses.  
20           “(C) This paragraph shall not apply to any individual  
21 who, at the time of the Commissioner’s determination that  
22 such individual is eligible for the payment of past-due  
23 monthly benefits under this title—

1           “(i) is afflicted with a medically determinable  
2           impairment that is expected to result in death within  
3           12 months; or

4           “(ii) is ineligible for benefits under this title  
5           and the Commissioner determines that such individ-  
6           ual is likely to remain ineligible for the next 12  
7           months.

8           “(D) For purposes of this paragraph, the term ‘bene-  
9           fits under this title’ includes supplementary payments pur-  
10          suant to an agreement for Federal administration under  
11          section 1616(a), and payments pursuant to an agreement  
12          entered into under section 212(b) of Public Law 93-66.”.

13          (b) CONFORMING AMENDMENT.—Section 1631(a)(1)  
14          (42 U.S.C. 1383(a)(1)) is amended by inserting “(subject  
15          to paragraph (10))” immediately before “in such install-  
16          ments”.

17          (c) EFFECTIVE DATE.—

18                 (1) IN GENERAL.—The amendments made by  
19                 this section are effective with respect to past-due  
20                 benefits payable under title XVI of the Social Secu-  
21                 rity Act after the third month following the month  
22                 in which this Act is enacted.

23                 (2) BENEFITS PAYABLE UNDER TITLE XVI.—  
24                 For purposes of this subsection, the term “benefits  
25                 payable under title XVI of the Social Security Act”

1 includes supplementary payments pursuant to an  
2 agreement for Federal administration under section  
3 1616(a) of the Social Security Act, and payments  
4 pursuant to an agreement entered into under section  
5 212(b) of Public Law 93-66.

6 **SEC. 216. RECOVERY OF SUPPLEMENTAL SECURITY IN-**  
7 **COME OVERPAYMENTS FROM SOCIAL SECU-**  
8 **RITY BENEFITS.**

9 (a) **IN GENERAL.**—Part A of title XI is amended by  
10 adding at the end the following new section:

11 “RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL  
12 SECURITY BENEFITS

13 “SEC. 1145. (a) **IN GENERAL.**—Whenever the Com-  
14 missioner of Social Security determines that more than  
15 the correct amount of any payment has been made to any  
16 person under the supplemental security income program  
17 authorized by title XVI, and the Commissioner is unable  
18 to make proper adjustment or recovery of the amount so  
19 incorrectly paid as provided in section 1631(b), the Com-  
20 missioner (notwithstanding section 207) may recover the  
21 amount incorrectly paid by decreasing any amount which  
22 is payable under the Federal Old-Age and Survivors Insur-  
23 ance program or the Federal Disability Insurance pro-  
24 gram authorized by title II to that person or that person’s  
25 estate.

1       “(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR  
2 AMOUNT.—Notwithstanding subsections (a) and (b) of  
3 section 1611, in any case in which the Commissioner takes  
4 action in accordance with subsection (a) to recover an  
5 overpayment from any person, neither that person, nor  
6 any individual whose eligibility or benefit amount is deter-  
7 mined by considering any part of that person’s income,  
8 shall, as a result of such action—

9               “(1) become eligible under the program of sup-  
10       plemental security income benefits under title XVI,  
11       or

12               “(2) if such person or individual is already so  
13       eligible, become eligible for increased benefits there-  
14       under.

15       “(c) PROGRAM UNDER TITLE XVI.—For purposes of  
16 this section, the term ‘supplemental security income pro-  
17 gram authorized by title XVI’ includes supplementary pay-  
18 ments pursuant to an agreement for Federal administra-  
19 tion under section 1616(a), and payments pursuant to an  
20 agreement entered into under section 212(b) of Public  
21 Law 93–66.”.

22       (b) CONFORMING AMENDMENTS.—

23               (1) Section 204 (42 U.S.C. 404) is amended by  
24       adding at the end the following new subsection:

1       “(g) For payments which are adjusted or withheld  
2 to recover an overpayment of supplemental security in-  
3 come benefits paid under title XVI (including State sup-  
4 plementary payments which were paid under an agreement  
5 pursuant to section 1616(a) or section 212(b) of Public  
6 Law 93-66), see section 1145.”.

7           (2) Section 1631(b) is amended by adding at  
8 the end the following new paragraph:

9       “(5) For the recovery of overpayments of benefits  
10 under this title from benefits payable under title II, see  
11 section 1145.”.

12       (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall take effect on the date of the enactment  
14 of this Act and shall apply to overpayments outstanding  
15 on or after such date.

16 **SEC. 217. REGULATIONS.**

17       Within 3 months after the date of the enactment of  
18 this Act, the Commissioner of Social Security shall pre-  
19 scribe such regulations as may be necessary to implement  
20 the amendments made by this subtitle.

1 **Subtitle C—State Supplementation**  
2 **Programs**

3 **SEC. 221. REPEAL OF MAINTENANCE OF EFFORT REQUIRE-**  
4 **MENTS APPLICABLE TO OPTIONAL STATE**  
5 **PROGRAMS FOR SUPPLEMENTATION OF SSI**  
6 **BENEFITS.**

7 Section 1618 (42 U.S.C. 1382g) is hereby repealed.

8 **Subtitle D—Studies Regarding**  
9 **Supplemental Security Income**  
10 **Program**

11 **SEC. 231. ANNUAL REPORT ON THE SUPPLEMENTAL SECU-**  
12 **RITY INCOME PROGRAM.**

13 Title XVI (42 U.S.C. 1381 et seq.), as amended by  
14 section 201(c), is amended by adding at the end the fol-  
15 lowing new section:

16 “ANNUAL REPORT ON PROGRAM

17 “SEC. 1637. (a) Not later than May 30 of each year,  
18 the Commissioner of Social Security shall prepare and de-  
19 liver a report annually to the President and the Congress  
20 regarding the program under this title, including—

21 “(1) a comprehensive description of the pro-  
22 gram;

23 “(2) historical and current data on allowances  
24 and denials, including number of applications and  
25 allowance rates for initial determinations, reconsid-

1 eration determinations, administrative law judge  
2 hearings, appeals council reviews, and Federal court  
3 decisions;

4 “(3) historical and current data on characteris-  
5 tics of recipients and program costs, by recipient  
6 group (aged, blind, disabled adults, and disabled  
7 children);

8 “(4) projections of future number of recipients  
9 and program costs, through at least 25 years;

10 “(5) number of redeterminations and continu-  
11 ing disability reviews, and the outcomes of such re-  
12 determinations and reviews;

13 “(6) data on the utilization of work incentives;

14 “(7) detailed information on administrative and  
15 other program operation costs;

16 “(8) summaries of relevant research undertaken  
17 by the Social Security Administration, or by other  
18 researchers;

19 “(9) State supplementation program operations;

20 “(10) a historical summary of statutory  
21 changes to this title; and

22 “(11) such other information as the Commis-  
23 sioner deems useful.

24 “(b) Each member of the Social Security Advisory  
25 Board shall be permitted to provide an individual report,

1 or a joint report if agreed, of views of the program under  
2 this title, to be included in the annual report required  
3 under this section.”.

4 **SEC. 232. STUDY OF DISABILITY DETERMINATION PROC-**  
5 **ESS.**

6 (a) **IN GENERAL.**—Not later than 90 days after the  
7 date of the enactment of this Act, and from funds other-  
8 wise appropriated, the Commissioner of Social Security  
9 shall make arrangements with the National Academy of  
10 Sciences, or other independent entity, to conduct a study  
11 of the disability determination process under titles II and  
12 XVI of the Social Security Act. This study shall be under-  
13 taken in consultation with professionals representing ap-  
14 propriate disciplines.

15 (b) **STUDY COMPONENTS.**—The study described in  
16 subsection (a) shall include—

17 (1) an initial phase examining the appropriate-  
18 ness of, and making recommendations regarding—

19 (A) the definitions of disability in effect on  
20 the date of the enactment of this Act and the  
21 advantages and disadvantages of alternative  
22 definitions; and

23 (B) the operation of the disability deter-  
24 mination process, including the appropriate  
25 method of performing comprehensive assess-

1           ments of individuals under age 18 with physical  
2           and mental impairments;

3           (2) a second phase, which may be concurrent  
4           with the initial phase, examining the validity, reli-  
5           ability, and consistency with current scientific knowl-  
6           edge of the standards and individual listings in the  
7           Listing of Impairments set forth in appendix 1 of  
8           subpart P of part 404 of title 20, Code of Federal  
9           Regulations, and of related evaluation procedures as  
10          promulgated by the Commissioner of Social Security;  
11          and

12          (3) such other issues as the applicable entity  
13          considers appropriate.

14          (c) REPORTS AND REGULATIONS.—

15           (1) REPORTS.—The Commissioner of Social Se-  
16           curity shall request the applicable entity, to submit  
17           an interim report and a final report of the findings  
18           and recommendations resulting from the study de-  
19           scribed in this section to the President and the Con-  
20           gress not later than 18 months and 24 months, re-  
21           spectively, from the date of the contract for such  
22           study, and such additional reports as the Commis-  
23           sioner deems appropriate after consultation with the  
24           applicable entity.

1           (2) REGULATIONS.—The Commissioner of So-  
2           cial Security shall review both the interim and final  
3           reports, and shall issue regulations implementing  
4           any necessary changes following each report.

5 **SEC. 233. STUDY BY GENERAL ACCOUNTING OFFICE.**

6           Not later than January 1, 1999, the Comptroller  
7           General of the United States shall study and report on—

8           (1) the impact of the amendments made by,  
9           and the provisions of, this title on the supplemental  
10          security income program under title XVI of the So-  
11          cial Security Act; and

12          (2) extra expenses incurred by families of chil-  
13          dren receiving benefits under such title that are not  
14          covered by other Federal, State, or local programs.

15           **Subtitle E—National Commission**  
16           **on the Future of Disability**

17 **SEC. 241. ESTABLISHMENT.**

18           There is established a commission to be known as the  
19           National Commission on the Future of Disability (referred  
20           to in this subtitle as the “Commission”).

21 **SEC. 242. DUTIES OF THE COMMISSION.**

22           (a) IN GENERAL.—The Commission shall develop  
23           and carry out a comprehensive study of all matters related  
24           to the nature, purpose, and adequacy of all Federal pro-  
25           grams serving individuals with disabilities. In particular,

1 the Commission shall study the disability insurance pro-  
2 gram under title II of the Social Security Act and the sup-  
3 plemental security income disability program under title  
4 XVI of such Act.

5 (b) MATTERS STUDIED.—The Commission shall pre-  
6 pare an inventory of Federal programs serving individuals  
7 with disabilities, and shall examine—

8 (1) trends and projections regarding the size  
9 and characteristics of the population of individuals  
10 with disabilities, and the implications of such analy-  
11 ses for program planning;

12 (2) the feasibility and design of performance  
13 standards for the Nation's disability programs;

14 (3) the adequacy of Federal efforts in rehabili-  
15 tation research and training, and opportunities to  
16 improve the lives of individuals with disabilities  
17 through all manners of scientific and engineering re-  
18 search; and

19 (4) the adequacy of policy research available to  
20 the Federal Government, and what actions might be  
21 undertaken to improve the quality and scope of such  
22 research.

23 (c) RECOMMENDATIONS.—The Commission shall  
24 submit to the appropriate committees of the Congress and

1 to the President recommendations and, as appropriate,  
2 proposals for legislation, regarding—

3 (1) which (if any) Federal disability programs  
4 should be eliminated or augmented;

5 (2) what new Federal disability programs (if  
6 any) should be established;

7 (3) the suitability of the organization and loca-  
8 tion of disability programs within the Federal Gov-  
9 ernment;

10 (4) other actions the Federal Government  
11 should take to prevent disabilities and disadvantages  
12 associated with disabilities; and

13 (5) such other matters as the Commission con-  
14 siders appropriate.

15 **SEC. 243. MEMBERSHIP.**

16 (a) NUMBER AND APPOINTMENT.—

17 (1) IN GENERAL.—The Commission shall be  
18 composed of 15 members, of whom—

19 (A) five shall be appointed by the Presi-  
20 dent, of whom not more than 3 shall be of the  
21 same major political party;

22 (B) three shall be appointed by the Major-  
23 ity Leader of the Senate;

24 (C) two shall be appointed by the Minority  
25 Leader of the Senate;

1           (D) three shall be appointed by the Speak-  
2           er of the House of Representatives; and

3           (E) two shall be appointed by the Minority  
4           Leader of the House of Representatives.

5           (2) REPRESENTATION.—The Commission mem-  
6           bers shall be chosen based on their education, train-  
7           ing, or experience. In appointing individuals as  
8           members of the Commission, the President and the  
9           Majority and Minority Leaders of the Senate and  
10          the Speaker and Minority Leader of the House of  
11          Representatives shall seek to ensure that the mem-  
12          bership of the Commission reflects the general inter-  
13          ests of the business and taxpaying community and  
14          the diversity of individuals with disabilities in the  
15          United States.

16          (b) COMPTROLLER GENERAL.—The Comptroller  
17          General of the United States shall advise the Commission  
18          on the methodology and approach of the study of the Com-  
19          mission.

20          (c) TERM OF APPOINTMENT.—The members shall  
21          serve on the Commission for the life of the Commission.

22          (d) MEETINGS.—The Commission shall locate its  
23          headquarters in the District of Columbia, and shall meet  
24          at the call of the Chairperson, but not less than 4 times  
25          each year during the life of the Commission.

1 (e) QUORUM.—Ten members of the Commission shall  
2 constitute a quorum, but a lesser number may hold hear-  
3 ings.

4 (f) CHAIRPERSON AND VICE CHAIRPERSON.—Not  
5 later than 15 days after the members of the Commission  
6 are appointed, such members shall designate a Chair-  
7 person and Vice Chairperson from among the members of  
8 the Commission.

9 (g) CONTINUATION OF MEMBERSHIP.—If a member  
10 of the Commission becomes an officer or employee of any  
11 government after appointment to the Commission, the in-  
12 dividual may continue as a member until a successor mem-  
13 ber is appointed.

14 (h) VACANCIES.—A vacancy on the Commission shall  
15 be filled in the manner in which the original appointment  
16 was made not later than 30 days after the Commission  
17 is given notice of the vacancy.

18 (i) COMPENSATION.—Members of the Commission  
19 shall receive no additional pay, allowances, or benefits by  
20 reason of their service on the Commission.

21 (j) TRAVEL EXPENSES.—Each member of the Com-  
22 mission shall receive travel expenses, including per diem  
23 in lieu of subsistence, in accordance with sections 5702  
24 and 5703 of title 5, United States Code.

1 **SEC. 244. STAFF AND SUPPORT SERVICES.**

2 (a) **DIRECTOR.**—

3 (1) **APPOINTMENT.**—Upon consultation with  
4 the members of the Commission, the Chairperson  
5 shall appoint a Director of the Commission.

6 (2) **COMPENSATION.**—The Director shall be  
7 paid the rate of basic pay for level V of the Execu-  
8 tive Schedule.

9 (b) **STAFF.**—With the approval of the Commission,  
10 the Director may appoint such personnel as the Director  
11 considers appropriate.

12 (c) **APPLICABILITY OF CIVIL SERVICE LAWS.**—The  
13 staff of the Commission shall be appointed without regard  
14 to the provisions of title 5, United States Code, governing  
15 appointments in the competitive service, and shall be paid  
16 without regard to the provisions of chapter 51 and sub-  
17 chapter III of chapter 53 of such title relating to classi-  
18 fication and General Schedule pay rates.

19 (d) **EXPERTS AND CONSULTANTS.**—With the ap-  
20 proval of the Commission, the Director may procure tem-  
21 porary and intermittent services under section 3109(b) of  
22 title 5, United States Code.

23 (e) **STAFF OF FEDERAL AGENCIES.**—Upon the re-  
24 quest of the Commission, the head of any Federal agency  
25 may detail, on a reimbursable basis, any of the personnel

1 of such agency to the Commission to assist in carrying  
2 out the duties of the Commission under this subtitle.

3 (f) OTHER RESOURCES.—The Commission shall have  
4 reasonable access to materials, resources, statistical data,  
5 and other information from the Library of Congress and  
6 agencies and elected representatives of the executive and  
7 legislative branches of the Federal Government. The  
8 Chairperson of the Commission shall make requests for  
9 such access in writing when necessary.

10 (g) PHYSICAL FACILITIES.—The Administrator of  
11 the General Services Administration shall locate suitable  
12 office space for the operation of the Commission. The fa-  
13 cilities shall serve as the headquarters of the Commission  
14 and shall include all necessary equipment and incidentals  
15 required for proper functioning of the Commission.

16 **SEC. 245. POWERS OF COMMISSION.**

17 (a) HEARINGS.—The Commission may conduct pub-  
18 lic hearings or forums at the discretion of the Commission,  
19 at any time and place the Commission is able to secure  
20 facilities and witnesses, for the purpose of carrying out  
21 the duties of the Commission under this subtitle.

22 (b) DELEGATION OF AUTHORITY.—Any member or  
23 agent of the Commission may, if authorized by the Com-  
24 mission, take any action the Commission is authorized to  
25 take by this section.

1 (c) INFORMATION.—The Commission may secure di-  
2 rectly from any Federal agency information necessary to  
3 enable the Commission to carry out its duties under this  
4 subtitle. Upon request of the Chairperson or Vice Chair-  
5 person of the Commission, the head of a Federal agency  
6 shall furnish the information to the Commission to the ex-  
7 tent permitted by law.

8 (d) GIFTS, BEQUESTS, AND DEVISES.—The Commis-  
9 sion may accept, use, and dispose of gifts, bequests, or  
10 devises of services or property, both real and personal, for  
11 the purpose of aiding or facilitating the work of the Com-  
12 mission. Gifts, bequests, or devises of money and proceeds  
13 from sales of other property received as gifts, bequests,  
14 or devises shall be deposited in the Treasury and shall be  
15 available for disbursement upon order of the Commission.

16 (e) MAILS.—The Commission may use the United  
17 States mails in the same manner and under the same con-  
18 ditions as other Federal agencies.

19 **SEC. 246. REPORTS.**

20 (a) INTERIM REPORT.—Not later than 1 year prior  
21 to the date on which the Commission terminates pursuant  
22 to section 247, the Commission shall submit an interim  
23 report to the President and to the Congress. The interim  
24 report shall contain a detailed statement of the findings  
25 and conclusions of the Commission, together with the

1 Commission's recommendations for legislative and admin-  
2 istrative action, based on the activities of the Commission.

3 (b) FINAL REPORT.—Not later than the date on  
4 which the Commission terminates, the Commission shall  
5 submit to the Congress and to the President a final report  
6 containing—

7 (1) a detailed statement of final findings, con-  
8 clusions, and recommendations; and

9 (2) an assessment of the extent to which rec-  
10 ommendations of the Commission included in the in-  
11 terim report under subsection (a) have been imple-  
12 mented.

13 (c) PRINTING AND PUBLIC DISTRIBUTION.—Upon  
14 receipt of each report of the Commission under this sec-  
15 tion, the President shall—

16 (1) order the report to be printed; and

17 (2) make the report available to the public upon  
18 request.

19 **SEC. 247. TERMINATION.**

20 The Commission shall terminate on the date that is  
21 2 years after the date on which the members of the Com-  
22 mission have met and designated a Chairperson and Vice  
23 Chairperson.

1 **SEC. 248. AUTHORIZATION OF APPROPRIATIONS.**

2 There are authorized to be appropriated such sums  
3 as are necessary to carry out the purposes of the Commis-  
4 sion.

5 **Subtitle F—Retirement Age**  
6 **Eligibility**

7 **SEC. 251. ELIGIBILITY FOR SUPPLEMENTAL SECURITY IN-**  
8 **COME BENEFITS BASED ON SOCIAL SECU-**  
9 **RITY RETIREMENT AGE.**

10 (a) **IN GENERAL.**—Section 1614(a)(1)(A) (42 U.S.C.  
11 1382C(a)(1)(A)) is amended by striking “is 65 years of  
12 age or older,” and inserting “has attained retirement  
13 age.”.

14 (b) **RETIREMENT AGE DEFINED.**—Section 1614 (42  
15 U.S.C. 1382c) is amended by adding at the end the follow-  
16 ing new subsection:

17 **“Retirement Age**

18 “(g) For purposes of this title, the term “retirement  
19 age” has the meaning given such term by section 216(l)(1)  
20 with respect to individuals entitled to old-age insurance.”.

21 (c) **CONFORMING AMENDMENTS.**—Sections 1601,  
22 1612(b)(4), 1615(a)(1), and 1620(b)(2) (42 U.S.C. 1381,  
23 1382a(b)(4), 1382d(a)(1), and 1382i(b)(2)) are amended  
24 by striking “age 65” each place it appears and inserting  
25 “retirement age”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect on the date of the enactment  
3 of this Act.

## 4 **TITLE III—CHILD SUPPORT**

### 5 **SEC. 300. REFERENCE TO SOCIAL SECURITY ACT.**

6 Except as otherwise specifically provided, wherever in  
7 this title an amendment is expressed in terms of an  
8 amendment to or repeal of a section or other provision,  
9 the reference shall be considered to be made to that sec-  
10 tion or other provision of the Social Security Act.

## 11 **Subtitle A—Eligibility for Services;** 12 **Distribution of Payments**

### 13 **SEC. 301. STATE OBLIGATION TO PROVIDE CHILD SUP-** 14 **PORT ENFORCEMENT SERVICES.**

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

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

19 “(4) provide that the State will—

20 “(A) provide services relating to the estab-  
21 lishment of paternity or the establishment,  
22 modification, or enforcement of child support  
23 obligations, as appropriate, under the plan with  
24 respect to—

1           “(i) each child for whom (I) assist-  
2           ance is provided under the State program  
3           funded under part A of this title, (II) ben-  
4           efits or services for foster care mainte-  
5           nance are provided under the State pro-  
6           gram funded under part E of this title,  
7           (III) medical assistance is provided under  
8           the State plan under title XV, or (IV)  
9           medical assistance is provided under the  
10          State plan approved under title XIX, un-  
11          less, in accordance with paragraph (29),  
12          good cause and other exceptions exist;

13           “(ii) any other child, if an individual  
14          applies for such services with respect to  
15          the child; and

16          “(B) enforce any support obligation estab-  
17          lished with respect to—

18           “(i) a child with respect to whom the  
19          State provides services under the plan; or

20           “(ii) the custodial parent of such a  
21          child.”; and

22          (2) in paragraph (6)—

23           (A) by striking “provide that” and insert-  
24          ing “provide that—”;

1 (B) by striking subparagraph (A) and in-  
2 serting the following new subparagraph:

3 “(A) services under the plan shall be made  
4 available to residents of other States on the  
5 same terms as to residents of the State submit-  
6 ting the plan;”;

7 (C) in subparagraph (B), by inserting “on  
8 individuals not receiving assistance under any  
9 State program funded under part A” after  
10 “such services shall be imposed”;

11 (D) in each of subparagraphs (B), (C),  
12 (D), and (E)—

13 (i) by indenting the subparagraph in  
14 the same manner as, and aligning the left  
15 margin of the subparagraph with the left  
16 margin of, the matter inserted by subpara-  
17 graph (B) of this paragraph; and

18 (ii) by striking the final comma and  
19 inserting a semicolon; and

20 (E) in subparagraph (E), by indenting  
21 each of clauses (i) and (ii) 2 additional ems.

22 (b) CONTINUATION OF SERVICES FOR FAMILIES  
23 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE  
24 PROGRAM FUNDED UNDER PART A.—Section 454 (42  
25 U.S.C. 654) is amended—

1 (1) by striking “and” at the end of paragraph  
2 (23);

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

5 (3) by adding after paragraph (24) the follow-  
6 ing new paragraph:

7 “(25) provide that if a family with respect to  
8 which services are provided under the plan ceases to  
9 receive assistance under the State program funded  
10 under part A, the State shall provide appropriate no-  
11 tice to the family and continue to provide such serv-  
12 ices, subject to the same conditions and on the same  
13 basis as in the case of other individuals to whom  
14 services are furnished under the plan, except that an  
15 application or other request to continue services  
16 shall not be required of such a family and paragraph  
17 (6)(B) shall not apply to the family.”.

18 (c) CONFORMING AMENDMENTS.—

19 (1) Section 452(b) (42 U.S.C. 652(b)) is  
20 amended by striking “454(6)” and inserting  
21 “454(4)”.

22 (2) Section 452(g)(2)(A) (42 U.S.C.  
23 652(g)(2)(A)) is amended by striking “454(6)” each  
24 place it appears and inserting “454(4)(A)(ii)”.

1           (3) Section 466(a)(3)(B) (42 U.S.C.  
2           666(a)(3)(B)) is amended by striking “in the case of  
3           overdue support which a State has agreed to collect  
4           under section 454(6)” and inserting “in any other  
5           case”.

6           (4) Section 466(e) (42 U.S.C. 666(e)) is  
7           amended by striking “paragraph (4) or (6) of sec-  
8           tion 454” and inserting “section 454(4)”.

9   **SEC. 302. DISTRIBUTION OF CHILD SUPPORT COLLEC-**  
10                                   **TIONS.**

11           (a) **IN GENERAL.**—Section 457 (42 U.S.C. 657) is  
12           amended to read as follows:

13   **“SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

14           “(a) **IN GENERAL.**—Subject to subsection (e), an  
15           amount collected on behalf of a family as support by a  
16           State pursuant to a plan approved under this part shall  
17           be distributed as follows:

18                   “(1) **FAMILIES RECEIVING ASSISTANCE.**—In the  
19           case of a family receiving assistance from the State,  
20           the State shall—

21                           “(A) pay to the Federal Government the  
22           Federal share of the amount so collected; and

23                           “(B) retain, or distribute to the family, the  
24           State share of the amount so collected.

1           “(2) FAMILIES THAT FORMERLY RECEIVED AS-  
2           SISTANCE.—In the case of a family that formerly re-  
3           ceived assistance from the State:

4           “(A) CURRENT SUPPORT PAYMENTS.—To  
5           the extent that the amount so collected does not  
6           exceed the amount required to be paid to the  
7           family for the month in which collected, the  
8           State shall distribute the amount so collected to  
9           the family.

10          “(B) PAYMENTS OF ARREARAGES.—To the  
11          extent that the amount so collected exceeds the  
12          amount required to be paid to the family for  
13          the month in which collected, the State shall  
14          distribute the amount so collected as follows:

15                 “(i) DISTRIBUTION OF ARREARAGES  
16                 THAT ACCRUED AFTER THE FAMILY  
17                 CEASED TO RECEIVE ASSISTANCE.—

18                 “(I) PRE-OCTOBER 1997.—Except  
19                 as provided in subclause (II), the pro-  
20                 visions of this section (other than sub-  
21                 section (b)(1)) as in effect and applied  
22                 on the day before the date of the en-  
23                 actment of section 302 of the Per-  
24                 sonal Responsibility and Work Oppor-  
25                 tunity Act of 1996 shall apply with

1 respect to the distribution of support  
2 arrearages that—

3 “(aa) accrued after the fam-  
4 ily ceased to receive assistance,  
5 and

6 “(bb) are collected before  
7 October 1, 1997.

8 “(II) POST-SEPTEMBER 1997.—  
9 With respect to the amount so col-  
10 lected on or after October 1, 1997 (or  
11 before such date, at the option of the  
12 State)—

13 “(aa) IN GENERAL.—The  
14 State shall first distribute the  
15 amount so collected (other than  
16 any amount described in clause  
17 (iv)) to the family to the extent  
18 necessary to satisfy any support  
19 arrearages with respect to the  
20 family that accrued after the  
21 family ceased to receive assist-  
22 ance from the State.

23 “(bb) REIMBURSEMENT OF  
24 GOVERNMENTS FOR ASSISTANCE  
25 PROVIDED TO THE FAMILY.—

1 After the application of division  
2 (aa) and clause (ii)(II)(aa) with  
3 respect to the amount so col-  
4 lected, the State shall retain the  
5 State share of the amount so col-  
6 lected, and pay to the Federal  
7 Government the Federal share  
8 (as defined in subsection (c)(2))  
9 of the amount so collected, but  
10 only to the extent necessary to  
11 reimburse amounts paid to the  
12 family as assistance by the State.

13 “(cc) DISTRIBUTION OF THE  
14 REMAINDER TO THE FAMILY.—  
15 To the extent that neither divi-  
16 sion (aa) nor division (bb) applies  
17 to the amount so collected, the  
18 State shall distribute the amount  
19 to the family.

20 “(ii) DISTRIBUTION OF ARREARAGES  
21 THAT ACCRUED BEFORE THE FAMILY RE-  
22 CEIVED ASSISTANCE.—

23 “(I) PRE-OCTOBER 2000.—Except  
24 as provided in subclause (II), the pro-  
25 visions of this section (other than sub-

1 section (b)(1)) as in effect and applied  
2 on the day before the date of the en-  
3 actment of section 302 of the Per-  
4 sonal Responsibility and Work Oppor-  
5 tunity Act of 1996 shall apply with  
6 respect to the distribution of support  
7 arrearages that—

8 “(aa) accrued before the  
9 family received assistance, and

10 “(bb) are collected before  
11 October 1, 2000.

12 “(II) POST-SEPTEMBER 2000.—  
13 Unless, based on the report required  
14 by paragraph (4), the Congress deter-  
15 mines otherwise, with respect to the  
16 amount so collected on or after Octo-  
17 ber 1, 2000 (or before such date, at  
18 the option of the State)—

19 “(aa) IN GENERAL.—The  
20 State shall first distribute the  
21 amount so collected (other than  
22 any amount described in clause  
23 (iv)) to the family to the extent  
24 necessary to satisfy any support  
25 arrearages with respect to the

1 family that accrued before the  
2 family received assistance from  
3 the State.

4 “(bb) REIMBURSEMENT OF  
5 GOVERNMENTS FOR ASSISTANCE  
6 PROVIDED TO THE FAMILY.—  
7 After the application of clause  
8 (i)(II)(aa) and division (aa) with  
9 respect to the amount so col-  
10 lected, the State shall retain the  
11 State share of the amount so col-  
12 lected, and pay to the Federal  
13 Government the Federal share  
14 (as defined in subsection (c)(2))  
15 of the amount so collected, but  
16 only to the extent necessary to  
17 reimburse amounts paid to the  
18 family as assistance by the State.

19 “(cc) DISTRIBUTION OF THE  
20 REMAINDER TO THE FAMILY.—  
21 To the extent that neither divi-  
22 sion (aa) nor division (bb) applies  
23 to the amount so collected, the  
24 State shall distribute the amount  
25 to the family.

1           “(iii) DISTRIBUTION OF ARREARAGES  
2           THAT ACCRUED WHILE THE FAMILY RE-  
3           CEIVED ASSISTANCE.—In the case of a  
4           family described in this subparagraph, the  
5           provisions of paragraph (1) shall apply  
6           with respect to the distribution of support  
7           arrearages that accrued while the family  
8           received assistance.

9           “(iv) AMOUNTS COLLECTED PURSU-  
10          ANT TO SECTION 464.—Notwithstanding  
11          any other provision of this section, any  
12          amount of support collected pursuant to  
13          section 464 shall be retained by the State  
14          to the extent past-due support has been as-  
15          signed to the State as a condition of re-  
16          ceiving assistance from the State, up to the  
17          amount necessary to reimburse the State  
18          for amounts paid to the family as assist-  
19          ance by the State. The State shall pay to  
20          the Federal Government the Federal share  
21          of the amounts so retained. To the extent  
22          the amount collected pursuant to section  
23          464 exceeds the amount so retained, the  
24          State shall distribute the excess to the  
25          family.

1                   “(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected as accruing in the following order:

8                   “(I) To the period after the family ceased to receive assistance.

10                  “(II) To the period before the family received assistance.

12                  “(III) To the period while the family was receiving assistance.

14                  “(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

18                  “(4) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to the Congress the Secretary’s findings with respect to—

21                  “(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

1           “(B) whether early implementation of a  
2           pre-assistance arrearage program by some  
3           States has been effective in moving people off  
4           of welfare and keeping them off of welfare;

5           “(C) what the overall impact has been of  
6           the amendments made by the Personal Respon-  
7           sibility and Work Opportunity Act of 1996 with  
8           respect to child support enforcement in moving  
9           people off of welfare and keeping them off of  
10          welfare; and

11          “(D) based on the information and data  
12          the Secretary has obtained, what changes, if  
13          any, should be made in the policies related to  
14          the distribution of child support arrearages.

15          “(b) CONTINUATION OF ASSIGNMENTS.—Any rights  
16          to support obligations, which were assigned to a State as  
17          a condition of receiving assistance from the State under  
18          part A and which were in effect on the day before the  
19          date of the enactment of the Personal Responsibility and  
20          Work Opportunity Act of 1996, shall remain assigned  
21          after such date.

22          “(c) DEFINITIONS.—As used in subsection (a):

23                  “(1) ASSISTANCE.—The term ‘assistance from  
24                  the State’ means—

1           “(A) assistance under the State program  
2           funded under part A or under the State plan  
3           approved under part A of this title (as in effect  
4           on the day before the date of the enactment of  
5           the Personal Responsibility and Work Oppor-  
6           tunity Act of 1996); or

7           “(B) benefits under the State plan ap-  
8           proved under part E of this title (as in effect  
9           on the day before the date of the enactment of  
10          the Personal Responsibility and Work Oppor-  
11          tunity Act of 1996).

12          “(2) FEDERAL SHARE.—The term ‘Federal  
13          share’ means that portion of the amount collected  
14          resulting from the application of the Federal medical  
15          assistance percentage in effect for the fiscal year in  
16          which the amount is collected.

17          “(3) FEDERAL MEDICAL ASSISTANCE PERCENT-  
18          AGE.—The term ‘Federal medical assistance per-  
19          centage’ means—

20                 “(A) the Federal medical assistance per-  
21                 centage (as defined in section 1118), in the case  
22                 of Puerto Rico, the Virgin Islands, Guam, and  
23                 American Samoa; or

1           “(B) the Federal medical assistance per-  
2           centage (as defined in section 1905(b)) in the  
3           case of any other State.

4           “(4) STATE SHARE.—The term ‘State share’  
5           means 100 percent minus the Federal share.

6           “(d) HOLD HARMLESS PROVISION.—If the amounts  
7           collected which could be retained by the State in the fiscal  
8           year (to the extent necessary to reimburse the State for  
9           amounts paid to families as assistance by the State) are  
10          less than the State share of the amounts collected in fiscal  
11          year 1995 (determined in accordance with section 457 as  
12          in effect on the day before the date of the enactment of  
13          the Personal Responsibility and Work Opportunity Act of  
14          1996), the State share for the fiscal year shall be an  
15          amount equal to the State share in fiscal year 1995.

16          “(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—This section shall not  
17          apply to any amount collected on behalf of a family as  
18          support by a State pursuant to a plan approved under this  
19          part if such amount would have been distributed to the  
20          family by the State under section 402(a)(28), as in effect  
21          and applied on the day before the date of the enactment  
22          of section 302 of the Personal Responsibility and Work  
23          Opportunity Act of 1996.”.

24          (b) CONFORMING AMENDMENTS.—  
25

1           (1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is  
2 amended by striking “section 457(b)(4) or (d)(3)”  
3 and inserting “section 457”.

4           (2) Section 454 (42 U.S.C. 654) is amended—

5                 (A) in paragraph (11)—

6                     (i) by striking “(11)” and inserting  
7 “(11)(A)”; and

8                     (ii) by inserting after the semicolon  
9 “and”; and

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

12         (c) EFFECTIVE DATES.—

13           (1) IN GENERAL.—Except as provided in para-  
14 graph (2), the amendments made by this section  
15 shall be effective on July 1, 1996, or earlier at the  
16 State’s option.

17           (2) CONFORMING AMENDMENTS.—The amend-  
18 ments made by subsection (b)(2) shall become effec-  
19 tive on the date of the enactment of this Act.

20 **SEC. 303. PRIVACY SAFEGUARDS.**

21         (a) STATE PLAN REQUIREMENT.—Section 454 (42  
22 U.S.C. 654), as amended by section 301(b) of this Act,  
23 is amended—

24           (1) by striking “and” at the end of paragraph  
25 (24);

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

3           (3) by adding after paragraph (25) the follow-  
4 ing new paragraph:

5           “(26) will have in effect safeguards, applicable  
6 to all confidential information handled by the State  
7 agency, that are designed to protect the privacy  
8 rights of the parties, including—

9                   “(A) safeguards against unauthorized use  
10 or disclosure of information relating to proceed-  
11 ings or actions to establish paternity, or to es-  
12 tablish or enforce support;

13                   “(B) prohibitions against the release of in-  
14 formation on the whereabouts of 1 party to an-  
15 other party against whom a protective order  
16 with respect to the former party has been en-  
17 tered; and

18                   “(C) prohibitions against the release of in-  
19 formation on the whereabouts of 1 party to an-  
20 other party if the State has reason to believe  
21 that the release of the information may result  
22 in physical or emotional harm to the former  
23 party.”.

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

1 **SEC. 304. RIGHTS TO NOTIFICATION OF HEARINGS.**

2 (a) **IN GENERAL.**—Section 454 (42 U.S.C. 654), as  
3 amended by section 302(b)(2) of this Act, is amended by  
4 inserting after paragraph (11) the following new para-  
5 graph:

6 “(12) provide for the establishment of proce-  
7 dures to require the State to provide individuals who  
8 are applying for or receiving services under the State  
9 plan, or who are parties to cases in which services  
10 are being provided under the State plan—

11 “(A) with notice of all proceedings in  
12 which support obligations might be established  
13 or modified; and

14 “(B) with a copy of any order establishing  
15 or modifying a child support obligation, or (in  
16 the case of a petition for modification) a notice  
17 of determination that there should be no change  
18 in the amount of the child support award, with-  
19 in 14 days after issuance of such order or de-  
20 termination;”.

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

## 1           **Subtitle B—Locate and Case** 2                           **Tracking**

### 3   **SEC. 311. STATE CASE REGISTRY.**

4           Section 454A, as added by section 344(a)(2) of this  
5 Act, is amended by adding at the end the following new  
6 subsections:

7           “(e) STATE CASE REGISTRY.—

8                   “(1) CONTENTS.—The automated system re-  
9                   quired by this section shall include a registry (which  
10                   shall be known as the ‘State case registry’) that con-  
11                   tains records with respect to—

12                           “(A) each case in which services are being  
13                           provided by the State agency under the State  
14                           plan approved under this part; and

15                           “(B) each support order established or  
16                           modified in the State on or after October 1,  
17                           1998.

18                   “(2) LINKING OF LOCAL REGISTRIES.—The  
19                   State case registry may be established by linking  
20                   local case registries of support orders through an  
21                   automated information network, subject to this sec-  
22                   tion.

23                   “(3) USE OF STANDARDIZED DATA ELE-  
24                   MENTS.—Such records shall use standardized data  
25                   elements for both parents (such as names, social se-

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

5           “(4) PAYMENT RECORDS.—Each case record in  
6       the State case registry with respect to which services  
7       are being provided under the State plan approved  
8       under this part and with respect to which a support  
9       order has been established shall include a record  
10      of—

11           “(A) the amount of monthly (or other peri-  
12       odic) support owed under the order, and other  
13       amounts (including arrearages, interest or late  
14       payment penalties, and fees) due or overdue  
15       under the order;

16           “(B) any amount described in subpara-  
17       graph (A) that has been collected;

18           “(C) the distribution of such collected  
19       amounts;

20           “(D) the birth date of any child for whom  
21       the order requires the provision of support; and

22           “(E) the amount of any lien imposed with  
23       respect to the order pursuant to section  
24       466(a)(4).

1           “(5) UPDATING AND MONITORING.—The State  
2           agency operating the automated system required by  
3           this section shall promptly establish and update,  
4           maintain, and regularly monitor, case records in the  
5           State case registry with respect to which services are  
6           being provided under the State plan approved under  
7           this part, on the basis of—

8                   “(A) information on administrative actions  
9                   and administrative and judicial proceedings and  
10                  orders relating to paternity and support;

11                  “(B) information obtained from compari-  
12                  son with Federal, State, or local sources of in-  
13                  formation;

14                  “(C) information on support collections  
15                  and distributions; and

16                  “(D) any other relevant information.

17           “(f) INFORMATION COMPARISONS AND OTHER DIS-  
18           CLOSURES OF INFORMATION.—The State shall use the  
19           automated system required by this section to extract infor-  
20           mation from (at such times, and in such standardized for-  
21           mat or formats, as may be required by the Secretary), to  
22           share and compare information with, and to receive infor-  
23           mation from, other data bases and information compari-  
24           son services, in order to obtain (or provide) information  
25           necessary to enable the State agency (or the Secretary or

1 other State or Federal agencies) to carry out this part,  
2 subject to section 6103 of the Internal Revenue Code of  
3 1986. Such information comparison activities shall include  
4 the following:

5           “(1) FEDERAL CASE REGISTRY OF CHILD SUP-  
6           PORT ORDERS.—Furnishing to the Federal Case  
7           Registry of Child Support Orders established under  
8           section 453(h) (and update as necessary, with infor-  
9           mation including notice of expiration of orders) the  
10          minimum amount of information on child support  
11          cases recorded in the State case registry that is nec-  
12          essary to operate the registry (as specified by the  
13          Secretary in regulations).

14          “(2) FEDERAL PARENT LOCATOR SERVICE.—  
15          Exchanging information with the Federal Parent  
16          Locator Service for the purposes specified in section  
17          453.

18          “(3) TEMPORARY FAMILY ASSISTANCE AND  
19          MEDICAID AGENCIES.—Exchanging information with  
20          State agencies (of the State and of other States) ad-  
21          ministering programs funded under part A, pro-  
22          grams operated under a State plan under title XV  
23          or a State plan approved under title XIX, and other  
24          programs designated by the Secretary, as necessary

1 to perform State agency responsibilities under this  
2 part and under such programs.

3 “(4) INTRASTATE AND INTERSTATE INFORMA-  
4 TION COMPARISONS.—Exchanging information with  
5 other agencies of the State, agencies of other States,  
6 and interstate information networks, as necessary  
7 and appropriate to carry out (or assist other States  
8 to carry out) the purposes of this part.”.

9 **SEC. 312. COLLECTION AND DISBURSEMENT OF SUPPORT**  
10 **PAYMENTS.**

11 (a) STATE PLAN REQUIREMENT.—Section 454 (42  
12 U.S.C. 654), as amended by sections 301(b) and 303(a)  
13 of this Act, is 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 new paragraph:

20 “(27) provide that, on and after October 1,  
21 1998, the State agency will—

22 “(A) operate a State disbursement unit in  
23 accordance with section 454B; and

24 “(B) have sufficient State staff (consisting  
25 of State employees) and (at State option) con-

1 tractors reporting directly to the State agency  
2 to—

3 “(i) monitor and enforce support col-  
4 lections through the unit in cases being en-  
5 forced by the State pursuant to section  
6 454(4) (including carrying out the auto-  
7 mated data processing responsibilities de-  
8 scribed in section 454A(g)); and

9 “(ii) take the actions described in sec-  
10 tion 466(e)(1) in appropriate cases.”.

11 (b) ESTABLISHMENT OF STATE DISBURSEMENT  
12 UNIT.—Part D of title IV (42 U.S.C. 651–669), as  
13 amended by section 344(a)(2) of this Act, is amended by  
14 inserting after section 454A the following new section:

15 **“SEC. 454B. COLLECTION AND DISBURSEMENT OF SUP-  
16 PORT PAYMENTS.**

17 “(a) STATE DISBURSEMENT UNIT.—

18 “(1) IN GENERAL.—In order for a State to  
19 meet the requirements of this section, the State  
20 agency must establish and operate a unit (which  
21 shall be known as the ‘State disbursement unit’) for  
22 the collection and disbursement of payments under  
23 support orders—

24 “(A) in all cases being enforced by the  
25 State pursuant to section 454(4); and

1           “(B) in all cases not being enforced by the  
2           State under this part in which the support  
3           order is initially issued in the State on or after  
4           January 1, 1994, and in which the wages of the  
5           noncustodial parent are subject to withholding  
6           pursuant to section 466(a)(8)(B).

7           “(2) OPERATION.—The State disbursement  
8           unit shall be operated—

9                   “(A) directly by the State agency (or 2 or  
10                   more State agencies under a regional coopera-  
11                   tive agreement), or (to the extent appropriate)  
12                   by a contractor responsible directly to the State  
13                   agency; and

14                   “(B) except in cases described in para-  
15                   graph (1)(B), in coordination with the auto-  
16                   mated system established by the State pursuant  
17                   to section 454A.

18           “(3) LINKING OF LOCAL DISBURSEMENT  
19           UNITS.—The State disbursement unit may be estab-  
20           lished by linking local disbursement units through  
21           an automated information network, subject to this  
22           section, if the Secretary agrees that the system will  
23           not cost more nor take more time to establish or op-  
24           erate than a centralized system. In addition, employ-

1       ers shall be given 1 location to which income with-  
2       holding is sent.

3       “(b) REQUIRED PROCEDURES.—The State disburse-  
4       ment unit shall use automated procedures, electronic proc-  
5       esses, and computer-driven technology to the maximum  
6       extent feasible, efficient, and economical, for the collection  
7       and disbursement of support payments, including proce-  
8       dures—

9               “(1) for receipt of payments from parents, em-  
10       ployers, and other States, and for disbursements to  
11       custodial parents and other obligees, the State agen-  
12       cy, and the agencies of other States;

13               “(2) for accurate identification of payments;

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

16               “(4) to furnish to any parent, upon request,  
17       timely information on the current status of support  
18       payments under an order requiring payments to be  
19       made by or to the parent.

20       “(c) TIMING OF DISBURSEMENTS.—

21               “(1) IN GENERAL.—Except as provided in para-  
22       graph (2), the State disbursement unit shall distrib-  
23       ute all amounts payable under section 457(a) within  
24       2 business days after receipt from the employer or

1 other source of periodic income, if sufficient infor-  
2 mation identifying the payee is provided.

3 “(2) PERMISSIVE RETENTION OF ARREAR-  
4 AGES.—The State disbursement unit may delay the  
5 distribution of collections toward arrearages until  
6 the resolution of any timely appeal with respect to  
7 such arrearages.

8 “(d) BUSINESS DAY DEFINED.—As used in this sec-  
9 tion, the term ‘business day’ means a day on which State  
10 offices are open for regular business.”.

11 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as  
12 added by section 344(a)(2) and as amended by section 311  
13 of this Act, is amended by adding at the end the following  
14 new subsection:

15 “(g) COLLECTION AND DISTRIBUTION OF SUPPORT  
16 PAYMENTS.—

17 “(1) IN GENERAL.—The State shall use the  
18 automated system required by this section, to the  
19 maximum extent feasible, to assist and facilitate the  
20 collection and disbursement of support payments  
21 through the State disbursement unit operated under  
22 section 454B, through the performance of functions,  
23 including, at a minimum—

1           “(A) transmission of orders and notices to  
2 employers (and other debtors) for the withhold-  
3 ing of wages and other income—

4                   “(i) within 2 business days after re-  
5 ceipt of notice of, and the income source  
6 subject to, such withholding from a court,  
7 another State, an employer, the Federal  
8 Parent Locator Service, or another source  
9 recognized by the State; and

10                   “(ii) using uniform formats prescribed  
11 by the Secretary;

12           “(B) ongoing monitoring to promptly iden-  
13 tify failures to make timely payment of support;  
14 and

15                   “(C) automatic use of enforcement proce-  
16 dures (including procedures authorized pursu-  
17 ant to section 466(c)) if payments are not time-  
18 ly made.

19           “(2) BUSINESS DAY DEFINED.—As used in  
20 paragraph (1), the term ‘business day’ means a day  
21 on which State offices are open for regular busi-  
22 ness.”.

23           (d) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as provided in para-  
2 graph (2), the amendments made by this section  
3 shall become effective on October 1, 1998.

4 (2) LIMITED EXCEPTION TO UNIT HANDLING  
5 PAYMENTS.—Notwithstanding section 454B(b)(1) of  
6 the Social Security Act, as added by this section,  
7 any State which, as of the date of the enactment of  
8 this Act, processes the receipt of child support pay-  
9 ments through local courts, and, as of March 21,  
10 1996, such courts were not funded under part D of  
11 title IV of the Social Security Act, may, at the op-  
12 tion of the State, continue to process through Sep-  
13 tember 30, 1999, such payments through such  
14 courts as processed such payments on or before such  
15 date of enactment.

16 **SEC. 313. STATE DIRECTORY OF NEW HIRES.**

17 (a) STATE PLAN REQUIREMENT.—Section 454 (42  
18 U.S.C. 654), as amended by sections 301(b), 303(a), and  
19 312(a) of this Act, is amended—

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

21 (26);

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

24 (3) by adding after paragraph (27) the follow-  
25 ing new paragraph:

1           “(28) provide that, on and after October 1,  
2           1997, the State will operate a State Directory of  
3           New Hires in accordance with section 453A.”.

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

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

8           “(a) ESTABLISHMENT.—

9           “(1) IN GENERAL.—

10           “(A) REQUIREMENT FOR STATES THAT  
11           HAVE NO DIRECTORY.—Except as provided in  
12           subparagraph (B), not later than October 1,  
13           1997, each State shall establish an automated  
14           directory (to be known as the ‘State Directory  
15           of New Hires’) which shall contain information  
16           supplied in accordance with subsection (b) by  
17           employers on each newly hired employee.

18           “(B) STATES WITH NEW HIRE REPORTING  
19           IN EXISTENCE.—A State which has a new hire  
20           reporting law in existence on the date of the en-  
21           actment of this section may continue to operate  
22           under the State law, but the State must meet  
23           the requirements of subsection (g)(2) not later  
24           than October 1, 1997, and the requirements of

1 this section (other than subsection (g)(2)) not  
2 later than October 1, 1998.

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

4 “(A) EMPLOYEE.—The term ‘employee’—

5 “(i) means an individual who is an  
6 employee within the meaning of chapter 24  
7 of the Internal Revenue Code of 1986; and

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

17 “(B) EMPLOYER.—

18 “(i) IN GENERAL.—The term ‘em-  
19 ployer’ has the meaning given such term in  
20 section 3401(d) of the Internal Revenue  
21 Code of 1986 and includes any govern-  
22 mental entity and any labor organization.

23 “(ii) LABOR ORGANIZATION.—The  
24 term ‘labor organization’ shall have the  
25 meaning given such term in section 2(5) of

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

8           “(b) EMPLOYER INFORMATION.—

9           “(1) REPORTING REQUIREMENT.—

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

19           “(B) MULTISTATE EMPLOYERS.—An em-  
20           ployer that has employees who are employed in  
21           2 or more States and that transmits reports  
22           magnetically or electronically may comply with  
23           subparagraph (A) by designating 1 State in  
24           which such employer has employees to which  
25           the employer will transmit the report described

1 in subparagraph (A), and transmitting such re-  
2 port to such State. Any employer that transmits  
3 reports pursuant to this subparagraph shall no-  
4 tify the Secretary in writing as to which State  
5 such employer designates for the purpose of  
6 sending reports.

7 “(C) FEDERAL GOVERNMENT EMPLOY-  
8 ERS.—Any department, agency, or instrumen-  
9 tality of the United States shall comply with  
10 subparagraph (A) by transmitting the report  
11 described in subparagraph (A) to the National  
12 Directory of New Hires established pursuant to  
13 section 453.

14 “(2) TIMING OF REPORT.—Each State may  
15 provide the time within which the report required by  
16 paragraph (1) shall be made with respect to an em-  
17 ployee, but such report shall be made—

18 “(A) not later than 20 days after the date  
19 the employer hires the employee; or

20 “(B) in the case of an employer transmit-  
21 ting reports magnetically or electronically, by 2  
22 monthly transmissions (if necessary) not less  
23 than 12 days nor more than 16 days apart.

24 “(c) REPORTING FORMAT AND METHOD.—Each re-  
25 port required by subsection (b) shall be made on a W-

1 4 form or, at the option of the employer, an equivalent  
2 form, and may be transmitted by 1st class mail, magneti-  
3 cally, or electronically.

4 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING  
5 EMPLOYERS.—The State shall have the option to set a  
6 State civil money penalty which shall be less than—

7 “(1) \$25; or

8 “(2) \$500 if, under State law, the failure is the  
9 result of a conspiracy between the employer and the  
10 employee to not supply the required report or to  
11 supply a false or incomplete report.

12 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-  
13 mation shall be entered into the data base maintained by  
14 the State Directory of New Hires within 5 business days  
15 of receipt from an employer pursuant to subsection (b).

16 “(f) INFORMATION COMPARISONS.—

17 “(1) IN GENERAL.—Not later than May 1,  
18 1998, an agency designated by the State shall, di-  
19 rectly or by contract, conduct automated compari-  
20 sons of the social security numbers reported by em-  
21 ployers pursuant to subsection (b) and the social se-  
22 curity numbers appearing in the records of the State  
23 case registry for cases being enforced under the  
24 State plan.

1           “(2) NOTICE OF MATCH.—When an information  
2 comparison conducted under paragraph (1) reveals a  
3 match with respect to the social security number of  
4 an individual required to provide support under a  
5 support order, the State Directory of New Hires  
6 shall provide the agency administering the State  
7 plan approved under this part of the appropriate  
8 State with the name, address, and social security  
9 number of the employee to whom the social security  
10 number is assigned, and the name and address of,  
11 and identifying number assigned under section 6109  
12 of the Internal Revenue Code of 1986 to, the em-  
13 ployer.

14           “(g) TRANSMISSION OF INFORMATION.—

15           “(1) TRANSMISSION OF WAGE WITHHOLDING  
16 NOTICES TO EMPLOYERS.—Within 2 business days  
17 after the date information regarding a newly hired  
18 employee is entered into the State Directory of New  
19 Hires, the State agency enforcing the employee’s  
20 child support obligation shall transmit a notice to  
21 the employer of the employee directing the employer  
22 to withhold from the wages of the employee an  
23 amount equal to the monthly (or other periodic)  
24 child support obligation (including any past due sup-  
25 port obligation) of the employee, unless the employ-

1 ee's wages are not subject to withholding pursuant  
2 to section 466(b)(3).

3 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-  
4 TORY OF NEW HIRES.—

5 “(A) NEW HIRE INFORMATION.—Within 3  
6 business days after the date information re-  
7 garding a newly hired employee is entered into  
8 the State Directory of New Hires, the State Di-  
9 rectory of New Hires shall furnish the informa-  
10 tion to the National Directory of New Hires.

11 “(B) WAGE AND UNEMPLOYMENT COM-  
12 PENSATION INFORMATION.—The State Direc-  
13 tory of New Hires shall, on a quarterly basis,  
14 furnish to the National Directory of New Hires  
15 extracts of the reports required under section  
16 303(a)(6) to be made to the Secretary of Labor  
17 concerning the wages and unemployment com-  
18 pensation paid to individuals, by such dates, in  
19 such format, and containing such information  
20 as the Secretary of Health and Human Services  
21 shall specify in regulations.

22 “(3) BUSINESS DAY DEFINED.—As used in this  
23 subsection, the term ‘business day’ means a day on  
24 which State offices are open for regular business.

25 “(h) OTHER USES OF NEW HIRE INFORMATION.—

1           “(1) LOCATION OF CHILD SUPPORT OBLI-  
2           GORS.—The agency administering the State plan ap-  
3           proved under this part shall use information received  
4           pursuant to subsection (f)(2) to locate individuals  
5           for purposes of establishing paternity and establish-  
6           ing, modifying, and enforcing child support obliga-  
7           tions.

8           “(2) VERIFICATION OF ELIGIBILITY FOR CER-  
9           TAIN PROGRAMS.—A State agency responsible for  
10          administering a program specified in section 1137(b)  
11          shall have access to information reported by employ-  
12          ers pursuant to subsection (b) of this section for  
13          purposes of verifying eligibility for the program.

14          “(3) ADMINISTRATION OF EMPLOYMENT SECUR-  
15          ITY AND WORKERS’ COMPENSATION.—State agen-  
16          cies operating employment security and workers’  
17          compensation programs shall have access to informa-  
18          tion reported by employers pursuant to subsection  
19          (b) for the purposes of administering such pro-  
20          grams.”.

21          (c) QUARTERLY WAGE REPORTING.—Section  
22 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

23                 (1) by inserting “(including State and local gov-  
24                 ernmental entities and labor organizations (as de-

1        fined in section 453A(a)(2)(B)(iii))” after “employ-  
2        ers”; and

3            (2) by inserting “, and except that no report  
4        shall be filed with respect to an employee of a State  
5        or local agency performing intelligence or counter-  
6        intelligence functions, if the head of such agency has  
7        determined that filing such a report could endanger  
8        the safety of the employee or compromise an ongo-  
9        ing investigation or intelligence mission” after  
10       “paragraph (2)”.

11 **SEC. 314. AMENDMENTS CONCERNING INCOME WITHHOLD-**  
12 **ING.**

13        (a) MANDATORY INCOME WITHHOLDING.—

14            (1) IN GENERAL.—Section 466(a)(1) (42  
15        U.S.C. 666(a)(1)) is amended to read as follows:

16            “(1)(A) Procedures described in subsection (b)  
17        for the withholding from income of amounts payable  
18        as support in cases subject to enforcement under the  
19        State plan.

20            “(B) Procedures under which the wages of a  
21        person with a support obligation imposed by a sup-  
22        port order issued (or modified) in the State before  
23        October 1, 1996, if not otherwise subject to with-  
24        holding under subsection (b), shall become subject to  
25        withholding as provided in subsection (b) if arrear-

1       ages occur, without the need for a judicial or admin-  
2       istrative hearing.”.

3               (2) CONFORMING AMENDMENTS.—

4               (A) Section 466(b) (42 U.S.C. 666(b)) is  
5       amended in the matter preceding paragraph  
6       (1), by striking “subsection (a)(1)” and insert-  
7       ing “subsection (a)(1)(A)”.

8               (B) Section 466(b)(4) (42 U.S.C.  
9       666(b)(4)) is amended to read as follows:

10              “(4)(A) Such withholding must be carried out  
11       in full compliance with all procedural due process re-  
12       quirements of the State, and the State must send  
13       notice to each noncustodial parent to whom para-  
14       graph (1) applies—

15              “(i) that the withholding has commenced;

16              and

17              “(ii) of the procedures to follow if the non-  
18       custodial parent desires to contest such with-  
19       holding on the grounds that the withholding or  
20       the amount withheld is improper due to a mis-  
21       take of fact.

22              “(B) The notice under subparagraph (A) of this  
23       paragraph shall include the information provided to  
24       the employer under paragraph (6)(A).”.

1           (C) Section 466(b)(5) (42 U.S.C.  
2           666(b)(5)) is amended by striking all that fol-  
3           lows “administered by” and inserting “the  
4           State through the State disbursement unit es-  
5           tablished pursuant to section 454B, in accord-  
6           ance with the requirements of section 454B.”.

7           (D) Section 466(b)(6)(A) (42 U.S.C.  
8           666(b)(6)(A)) is amended—

9                   (i) in clause (i), by striking “to the  
10                   appropriate agency” and all that follows  
11                   and inserting “to the State disbursement  
12                   unit within 5 business days after the date  
13                   the amount would (but for this subsection)  
14                   have been paid or credited to the employee,  
15                   for distribution in accordance with this  
16                   part. The employer shall comply with the  
17                   procedural rules relating to income with-  
18                   holding of the State in which the employee  
19                   works, regardless of the State where the  
20                   notice originates.”

21                   (ii) in clause (ii), by inserting “be in  
22                   a standard format prescribed by the Sec-  
23                   retary, and” after “shall”; and

24                   (iii) by adding at the end the follow-  
25                   ing new clause:

1           “(iii) As used in this subparagraph, the term  
2           ‘business day’ means a day on which State offices  
3           are open for regular business.”.

4           (E) Section 466(b)(6)(D) (42 U.S.C.  
5           666(b)(6)(D)) is amended by striking “any em-  
6           ployer” and all that follows and inserting “any  
7           employer who—

8           “(i) discharges from employment, refuses  
9           to employ, or takes disciplinary action against  
10          any noncustodial parent subject to wage with-  
11          holding required by this subsection because of  
12          the existence of such withholding and the obli-  
13          gations or additional obligations which it im-  
14          poses upon the employer; or

15          “(ii) fails to withhold support from wages  
16          or to pay such amounts to the State disburse-  
17          ment unit in accordance with this subsection.”.

18          (F) Section 466(b) (42 U.S.C. 666(b)) is  
19          amended by adding at the end the following  
20          new paragraph:

21          “(11) Procedures under which the agency ad-  
22          ministering the State plan approved under this part  
23          may execute a withholding order without advance  
24          notice to the obligor, including issuing the withhold-  
25          ing order through electronic means.”.

1 (b) CONFORMING AMENDMENT.—Section 466(c) (42  
2 U.S.C. 666(c)) is repealed.

3 **SEC. 315. LOCATOR INFORMATION FROM INTERSTATE NET-**  
4 **WORKS.**

5 Section 466(a) (42 U.S.C. 666(a)) is amended by  
6 adding at the end the following new paragraph:

7 “(12) LOCATOR INFORMATION FROM INTER-  
8 STATE NETWORKS.—Procedures to ensure that all  
9 Federal and State agencies conducting activities  
10 under this part have access to any system used by  
11 the State to locate an individual for purposes relat-  
12 ing to motor vehicles or law enforcement.”.

13 **SEC. 316. EXPANSION OF THE FEDERAL PARENT LOCATOR**  
14 **SERVICE.**

15 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-  
16 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is  
17 amended—

18 (1) in subsection (a), by striking all that follows  
19 “subsection (c))” and inserting “, for the purpose of  
20 establishing parentage, establishing, setting the  
21 amount of, modifying, or enforcing child support ob-  
22 ligations, or enforcing child custody or visitation or-  
23 ders—

24 “(1) information on, or facilitating the discov-  
25 ery of, the location of any individual—

1           “(A) who is under an obligation to pay  
2           child support or provide child custody or visita-  
3           tion rights;

4           “(B) against whom such an obligation is  
5           sought;

6           “(C) to whom such an obligation is owed,  
7           including the individual’s social security number (or  
8           numbers), most recent address, and the name, ad-  
9           dress, and employer identification number of the in-  
10          dividual’s employer;

11          “(2) information on the individual’s wages (or  
12          other income) from, and benefits of, employment (in-  
13          cluding rights to or enrollment in group health care  
14          coverage); and

15          “(3) information on the type, status, location,  
16          and amount of any assets of, or debts owed by or  
17          to, any such individual.”; and

18          (2) in subsection (b)—

19                 (A) in the matter preceding paragraph (1),  
20                 by striking “social security” and all that follows  
21                 through “absent parent” and inserting “infor-  
22                 mation described in subsection (a)”;

23                 (B) in the flush paragraph at the end, by  
24                 adding the following: “No information shall be  
25                 disclosed to any person if the State has notified

1           the Secretary that the State has reasonable evi-  
2           dence of domestic violence or child abuse and  
3           the disclosure of such information could be  
4           harmful to the custodial parent or the child of  
5           such parent. Information received or transmit-  
6           ted pursuant to this section shall be subject to  
7           the safeguard provisions contained in section  
8           454(26).”.

9           (b) AUTHORIZED PERSON FOR INFORMATION RE-  
10          GARDING VISITATION RIGHTS.—Section 453(c) (42  
11          U.S.C. 653(c)) is amended—

12                 (1) in paragraph (1), by striking “support” and  
13                 inserting “support or to seek to enforce orders pro-  
14                 viding child custody or visitation rights”; and

15                 (2) in paragraph (2), by striking “, or any  
16                 agent of such court; and” and inserting “or to issue  
17                 an order against a resident parent for child custody  
18                 or visitation rights, or any agent of such court;”.

19           (c) REIMBURSEMENT FOR INFORMATION FROM FED-  
20          ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.  
21          653(e)(2)) is amended in the 4th sentence by inserting  
22          “in an amount which the Secretary determines to be rea-  
23          sonable payment for the information exchange (which  
24          amount shall not include payment for the costs of obtain-

1 ing, compiling, or maintaining the information)” before  
2 the period.

3 (d) REIMBURSEMENT FOR REPORTS BY STATE  
4 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by  
5 adding at the end the following new subsection:

6 “(g) REIMBURSEMENT FOR REPORTS BY STATE  
7 AGENCIES.—The Secretary may reimburse Federal and  
8 State agencies for the costs incurred by such entities in  
9 furnishing information requested by the Secretary under  
10 this section in an amount which the Secretary determines  
11 to be reasonable payment for the information exchange  
12 (which amount shall not include payment for the costs of  
13 obtaining, compiling, or maintaining the information).”.

14 (e) CONFORMING AMENDMENTS.—

15 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),  
16 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),  
17 653(b), 663(a), 663(e), and 663(f)) are each amend-  
18 ed by inserting “Federal” before “Parent” each  
19 place such term appears.

20 (2) Section 453 (42 U.S.C. 653) is amended in  
21 the heading by adding “FEDERAL” before “PAR-  
22 ENT”.

23 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.  
24 653), as amended by subsection (d) of this section, is

1 amended by adding at the end the following new sub-  
2 sections:

3       “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT  
4 ORDERS.—

5           “(1) IN GENERAL.—Not later than October 1,  
6 1998, in order to assist States in administering pro-  
7 grams under State plans approved under this part  
8 and programs funded under part A, and for the  
9 other purposes specified in this section, the Sec-  
10 retary shall establish and maintain in the Federal  
11 Parent Locator Service an automated registry  
12 (which shall be known as the ‘Federal Case Registry  
13 of Child Support Orders’), which shall contain ab-  
14 stracts of support orders and other information de-  
15 scribed in paragraph (2) with respect to each case  
16 in each State case registry maintained pursuant to  
17 section 454A(e), as furnished (and regularly up-  
18 dated), pursuant to section 454A(f), by State agen-  
19 cies administering programs under this part.

20           “(2) CASE INFORMATION.—The information re-  
21 ferred to in paragraph (1) with respect to a case  
22 shall be such information as the Secretary may  
23 specify in regulations (including the names, social  
24 security numbers or other uniform identification  
25 numbers, and State case identification numbers) to

1 identify the individuals who owe or are owed support  
2 (or with respect to or on behalf of whom support ob-  
3 ligations are sought to be established), and the State  
4 or States which have the case.

5 “(i) NATIONAL DIRECTORY OF NEW HIRES.—

6 “(1) IN GENERAL.—In order to assist States in  
7 administering programs under State plans approved  
8 under this part and programs funded under part A,  
9 and for the other purposes specified in this section,  
10 the Secretary shall, not later than October 1, 1997,  
11 establish and maintain in the Federal Parent Loca-  
12 tor Service an automated directory to be known as  
13 the National Directory of New Hires, which shall  
14 contain the information supplied pursuant to section  
15 453A(g)(2).

16 “(2) ENTRY OF DATA.—Information shall be  
17 entered into the data base maintained by the Na-  
18 tional Directory of New Hires within 2 business  
19 days of receipt pursuant to section 453A(g)(2).

20 “(3) ADMINISTRATION OF FEDERAL TAX  
21 LAWS.—The Secretary of the Treasury shall have  
22 access to the information in the National Directory  
23 of New Hires for purposes of administering section  
24 32 of the Internal Revenue Code of 1986, or the ad-  
25 vance payment of the earned income tax credit

1 under section 3507 of such Code, and verifying a  
2 claim with respect to employment in a tax return.

3 “(4) LIST OF MULTISTATE EMPLOYERS.—The  
4 Secretary shall maintain within the National Direc-  
5 tory of New Hires a list of multistate employers that  
6 report information regarding newly hired employees  
7 pursuant to section 453A(b)(1)(B), and the State  
8 which each such employer has designated to receive  
9 such information.

10 “(j) INFORMATION COMPARISONS AND OTHER DIS-  
11 CLOSURES.—

12 “(1) VERIFICATION BY SOCIAL SECURITY AD-  
13 MINISTRATION.—

14 “(A) IN GENERAL.—The Secretary shall  
15 transmit information on individuals and em-  
16 ployers maintained under this section to the So-  
17 cial Security Administration to the extent nec-  
18 essary for verification in accordance with sub-  
19 paragraph (B).

20 “(B) VERIFICATION BY SSA.—The Social  
21 Security Administration shall verify the accu-  
22 racy of, correct, or supply to the extent pos-  
23 sible, and report to the Secretary, the following  
24 information supplied by the Secretary pursuant  
25 to subparagraph (A):

1                   “(i) The name, social security num-  
2                   ber, and birth date of each such individual.

3                   “(ii) The employer identification num-  
4                   ber of each such employer.

5                   “(2) INFORMATION COMPARISONS.—For the  
6                   purpose of locating individuals in a paternity estab-  
7                   lishment case or a case involving the establishment,  
8                   modification, or enforcement of a support order, the  
9                   Secretary shall—

10                   “(A) compare information in the National  
11                   Directory of New Hires against information in  
12                   the support case abstracts in the Federal Case  
13                   Registry of Child Support Orders not less often  
14                   than every 2 business days; and

15                   “(B) within 2 business days after such a  
16                   comparison reveals a match with respect to an  
17                   individual, report the information to the State  
18                   agency responsible for the case.

19                   “(3) INFORMATION COMPARISONS AND DISCLO-  
20                   SURES OF INFORMATION IN ALL REGISTRIES FOR  
21                   TITLE IV PROGRAM PURPOSES.—To the extent and  
22                   with the frequency that the Secretary determines to  
23                   be effective in assisting States to carry out their re-  
24                   sponsibilities under programs operated under this

1 part and programs funded under part A, the Sec-  
2 retary shall—

3 “(A) compare the information in each com-  
4 ponent of the Federal Parent Locator Service  
5 maintained under this section against the infor-  
6 mation in each other such component (other  
7 than the comparison required by paragraph  
8 (2)), and report instances in which such a com-  
9 parison reveals a match with respect to an indi-  
10 vidual to State agencies operating such pro-  
11 grams; and

12 “(B) disclose information in such registries  
13 to such State agencies.

14 “(4) PROVISION OF NEW HIRE INFORMATION  
15 TO THE SOCIAL SECURITY ADMINISTRATION.—The  
16 National Directory of New Hires shall provide the  
17 Commissioner of Social Security with all information  
18 in the National Directory, which shall be used to de-  
19 termine the accuracy of payments under the supple-  
20 mental security income program under title XVI and  
21 in connection with benefits under title II.

22 “(5) RESEARCH.—The Secretary may provide  
23 access to information reported by employers pursu-  
24 ant to section 453A(b) for research purposes found  
25 by the Secretary to be likely to contribute to achiev-

1 ing the purposes of part A or this part, but without  
2 personal identifiers.

3 “(k) FEES.—

4 “(1) FOR SSA VERIFICATION.—The Secretary  
5 shall reimburse the Commissioner of Social Security,  
6 at a rate negotiated between the Secretary and the  
7 Commissioner, for the costs incurred by the Com-  
8 missioner in performing the verification services de-  
9 scribed in subsection (j).

10 “(2) FOR INFORMATION FROM STATE DIREC-  
11 TORIES OF NEW HIRES.—The Secretary shall reim-  
12 burse costs incurred by State directories of new  
13 hires in furnishing information as required by sub-  
14 section (j)(3), at rates which the Secretary deter-  
15 mines to be reasonable (which rates shall not include  
16 payment for the costs of obtaining, compiling, or  
17 maintaining such information).

18 “(3) FOR INFORMATION FURNISHED TO STATE  
19 AND FEDERAL AGENCIES.—A State or Federal agen-  
20 cy that receives information from the Secretary pur-  
21 suant to this section shall reimburse the Secretary  
22 for costs incurred by the Secretary in furnishing the  
23 information, at rates which the Secretary determines  
24 to be reasonable (which rates shall include payment

1 for the costs of obtaining, verifying, maintaining,  
2 and comparing the information).

3 “(l) RESTRICTION ON DISCLOSURE AND USE.—In-  
4 formation in the Federal Parent Locator Service, and in-  
5 formation resulting from comparisons using such informa-  
6 tion, shall not be used or disclosed except as expressly pro-  
7 vided in this section, subject to section 6103 of the Inter-  
8 nal Revenue Code of 1986.

9 “(m) INFORMATION INTEGRITY AND SECURITY.—  
10 The Secretary shall establish and implement safeguards  
11 with respect to the entities established under this section  
12 designed to—

13 “(1) ensure the accuracy and completeness of  
14 information in the Federal Parent Locator Service;  
15 and

16 “(2) restrict access to confidential information  
17 in the Federal Parent Locator Service to authorized  
18 persons, and restrict use of such information to au-  
19 thorized purposes.

20 “(n) FEDERAL GOVERNMENT REPORTING.—Each  
21 department, agency, and instrumentality of the United  
22 States shall on a quarterly basis report to the Federal  
23 Parent Locator Service the name and social security num-  
24 ber of each employee and the wages paid to the employee  
25 during the previous quarter, except that such a report

1 shall not be filed with respect to an employee of a depart-  
2 ment, agency, or instrumentality performing intelligence  
3 or counterintelligence functions, if the head of such de-  
4 partment, agency, or instrumentality has determined that  
5 filing such a report could endanger the safety of the em-  
6 ployee or compromise an ongoing investigation or intel-  
7 ligence mission.”.

8 (g) CONFORMING AMENDMENTS.—

9 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-  
10 CURITY ACT.—

11 (A) Section 454(8)(B) (42 U.S.C.  
12 654(8)(B)) is amended to read as follows:

13 “(B) the Federal Parent Locator Service  
14 established under section 453;”.

15 (B) Section 454(13) (42 U.S.C.654(13)) is  
16 amended by inserting “and provide that infor-  
17 mation requests by parents who are residents of  
18 other States be treated with the same priority  
19 as requests by parents who are residents of the  
20 State submitting the plan” before the semi-  
21 colon.

22 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—  
23 Section 3304(a)(16) of the Internal Revenue Code of  
24 1986 is amended—

1 (A) by striking “Secretary of Health, Edu-  
2 cation, and Welfare” each place such term ap-  
3 pears and inserting “Secretary of Health and  
4 Human Services”;

5 (B) in subparagraph (B), by striking  
6 “such information” and all that follows and in-  
7 serting “information furnished under subpara-  
8 graph (A) or (B) is used only for the purposes  
9 authorized under such subparagraph;”;

10 (C) by striking “and” at the end of sub-  
11 paragraph (A);

12 (D) by redesignating subparagraph (B) as  
13 subparagraph (C); and

14 (E) by inserting after subparagraph (A)  
15 the following new subparagraph:

16 “(B) wage and unemployment compensa-  
17 tion information contained in the records of  
18 such agency shall be furnished to the Secretary  
19 of Health and Human Services (in accordance  
20 with regulations promulgated by such Sec-  
21 retary) as necessary for the purposes of the Na-  
22 tional Directory of New Hires established under  
23 section 453(i) of the Social Security Act, and”.

24 (3) TO STATE GRANT PROGRAM UNDER TITLE  
25 III OF THE SOCIAL SECURITY ACT.—Subsection (h)

1 of section 303 (42 U.S.C. 503) is amended to read  
2 as follows:

3 “(h)(1) The State agency charged with the adminis-  
4 tration of the State law shall, on a reimbursable basis—

5 “(A) disclose quarterly, to the Secretary of  
6 Health and Human Services, wage and claim infor-  
7 mation, as required pursuant to section 453(i)(1),  
8 contained in the records of such agency;

9 “(B) ensure that information provided pursuant  
10 to subparagraph (A) meets such standards relating  
11 to correctness and verification as the Secretary of  
12 Health and Human Services, with the concurrence  
13 of the Secretary of Labor, may find necessary; and

14 “(C) establish such safeguards as the Secretary  
15 of Labor determines are necessary to insure that in-  
16 formation disclosed under subparagraph (A) is used  
17 only for purposes of section 453(i)(1) in carrying out  
18 the child support enforcement program under title  
19 IV.

20 “(2) Whenever the Secretary of Labor, after reason-  
21 able notice and opportunity for hearing to the State agen-  
22 cy charged with the administration of the State law, finds  
23 that there is a failure to comply substantially with the re-  
24 quirements of paragraph (1), the Secretary of Labor shall  
25 notify such State agency that further payments will not

1 be made to the State until the Secretary of Labor is satis-  
2 fied that there is no longer any such failure. Until the  
3 Secretary of Labor is so satisfied, the Secretary shall  
4 make no future certification to the Secretary of the Treas-  
5 ury with respect to the State.

6 “(3) For purposes of this subsection—

7 “(A) the term ‘wage information’ means infor-  
8 mation regarding wages paid to an individual, the  
9 social security account number of such individual,  
10 and the name, address, State, and the Federal em-  
11 ployer identification number of the employer paying  
12 such wages to such individual; and

13 “(B) the term ‘claim information’ means infor-  
14 mation regarding whether an individual is receiving,  
15 has received, or has made application for, unemploy-  
16 ment compensation, the amount of any such com-  
17 pensation being received (or to be received by such  
18 individual), and the individual’s current (or most re-  
19 cent) home address.”.

20 (4) DISCLOSURE OF CERTAIN INFORMATION TO  
21 AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-  
22 CIES.—

23 (A) IN GENERAL.—Paragraph (6) of sec-  
24 tion 6103(l) of the Internal Revenue Code of  
25 1986 (relating to disclosure of return informa-

1           tion to Federal, State, and local child support  
2           enforcement agencies) is amended by redesign-  
3           nating subparagraph (B) as subparagraph (C)  
4           and by inserting after subparagraph (A) the fol-  
5           lowing new subparagraph:

6                   “(B) DISCLOSURE TO CERTAIN AGENTS.—

7           The following information disclosed to any child  
8           support enforcement agency under subpara-  
9           graph (A) with respect to any individual with  
10          respect to whom child support obligations are  
11          sought to be established or enforced may be dis-  
12          closed by such agency to any agent of such  
13          agency which is under contract with such agen-  
14          cy to carry out the purposes described in sub-  
15          paragraph (C):

16                   “(i) The address and social security  
17                  account number (or numbers) of such indi-  
18                  vidual.

19                   “(ii) The amount of any reduction  
20                  under section 6402(c) (relating to offset of  
21                  past-due support against overpayments) in  
22                  any overpayment otherwise payable to such  
23                  individual.”

24                   (B) CONFORMING AMENDMENTS.—

1 (i) Paragraph (3) of section 6103(a)  
2 of such Code is amended by striking  
3 “(l)(12)” and inserting “paragraph (6) or  
4 (12) of subsection (l)”.

5 (ii) Subparagraph (C) of section  
6 6103(l)(6) of such Code, as redesignated  
7 by subsection (a), is amended to read as  
8 follows:

9 “(C) RESTRICTION ON DISCLOSURE.—In-  
10 formation may be disclosed under this para-  
11 graph only for purposes of, and to the extent  
12 necessary in, establishing and collecting child  
13 support obligations from, and locating, individ-  
14 uals owing such obligations.”

15 (iii) The material following subpara-  
16 graph (F) of section 6103(p)(4) of such  
17 Code is amended by striking “subsection  
18 (l)(12)(B)” and inserting “paragraph  
19 (6)(A) or (12)(B) of subsection (l)”.

20 (h) REQUIREMENT FOR COOPERATION.—The Sec-  
21 retary of Labor and the Secretary of Health and Human  
22 Services shall work jointly to develop cost-effective and ef-  
23 ficient methods of accessing the information in the various  
24 State directories of new hires and the National Directory  
25 of New Hires as established pursuant to the amendments

1 made by this subtitle. In developing these methods the  
2 Secretaries shall take into account the impact, including  
3 costs, on the States, and shall also consider the need to  
4 insure the proper and authorized use of wage record infor-  
5 mation.

6 **SEC. 317. COLLECTION AND USE OF SOCIAL SECURITY**  
7 **NUMBERS FOR USE IN CHILD SUPPORT EN-**  
8 **FORCEMENT.**

9 (a) STATE LAW REQUIREMENT.—Section 466(a) (42  
10 U.S.C. 666(a)), as amended by section 315 of this Act,  
11 is amended by adding at the end the following new para-  
12 graph:

13 “(13) RECORDING OF SOCIAL SECURITY NUM-  
14 BERS IN CERTAIN FAMILY MATTERS.—Procedures  
15 requiring that the social security number of—

16 “(A) any applicant for a professional li-  
17 cense, commercial driver’s license, occupational  
18 license, or marriage license be recorded on the  
19 application;

20 “(B) any individual who is subject to a di-  
21 vorce decree, support order, or paternity deter-  
22 mination or acknowledgment be placed in the  
23 records relating to the matter; and

1           “(C) any individual who has died be placed  
2           in the records relating to the death and be re-  
3           corded on the death certificate.

4           For purposes of subparagraph (A), if a State allows  
5           the use of a number other than the social security  
6           number, the State shall so advise any applicants.”.

7           (b)       CONFORMING        AMENDMENTS.—Section  
8           205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by  
9           section 321(a)(9) of the Social Security Independence and  
10          Program Improvements Act of 1994, is amended—

11           (1) in clause (i), by striking “may require” and  
12           inserting “shall require”;

13           (2) in clause (ii), by inserting after the 1st sen-  
14           tence the following: “In the administration of any  
15           law involving the issuance of a marriage certificate  
16           or license, each State shall require each party named  
17           in the certificate or license to furnish to the State  
18           (or political subdivision thereof), or any State agen-  
19           cy having administrative responsibility for the law  
20           involved, the social security number of the party.”;

21           (3) in clause (ii), by inserting “or marriage cer-  
22           tificate” after “Such numbers shall not be recorded  
23           on the birth certificate”.

24           (4) in clause (vi), by striking “may” and insert-  
25           ing “shall”; and

1           (5) by adding at the end the following new  
2 clauses:

3                   “(x) An agency of a State (or a politi-  
4 cal subdivision thereof) charged with the  
5 administration of any law concerning the  
6 issuance or renewal of a license, certificate,  
7 permit, or other authorization to engage in  
8 a profession, an occupation, or a commer-  
9 cial activity shall require all applicants for  
10 issuance or renewal of the license, certifi-  
11 cate, permit, or other authorization to pro-  
12 vide the applicant’s social security number  
13 to the agency for the purpose of admin-  
14 istering such laws, and for the purpose of  
15 responding to requests for information  
16 from an agency operating pursuant to part  
17 D of title IV.

18                   “(xi) All divorce decrees, support or-  
19 ders, and paternity determinations issued,  
20 and all paternity acknowledgments made,  
21 in each State shall include the social secu-  
22 rity number of each party to the decree,  
23 order, determination, or acknowledgment  
24 in the records relating to the matter, for  
25 the purpose of responding to requests for

1 information from an agency operating pur-  
2 suant to part D of title IV.”.

3 **Subtitle C—Streamlining and**  
4 **Uniformity of Procedures**

5 **SEC. 321. ADOPTION OF UNIFORM STATE LAWS.**

6 Section 466 (42 U.S.C. 666) is amended by adding  
7 at the end the following new subsection:

8 “(f) UNIFORM INTERSTATE FAMILY SUPPORT  
9 ACT.—

10 “(1) ENACTMENT AND USE.—In order to sat-  
11 isfy section 454(20)(A), on and after January 1,  
12 1998, each State must have in effect the Uniform  
13 Interstate Family Support Act, as approved by the  
14 American Bar Association on February 9, 1993, to-  
15 gether with any amendments officially adopted be-  
16 fore January 1, 1998 by the National Conference of  
17 Commissioners on Uniform State Laws.

18 “(2) EMPLOYERS TO FOLLOW PROCEDURAL  
19 RULES OF STATE WHERE EMPLOYEE WORKS.—The  
20 State law enacted pursuant to paragraph (1) shall  
21 provide that an employer that receives an income  
22 withholding order or notice pursuant to section 501  
23 of the Uniform Interstate Family Support Act follow  
24 the procedural rules that apply with respect to such

1 order or notice under the laws of the State in which  
2 the obligor works.

3 **SEC. 322. IMPROVEMENTS TO FULL FAITH AND CREDIT**  
4 **FOR CHILD SUPPORT ORDERS.**

5 Section 1738B of title 28, United States Code, is  
6 amended—

7 (1) in subsection (a)(2), by striking “subsection  
8 (e)” and inserting “subsections (e), (f), and (i)”;

9 (2) in subsection (b), by inserting after the 2nd  
10 undesignated paragraph the following:

11 “‘child’s home State’ means the State in which  
12 a child lived with a parent or a person acting as par-  
13 ent for at least 6 consecutive months immediately  
14 preceding the time of filing of a petition or com-  
15 parable pleading for support and, if a child is less  
16 than 6 months old, the State in which the child lived  
17 from birth with any of them. A period of temporary  
18 absence of any of them is counted as part of the 6-  
19 month period.”;

20 (3) in subsection (c), by inserting “by a court  
21 of a State” before “is made”;

22 (4) in subsection (c)(1), by inserting “and sub-  
23 sections (e), (f), and (g)” after “located”;

24 (5) in subsection (d)—

1 (A) by inserting “individual” before “con-  
2 testant”; and

3 (B) by striking “subsection (e)” and in-  
4 serting “subsections (e) and (f)”;

5 (6) in subsection (e), by striking “make a modi-  
6 fication of a child support order with respect to a  
7 child that is made” and inserting “modify a child  
8 support order issued”;

9 (7) in subsection (e)(1), by inserting “pursuant  
10 to subsection (i)” before the semicolon;

11 (8) in subsection (e)(2)—

12 (A) by inserting “individual” before “con-  
13 testant” each place such term appears; and

14 (B) by striking “to that court’s making the  
15 modification and assuming” and inserting “with  
16 the State of continuing, exclusive jurisdiction  
17 for a court of another State to modify the order  
18 and assume”;

19 (9) by redesignating subsections (f) and (g) as  
20 subsections (g) and (h), respectively;

21 (10) by inserting after subsection (e) the follow-  
22 ing new subsection:

23 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—

24 If 1 or more child support orders have been issued with  
25 regard to an obligor and a child, a court shall apply the

1 following rules in determining which order to recognize for  
2 purposes of continuing, exclusive jurisdiction and enforce-  
3 ment:

4           “(1) If only 1 court has issued a child support  
5 order, the order of that court must be recognized.

6           “(2) If 2 or more courts have issued child sup-  
7 port orders for the same obligor and child, and only  
8 1 of the courts would have continuing, exclusive ju-  
9 risdiction under this section, the order of that court  
10 must be recognized.

11           “(3) If 2 or more courts have issued child sup-  
12 port orders for the same obligor and child, and more  
13 than 1 of the courts would have continuing, exclusive  
14 jurisdiction under this section, an order issued by a  
15 court in the current home State of the child must  
16 be recognized, but if an order has not been issued  
17 in the current home State of the child, the order  
18 most recently issued must be recognized.

19           “(4) If 2 or more courts have issued child sup-  
20 port orders for the same obligor and child, and none  
21 of the courts would have continuing, exclusive juris-  
22 diction under this section, a court may issue a child  
23 support order, which must be recognized.

1           “(5) The court that has issued an order recog-  
2 nized under this subsection is the court having con-  
3 tinuing, exclusive jurisdiction.”;

4           (11) in subsection (g) (as so redesignated)—

5           (A) by striking “PRIOR” and inserting  
6 “MODIFIED”; and

7           (B) by striking “subsection (e)” and in-  
8 serting “subsections (e) and (f)”;

9           (12) in subsection (h) (as so redesignated)—

10           (A) in paragraph (2), by inserting “includ-  
11 ing the duration of current payments and other  
12 obligations of support” before the comma; and

13           (B) in paragraph (3), by inserting “arrears  
14 under” after “enforce”; and

15           (13) by adding at the end the following new  
16 subsection:

17           “(i) REGISTRATION FOR MODIFICATION.—If there is  
18 no individual contestant or child residing in the issuing  
19 State, the party or support enforcement agency seeking  
20 to modify, or to modify and enforce, a child support order  
21 issued in another State shall register that order in a State  
22 with jurisdiction over the nonmovant for the purpose of  
23 modification.”.

1 **SEC. 323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE**  
2 **CASES.**

3 Section 466(a) (42 U.S.C. 666(a)), as amended by  
4 sections 315 and 317(a) of this Act, is amended by adding  
5 at the end the following new paragraph:

6 “(14) ADMINISTRATIVE ENFORCEMENT IN  
7 INTERSTATE CASES.—Procedures under which—

8 “(A)(i) the State shall respond within 5  
9 business days to a request made by another  
10 State to enforce a support order; and

11 “(ii) the term ‘business day’ means a day  
12 on which State offices are open for regular  
13 business;

14 “(B) the State may, by electronic or other  
15 means, transmit to another State a request for  
16 assistance in a case involving the enforcement  
17 of a support order, which request—

18 “(i) shall include such information as  
19 will enable the State to which the request  
20 is transmitted to compare the information  
21 about the case to the information in the  
22 data bases of the State; and

23 “(ii) shall constitute a certification by  
24 the requesting State—

1                   “(I) of the amount of support  
2                   under the order the payment of which  
3                   is in arrears; and

4                   “(II) that the requesting State  
5                   has complied with all procedural due  
6                   process requirements applicable to the  
7                   case;

8                   “(C) if the State provides assistance to an-  
9                   other State pursuant to this paragraph with re-  
10                  spect to a case, neither State shall consider the  
11                  case to be transferred to the caseload of such  
12                  other State; and

13                  “(D) the State shall maintain records of—

14                         “(i) the number of such requests for  
15                         assistance received by the State;

16                         “(ii) the number of cases for which  
17                         the State collected support in response to  
18                         such a request; and

19                         “(iii) the amount of such collected  
20                         support.”.

21 **SEC. 324. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

22           (a) **PROMULGATION.**—Section 452(a) (42 U.S.C.  
23 652(a)) is amended—

24                   (1) by striking “and” at the end of paragraph  
25                   (9);

1           (2) by striking the period at the end of para-  
2 graph (10) and inserting “; and”; and

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

5           “(11) not later than October 1, 1996, after con-  
6 sulting with the State directors of programs under  
7 this part, promulgate forms to be used by States in  
8 interstate cases for—

9           “(A) collection of child support through in-  
10 come withholding;

11           “(B) imposition of liens; and

12           “(C) administrative subpoenas.”.

13       (b) USE BY STATES.—Section 454(9) (42 U.S.C.  
14 654(9)) is amended—

15           (1) by striking “and” at the end of subpara-  
16 graph (C);

17           (2) by inserting “and” at the end of subpara-  
18 graph (D); and

19           (3) by adding at the end the following new sub-  
20 paragraph:

21           “(E) not later than March 1, 1997, in  
22 using the forms promulgated pursuant to sec-  
23 tion 452(a)(11) for income withholding, imposi-  
24 tion of liens, and issuance of administrative  
25 subpoenas in interstate child support cases;”.

1 **SEC. 325. STATE LAWS PROVIDING EXPEDITED PROCE-**  
2 **DURES.**

3 (a) STATE LAW REQUIREMENTS.—Section 466 (42  
4 U.S.C. 666), as amended by section 314 of this Act, is  
5 amended—

6 (1) in subsection (a)(2), by striking the first  
7 sentence and inserting the following: “Expedited ad-  
8 ministrative and judicial procedures (including the  
9 procedures specified in subsection (c)) for establish-  
10 ing paternity and for establishing, modifying, and  
11 enforcing support obligations.”; and

12 (2) by inserting after subsection (b) the follow-  
13 ing new subsection:

14 “(c) EXPEDITED PROCEDURES.—The procedures  
15 specified in this subsection are the following:

16 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-  
17 CY.—Procedures which give the State agency the au-  
18 thority to take the following actions relating to es-  
19 tablishment of paternity or to establishment, modi-  
20 fication, or enforcement of support orders, without  
21 the necessity of obtaining an order from any other  
22 judicial or administrative tribunal, and to recognize  
23 and enforce the authority of State agencies of other  
24 States) to take the following actions:

1           “(A) GENETIC TESTING.—To order genetic  
2 testing for the purpose of paternity establish-  
3 ment as provided in section 466(a)(5).

4           “(B) FINANCIAL OR OTHER INFORMA-  
5 TION.—To subpoena any financial or other in-  
6 formation needed to establish, modify, or en-  
7 force a support order, and to impose penalties  
8 for failure to respond to such a subpoena.

9           “(C) RESPONSE TO STATE AGENCY RE-  
10 QUEST.—To require all entities in the State (in-  
11 cluding for-profit, nonprofit, and governmental  
12 employers) to provide promptly, in response to  
13 a request by the State agency of that or any  
14 other State administering a program under this  
15 part, information on the employment, com-  
16 pensation, and benefits of any individual em-  
17 ployed by such entity as an employee or con-  
18 tractor, and to sanction failure to respond to  
19 any such request.

20           “(D) ACCESS TO CERTAIN RECORDS.—To  
21 obtain access, subject to safeguards on privacy  
22 and information security, to the following  
23 records (including automated access, in the case  
24 of records maintained in automated data  
25 bases):

- 1                   “(i) Records of other State and local  
2 government agencies, including—
- 3                   “(I) vital statistics (including  
4 records of marriage, birth, and di-  
5 vorce);
- 6                   “(II) State and local tax and rev-  
7 enue records (including information  
8 on residence address, employer, in-  
9 come and assets);
- 10                  “(III) records concerning real  
11 and titled personal property;
- 12                  “(IV) records of occupational and  
13 professional licenses, and records con-  
14 cerning the ownership and control of  
15 corporations, partnerships, and other  
16 business entities;
- 17                  “(V) employment security  
18 records;
- 19                  “(VI) records of agencies admin-  
20 istering public assistance programs;
- 21                  “(VII) records of the motor vehi-  
22 cle department; and
- 23                  “(VIII) corrections records.
- 24                  “(ii) Certain records held by private  
25 entities with respect to individuals who owe

1 or are owed support (or against or with re-  
2 spect to whom a support obligation is  
3 sought), consisting of—

4 “(I) the names and addresses of  
5 such individuals and the names and  
6 addresses of the employers of such in-  
7 dividuals, as appearing in customer  
8 records of public utilities and cable  
9 television companies; and

10 “(II) information (including in-  
11 formation on assets and liabilities) on  
12 such individuals held by financial in-  
13 stitutions,

14 subject to the nonliability of such entities  
15 arising from affording such access under  
16 this subparagraph.

17 “(E) CHANGE IN PAYEE.—In cases in  
18 which support is subject to an assignment in  
19 order to comply with a requirement imposed  
20 pursuant to part A or section 1912, or to a re-  
21 quirement to pay through the State disburse-  
22 ment unit established pursuant to section  
23 454B, upon providing notice to obligor and obli-  
24 gee, to direct the obligor or other payor to

1 change the payee to the appropriate government  
2 entity.

3 “(F) INCOME WITHHOLDING.—To order  
4 income withholding in accordance with sub-  
5 sections (a)(1) and (b) of section 466.

6 “(G) SECURING ASSETS.—In cases in  
7 which there is a support arrearage, to secure  
8 assets to satisfy the arrearage by—

9 “(i) intercepting or seizing periodic or  
10 lump-sum payments from—

11 “(I) a State or local agency, in-  
12 cluding unemployment compensation,  
13 workers’ compensation, and other ben-  
14 efits; and

15 “(II) judgments, settlements, and  
16 lotteries;

17 “(ii) attaching and seizing assets of  
18 the obligor held in financial institutions;

19 “(iii) attaching public and private re-  
20 tirement funds; and

21 “(iv) imposing liens in accordance  
22 with subsection (a)(4) and, in appropriate  
23 cases, to force sale of property and dis-  
24 tribution of proceeds.

1           “(H) INCREASE MONTHLY PAYMENTS.—

2           For the purpose of securing overdue support, to  
3           increase the amount of monthly support pay-  
4           ments to include amounts for arrearages, sub-  
5           ject to such conditions or limitations as the  
6           State may provide.

7           Such procedures shall be subject to due process safe-  
8           guards, including (as appropriate) requirements for  
9           notice, opportunity to contest the action, and oppor-  
10          tunity for an appeal on the record to an independent  
11          administrative or judicial tribunal.

12          “(2) SUBSTANTIVE AND PROCEDURAL RULES.—

13          The expedited procedures required under subsection  
14          (a)(2) shall include the following rules and author-  
15          ity, applicable with respect to all proceedings to es-  
16          tablish paternity or to establish, modify, or enforce  
17          support orders:

18                 “(A) LOCATOR INFORMATION; PRESUMP-  
19                 TIONS CONCERNING NOTICE.—Procedures  
20                 under which—

21                         “(i) each party to any paternity or  
22                         child support proceeding is required (sub-  
23                         ject to privacy safeguards) to file with the  
24                         tribunal and the State case registry upon  
25                         entry of an order, and to update as appro-

1           priate, information on location and identity  
2           of the party, including social security num-  
3           ber, residential and mailing addresses, tele-  
4           phone number, driver's license number,  
5           and name, address, and telephone number  
6           of employer; and

7           “(ii) in any subsequent child support  
8           enforcement action between the parties,  
9           upon sufficient showing that diligent effort  
10          has been made to ascertain the location of  
11          such a party, the tribunal may deem State  
12          due process requirements for notice and  
13          service of process to be met with respect to  
14          the party, upon delivery of written notice  
15          to the most recent residential or employer  
16          address filed with the tribunal pursuant to  
17          clause (i).

18          “(B) STATEWIDE JURISDICTION.—Proce-  
19          dures under which—

20                 “(i) the State agency and any admin-  
21                 istrative or judicial tribunal with authority  
22                 to hear child support and paternity cases  
23                 exerts statewide jurisdiction over the par-  
24                 ties; and

1           “(ii) in a State in which orders are is-  
2           sued by courts or administrative tribunals,  
3           a case may be transferred between local ju-  
4           risdictions in the State without need for  
5           any additional filing by the petitioner, or  
6           service of process upon the respondent, to  
7           retain jurisdiction over the parties.

8           “(3) COORDINATION WITH ERISA.—Notwith-  
9           standing subsection (d) of section 514 of the Em-  
10          ployee Retirement Income Security Act of 1974 (re-  
11          lating to effect on other laws), nothing in this sub-  
12          section shall be construed to alter, amend, modify,  
13          invalidate, impair, or supersede subsections (a), (b),  
14          and (c) of such section 514 as it applies with respect  
15          to any procedure referred to in paragraph (1) and  
16          any expedited procedure referred to in paragraph  
17          (2), except to the extent that such procedure would  
18          be consistent with the requirements of section  
19          206(d)(3) of such Act (relating to qualified domestic  
20          relations orders) or the requirements of section  
21          609(a) of such Act (relating to qualified medical  
22          child support orders) if the reference in such section  
23          206(d)(3) to a domestic relations order and the ref-  
24          erence in such section 609(a) to a medical child sup-  
25          port order were a reference to a support order re-

1       ferred to in paragraphs (1) and (2) relating to the  
2       same matters, respectively.”.

3       (b) **AUTOMATION OF STATE AGENCY FUNCTIONS.**—  
4 Section 454A, as added by section 344(a)(2) and as  
5 amended by sections 311 and 312(c) of this Act, is amend-  
6 ed by adding at the end the following new subsection:

7       “(h) **EXPEDITED ADMINISTRATIVE PROCEDURES.**—  
8 The automated system required by this section shall be  
9 used, to the maximum extent feasible, to implement the  
10 expedited administrative procedures required by section  
11 466(c).”.

## 12                               **Subtitle D—Paternity** 13                               **Establishment**

14 **SEC. 331. STATE LAWS CONCERNING PATERNITY ESTAB-**  
15                               **LISHMENT.**

16       (a) **STATE LAWS REQUIRED.**—Section 466(a)(5) (42  
17 U.S.C. 666(a)(5)) is amended to read as follows:

18                       “(5) **PROCEDURES CONCERNING PATERNITY ES-**  
19                       **TABLISHMENT.**—

20                               “(A) **ESTABLISHMENT PROCESS AVAIL-**  
21                               **ABLE FROM BIRTH UNTIL AGE 18.**—

22                                       “(i) Procedures which permit the es-  
23                                       tablishment of the paternity of a child at  
24                                       any time before the child attains 18 years  
25                                       of age.

1           “(ii) As of August 16, 1984, clause (i)  
2           shall also apply to a child for whom pater-  
3           nity has not been established or for whom  
4           a paternity action was brought but dis-  
5           missed because a statute of limitations of  
6           less than 18 years was then in effect in  
7           the State.

8           “(B) PROCEDURES CONCERNING GENETIC  
9           TESTING.—

10           “(i) GENETIC TESTING REQUIRED IN  
11           CERTAIN CONTESTED CASES.—Procedures  
12           under which the State is required, in a  
13           contested paternity case (unless otherwise  
14           barred by State law) to require the child  
15           and all other parties (other than individ-  
16           uals found under section 454(29) to have  
17           good cause and other exceptions for refus-  
18           ing to cooperate) to submit to genetic tests  
19           upon the request of any such party, if the  
20           request is supported by a sworn statement  
21           by the party—

22           “(I) alleging paternity, and set-  
23           ting forth facts establishing a reason-  
24           able possibility of the requisite sexual  
25           contact between the parties; or

1                   “(II) denying paternity, and set-  
2                   ting forth facts establishing a reason-  
3                   able possibility of the nonexistence of  
4                   sexual contact between the parties.

5                   “(ii) OTHER REQUIREMENTS.—Proce-  
6                   dures which require the State agency, in  
7                   any case in which the agency orders ge-  
8                   netic testing—

9                   “(I) to pay costs of such tests,  
10                  subject to recoupment (if the State so  
11                  elects) from the alleged father if pa-  
12                  ternity is established; and

13                  “(II) to obtain additional testing  
14                  in any case if an original test result is  
15                  contested, upon request and advance  
16                  payment by the contestant.

17                  “(C) VOLUNTARY PATERNITY ACKNOWL-  
18                  EDGMENT.—

19                  “(i) SIMPLE CIVIL PROCESS.—Proce-  
20                  dures for a simple civil process for volun-  
21                  tarily acknowledging paternity under which  
22                  the State must provide that, before a  
23                  mother and a putative father can sign an  
24                  acknowledgment of paternity, the mother  
25                  and the putative father must be given no-

1           tice, orally and in writing, of the alter-  
2           natives to, the legal consequences of, and  
3           the rights (including, if 1 parent is a  
4           minor, any rights afforded due to minority  
5           status) and responsibilities that arise from,  
6           signing the acknowledgment.

7           “(ii) HOSPITAL-BASED PROGRAM.—

8           Such procedures must include a hospital-  
9           based program for the voluntary acknowl-  
10          edgment of paternity focusing on the pe-  
11          riod immediately before or after the birth  
12          of a child, unless good cause and other ex-  
13          ceptions exist which—

14           “(I) shall be defined, taking into  
15           account the best interests of the child,  
16           and

17           “(II) shall be applied in each  
18           case,

19          by, at the option of the State, the State  
20          agency administering the State program  
21          under part A, this part, title XV, or title  
22          XIX.

23          “(iii) PATERNITY ESTABLISHMENT  
24          SERVICES.—

1                   “(I) STATE-OFFERED SERV-  
2 ICES.—Such procedures must require  
3 the State agency responsible for main-  
4 taining birth records to offer vol-  
5 untary paternity establishment serv-  
6 ices.

7                   “(II) REGULATIONS.—

8                   “(aa) SERVICES OFFERED  
9 BY HOSPITALS AND BIRTH  
10 RECORD AGENCIES.—The Sec-  
11 retary shall prescribe regulations  
12 governing voluntary paternity es-  
13 tablishment services offered by  
14 hospitals and birth record agen-  
15 cies.

16                   “(bb) SERVICES OFFERED  
17 BY OTHER ENTITIES.—The Sec-  
18 retary shall prescribe regulations  
19 specifying the types of other enti-  
20 ties that may offer voluntary pa-  
21 ternity establishment services,  
22 and governing the provision of  
23 such services, which shall include  
24 a requirement that such an entity  
25 must use the same notice provi-

1           sions used by, use the same ma-  
2           terials used by, provide the per-  
3           sonnel providing such services  
4           with the same training provided  
5           by, and evaluate the provision of  
6           such services in the same manner  
7           as the provision of such services  
8           is evaluated by, voluntary pater-  
9           nity establishment programs of  
10          hospitals and birth record agen-  
11          cies.

12           “(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures  
13           must require the State to develop and use  
14           an affidavit for the voluntary acknowledg-  
15           ment of paternity which includes the mini-  
16           mum requirements of the affidavit speci-  
17           fied by the Secretary under section  
18           452(a)(7) for the voluntary acknowledg-  
19           ment of paternity, and to give full faith  
20           and credit to such an affidavit signed in  
21           any other State according to its proce-  
22           dures.  
23

24           “(D) STATUS OF SIGNED PATERNITY AC-  
25           KNOWLEDGMENT.—

1                   “(i) INCLUSION IN BIRTH RECORDS.—

2                   Procedures under which the name of the  
3                   father shall be included on the record of  
4                   birth of the child of unmarried parents  
5                   only if—

6                                 “(I) the father and mother have  
7                                 signed a voluntary acknowledgment of  
8                                 paternity; or

9                                 “(II) a court or an administrative  
10                                agency of competent jurisdiction has  
11                                issued an adjudication of paternity.

12                   Nothing in this clause shall preclude a  
13                   State agency from obtaining an admission  
14                   of paternity from the father for submission  
15                   in a judicial or administrative proceeding,  
16                   or prohibit the issuance of an order in a  
17                   judicial or administrative proceeding which  
18                   bases a legal finding of paternity on an ad-  
19                   mission of paternity by the father and any  
20                   other additional showing required by State  
21                   law.

22                                 “(ii) LEGAL FINDING OF PATER-  
23                                 NITY.—Procedures under which a signed  
24                                 voluntary acknowledgment of paternity is  
25                                 considered a legal finding of paternity,

1 subject to the right of any signatory to re-  
2 scind the acknowledgment within the ear-  
3 lier of—

4 “(I) 60 days; or

5 “(II) the date of an administra-  
6 tive or judicial proceeding relating to  
7 the child (including a proceeding to  
8 establish a support order) in which  
9 the signatory is a party.

10 “(iii) CONTEST.—Procedures under  
11 which, after the 60-day period referred to  
12 in clause (ii), a signed voluntary acknowl-  
13 edgment of paternity may be challenged in  
14 court only on the basis of fraud, duress, or  
15 material mistake of fact, with the burden  
16 of proof upon the challenger, and under  
17 which the legal responsibilities (including  
18 child support obligations) of any signatory  
19 arising from the acknowledgment may not  
20 be suspended during the challenge, except  
21 for good cause shown.

22 “(E) BAR ON ACKNOWLEDGMENT RATIFI-  
23 CATION PROCEEDINGS.—Procedures under  
24 which judicial or administrative proceedings are

1 not required or permitted to ratify an unchal-  
2 lenged acknowledgment of paternity.

3 “(F) ADMISSIBILITY OF GENETIC TESTING  
4 RESULTS.—Procedures—

5 “(i) requiring the admission into evi-  
6 dence, for purposes of establishing pater-  
7 nity, of the results of any genetic test that  
8 is—

9 “(I) of a type generally acknowl-  
10 edged as reliable by accreditation bod-  
11 ies designated by the Secretary; and

12 “(II) performed by a laboratory  
13 approved by such an accreditation  
14 body;

15 “(ii) requiring an objection to genetic  
16 testing results to be made in writing not  
17 later than a specified number of days be-  
18 fore any hearing at which the results may  
19 be introduced into evidence (or, at State  
20 option, not later than a specified number  
21 of days after receipt of the results); and

22 “(iii) making the test results admissi-  
23 ble as evidence of paternity without the  
24 need for foundation testimony or other

1 proof of authenticity or accuracy, unless  
2 objection is made.

3 “(G) PRESUMPTION OF PATERNITY IN  
4 CERTAIN CASES.—Procedures which create a re-  
5 buttable or, at the option of the State, conclu-  
6 sive presumption of paternity upon genetic test-  
7 ing results indicating a threshold probability  
8 that the alleged father is the father of the child.

9 “(H) DEFAULT ORDERS.—Procedures re-  
10 quiring a default order to be entered in a pater-  
11 nity case upon a showing of service of process  
12 on the defendant and any additional showing  
13 required by State law.

14 “(I) NO RIGHT TO JURY TRIAL.—Proce-  
15 dures providing that the parties to an action to  
16 establish paternity are not entitled to a trial by  
17 jury.

18 “(J) TEMPORARY SUPPORT ORDER BASED  
19 ON PROBABLE PATERNITY IN CONTESTED  
20 CASES.—Procedures which require that a tem-  
21 porary order be issued, upon motion by a party,  
22 requiring the provision of child support pending  
23 an administrative or judicial determination of  
24 parentage, if there is clear and convincing evi-

1           dence of paternity (on the basis of genetic tests  
2           or other evidence).

3           “(K) PROOF OF CERTAIN SUPPORT AND  
4           PATERNITY ESTABLISHMENT COSTS.—Proce-  
5           dures under which bills for pregnancy, child-  
6           birth, and genetic testing are admissible as evi-  
7           dence without requiring third-party foundation  
8           testimony, and shall constitute prima facie evi-  
9           dence of amounts incurred for such services or  
10          for testing on behalf of the child.

11          “(L) STANDING OF PUTATIVE FATHERS.—  
12          Procedures ensuring that the putative father  
13          has a reasonable opportunity to initiate a pater-  
14          nity action.

15          “(M) FILING OF ACKNOWLEDGMENTS AND  
16          ADJUDICATIONS IN STATE REGISTRY OF BIRTH  
17          RECORDS.—Procedures under which voluntary  
18          acknowledgments and adjudications of paternity  
19          by judicial or administrative processes are filed  
20          with the State registry of birth records for com-  
21          parison with information in the State case reg-  
22          istry.”.

23          (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-  
24          DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is  
25          amended by inserting “, and specify the minimum require-

1 ments of an affidavit to be used for the voluntary acknowl-  
2 edgment of paternity which shall include the social secu-  
3 rity number of each parent and, after consultation with  
4 the States, other common elements as determined by such  
5 designee” before the semicolon.

6 (c) CONFORMING AMENDMENT.—Section 468 (42  
7 U.S.C. 668) is amended by striking “a simple civil process  
8 for voluntarily acknowledging paternity and”.

9 **SEC. 332. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**  
10 **LISHMENT.**

11 Section 454(23) (42 U.S.C. 654(23)) is amended by  
12 inserting “and will publicize the availability and encourage  
13 the use of procedures for voluntary establishment of pater-  
14 nity and child support by means the State deems appro-  
15 priate” before the semicolon.

16 **SEC. 333. COOPERATION BY APPLICANTS FOR AND RECIPI-**  
17 **ENTS OF PART A ASSISTANCE.**

18 Section 454 (42 U.S.C. 654), as amended by sections  
19 301(b), 303(a), 312(a), and 313(a) of this Act, is amend-  
20 ed—

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

22 (27);

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

1           (3) by inserting after paragraph (28) the fol-  
2           lowing new paragraph:

3           “(29) provide that the State agency responsible  
4           for administering the State plan—

5                   “(A) shall make the determination (and re-  
6                   determination at appropriate intervals) as to  
7                   whether an individual who has applied for or is  
8                   receiving assistance under the State program  
9                   funded under part A, the State program under  
10                  title XV, or the State program under XIX is co-  
11                  operating in good faith with the State in estab-  
12                  lishing the paternity of, or in establishing,  
13                  modifying, or enforcing a support order for, any  
14                  child of the individual by providing the State  
15                  agency with the name of, and such other infor-  
16                  mation as the State agency may require with  
17                  respect to, the noncustodial parent of the child,  
18                  subject to good cause and other exceptions  
19                  which—

20                           “(i) shall be defined, taking into ac-  
21                           count the best interests of the child, and

22                           “(ii) shall be applied in each case,  
23                           by, at the option of the State, the State agency  
24                           administering the State program under part A,  
25                           this part, title XV, or title XIX;

1           “(B) shall require the individual to supply  
2 additional necessary information and appear at  
3 interviews, hearings, and legal proceedings;

4           “(C) shall require the individual and the  
5 child to submit to genetic tests pursuant to ju-  
6 dicial or administrative order;

7           “(D) may request that the individual sign  
8 a voluntary acknowledgment of paternity, after  
9 notice of the rights and consequences of such  
10 an acknowledgment, but may not require the in-  
11 dividual to sign an acknowledgment or other-  
12 wise relinquish the right to genetic tests as a  
13 condition of cooperation and eligibility for as-  
14 sistance under the State program funded under  
15 part A, the State program under title XV, or  
16 the State program under title XIX; and

17           “(E) shall promptly notify the individual  
18 and the State agency administering the State  
19 program funded under part A, the State agency  
20 administering the State program under title  
21 XV, and the State agency administering the  
22 State program under title XIX, of each such  
23 determination, and if noncooperation is deter-  
24 mined, the basis therefore.”.

1                   **Subtitle E—Program**  
2                   **Administration and Funding**

3 **SEC. 341. PERFORMANCE-BASED INCENTIVES AND PEN-**  
4                   **ALTIES.**

5           (a) **DEVELOPMENT OF NEW SYSTEM.**—The Sec-  
6 retary of Health and Human Services, in consultation with  
7 State directors of programs under part D of title IV of  
8 the Social Security Act, shall develop a new incentive sys-  
9 tem to replace, in a revenue neutral manner, the system  
10 under section 458 of such Act. The new system shall pro-  
11 vide additional payments to any State based on such  
12 State’s performance under such a program. Not later than  
13 November 1, 1996, the Secretary shall report on the new  
14 system to the Committee on Ways and Means of the  
15 House of Representatives and the Committee on Finance  
16 of the Senate.

17           (b) **CONFORMING AMENDMENTS TO PRESENT SYS-**  
18 **TEM.**—Section 458 (42 U.S.C. 658) is amended—

19                   (1) in subsection (a), by striking “aid to fami-  
20 lies with dependent children under a State plan ap-  
21 proved under part A of this title” and inserting “as-  
22 sistance under a program funded under part A”;

23                   (2) in subsection (b)(1)(A), by striking “section  
24 402(a)(26)” and inserting “section 408(a)(4)”;

25                   (3) in subsections (b) and (c)—

1 (A) by striking “AFDC collections” each  
2 place it appears and inserting “title IV–A col-  
3 lections”, and

4 (B) by striking “non-AFDC collections”  
5 each place it appears and inserting “non-title  
6 IV–A collections”; and

7 (4) in subsection (c), by striking “combined  
8 AFDC/non-AFDC administrative costs” both places  
9 it appears and inserting “combined title IV–A/non-  
10 title IV–A administrative costs”.

11 (c) CALCULATION OF PATERNITY ESTABLISHMENT  
12 PERCENTAGE.—

13 (1) Section 452(g)(1)(A) (42 U.S.C.  
14 652(g)(1)(A)) is amended by striking “75” and in-  
15 serting “90”.

16 (2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is  
17 amended—

18 (A) by redesignating subparagraphs (B)  
19 through (E) as subparagraphs (C) through (F),  
20 respectively, and by inserting after subpara-  
21 graph (A) the following new subparagraph:

22 “(B) for a State with a paternity establish-  
23 ment percentage of not less than 75 percent but  
24 less than 90 percent for such fiscal year, the  
25 paternity establishment percentage of the State

1 for the immediately preceding fiscal year plus 2  
2 percentage points;” and

3 (B) by adding at the end the following new  
4 flush sentence:

5 “In determining compliance under this section, a State  
6 may use as its paternity establishment percentage either  
7 the State’s IV–D paternity establishment percentage (as  
8 defined in paragraph (2)(A)) or the State’s statewide pa-  
9 ternity establishment percentage (as defined in paragraph  
10 (2)(B)).”.

11 (3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is  
12 amended—

13 (A) in subparagraph (A)—

14 (i) in the matter preceding clause

15 (i)—

16 (I) by striking “paternity estab-  
17 lishment percentage” and inserting  
18 “IV–D paternity establishment per-  
19 centage”; and

20 (II) by striking “(or all States, as  
21 the case may be)”;

22 (ii) by striking “and” at the end  
23 thereof;

1 (B) by redesignating subparagraph (B) as  
2 subparagraph (C) and by inserting after sub-  
3 paragraph (A) the following new subparagraph:

4 “(B) the term ‘statewide paternity establish-  
5 ment percentage’ means, with respect to a State for  
6 a fiscal year, the ratio (expressed as a percentage)  
7 that the total number of minor children—

8 “(i) who have been born out of wedlock,  
9 and

10 “(ii) the paternity of whom has been estab-  
11 lished or acknowledged during the fiscal year,  
12 bears to the total number of children born out of  
13 wedlock during the preceding fiscal year; and”;

14 (iii) in the matter following subpara-  
15 graph (C) (as so redesignated), by striking  
16 “to have good cause for refusing to cooper-  
17 ate” and inserting “to qualify for a good  
18 cause or other exception to cooperation”.

19 (4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is  
20 amended—

21 (A) by striking subparagraph (A) and re-  
22 designating subparagraphs (B) and (C) as sub-  
23 paragraphs (A) and (B), respectively; and

24 (B) in subparagraph (A) (as so redesi-  
25 gnated), by striking “the percentage of children

1           born out-of-wedlock in a State” and inserting  
2           “the percentage of children in a State who are  
3           born out of wedlock or for whom support has  
4           not been established”.

5           (d) **EFFECTIVE DATES.**—

6           (1) **INCENTIVE ADJUSTMENTS.**—

7           (A) **IN GENERAL.**—The system developed  
8           under subsection (a) and the amendments made  
9           by subsection (b) shall become effective on Oc-  
10          tober 1, 1997, except to the extent provided in  
11          subparagraph (B).

12          (B) **APPLICATION OF SECTION 458.**—Sec-  
13          tion 458 of the Social Security Act, as in effect  
14          on the day before the date of the enactment of  
15          this section, shall be effective for purposes of  
16          incentive payments to States for fiscal years be-  
17          fore fiscal year 1999.

18          (2) **PENALTY REDUCTIONS.**—The amendments  
19          made by subsection (c) shall become effective with  
20          respect to calendar quarters beginning on or after  
21          the date of the enactment of this Act.

22 **SEC. 342. FEDERAL AND STATE REVIEWS AND AUDITS.**

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

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

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

5 (3) by inserting after paragraph (14) the fol-  
6 lowing new paragraph:

7 “(15) provide for—

8 “(A) a process for annual reviews of and  
9 reports to the Secretary on the State program  
10 operated under the State plan approved under  
11 this part, including such information as may be  
12 necessary to measure State compliance with  
13 Federal requirements for expedited procedures,  
14 using such standards and procedures as are re-  
15 quired by the Secretary, under which the State  
16 agency will determine the extent to which the  
17 program is operated in compliance with this  
18 part; and

19 “(B) a process of extracting from the auto-  
20 mated data processing system required by para-  
21 graph (16) and transmitting to the Secretary  
22 data and calculations concerning the levels of  
23 accomplishment (and rates of improvement)  
24 with respect to applicable performance indica-  
25 tors (including paternity establishment percent-

1           ages) to the extent necessary for purposes of  
2           sections 452(g) and 458.”.

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

5           “(4)(A) review data and calculations transmit-  
6           ted by State agencies pursuant to section  
7           454(15)(B) on State program accomplishments with  
8           respect to performance indicators for purposes of  
9           subsection (g) of this section and section 458;

10           “(B) review annual reports submitted pursuant  
11           to section 454(15)(A) and, as appropriate, provide  
12           to the State comments, recommendations for addi-  
13           tional or alternative corrective actions, and technical  
14           assistance; and

15           “(C) conduct audits, in accordance with the  
16           Government auditing standards of the Comptroller  
17           General of the United States—

18           “(i) at least once every 3 years (or more  
19           frequently, in the case of a State which fails to  
20           meet the requirements of this part concerning  
21           performance standards and reliability of pro-  
22           gram data) to assess the completeness, reliabil-  
23           ity, and security of the data and the accuracy  
24           of the reporting systems used in calculating

1 performance indicators under subsection (g) of  
2 this section and section 458;

3 “(ii) of the adequacy of financial manage-  
4 ment of the State program operated under the  
5 State plan approved under this part, including  
6 assessments of—

7 “(I) whether Federal and other funds  
8 made available to carry out the State pro-  
9 gram are being appropriately expended,  
10 and are properly and fully accounted for;  
11 and

12 “(II) whether collections and disburse-  
13 ments of support payments are carried out  
14 correctly and are fully accounted for; and

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

17 (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall be effective with respect to calendar  
19 quarters beginning 12 months or more after the date of  
20 the enactment of this Act.

21 **SEC. 343. REQUIRED REPORTING PROCEDURES.**

22 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.  
23 652(a)(5)) is amended by inserting “, and establish proce-  
24 dures to be followed by States for collecting and reporting  
25 information required to be provided under this part, and

1 establish uniform definitions (including those necessary to  
2 enable the measurement of State compliance with the re-  
3 quirements of this part relating to expedited processes) to  
4 be applied in following such procedures” before the semi-  
5 colon.

6 (b) STATE PLAN REQUIREMENT.—Section 454 (42  
7 U.S.C. 654), as amended by sections 301(b), 303(a),  
8 312(a), 313(a), and 333 of this Act, is amended—

9 (1) by striking “and” at the end of paragraph  
10 (28);

11 (2) by striking the period at the end of para-  
12 graph (29) and inserting “; and”; and

13 (3) by adding after paragraph (29) the follow-  
14 ing new paragraph:

15 “(30) provide that the State shall use the defi-  
16 nitions established under section 452(a)(5) in col-  
17 lecting and reporting information as required under  
18 this part.”.

19 **SEC. 344. AUTOMATED DATA PROCESSING REQUIREMENTS.**

20 (a) REVISED REQUIREMENTS.—

21 (1) IN GENERAL.—Section 454(16) (42 U.S.C.  
22 654(16)) is amended—

23 (A) by striking “, at the option of the  
24 State,”;

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

3 (C) by inserting “meeting the requirements  
4 of section 454A” after “information retrieval  
5 system”;

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

8 (E) by striking “(i)”; and

9 (F) by striking “(including” and all that  
10 follows and inserting a semicolon.

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

14 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

15 “(a) IN GENERAL.—In order for a State to meet the  
16 requirements of this section, the State agency administer-  
17 ing the State program under this part shall have in oper-  
18 ation a single statewide automated data processing and  
19 information retrieval system which has the capability to  
20 perform the tasks specified in this section with the fre-  
21 quency and in the manner required by or under this part.

22 “(b) PROGRAM MANAGEMENT.—The automated sys-  
23 tem required by this section shall perform such functions  
24 as the Secretary may specify relating to management of  
25 the State program under this part, including—

1           “(1) controlling and accounting for use of Fed-  
2           eral, State, and local funds in carrying out the pro-  
3           gram; and

4           “(2) maintaining the data necessary to meet  
5           Federal reporting requirements under this part on a  
6           timely basis.

7           “(c) CALCULATION OF PERFORMANCE INDICA-  
8           TORS.—In order to enable the Secretary to determine the  
9           incentive payments and penalty adjustments required by  
10          sections 452(g) and 458, the State agency shall—

11          “(1) use the automated system—

12                 “(A) to maintain the requisite data on  
13                 State performance with respect to paternity es-  
14                 tablishment and child support enforcement in  
15                 the State; and

16                 “(B) to calculate the paternity establish-  
17                 ment percentage for the State for each fiscal  
18                 year; and

19          “(2) have in place systems controls to ensure  
20          the completeness and reliability of, and ready access  
21          to, the data described in paragraph (1)(A), and the  
22          accuracy of the calculations described in paragraph  
23          (1)(B).

24          “(d) INFORMATION INTEGRITY AND SECURITY.—The  
25          State agency shall have in effect safeguards on the integ-

1 rity, accuracy, and completeness of, access to, and use of  
2 data in the automated system required by this section,  
3 which shall include the following (in addition to such other  
4 safeguards as the Secretary may specify in regulations):

5       “(1) POLICIES RESTRICTING ACCESS.—Written  
6 policies concerning access to data by State agency  
7 personnel, and sharing of data with other persons,  
8 which—

9               “(A) permit access to and use of data only  
10 to the extent necessary to carry out the State  
11 program under this part; and

12               “(B) specify the data which may be used  
13 for particular program purposes, and the per-  
14 sonnel permitted access to such data.

15       “(2) SYSTEMS CONTROLS.—Systems controls  
16 (such as passwords or blocking of fields) to ensure  
17 strict adherence to the policies described in para-  
18 graph (1).

19       “(3) MONITORING OF ACCESS.—Routine mon-  
20 itoring of access to and use of the automated sys-  
21 tem, through methods such as audit trails and feed-  
22 back mechanisms, to guard against and promptly  
23 identify unauthorized access or use.

24       “(4) TRAINING AND INFORMATION.—Proce-  
25 dures to ensure that all personnel (including State

1 and local agency staff and contractors) who may  
2 have access to or be required to use confidential pro-  
3 gram data are informed of applicable requirements  
4 and penalties (including those in section 6103 of the  
5 Internal Revenue Code of 1986), and are adequately  
6 trained in security procedures.

7 “(5) PENALTIES.—Administrative penalties (up  
8 to and including dismissal from employment) for un-  
9 authorized access to, or disclosure or use of, con-  
10 fidential data.”.

11 (3) REGULATIONS.—The Secretary of Health  
12 and Human Services shall prescribe final regulations  
13 for implementation of section 454A of the Social Se-  
14 curity Act not later than 2 years after the date of  
15 the enactment of this Act.

16 (4) IMPLEMENTATION TIMETABLE.—Section  
17 454(24) (42 U.S.C. 654(24)), as amended by section  
18 303(a)(1) of this Act, is amended to read as follows:

19 “(24) provide that the State will have in effect  
20 an automated data processing and information re-  
21 trieval system—

22 “(A) by October 1, 1997, which meets all  
23 requirements of this part which were enacted on  
24 or before the date of enactment of the Family  
25 Support Act of 1988, and

1           “(B) by October 1, 1999, which meets all  
2 requirements of this part enacted on or before  
3 the date of the enactment of the Personal Re-  
4 sponsibility and Work Opportunity Act of 1996,  
5 except that such deadline shall be extended by  
6 1 day for each day (if any) by which the Sec-  
7 retary fails to meet the deadline imposed by  
8 section 344(a)(3) of the Personal Responsibility  
9 and Work Opportunity Act of 1996;”.

10           (b) SPECIAL FEDERAL MATCHING RATE FOR DE-  
11 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—

12           (1) IN GENERAL.—Section 455(a) (42 U.S.C.  
13 655(a)) is amended—

14           (A) in paragraph (1)(B)—

15           (i) by striking “90 percent” and in-  
16 sserting “the percent specified in paragraph  
17 (3)”;

18           (ii) by striking “so much of”; and

19           (iii) by striking “which the Secretary”  
20 and all that follows and inserting “, and”;  
21 and

22           (B) by adding at the end the following new  
23 paragraph:

24           “(3)(A) The Secretary shall pay to each State, for  
25 each quarter in fiscal years 1996 and 1997, 90 percent

1 of so much of the State expenditures described in para-  
2 graph (1)(B) as the Secretary finds are for a system meet-  
3 ing the requirements specified in section 454(16) (as in  
4 effect on September 30, 1995) but limited to the amount  
5 approved for States in the advance planning documents  
6 of such States submitted on or before September 30,  
7 1995.

8 “(B)(i) The Secretary shall pay to each State, for  
9 each quarter in fiscal years 1996 through 2001, the per-  
10 centage specified in clause (ii) of so much of the State  
11 expenditures described in paragraph (1)(B) as the Sec-  
12 retary finds are for a system meeting the requirements  
13 of sections 454(16) and 454A.

14 “(ii) The percentage specified in this clause is 80 per-  
15 cent.”.

16 (2) TEMPORARY LIMITATION ON PAYMENTS  
17 UNDER SPECIAL FEDERAL MATCHING RATE.—

18 (A) IN GENERAL.—The Secretary of  
19 Health and Human Services may not pay more  
20 than \$400,000,000 in the aggregate under sec-  
21 tion 455(a)(3)(B) of the Social Security Act for  
22 fiscal years 1996 through 2001.

23 (B) ALLOCATION OF LIMITATION AMONG  
24 STATES.—The total amount payable to a State  
25 under section 455(a)(3)(B) of such Act for fis-

1 cal years 1996 through 2001 shall not exceed  
2 the limitation determined for the State by the  
3 Secretary of Health and Human Services in  
4 regulations.

5 (C) ALLOCATION FORMULA.—The regula-  
6 tions referred to in subparagraph (B) shall pre-  
7 scribe a formula for allocating the amount spec-  
8 ified in subparagraph (A) among States with  
9 plans approved under part D of title IV of the  
10 Social Security Act, which shall take into ac-  
11 count—

12 (i) the relative size of State caseloads  
13 under such part; and

14 (ii) the level of automation needed to  
15 meet the automated data processing re-  
16 quirements of such part.

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

20 **SEC. 345. TECHNICAL ASSISTANCE.**

21 (a) FOR TRAINING OF FEDERAL AND STATE STAFF,  
22 RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-  
23 CIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFI-  
24 CANCE.—Section 452 (42 U.S.C. 652) is amended by add-  
25 ing at the end the following new subsection:

1       “(j) Out of any money in the Treasury of the United  
2 States not otherwise appropriated, there is hereby appro-  
3 priated to the Secretary for each fiscal year an amount  
4 equal to 1 percent of the total amount paid to the Federal  
5 Government pursuant to section 457(a) during the imme-  
6 diately preceding fiscal year (as determined on the basis  
7 of the most recent reliable data available to the Secretary  
8 as of the end of the 3rd calendar quarter following the  
9 end of such preceding fiscal year), to cover costs incurred  
10 by the Secretary for—

11           “(1) information dissemination and technical  
12 assistance to States, training of State and Federal  
13 staff, staffing studies, and related activities needed  
14 to improve programs under this part (including tech-  
15 nical assistance concerning State automated systems  
16 required by this part); and

17           “(2) research, demonstration, and special  
18 projects of regional or national significance relating  
19 to the operation of State programs under this part.  
20 The amount appropriated under this subsection shall re-  
21 main available until expended.”.

22       (b) OPERATION OF FEDERAL PARENT LOCATOR  
23 SERVICE.—Section 453 (42 U.S.C. 653), as amended by  
24 section 316 of this Act, is amended by adding at the end  
25 the following new subsection:

1           “(o) RECOVERY OF COSTS.—Out of any money in the  
2 Treasury of the United States not otherwise appropriated,  
3 there is hereby appropriated to the Secretary for each fis-  
4 cal year an amount equal to 2 percent of the total amount  
5 paid to the Federal Government pursuant to section  
6 457(a) during the immediately preceding fiscal year (as  
7 determined on the basis of the most recent reliable data  
8 available to the Secretary as of the end of the 3rd calendar  
9 quarter following the end of such preceding fiscal year),  
10 to cover costs incurred by the Secretary for operation of  
11 the Federal Parent Locator Service under this section, to  
12 the extent such costs are not recovered through user  
13 fees.”.

14 **SEC. 346. REPORTS AND DATA COLLECTION BY THE SEC-**  
15 **RETARY.**

16           (a) ANNUAL REPORT TO CONGRESS.—

17           (1) Section 452(a)(10)(A) (42 U.S.C.  
18 652(a)(10)(A)) is amended—

19                   (A) by striking “this part;” and inserting  
20                   “this part, including—”; and

21                   (B) by adding at the end the following new  
22 clauses:

23                           “(i) the total amount of child support  
24                           payments collected as a result of services

1 furnished during the fiscal year to individ-  
2 uals receiving services under this part;

3 “(ii) the cost to the States and to the  
4 Federal Government of so furnishing the  
5 services; and

6 “(iii) the number of cases involving  
7 families—

8 “(I) who became ineligible for as-  
9 sistance under State programs funded  
10 under part A during a month in the  
11 fiscal year; and

12 “(II) with respect to whom a  
13 child support payment was received in  
14 the month;”.

15 (2) Section 452(a)(10)(C) (42 U.S.C.  
16 652(a)(10)(C)) is amended—

17 (A) in the matter preceding clause (i)—

18 (i) by striking “with the data required  
19 under each clause being separately stated  
20 for cases” and inserting “separately stated  
21 for (1) cases”;

22 (ii) by striking “cases where the child  
23 was formerly receiving” and inserting “or  
24 formerly received”;

1 (iii) by inserting “or 1912” after  
2 “471(a)(17)”; and

3 (iv) by inserting “(2)” before “all  
4 other”;

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

8 (C) in clause (iii), by striking “described  
9 in” and all that follows and inserting “in which  
10 support was collected during the fiscal year;”;

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

12 (E) by redesignating clause (v) as clause  
13 (vii), and inserting after clause (iii) the follow-  
14 ing new clauses:

15 “(iv) the total amount of support col-  
16 lected during such fiscal year and distrib-  
17 uted as current support;

18 “(v) the total amount of support col-  
19 lected during such fiscal year and distrib-  
20 uted as arrearages;

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

23 (3) Section 452(a)(10)(G) (42 U.S.C.  
24 652(a)(10)(G)) is amended by striking “on the use  
25 of Federal courts and”.

1 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10))

2 is amended—

3 (A) in subparagraph (H), by striking  
4 “and”;

5 (B) in subparagraph (I), by striking the  
6 period and inserting “; and”; and

7 (C) by inserting after subparagraph (I) the  
8 following new subparagraph:

9 “(J) compliance, by State, with the stand-  
10 ards established pursuant to subsections (h)  
11 and (i).”.

12 (5) Section 452(a)(10) (42 U.S.C. 652(a)(10))

13 is amended by striking all that follows subparagraph

14 (J), as added by paragraph (4).

15 (b) EFFECTIVE DATE.—The amendments made by  
16 subsection (a) shall be effective with respect to fiscal year  
17 1997 and succeeding fiscal years.

## 18 **Subtitle F—Establishment and** 19 **Modification of Support Orders**

### 20 **SEC. 351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-** 21 **MENT OF CHILD SUPPORT ORDERS.**

22 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-  
23 ed to read as follows:

24 “(10) REVIEW AND ADJUSTMENT OF SUPPORT  
25 ORDERS UPON REQUEST.—Procedures under which

1 the State shall review and adjust each support order  
2 being enforced under this part if there is an assign-  
3 ment under part A or upon the request of either  
4 parent, and may review and adjust any other sup-  
5 port order being enforced under this part. Such pro-  
6 cedures shall provide the following:

7 “(A) IN GENERAL.—

8 “(i) 3-YEAR CYCLE.—Except as pro-  
9 vided in subparagraphs (B) and (C), the  
10 State shall review and, as appropriate, ad-  
11 just the support order every 3 years, tak-  
12 ing into account the best interests of the  
13 child involved.

14 “(ii) METHODS OF ADJUSTMENT.—

15 The State may elect to review and, if ap-  
16 propriate, adjust an order pursuant to  
17 clause (i) by—

18 “(I) reviewing and, if appro-  
19 priate, adjusting the order in accord-  
20 ance with the guidelines established  
21 pursuant to section 467(a) if the  
22 amount of the child support award  
23 under the order differs from the  
24 amount that would be awarded in ac-  
25 cordance with the guidelines; or

1                   “(II) applying a cost-of-living ad-  
2                   justment to the order in accordance  
3                   with a formula developed by the State  
4                   and permit either party to contest the  
5                   adjustment, within 30 days after the  
6                   date of the notice of the adjustment,  
7                   by making a request for review and, if  
8                   appropriate, adjustment of the order  
9                   in accordance with the child support  
10                  guidelines established pursuant to sec-  
11                  tion 467(a).

12                  “(iii) NO PROOF OF CHANGE IN CIR-  
13                  CUMSTANCES NECESSARY.—Any adjust-  
14                  ment under this subparagraph (A) shall be  
15                  made without a requirement for proof or  
16                  showing of a change in circumstances.

17                  “(B) AUTOMATED METHOD.—The State  
18                  may use automated methods (including auto-  
19                  mated comparisons with wage or State income  
20                  tax data) to identify orders eligible for review,  
21                  conduct the review, identify orders eligible for  
22                  adjustment, and apply the appropriate adjust-  
23                  ment to the orders eligible for adjustment  
24                  under the threshold established by the State.

1           “(C) REQUEST UPON SUBSTANTIAL  
2 CHANGE IN CIRCUMSTANCES.—The State shall,  
3 at the request of either parent subject to such  
4 an order or of any State child support enforce-  
5 ment agency, review and, if appropriate, adjust  
6 the order in accordance with the guidelines es-  
7 tablished pursuant to section 467(a) based  
8 upon a substantial change in the circumstances  
9 of either parent.

10           “(D) NOTICE OF RIGHT TO REVIEW.—The  
11 State shall provide notice not less than once  
12 every 3 years to the parents subject to such an  
13 order informing them of their right to request  
14 the State to review and, if appropriate, adjust  
15 the order pursuant to this paragraph. The no-  
16 tice may be included in the order.”.

17 **SEC. 352. FURNISHING CONSUMER REPORTS FOR CERTAIN**  
18 **PURPOSES RELATING TO CHILD SUPPORT.**

19           Section 604 of the Fair Credit Reporting Act (15  
20 U.S.C. 1681b) is amended by adding at the end the follow-  
21 ing new paragraphs:

22           “(4) In response to a request by the head of a  
23 State or local child support enforcement agency (or  
24 a State or local government official authorized by  
25 the head of such an agency), if the person making

1 the request certifies to the consumer reporting agen-  
2 cy that—

3 “(A) the consumer report is needed for the  
4 purpose of establishing an individual’s capacity  
5 to make child support payments or determining  
6 the appropriate level of such payments;

7 “(B) the paternity of the consumer for the  
8 child to which the obligation relates has been  
9 established or acknowledged by the consumer in  
10 accordance with State laws under which the ob-  
11 ligation arises (if required by those laws);

12 “(C) the person has provided at least 10  
13 days’ prior notice to the consumer whose report  
14 is requested, by certified or registered mail to  
15 the last known address of the consumer, that  
16 the report will be requested; and

17 “(D) the consumer report will be kept con-  
18 fidential, will be used solely for a purpose de-  
19 scribed in subparagraph (A), and will not be  
20 used in connection with any other civil, admin-  
21 istrative, or criminal proceeding, or for any  
22 other purpose.

23 “(5) To an agency administering a State plan  
24 under section 454 of the Social Security Act (42

1 U.S.C. 654) for use to set an initial or modified  
2 child support award.”.

3 **SEC. 353. NONLIABILITY FOR FINANCIAL INSTITUTIONS**  
4 **PROVIDING FINANCIAL RECORDS TO STATE**  
5 **CHILD SUPPORT ENFORCEMENT AGENCIES**  
6 **IN CHILD SUPPORT CASES.**

7 Part D of title IV (42 U.S.C. 651–669) is amended  
8 by adding at the end the following:

9 **“SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS**  
10 **PROVIDING FINANCIAL RECORDS TO STATE**  
11 **CHILD SUPPORT ENFORCEMENT AGENCIES**  
12 **IN CHILD SUPPORT CASES.**

13 “(a) **IN GENERAL.**—Notwithstanding any other pro-  
14 vision of Federal or State law, a financial institution shall  
15 not be liable under any Federal or State law to any person  
16 for disclosing any financial record of an individual to a  
17 State child support enforcement agency attempting to es-  
18 tablish, modify, or enforce a child support obligation of  
19 such individual.

20 “(b) **PROHIBITION OF DISCLOSURE OF FINANCIAL**  
21 **RECORD OBTAINED BY STATE CHILD SUPPORT EN-**  
22 **FORCEMENT AGENCY.**—A State child support enforcement  
23 agency which obtains a financial record of an individual  
24 from a financial institution pursuant to subsection (a)  
25 may disclose such financial record only for the purpose

1 of, and to the extent necessary in, establishing, modifying,  
2 or enforcing a child support obligation of such individual.

3 “(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-  
4 SURE.—

5 “(1) DISCLOSURE BY STATE OFFICER OR EM-  
6 PLOYEE.—If any person knowingly, or by reason of  
7 negligence, discloses a financial record of an individ-  
8 ual in violation of subsection (b), such individual  
9 may bring a civil action for damages against such  
10 person in a district court of the United States.

11 “(2) NO LIABILITY FOR GOOD FAITH BUT ER-  
12 RONEOUS INTERPRETATION.—No liability shall arise  
13 under this subsection with respect to any disclosure  
14 which results from a good faith, but erroneous, in-  
15 terpretation of subsection (b).

16 “(3) DAMAGES.—In any action brought under  
17 paragraph (1), upon a finding of liability on the part  
18 of the defendant, the defendant shall be liable to the  
19 plaintiff in an amount equal to the sum of—

20 “(A) the greater of—

21 “(i) \$1,000 for each act of unauthor-  
22 ized disclosure of a financial record with  
23 respect to which such defendant is found  
24 liable; or

25 “(ii) the sum of—

1                   “(I) the actual damages sus-  
2                   tained by the plaintiff as a result of  
3                   such unauthorized disclosure; plus

4                   “(II) in the case of a willful dis-  
5                   closure or a disclosure which is the re-  
6                   sult of gross negligence, punitive dam-  
7                   ages; plus

8                   “(B) the costs (including attorney’s fees)  
9                   of the action.

10                  “(d) DEFINITIONS.—For purposes of this section—

11                   “(1) FINANCIAL INSTITUTION.—The term ‘fi-  
12                   nancial institution’ means—

13                   “(A) a depository institution, as defined in  
14                   section 3(c) of the Federal Deposit Insurance  
15                   Act (12 U.S.C. 1813(c));

16                   “(B) an institution-affiliated party, as de-  
17                   fined in section 3(u) of such Act (12 U.S.C.  
18                   1813(u));

19                   “(C) any Federal credit union or State  
20                   credit union, as defined in section 101 of the  
21                   Federal Credit Union Act (12 U.S.C. 1752), in-  
22                   cluding an institution-affiliated party of such a  
23                   credit union, as defined in section 206(r) of  
24                   such Act (12 U.S.C. 1786(r)); and

1           “(D) any benefit association, insurance  
2           company, safe deposit company, money-market  
3           mutual fund, or similar entity authorized to do  
4           business in the State.

5           “(2) FINANCIAL RECORD.—The term “financial  
6           record” has the meaning given such term in section  
7           1101 of the Right to Financial Privacy Act of 1978  
8           (12 U.S.C. 3401).”.

9           **Subtitle G—Enforcement of**  
10           **Support Orders**

11       **SEC. 361. INTERNAL REVENUE SERVICE COLLECTION OF**  
12           **ARREARAGES.**

13       (a) COLLECTION OF FEES.—Section 6305(a) of the  
14 Internal Revenue Code of 1986 (relating to collection of  
15 certain liability) is amended—

16           (1) by striking “and” at the end of paragraph  
17           (3);

18           (2) by striking the period at the end of para-  
19           graph (4) and inserting “, and”;

20           (3) by adding at the end the following new  
21           paragraph:

22           “(5) no additional fee may be assessed for ad-  
23           justments to an amount previously certified pursu-  
24           ant to such section 452(b) with respect to the same  
25           obligor.”; and

1           (4) by striking “Secretary of Health, Edu-  
2           cation, and Welfare” each place it appears and in-  
3           serting “Secretary of Health and Human Services”.

4           (b) EFFECTIVE DATE.—The amendments made by  
5 this section shall become effective October 1, 1997.

6 **SEC. 362. AUTHORITY TO COLLECT SUPPORT FROM FED-**  
7 **ERAL EMPLOYEES.**

8           (a) CONSOLIDATION AND STREAMLINING OF AU-  
9 THORITIES.—Section 459 (42 U.S.C. 659) is amended to  
10 read as follows:

11 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**  
12 **WITHHOLDING, GARNISHMENT, AND SIMILAR**  
13 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**  
14 **SUPPORT AND ALIMONY OBLIGATIONS.**

15           “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-  
16 withstanding any other provision of law (including section  
17 207 of this Act and section 5301 of title 38, United States  
18 Code), effective January 1, 1975, moneys (the entitlement  
19 to which is based upon remuneration for employment) due  
20 from, or payable by, the United States or the District of  
21 Columbia (including any agency, subdivision, or instru-  
22 mentality thereof) to any individual, including members  
23 of the Armed Forces of the United States, shall be subject,  
24 in like manner and to the same extent as if the United  
25 States or the District of Columbia were a private person,

1 to withholding in accordance with State law enacted pur-  
2 suant to subsections (a)(1) and (b) of section 466 and reg-  
3 ulations of the Secretary under such subsections, and to  
4 any other legal process brought, by a State agency admin-  
5 istering a program under a State plan approved under this  
6 part or by an individual obligee, to enforce the legal obliga-  
7 tion of the individual to provide child support or alimony.

8       “(b) CONSENT TO REQUIREMENTS APPLICABLE TO  
9 PRIVATE PERSON.—With respect to notice to withhold in-  
10 come pursuant to subsection (a)(1) or (b) of section 466,  
11 or any other order or process to enforce support obliga-  
12 tions against an individual (if the order or process con-  
13 tains or is accompanied by sufficient data to permit  
14 prompt identification of the individual and the moneys in-  
15 volved), each governmental entity specified in subsection  
16 (a) shall be subject to the same requirements as would  
17 apply if the entity were a private person, except as other-  
18 wise provided in this section.

19       “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE  
20 OR PROCESS—

21               “(1) DESIGNATION OF AGENT.—The head of  
22 each agency subject to this section shall—

23                       “(A) designate an agent or agents to re-  
24 ceive orders and accept service of process in

1 matters relating to child support or alimony;  
2 and

3 “(B) annually publish in the Federal Reg-  
4 ister the designation of the agent or agents,  
5 identified by title or position, mailing address,  
6 and telephone number.

7 “(2) RESPONSE TO NOTICE OR PROCESS.—If an  
8 agent designated pursuant to paragraph (1) of this  
9 subsection receives notice pursuant to State proce-  
10 dures in effect pursuant to subsection (a)(1) or (b)  
11 of section 466, or is effectively served with any  
12 order, process, or interrogatory, with respect to an  
13 individual’s child support or alimony payment obli-  
14 gations, the agent shall—

15 “(A) as soon as possible (but not later  
16 than 15 days) thereafter, send written notice of  
17 the notice or service (together with a copy of  
18 the notice or service) to the individual at the  
19 duty station or last-known home address of the  
20 individual;

21 “(B) within 30 days (or such longer period  
22 as may be prescribed by applicable State law)  
23 after receipt of a notice pursuant to such State  
24 procedures, comply with all applicable provi-  
25 sions of section 466; and

1           “(C) within 30 days (or such longer period  
2           as may be prescribed by applicable State law)  
3           after effective service of any other such order,  
4           process, or interrogatory, respond to the order,  
5           process, or interrogatory.

6           “(d) PRIORITY OF CLAIMS.—If a governmental entity  
7 specified in subsection (a) receives notice or is served with  
8 process, as provided in this section, concerning amounts  
9 owed by an individual to more than 1 person—

10           “(1) support collection under section 466(b)  
11           must be given priority over any other process, as  
12           provided in section 466(b)(7);

13           “(2) allocation of moneys due or payable to an  
14           individual among claimants under section 466(b)  
15           shall be governed by section 466(b) and the regula-  
16           tions prescribed under such section; and

17           “(3) such moneys as remain after compliance  
18           with paragraphs (1) and (2) shall be available to  
19           satisfy any other such processes on a first-come,  
20           first-served basis, with any such process being satis-  
21           fied out of such moneys as remain after the satisfac-  
22           tion of all such processes which have been previously  
23           served.

24           “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A  
25 governmental entity that is affected by legal process

1 served for the enforcement of an individual's child support  
2 or alimony payment obligations shall not be required to  
3 vary its normal pay and disbursement cycle in order to  
4 comply with the legal process.

5 “(f) RELIEF FROM LIABILITY.—

6 “(1) Neither the United States, nor the govern-  
7 ment of the District of Columbia, nor any disbursing  
8 officer shall be liable with respect to any payment  
9 made from moneys due or payable from the United  
10 States to any individual pursuant to legal process  
11 regular on its face, if the payment is made in ac-  
12 cordance with this section and the regulations issued  
13 to carry out this section.

14 “(2) No Federal employee whose duties include  
15 taking actions necessary to comply with the require-  
16 ments of subsection (a) with regard to any individ-  
17 ual shall be subject under any law to any discipli-  
18 nary action or civil or criminal liability or penalty  
19 for, or on account of, any disclosure of information  
20 made by the employee in connection with the carry-  
21 ing out of such actions.

22 “(g) REGULATIONS.—Authority to promulgate regu-  
23 lations for the implementation of this section shall, insofar  
24 as this section applies to moneys due from (or payable  
25 by)—

1           “(1) the United States (other than the legisla-  
2           tive or judicial branches of the Federal Government)  
3           or the government of the District of Columbia, be  
4           vested in the President (or the designee of the Presi-  
5           dent);

6           “(2) the legislative branch of the Federal Gov-  
7           ernment, be vested jointly in the President pro tem-  
8           pore of the Senate and the Speaker of the House of  
9           Representatives (or their designees), and

10           “(3) the judicial branch of the Federal Govern-  
11           ment, be vested in the Chief Justice of the United  
12           States (or the designee of the Chief Justice).

13           “(h) MONEYS SUBJECT TO PROCESS.—

14           “(1) IN GENERAL.—Subject to paragraph (2),  
15           moneys paid or payable to an individual which are  
16           considered to be based upon remuneration for em-  
17           ployment, for purposes of this section—

18           “(A) consist of—

19           “(i) compensation paid or payable for  
20           personal services of the individual, whether  
21           the compensation is denominated as wages,  
22           salary, commission, bonus, pay, allowances,  
23           or otherwise (including severance pay, sick  
24           pay, and incentive pay);

1           “(ii) periodic benefits (including a  
2 periodic benefit as defined in section  
3 228(h)(3)) or other payments—

4           “(I) under the insurance system  
5 established by title II;

6           “(II) under any other system or  
7 fund established by the United States  
8 which provides for the payment of  
9 pensions, retirement or retired pay,  
10 annuities, dependents’ or survivors’  
11 benefits, or similar amounts payable  
12 on account of personal services per-  
13 formed by the individual or any other  
14 individual;

15           “(III) as compensation for death  
16 under any Federal program;

17           “(IV) under any Federal pro-  
18 gram established to provide ‘black  
19 lung’ benefits; or

20           “(V) by the Secretary of Veter-  
21 ans Affairs as compensation for a  
22 service-connected disability paid by  
23 the Secretary to a former member of  
24 the Armed Forces who is in receipt of  
25 retired or retainer pay if the former

1 member has waived a portion of the  
2 retired or retainer pay in order to re-  
3 ceive such compensation; and

4 “(iii) worker’s compensation benefits  
5 paid under Federal or State law but—

6 “(B) do not include any payment—

7 “(i) by way of reimbursement or oth-  
8 erwise, to defray expenses incurred by the  
9 individual in carrying out duties associated  
10 with the employment of the individual; or

11 “(ii) as allowances for members of the  
12 uniformed services payable pursuant to  
13 chapter 7 of title 37, United States Code,  
14 as prescribed by the Secretaries concerned  
15 (defined by section 101(5) of such title) as  
16 necessary for the efficient performance of  
17 duty.

18 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-  
19 mining the amount of any moneys due from, or pay-  
20 able by, the United States to any individual, there  
21 shall be excluded amounts which—

22 “(A) are owed by the individual to the  
23 United States;

24 “(B) are required by law to be, and are,  
25 deducted from the remuneration or other pay-

1           ment involved, including Federal employment  
2           taxes, and fines and forfeitures ordered by  
3           court-martial;

4           “(C) are properly withheld for Federal,  
5           State, or local income tax purposes, if the with-  
6           holding of the amounts is authorized or re-  
7           quired by law and if amounts withheld are not  
8           greater than would be the case if the individual  
9           claimed all dependents to which he was entitled  
10          (the withholding of additional amounts pursu-  
11          ant to section 3402(i) of the Internal Revenue  
12          Code of 1986 may be permitted only when the  
13          individual presents evidence of a tax obligation  
14          which supports the additional withholding);

15          “(D) are deducted as health insurance pre-  
16          miums;

17          “(E) are deducted as normal retirement  
18          contributions (not including amounts deducted  
19          for supplementary coverage); or

20          “(F) are deducted as normal life insurance  
21          premiums from salary or other remuneration  
22          for employment (not including amounts de-  
23          ducted for supplementary coverage).

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

1           “(1) UNITED STATES.—The term ‘United  
2 States’ includes any department, agency, or instru-  
3 mentality of the legislative, judicial, or executive  
4 branch of the Federal Government, the United  
5 States Postal Service, the Postal Rate Commission,  
6 any Federal corporation created by an Act of Con-  
7 gress that is wholly owned by the Federal Govern-  
8 ment, and the governments of the territories and  
9 possessions of the United States.

10           “(2) CHILD SUPPORT.—The term ‘child sup-  
11 port’, when used in reference to the legal obligations  
12 of an individual to provide such support, means  
13 amounts required to be paid under a judgment, de-  
14 cree, or order, whether temporary, final, or subject  
15 to modification, issued by a court or an administra-  
16 tive agency of competent jurisdiction, for the sup-  
17 port and maintenance of a child, including a child  
18 who has attained the age of majority under the law  
19 of the issuing State, or a child and the parent with  
20 whom the child is living, which provides for mone-  
21 tary support, health care, arrearages or reimburse-  
22 ment, and which may include other related costs and  
23 fees, interest and penalties, income withholding, at-  
24 torney’s fees, and other relief.

25           “(3) ALIMONY.—

1           “(A) IN GENERAL.—The term ‘alimony’,  
2 when used in reference to the legal obligations  
3 of an individual to provide the same, means  
4 periodic payments of funds for the support and  
5 maintenance of the spouse (or former spouse)  
6 of the individual, and (subject to and in accord-  
7 ance with State law) includes separate mainte-  
8 nance, alimony pendente lite, maintenance, and  
9 spousal support, and includes attorney’s fees,  
10 interest, and court costs when and to the extent  
11 that the same are expressly made recoverable  
12 as such pursuant to a decree, order, or judg-  
13 ment issued in accordance with applicable State  
14 law by a court of competent jurisdiction.

15           “(B) EXCEPTIONS.—Such term does not  
16 include—

17                   “(i) any child support; or

18                   “(ii) any payment or transfer of prop-  
19 erty or its value by an individual to the  
20 spouse or a former spouse of the individual  
21 in compliance with any community prop-  
22 erty settlement, equitable distribution of  
23 property, or other division of property be-  
24 tween spouses or former spouses.

1           “(4) PRIVATE PERSON.—The term ‘private per-  
2 son’ means a person who does not have sovereign or  
3 other special immunity or privilege which causes the  
4 person not to be subject to legal process.

5           “(5) LEGAL PROCESS.—The term ‘legal proc-  
6 ess’ means any writ, order, summons, or other simi-  
7 lar process in the nature of garnishment—

8           “(A) which is issued by—

9           “(i) a court or an administrative  
10 agency of competent jurisdiction in any  
11 State, territory, or possession of the Unit-  
12 ed States;

13           “(ii) a court or an administrative  
14 agency of competent jurisdiction in any  
15 foreign country with which the United  
16 States has entered into an agreement  
17 which requires the United States to honor  
18 the process; or

19           “(iii) an authorized official pursuant  
20 to an order of such a court or an adminis-  
21 trative agency of competent jurisdiction or  
22 pursuant to State or local law; and

23           “(B) which is directed to, and the purpose  
24 of which is to compel, a governmental entity  
25 which holds moneys which are otherwise pay-

1           able to an individual to make a payment from  
2           the moneys to another party in order to satisfy  
3           a legal obligation of the individual to provide  
4           child support or make alimony payments.”.

5           (b) CONFORMING AMENDMENTS.—

6           (1) TO PART D OF TITLE IV.—Sections 461 and  
7           462 (42 U.S.C. 661 and 662) are repealed.

8           (2) TO TITLE 5, UNITED STATES CODE.—Sec-  
9           tion 5520a of title 5, United States Code, is amend-  
10          ed, in subsections (h)(2) and (i), by striking “sec-  
11          tions 459, 461, and 462 of the Social Security Act  
12          (42 U.S.C. 659, 661, and 662)” and inserting “sec-  
13          tion 459 of the Social Security Act (42 U.S.C.  
14          659)”.

15          (c) MILITARY RETIRED AND RETAINER PAY.—

16          (1) DEFINITION OF COURT.—Section  
17          1408(a)(1) of title 10, United States Code, is  
18          amended—

19                 (A) by striking “and” at the end of sub-  
20                 paragraph (B);

21                 (B) by striking the period at the end of  
22                 subparagraph (C) and inserting “; and”; and

23                 (C) by adding after subparagraph (C) the  
24                 following new subparagraph:

1           “(D) any administrative or judicial tribu-  
2           nal of a State competent to enter orders for  
3           support or maintenance (including a State  
4           agency administering a program under a State  
5           plan approved under part D of title IV of the  
6           Social Security Act), and, for purposes of this  
7           subparagraph, the term ‘State’ includes the  
8           District of Columbia, the Commonwealth of  
9           Puerto Rico, the Virgin Islands, Guam, and  
10          American Samoa.”.

11          (2) DEFINITION OF COURT ORDER.—Section  
12          1408(a)(2) of such title is amended—

13                 (A) by inserting “or a support order, as  
14                 defined in section 453(p) of the Social Security  
15                 Act (42 U.S.C. 653(p)),” before “which—”;

16                 (B) in subparagraph (B)(i), by striking  
17                 “(as defined in section 462(b) of the Social Se-  
18                 curity Act (42 U.S.C. 662(b)))” and inserting  
19                 “(as defined in section 459(i)(2) of the Social  
20                 Security Act (42 U.S.C. 659(i)(2)))”; and

21                 (C) in subparagraph (B)(ii), by striking  
22                 “(as defined in section 462(c) of the Social Se-  
23                 curity Act (42 U.S.C. 662(c)))” and inserting  
24                 “(as defined in section 459(i)(3) of the Social  
25                 Security Act (42 U.S.C. 659(i)(3)))”.

1           (3) PUBLIC PAYEE.—Section 1408(d) of such  
2 title is amended—

3           (A) in the heading, by inserting “(OR FOR  
4 BENEFIT OF)” before “SPOUSE OR”; and

5           (B) in paragraph (1), in the 1st sentence,  
6 by inserting “(or for the benefit of such spouse  
7 or former spouse to a State disbursement unit  
8 established pursuant to section 454B of the So-  
9 cial Security Act or other public payee des-  
10 ignated by a State, in accordance with part D  
11 of title IV of the Social Security Act, as di-  
12 rected by court order, or as otherwise directed  
13 in accordance with such part D)” before “in an  
14 amount sufficient”.

15           (4) RELATIONSHIP TO PART D OF TITLE IV.—  
16 Section 1408 of such title is amended by adding at  
17 the end the following new subsection:

18           “(j) RELATIONSHIP TO OTHER LAWS.—In any case  
19 involving an order providing for payment of child support  
20 (as defined in section 459(i)(2) of the Social Security Act)  
21 by a member who has never been married to the other  
22 parent of the child, the provisions of this section shall not  
23 apply, and the case shall be subject to the provisions of  
24 section 459 of such Act.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall become effective 6 months after the date  
3 of the enactment of this Act.

4 **SEC. 363. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**  
5 **TIONS OF MEMBERS OF THE ARMED FORCES.**

6 (a) AVAILABILITY OF LOCATOR INFORMATION.—

7 (1) MAINTENANCE OF ADDRESS INFORMA-  
8 TION.—The Secretary of Defense shall establish a  
9 centralized personnel locator service that includes  
10 the address of each member of the Armed Forces  
11 under the jurisdiction of the Secretary. Upon re-  
12 quest of the Secretary of Transportation, addresses  
13 for members of the Coast Guard shall be included in  
14 the centralized personnel locator service.

15 (2) TYPE OF ADDRESS.—

16 (A) RESIDENTIAL ADDRESS.—Except as  
17 provided in subparagraph (B), the address for  
18 a member of the Armed Forces shown in the lo-  
19 cator service shall be the residential address of  
20 that member.

21 (B) DUTY ADDRESS.—The address for a  
22 member of the Armed Forces shown in the loca-  
23 tor service shall be the duty address of that  
24 member in the case of a member—

1 (i) who is permanently assigned over-  
2 seas, to a vessel, or to a routinely  
3 deployable unit; or

4 (ii) with respect to whom the Sec-  
5 retary concerned makes a determination  
6 that the member's residential address  
7 should not be disclosed due to national se-  
8 curity or safety concerns.

9 (3) UPDATING OF LOCATOR INFORMATION.—

10 Within 30 days after a member listed in the locator  
11 service establishes a new residential address (or a  
12 new duty address, in the case of a member covered  
13 by paragraph (2)(B)), the Secretary concerned shall  
14 update the locator service to indicate the new ad-  
15 dress of the member.

16 (4) AVAILABILITY OF INFORMATION.—The Sec-

17 retary of Defense shall make information regarding  
18 the address of a member of the Armed Forces listed  
19 in the locator service available, on request, to the  
20 Federal Parent Locator Service established under  
21 section 453 of the Social Security Act.

22 (b) FACILITATING GRANTING OF LEAVE FOR AT-  
23 TENDANCE AT HEARINGS.—

24 (1) REGULATIONS.—The Secretary of each  
25 military department, and the Secretary of Transpor-

1       tation with respect to the Coast Guard when it is  
2       not operating as a service in the Navy, shall pre-  
3       scribe regulations to facilitate the granting of leave  
4       to a member of the Armed Forces under the juris-  
5       diction of that Secretary in a case in which—

6               (A) the leave is needed for the member to  
7       attend a hearing described in paragraph (2);

8               (B) the member is not serving in or with  
9       a unit deployed in a contingency operation (as  
10      defined in section 101 of title 10, United States  
11      Code); and

12              (C) the exigencies of military service (as  
13      determined by the Secretary concerned) do not  
14      otherwise require that such leave not be grant-  
15      ed.

16              (2) COVERED HEARINGS.—Paragraph (1) ap-  
17      plies to a hearing that is conducted by a court or  
18      pursuant to an administrative process established  
19      under State law, in connection with a civil action—

20              (A) to determine whether a member of the  
21      Armed Forces is a natural parent of a child; or

22              (B) to determine an obligation of a mem-  
23      ber of the Armed Forces to provide child sup-  
24      port.

1           (3) DEFINITIONS.—For purposes of this sub-  
2 section—

3           (A) The term “court” has the meaning  
4 given that term in section 1408(a) of title 10,  
5 United States Code.

6           (B) The term “child support” has the  
7 meaning given such term in section 459(i) of  
8 the Social Security Act (42 U.S.C. 659(i)).

9           (c) PAYMENT OF MILITARY RETIRED PAY IN COM-  
10 PLIANCE WITH CHILD SUPPORT ORDERS.—

11           (1) DATE OF CERTIFICATION OF COURT  
12 ORDER.—Section 1408 of title 10, United States  
13 Code, as amended by section 362(c)(4) of this Act,  
14 is amended—

15           (A) by redesignating subsections (i) and (j)  
16 as subsections (j) and (k), respectively; and

17           (B) by inserting after subsection (h) the  
18 following new subsection:

19           “(i) CERTIFICATION DATE.—It is not necessary that  
20 the date of a certification of the authenticity or complete-  
21 ness of a copy of a court order for child support received  
22 by the Secretary concerned for the purposes of this section  
23 be recent in relation to the date of receipt by the Sec-  
24 retary.”.

1           (2) PAYMENTS CONSISTENT WITH ASSIGN-  
2           MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)  
3           of such title is amended by inserting after the 1st  
4           sentence the following new sentence: “In the case of  
5           a spouse or former spouse who, pursuant to section  
6           408(a)(4) of the Social Security Act (42 U.S.C.  
7           608(a)(4)), assigns to a State the rights of the  
8           spouse or former spouse to receive support, the Sec-  
9           retary concerned may make the child support pay-  
10          ments referred to in the preceding sentence to that  
11          State in amounts consistent with that assignment of  
12          rights.”.

13           (3) ARREARAGES OWED BY MEMBERS OF THE  
14          UNIFORMED SERVICES.—Section 1408(d) of such  
15          title is amended by adding at the end the following  
16          new paragraph:

17          “(6) In the case of a court order for which effective  
18          service is made on the Secretary concerned on or after  
19          the date of the enactment of this paragraph and which  
20          provides for payments from the disposable retired pay of  
21          a member to satisfy the amount of child support set forth  
22          in the order, the authority provided in paragraph (1) to  
23          make payments from the disposable retired pay of a mem-  
24          ber to satisfy the amount of child support set forth in a  
25          court order shall apply to payment of any amount of child

1 support arrearages set forth in that order as well as to  
2 amounts of child support that currently become due.”.

3 (4) PAYROLL DEDUCTIONS.—The Secretary of  
4 Defense shall begin payroll deductions within 30  
5 days after receiving notice of withholding, or for the  
6 1st pay period that begins after such 30-day period.

7 **SEC. 364. VOIDING OF FRAUDULENT TRANSFERS.**

8 Section 466 (42 U.S.C. 666), as amended by section  
9 321 of this Act, is amended by adding at the end the fol-  
10 lowing new subsection:

11 “(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In  
12 order to satisfy section 454(20)(A), each State must have  
13 in effect—

14 “(1)(A) the Uniform Fraudulent Conveyance  
15 Act of 1981;

16 “(B) the Uniform Fraudulent Transfer Act  
17 of 1984; or

18 “(C) another law, specifying indicia of  
19 fraud which create a prima facie case that a  
20 debtor transferred income or property to avoid  
21 payment to a child support creditor, which the  
22 Secretary finds affords comparable rights to  
23 child support creditors; and

24 “(2) procedures under which, in any case in  
25 which the State knows of a transfer by a child sup-

1 port debtor with respect to which such a prima facie  
2 case is established, the State must—

3 “(A) seek to void such transfer; or

4 “(B) obtain a settlement in the best inter-  
5 ests of the child support creditor.”.

6 **SEC. 365. WORK REQUIREMENT FOR PERSONS OWING**  
7 **PAST-DUE CHILD SUPPORT.**

8 (a) **IN GENERAL.**—Section 466(a) (42 U.S.C.  
9 666(a)), as amended by sections 315, 317(a), and 323 of  
10 this Act, is amended by adding at the end the following  
11 new paragraph:

12 “(15) **PROCEDURES TO ENSURE THAT PERSONS**  
13 **OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN**  
14 **FOR PAYMENT OF SUCH SUPPORT.**—

15 “(A) **IN GENERAL.**—Procedures under  
16 which the State has the authority, in any case  
17 in which an individual owes past-due support  
18 with respect to a child receiving assistance  
19 under a State program funded under part A, to  
20 issue an order or to request that a court or an  
21 administrative process established pursuant to  
22 State law issue an order that requires the indi-  
23 vidual to—

24 “(i) pay such support in accordance  
25 with a plan approved by the court, or, at

1 the option of the State, a plan approved by  
2 the State agency administering the State  
3 program under this part; or

4 “(ii) if the individual is subject to  
5 such a plan and is not incapacitated, par-  
6 ticipate in such work activities (as defined  
7 in section 407(d)) as the court, or, at the  
8 option of the State, the State agency ad-  
9 ministering the State program under this  
10 part, deems appropriate.

11 “(B) PAST-DUE SUPPORT DEFINED.—For  
12 purposes of subparagraph (A), the term ‘past-  
13 due support’ means the amount of a delin-  
14 quency, determined under a court order, or an  
15 order of an administrative process established  
16 under State law, for support and maintenance  
17 of a child, or of a child and the parent with  
18 whom the child is living.”.

19 (b) CONFORMING AMENDMENT.—The flush para-  
20 graph at the end of section 466(a) (42 U.S.C.666(a)) is  
21 amended by striking “and (7)” and inserting “(7), and  
22 (15)”.

1 **SEC. 366. DEFINITION OF SUPPORT ORDER.**

2 Section 453 (42 U.S.C. 653) as amended by sections  
3 316 and 345(b) of this Act, is amended by adding at the  
4 end the following new subsection:

5 “(p) **SUPPORT ORDER DEFINED.**—As used in this  
6 part, the term ‘support order’ means a judgment, decree,  
7 or order, whether temporary, final, or subject to modifica-  
8 tion, issued by a court or an administrative agency of com-  
9 petent jurisdiction, for the support and maintenance of a  
10 child, including a child who has attained the age of major-  
11 ity under the law of the issuing State, or a child and the  
12 parent with whom the child is living, which provides for  
13 monetary support, health care, arrearages, or reimburse-  
14 ment, and which may include related costs and fees, inter-  
15 est and penalties, income withholding, attorneys’ fees, and  
16 other relief.”.

17 **SEC. 367. REPORTING ARREARAGES TO CREDIT BUREAUS.**

18 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended  
19 to read as follows:

20 “(7) **REPORTING ARREARAGES TO CREDIT BU-**  
21 **REAUS.**—

22 “(A) **IN GENERAL.**—Procedures (subject to  
23 safeguards pursuant to subparagraph (B)) re-  
24 quiring the State to report periodically to  
25 consumer reporting agencies (as defined in sec-  
26 tion 603(f) of the Fair Credit Reporting Act

1 (15 U.S.C. 1681a(f)) the name of any non-  
2 custodial parent who is delinquent in the pay-  
3 ment of support, and the amount of overdue  
4 support owed by such parent.

5 “(B) SAFEGUARDS.—Procedures ensuring  
6 that, in carrying out subparagraph (A), infor-  
7 mation with respect to a noncustodial parent is  
8 reported—

9 “(i) only after such parent has been  
10 afforded all due process required under  
11 State law, including notice and a reason-  
12 able opportunity to contest the accuracy of  
13 such information; and

14 “(ii) only to an entity that has fur-  
15 nished evidence satisfactory to the State  
16 that the entity is a consumer reporting  
17 agency (as so defined).”.

18 **SEC. 368. LIENS.**

19 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended  
20 to read as follows:

21 “(4) LIENS.—Procedures under which—

22 “(A) liens arise by operation of law against  
23 real and personal property for amounts of over-  
24 due support owed by a noncustodial parent who  
25 resides or owns property in the State; and

1           “(B) the State accords full faith and credit  
2           to liens described in subparagraph (A) arising  
3           in another State, when the State agency, party,  
4           or other entity seeking to enforce such a lien  
5           complies with the procedural rules relating to  
6           recording or serving liens that arise within the  
7           State, except that such rules may not require  
8           judicial notice or hearing prior to the enforce-  
9           ment of such a lien.”.

10 **SEC. 369. STATE LAW AUTHORIZING SUSPENSION OF LI-**  
11 **CENSES.**

12           Section 466(a) (42 U.S.C. 666(a)), as amended by  
13 sections 315, 317(a), 323, and 365 of this Act, is amended  
14 by adding at the end the following:

15           “(16) **AUTHORITY TO WITHHOLD OR SUSPEND**  
16 **LICENSES.**—Procedures under which the State has  
17 (and uses in appropriate cases) authority to withhold  
18 or suspend, or to restrict the use of driver’s licenses,  
19 professional and occupational licenses, and rec-  
20 reational licenses of individuals owing overdue sup-  
21 port or failing, after receiving appropriate notice, to  
22 comply with subpoenas or warrants relating to pa-  
23 ternity or child support proceedings.”.

1 **SEC. 370. DENIAL OF PASSPORTS FOR NONPAYMENT OF**  
2 **CHILD SUPPORT.**

3 (a) **HHS CERTIFICATION PROCEDURE.**—

4 (1) **SECRETARIAL RESPONSIBILITY.**—Section  
5 452 (42 U.S.C. 652), as amended by section 345 of  
6 this Act, is amended by adding at the end the fol-  
7 lowing new subsection:

8 “(k)(1) If the Secretary receives a certification by a  
9 State agency in accordance with the requirements of sec-  
10 tion 454(31) that an individual owes arrearages of child  
11 support in an amount exceeding \$5,000, the Secretary  
12 shall transmit such certification to the Secretary of State  
13 for action (with respect to denial, revocation, or limitation  
14 of passports) pursuant paragraph (2).

15 “(2) The Secretary of State shall, upon certification  
16 by the Secretary transmitted under paragraph (1), refuse  
17 to issue a passport to such individual, and may revoke,  
18 restrict, or limit a passport issued previously to such indi-  
19 vidual.

20 “(3) The Secretary and the Secretary of State shall  
21 not be liable to an individual for any action with respect  
22 to a certification by a State agency under this section.”.

23 (2) **STATE AGENCY RESPONSIBILITY.**—Section  
24 454 (42 U.S.C. 654), as amended by sections  
25 301(b), 303(a), 312(b), 313(a), 333, and 343(b) of  
26 this Act, is amended—

1 (A) by striking “and” at the end of para-  
2 graph (29);

3 (B) by striking the period at the end of  
4 paragraph (30) and inserting “; and”; and

5 (C) by adding after paragraph (30) the fol-  
6 lowing new paragraph:

7 “(31) provide that the State agency will have in  
8 effect a procedure for certifying to the Secretary, for  
9 purposes of the procedure under section 452(k), de-  
10 terminations that individuals owe arrearages of child  
11 support in an amount exceeding \$5,000, under  
12 which procedure—

13 “(A) each individual concerned is afforded  
14 notice of such determination and the con-  
15 sequences thereof, and an opportunity to con-  
16 test the determination; and

17 “(B) the certification by the State agency  
18 is furnished to the Secretary in such format,  
19 and accompanied by such supporting docu-  
20 mentation, as the Secretary may require.”.

21 (b) EFFECTIVE DATE.—This section and the amend-  
22 ments made by this section shall become effective October  
23 1, 1997.

1 **SEC. 371. INTERNATIONAL SUPPORT ENFORCEMENT.**

2 (a) AUTHORITY FOR INTERNATIONAL AGREE-  
3 MENTS.—Part D of title IV, as amended by section 362(a)  
4 of this Act, is amended by adding after section 459 the  
5 following new section:

6 **“SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.**

7 “(a) AUTHORITY FOR DECLARATIONS.—

8 “(1) DECLARATION.—The Secretary of State,  
9 with the concurrence of the Secretary of Health and  
10 Human Services, is authorized to declare any foreign  
11 country (or a political subdivision thereof) to be a  
12 foreign reciprocating country if the foreign country  
13 has established, or undertakes to establish, proce-  
14 dures for the establishment and enforcement of du-  
15 ties of support owed to obligees who are residents of  
16 the United States, and such procedures are substan-  
17 tially in conformity with the standards prescribed  
18 under subsection (b).

19 “(2) REVOCATION.—A declaration with respect  
20 to a foreign country made pursuant to paragraph  
21 (1) may be revoked if the Secretaries of State and  
22 Health and Human Services determine that—

23 “(A) the procedures established by the for-  
24 eign country regarding the establishment and  
25 enforcement of duties of support have been so  
26 changed, or the foreign country’s implementa-

1           tion of such procedures is so unsatisfactory,  
2           that such procedures do not meet the criteria  
3           for such a declaration; or

4           “(B) continued operation of the declaration  
5           is not consistent with the purposes of this part.

6           “(3) FORM OF DECLARATION.—A declaration  
7           under paragraph (1) may be made in the form of an  
8           international agreement, in connection with an inter-  
9           national agreement or corresponding foreign declara-  
10          tion, or on a unilateral basis.

11          “(b) STANDARDS FOR FOREIGN SUPPORT ENFORCE-  
12          MENT PROCEDURES.—

13           “(1) MANDATORY ELEMENTS.—Support en-  
14          forcement procedures of a foreign country which  
15          may be the subject of a declaration pursuant to sub-  
16          section (a)(1) shall include the following elements:

17           “(A) The foreign country (or political sub-  
18          division thereof) has in effect procedures, avail-  
19          able to residents of the United States—

20           “(i) for establishment of paternity,  
21          and for establishment of orders of support  
22          for children and custodial parents; and

23           “(ii) for enforcement of orders to pro-  
24          vide support to children and custodial par-  
25          ents, including procedures for collection

1           and appropriate distribution of child sup-  
2           port payments under such orders.

3           “(B) The procedures described in subpara-  
4           graph (A), including legal and administrative  
5           assistance, are provided to residents of the  
6           United States at no cost.

7           “(C) An agency of the foreign country is  
8           designated as a Central Authority responsible  
9           for—

10          “(i) facilitating support enforcement in cases  
11          involving residents of the foreign country and resi-  
12          dents of the United States; and

13          “(ii) ensuring compliance with the standards es-  
14          tablished pursuant to this subsection.

15          “(2) ADDITIONAL ELEMENTS.—The Secretary  
16          of Health and Human Services and the Secretary of  
17          State, in consultation with the States, may establish  
18          such additional standards as may be considered nec-  
19          essary to further the purposes of this section.

20          “(c) DESIGNATION OF UNITED STATES CENTRAL  
21          AUTHORITY.—It shall be the responsibility of the Sec-  
22          retary of Health and Human Services to facilitate support  
23          enforcement in cases involving residents of the United  
24          States and residents of foreign countries that are the sub-

1 ject of a declaration under this section, by activities in-  
2 cluding—

3 “(1) development of uniform forms and proce-  
4 dures for use in such cases;

5 “(2) notification of foreign reciprocating coun-  
6 tries of the State of residence of individuals sought  
7 for support enforcement purposes, on the basis of in-  
8 formation provided by the Federal Parent Locator  
9 Service; and

10 “(3) such other oversight, assistance, and co-  
11 ordination activities as the Secretary may find nec-  
12 essary and appropriate.

13 “(d) EFFECT ON OTHER LAWS.—States may enter  
14 into reciprocal arrangements for the establishment and en-  
15 forcement of support obligations with foreign countries  
16 that are not the subject of a declaration pursuant to sub-  
17 section (a), to the extent consistent with Federal law.”.

18 (b) STATE PLAN REQUIREMENT.—Section 454 (42  
19 U.S.C. 654), as amended by sections 301(b), 303(a),  
20 312(b), 313(a), 333, 343(b), and 370(a)(2) of this Act,  
21 is amended—

22 (1) by striking “and” at the end of paragraph  
23 (30);

24 (2) by striking the period at the end of para-  
25 graph (31) and inserting “; and”; and

1 (3) by adding after paragraph (31) the follow-  
2 ing new paragraph:

3 “(32)(A) provide that any request for services  
4 under this part by a foreign reciprocating country or  
5 a foreign country with which the State has an ar-  
6 rangement described in section 459A(d)(2) shall be  
7 treated as a request by a State;

8 “(B) provide, at State option, notwithstanding  
9 paragraph (4) or any other provision of this part,  
10 for services under the plan for enforcement of a  
11 spousal support order not described in paragraph  
12 (4)(B) entered by such a country (or subdivision);  
13 and

14 “(C) provide that no applications will be re-  
15 quired from, and no costs will be assessed for such  
16 services against, the foreign reciprocating country or  
17 foreign obligee (but costs may at State option be as-  
18 sessed against the obligor).”

19 **SEC. 372. FINANCIAL INSTITUTION DATA MATCHES.**

20 Section 466(a) (42 U.S.C. 666(a)), as amended by  
21 sections 315, 317(a), 323, 365, and 369 of this Act, is  
22 amended by adding at the end the following new para-  
23 graph:

24 “(17) FINANCIAL INSTITUTION DATA  
25 MATCHES.—

1           “(A) IN GENERAL.—Procedures under  
2           which the State agency shall enter into agree-  
3           ments with financial institutions doing business  
4           in the State—

5                   “(i) to develop and operate, in coordi-  
6                   nation with such financial institutions, a  
7                   data match system, using automated data  
8                   exchanges to the maximum extent feasible,  
9                   in which each such financial institution is  
10                  required to provide for each calendar quar-  
11                  ter the name, record address, social secu-  
12                  rity number or other taxpayer identifica-  
13                  tion number, and other identifying infor-  
14                  mation for each noncustodial parent who  
15                  maintains an account at such institution  
16                  and who owes past-due support, as identi-  
17                  fied by the State by name and social secu-  
18                  rity number or other taxpayer identifica-  
19                  tion number; and

20                   “(ii) in response to a notice of lien or  
21                   levy, encumber or surrender, as the case  
22                   may be, assets held by such institution on  
23                   behalf of any noncustodial parent who is  
24                   subject to a child support lien pursuant to  
25                   paragraph (4).

1           “(B) REASONABLE FEES.—The State  
2           agency may pay a reasonable fee to a financial  
3           institution for conducting the data match pro-  
4           vided for in subparagraph (A)(i), not to exceed  
5           the actual costs incurred by such financial insti-  
6           tution.

7           “(C) LIABILITY.—A financial institution  
8           shall not be liable under any Federal or State  
9           law to any person—

10           “(i) for any disclosure of information  
11           to the State agency under subparagraph  
12           (A)(i);

13           “(ii) for encumbering or surrendering  
14           any assets held by such financial institu-  
15           tion in response to a notice of lien or levy  
16           issued by the State agency as provided for  
17           in subparagraph (A)(ii); or

18           “(iii) for any other action taken in  
19           good faith to comply with the requirements  
20           of subparagraph (A).

21           “(D) DEFINITIONS.—For purposes of this  
22           paragraph—

23           “(i) FINANCIAL INSTITUTION.—The  
24           term ‘financial institution’ has the mean-

1           ing given to such term by section  
2           469A(d)(1).

3           “(ii) ACCOUNT.—The term ‘account’  
4           means a demand deposit account, checking  
5           or negotiable withdrawal order account,  
6           savings account, time deposit account, or  
7           money-market mutual fund account.”.

8   **SEC. 373. ENFORCEMENT OF ORDERS AGAINST PATERNAL**  
9                   **OR MATERNAL GRANDPARENTS IN CASES OF**  
10                   **MINOR PARENTS.**

11       Section 466(a) (42 U.S.C. 666(a)), as amended by  
12 sections 315, 317(a), 323, 365, 369, and 372 of this Act,  
13 is amended by adding at the end the following new para-  
14 graph:

15           “(18) ENFORCEMENT OF ORDERS AGAINST PA-  
16       TERNAL OR MATERNAL GRANDPARENTS.—Proce-  
17       dures under which, at the State’s option, any child  
18       support order enforced under this part with respect  
19       to a child of minor parents, if the custodial parent  
20       of such child is receiving assistance under the State  
21       program under part A, shall be enforceable, jointly  
22       and severally, against the parents of the noncusto-  
23       dial parent of such child.”.

1 **SEC. 374. NONDISCHARGEABILITY IN BANKRUPTCY OF**  
2 **CERTAIN DEBTS FOR THE SUPPORT OF A**  
3 **CHILD.**

4 (a) AMENDMENT TO TITLE 11 OF THE UNITED  
5 STATES CODE.—Section 523(a) of title 11, United States  
6 Code, is amended—

7 (1) in paragraph (16) by striking the period at  
8 the end and inserting “; or”,

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

10 “(17) owed under State law to a State or mu-  
11 nicipality that is—

12 “(A) in the nature of support, and

13 “(B) enforceable under part D of title IV  
14 of the Social Security Act (42 U.S.C. 601 et  
15 seq.)”, and

16 (3) in paragraph (5), by striking “section  
17 402(a)(26)” and inserting “section 408(a)(4)”.

18 (b) AMENDMENT TO THE SOCIAL SECURITY ACT.—  
19 Section 456(b) (42 U.S.C. 656(b)) is amended to read as  
20 follows:

21 “(b) NONDISCHARGEABILITY.—A debt (as defined in  
22 section 101 of title 11 of the United States Code) owed  
23 under State law to a State (as defined in such section)  
24 or municipality (as defined in such section) that is in the  
25 nature of support and that is enforceable under this part

1 is not released by a discharge in bankruptcy under title  
2 11 of the United States Code.”.

3 (c) APPLICATION OF AMENDMENTS.—The amend-  
4 ments made by this section shall apply only with respect  
5 to cases commenced under title 11 of the United States  
6 Code after the date of the enactment of this Act.

## 7 **Subtitle H—Medical Support**

### 8 **SEC. 376. CORRECTION TO ERISA DEFINITION OF MEDICAL** 9 **CHILD SUPPORT ORDER.**

10 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-  
11 ployee Retirement Income Security Act of 1974 (29  
12 U.S.C. 1169(a)(2)(B)) is amended—

13 (1) by striking “issued by a court of competent  
14 jurisdiction”;

15 (2) by striking the period at the end of clause  
16 (ii) and inserting a comma; and

17 (3) by adding, after and below clause (ii), the  
18 following:

19 “if such judgment, decree, or order (I) is issued  
20 by a court of competent jurisdiction or (II) is  
21 issued through an administrative process estab-  
22 lished under State law and has the force and ef-  
23 fect of law under applicable State law.”.

24 (b) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall take effect on the date of the en-  
3 actment of this Act.

4           (2) PLAN AMENDMENTS NOT REQUIRED UNTIL  
5 JANUARY 1, 1997.—Any amendment to a plan re-  
6 quired to be made by an amendment made by this  
7 section shall not be required to be made before the  
8 1st plan year beginning on or after January 1,  
9 1997, if—

10                   (A) during the period after the date before  
11 the date of the enactment of this Act and be-  
12 fore such 1st plan year, the plan is operated in  
13 accordance with the requirements of the amend-  
14 ments made by this section; and

15                   (B) such plan amendment applies retro-  
16 actively to the period after the date before the  
17 date of the enactment of this Act and before  
18 such 1st plan year.

19 A plan shall not be treated as failing to be operated  
20 in accordance with the provisions of the plan merely  
21 because it operates in accordance with this para-  
22 graph.

1 **SEC. 377. ENFORCEMENT OF ORDERS FOR HEALTH CARE**  
2 **COVERAGE.**

3 Section 466(a) (42 U.S.C. 666(a)), as amended by  
4 sections 315, 317(a), 323, 365, 369, 372, and 373 of this  
5 Act, is amended by adding at the end the following new  
6 paragraph:

7 “(19) HEALTH CARE COVERAGE.—Procedures  
8 under which all child support orders enforced pursu-  
9 ant to this part shall include a provision for the  
10 health care coverage of the child, and in the case in  
11 which a noncustodial parent provides such coverage  
12 and changes employment, and the new employer pro-  
13 vides health care coverage, the State agency shall  
14 transfer notice of the provision to the employer,  
15 which notice shall operate to enroll the child in the  
16 noncustodial parent’s health plan, unless the non-  
17 custodial parent contests the notice.”.

18 **Subtitle I—Enhancing Responsibility and Opportunity for Non-**  
19 **Residential Parents**  
20

21 **SEC. 381. GRANTS TO STATES FOR ACCESS AND VISITA-**  
22 **TION PROGRAMS.**

23 Part D of title IV (42 U.S.C. 651–669), as amended  
24 by section 353, is amended by adding at the end the fol-  
25 lowing new section:

1 **“SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITA-**  
2 **TION PROGRAMS.**

3 “(a) IN GENERAL.—The Administration for Children  
4 and Families shall make grants under this section to en-  
5 able States to establish and administer programs to sup-  
6 port and facilitate noncustodial parents’ access to and visi-  
7 tation of their children, by means of activities including  
8 mediation (both voluntary and mandatory), counseling,  
9 education, development of parenting plans, visitation en-  
10 forcement (including monitoring, supervision and neutral  
11 drop-off and pickup), and development of guidelines for  
12 visitation and alternative custody arrangements.

13 “(b) AMOUNT OF GRANT.—The amount of the grant  
14 to be made to a State under this section for a fiscal year  
15 shall be an amount equal to the lesser of—

16 “(1) 90 percent of State expenditures during  
17 the fiscal year for activities described in subsection  
18 (a); or

19 “(2) the allotment of the State under sub-  
20 section (c) for the fiscal year.

21 “(c) ALLOTMENTS TO STATES.—

22 “(1) IN GENERAL.—The allotment of a State  
23 for a fiscal year is the amount that bears the same  
24 ratio to \$10,000,000 for grants under this section  
25 for the fiscal year as the number of children in the

1 State living with only 1 biological parent bears to  
2 the total number of such children in all States.

3 “(2) MINIMUM ALLOTMENT.—The Administra-  
4 tion for Children and Families shall adjust allot-  
5 ments to States under paragraph (1) as necessary to  
6 ensure that no State is allotted less than—

7 “(A) \$50,000 for fiscal year 1997 or 1998;

8 or

9 “(B) \$100,000 for any succeeding fiscal  
10 year.

11 “(d) NO SUPPLANTATION OF STATE EXPENDITURES  
12 FOR SIMILAR ACTIVITIES.—A State to which a grant is  
13 made under this section may not use the grant to supplant  
14 expenditures by the State for activities specified in sub-  
15 section (a), but shall use the grant to supplement such  
16 expenditures at a level at least equal to the level of such  
17 expenditures for fiscal year 1995.

18 “(e) STATE ADMINISTRATION.—Each State to which  
19 a grant is made under this section—

20 “(1) may administer State programs funded  
21 with the grant, directly or through grants to or con-  
22 tracts with courts, local public agencies, or non-prof-  
23 it private entities;

24 “(2) shall not be required to operate such pro-  
25 grams on a statewide basis; and

1           “(3) shall monitor, evaluate, and report on such  
2           programs in accordance with regulations prescribed  
3           by the Secretary.”.

## 4           **Subtitle J—Effective Dates and** 5           **Conforming Amendments**

### 6   **SEC. 391. EFFECTIVE DATES AND CONFORMING AMEND-** 7           **MENTS.**

8           (a) **IN GENERAL.**—Except as otherwise specifically  
9           provided (but subject to subsections (b) and (c))—

10           (1) the provisions of this title requiring the en-  
11           actment or amendment of State laws under section  
12           466 of the Social Security Act, or revision of State  
13           plans under section 454 of such Act, shall be effec-  
14           tive with respect to periods beginning on and after  
15           October 1, 1996; and

16           (2) all other provisions of this title shall become  
17           effective upon the date of the enactment of this Act.

18           (b) **GRACE PERIOD FOR STATE LAW CHANGES.**—The  
19           provisions of this title shall become effective with respect  
20           to a State on the later of—

21           (1) the date specified in this title, or  
22           (2) the effective date of laws enacted by the leg-  
23           islature of such State implementing such provisions,  
24           but in no event later than the 1st day of the 1st calendar  
25           quarter beginning after the close of the 1st regular session

1 of the State legislature that begins after the date of the  
2 enactment of this Act. For purposes of the previous sen-  
3 tence, in the case of a State that has a 2-year legislative  
4 session, each year of such session shall be deemed to be  
5 a separate regular session of the State legislature.

6 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL  
7 AMENDMENT.—A State shall not be found out of compli-  
8 ance with any requirement enacted by this title if the State  
9 is unable to so comply without amending the State con-  
10 stitution until the earlier of—

11 (1) 1 year after the effective date of the nec-  
12 essary State constitutional amendment; or

13 (2) 5 years after the date of the enactment of  
14 this Act.

15 (d) CONFORMING AMENDMENTS.—

16 (1) The following provisions are amended by  
17 striking “absent” each place it appears and inserting  
18 “noncustodial”:

19 (A) Section 451 (42 U.S.C. 651).

20 (B) Subsections (a)(1), (a)(8), (a)(10)(E),  
21 (a)(10)(F), (f), and (h) of section 452 (42  
22 U.S.C. 652).

23 (C) Subsections (a) and (f) of section 453  
24 (42 U.S.C. 653).

1 (D) Paragraphs (8), (13), and (21)(A) of  
2 section 454 (42 U.S.C. 654).

3 (E) Section 455(e)(1) (42 U.S.C.  
4 655(e)(1)).

5 (F) Section 458(a) (42 U.S.C. 658(a)).

6 (G) Subsections (a), (b), and (c) of section  
7 463 (42 U.S.C. 663).

8 (H) Subsections (a)(3)(A), (a)(3)(C),  
9 (a)(6), and (a)(8)(B)(ii), the last sentence of  
10 subsection (a), and subsections (b)(1),  
11 (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i), (b)(8),  
12 (b)(9), and (e) of section 466 (42 U.S.C. 666).

13 (2) The following provisions are amended by  
14 striking “an absent” each place it appears and in-  
15 serting “a noncustodial”:

16 (A) Paragraphs (2) and (3) of section  
17 453(c) (42 U.S.C. 653(c)).

18 (B) Subparagraphs (B) and (C) of section  
19 454(9) (42 U.S.C. 654(9)).

20 (C) Section 456(a)(3) (42 U.S.C.  
21 656(a)(3)).

22 (D) Subsections (a)(3)(A), (a)(6),  
23 (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section  
24 466 (42 U.S.C. 666).

1 (E) Paragraphs (2) and (4) of section 469  
2 (42 U.S.C. 669).

3 **TITLE IV—RESTRICTING WEL-**  
4 **FARE AND PUBLIC BENEFITS**  
5 **FOR ALIENS**

6 **SEC. 400. STATEMENTS OF NATIONAL POLICY CONCERNING**  
7 **WELFARE AND IMMIGRATION.**

8 The Congress makes the following statements con-  
9 cerning national policy with respect to welfare and immi-  
10 gration:

11 (1) Self-sufficiency has been a basic principle of  
12 United States immigration law since this country's  
13 earliest immigration statutes.

14 (2) It continues to be the immigration policy of  
15 the United States that—

16 (A) aliens within the nation's borders not  
17 depend on public resources to meet their needs,  
18 but rather rely on their own capabilities and the  
19 resources of their families, their sponsors, and  
20 private organizations, and

21 (B) the availability of public benefits not  
22 constitute an incentive for immigration to the  
23 United States.

24 (3) Despite the principle of self-sufficiency,  
25 aliens have been applying for and receiving public

1 benefits from Federal, State, and local governments  
2 at increasing rates.

3 (4) Current eligibility rules for public assistance  
4 and unenforceable financial support agreements have  
5 proved wholly incapable of assuring that individual  
6 aliens not burden the public benefits system.

7 (5) It is a compelling government interest to  
8 enact new rules for eligibility and sponsorship agree-  
9 ments in order to assure that aliens be self-reliant  
10 in accordance with national immigration policy.

11 (6) It is a compelling government interest to re-  
12 move the incentive for illegal immigration provided  
13 by the availability of public benefits.

14 (7) With respect to the State authority to make  
15 determinations concerning the eligibility of qualified  
16 aliens for public benefits in this title, a State that  
17 chooses to follow the Federal classification in deter-  
18 mining the eligibility of such aliens for public assist-  
19 ance shall be considered to have chosen the least re-  
20 strictive means available for achieving the compelling  
21 governmental interest of assuring that aliens be self-  
22 reliant in accordance with national immigration pol-  
23 icy.

1     **Subtitle A—Eligibility for Federal**  
2                     **Benefits**

3     **SEC. 401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELI-**  
4                     **GIBLE FOR FEDERAL PUBLIC BENEFITS.**

5             (a) **IN GENERAL.**—Notwithstanding any other provi-  
6     sion of law and except as provided in subsection (b), an  
7     alien who is not a qualified alien (as defined in section  
8     431) is not eligible for any Federal public benefit (as de-  
9     fined in subsection (c)).

10            (b) **EXCEPTIONS.**—

11                (1) Subsection (a) shall not apply with respect  
12     to the following Federal public benefits:

13                    (A) Emergency medical services under title  
14     XIX or XXI of the Social Security Act.

15                    (B) Short-term, non-cash, in-kind emer-  
16     gency disaster relief.

17                    (C)(i) Public health assistance for immuni-  
18     zations.

19                    (ii) Public health assistance for testing and  
20     treatment of a serious communicable disease if  
21     the Secretary of Health and Human Services  
22     determines that it is necessary to prevent the  
23     spread of such disease.

24                    (D) Programs, services, or assistance (such  
25     as soup kitchens, crisis counseling and interven-

1           tion, and short-term shelter) specified by the  
2           Attorney General, in the Attorney General's  
3           sole and unreviewable discretion after consulta-  
4           tion with appropriate Federal agencies and de-  
5           partments, which (i) deliver in-kind services at  
6           the community level, including through public  
7           or private nonprofit agencies; (ii) do not condi-  
8           tion the provision of assistance, the amount of  
9           assistance provided, or the cost of assistance  
10          provided on the individual recipient's income or  
11          resources; and (iii) are necessary for the protec-  
12          tion of life or safety.

13                 (E) Programs for housing or community  
14          development assistance or financial assistance  
15          administered by the Secretary of Housing and  
16          Urban Development, any program under title V  
17          of the Housing Act of 1949, or any assistance  
18          under section 306C of the Consolidated Farm  
19          and Rural Development Act, to the extent that  
20          the alien is receiving such a benefit on the date  
21          of the enactment of this Act.

22                 (2) Subsection (a) shall not apply to any benefit  
23          payable under title II of the Social Security Act to  
24          an alien who is lawfully present in the United States  
25          as determined by the Attorney General, to any bene-

1 fit if nonpayment of such benefit would contravene  
2 an international agreement described in section 233  
3 of the Social Security Act, to any benefit if nonpay-  
4 ment would be contrary to section 202(t) of the So-  
5 cial Security Act, or to any benefit payable under  
6 title II of the Social Security Act to which entitle-  
7 ment is based on an application filed in or before the  
8 month in which this Act becomes law.

9 (c) FEDERAL PUBLIC BENEFIT DEFINED.—

10 (1) Except as provided in paragraph (2), for  
11 purposes of this title the term “Federal public bene-  
12 fit” means—

13 (A) any grant, contract, loan, professional  
14 license, or commercial license provided by an  
15 agency of the United States or by appropriated  
16 funds of the United States; and

17 (B) any retirement, welfare, health, dis-  
18 ability, public or assisted housing, postsecond-  
19 ary education, food assistance, unemployment  
20 benefit, or any other similar benefit for which  
21 payments or assistance are provided to an indi-  
22 vidual, household, or family eligibility unit by  
23 an agency of the United States or by appro-  
24 priated funds of the United States.

25 (2) Such term shall not apply—

1 (A) to any contract, professional license, or  
2 commercial license for a nonimmigrant whose  
3 visa for entry is related to such employment in  
4 the United States; or

5 (B) with respect to benefits for an alien  
6 who as a work authorized nonimmigrant or as  
7 an alien lawfully admitted for permanent resi-  
8 dence under the Immigration and Nationality  
9 Act qualified for such benefits and for whom  
10 the United States under reciprocal treaty agree-  
11 ments is required to pay benefits, as determined  
12 by the Attorney General, after consultation with  
13 the Secretary of State.

14 **SEC. 402. LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR**  
15 **CERTAIN FEDERAL PROGRAMS.**

16 (a) **LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL**  
17 **PROGRAMS.—**

18 (1) **IN GENERAL.**—Notwithstanding any other  
19 provision of law and except as provided in paragraph  
20 (2), an alien who is a qualified alien (as defined in  
21 section 431) is not eligible for any specified Federal  
22 program (as defined in paragraph (3)).

23 (2) **EXCEPTIONS.**—

1 (A) TIME-LIMITED EXCEPTION FOR REFU-  
2 GEES AND ASYLEES.—Paragraph (1) shall not  
3 apply to an alien until 5 years after the date—

4 (i) an alien is admitted to the United  
5 States as a refugee under section 207 of  
6 the Immigration and Nationality Act;

7 (ii) an alien is granted asylum under  
8 section 208 of such Act; or

9 (iii) an alien's deportation is withheld  
10 under section 243(h) of such Act.

11 (B) CERTAIN PERMANENT RESIDENT  
12 ALIENS.—Paragraph (1) shall not apply to an  
13 alien who—

14 (i) is lawfully admitted to the United  
15 States for permanent residence under the  
16 Immigration and Nationality Act; and

17 (ii)(I) has worked 40 qualifying quar-  
18 ters of coverage as defined under title II of  
19 the Social Security Act or can be credited  
20 with such qualifying quarters as provided  
21 under section 435, and (II) did not receive  
22 any Federal means-tested public benefit  
23 (as defined in section 403(c)) during any  
24 such quarter.

1 (C) VETERAN AND ACTIVE DUTY EXCEP-  
2 TION.—Paragraph (1) shall not apply to an  
3 alien who is lawfully residing in any State and  
4 is—

5 (i) a veteran (as defined in section  
6 101 of title 38, United States Code) with  
7 a discharge characterized as an honorable  
8 discharge and not on account of alienage,

9 (ii) on active duty (other than active  
10 duty for training) in the Armed Forces of  
11 the United States, or

12 (iii) the spouse or unmarried depend-  
13 ent child of an individual described in  
14 clause (i) or (ii).

15 (D) TRANSITION FOR ALIENS CURRENTLY  
16 RECEIVING BENEFITS.—

17 (i) SSI.—

18 (I) IN GENERAL.—With respect  
19 to the specified Federal program de-  
20 scribed in paragraph (3)(A), during  
21 the period beginning on the date of  
22 the enactment of this Act and ending  
23 on the date which is 1 year after such  
24 date of enactment, the Commissioner  
25 of Social Security shall redetermine

1 the eligibility of any individual who is  
2 receiving benefits under such program  
3 as of the date of the enactment of this  
4 Act and whose eligibility for such ben-  
5 efits may terminate by reason of the  
6 provisions of this subsection.

7 (II) REDETERMINATION CRI-  
8 TERIA.— With respect to any redeter-  
9 mination under subclause (I), the  
10 Commissioner of Social Security shall  
11 apply the eligibility criteria for new  
12 applicants for benefits under such  
13 program.

14 (III) GRANDFATHER PROVI-  
15 SION.—The provisions of this sub-  
16 section and the redetermination under  
17 subclause (I), shall only apply with re-  
18 spect to the benefits of an individual  
19 described in subclause (I) for months  
20 beginning on or after the date of the  
21 redetermination with respect to such  
22 individual.

23 (IV) NOTICE.—Not later than  
24 January 1, 1997, the Commissioner of  
25 Social Security shall notify an individ-

1 ual described in subclause (I) of the  
2 provisions of this clause.

3 (ii) FOOD STAMPS.—

4 (I) IN GENERAL.—With respect  
5 to the specified Federal program de-  
6 scribed in paragraph (3)(B), during  
7 the period beginning on the date of  
8 enactment of this Act and ending on  
9 the date which is 1 year after the date  
10 of enactment, the State agency shall,  
11 at the time of the recertification, re-  
12 certify the eligibility of any individual  
13 who is receiving benefits under such  
14 program as of the date of enactment  
15 of this Act and whose eligibility for  
16 such benefits may terminate by reason  
17 of the provisions of this subsection.

18 (II) RECERTIFICATION CRI-  
19 TERIA.—With respect to any recertifi-  
20 cation under subclause (I), the State  
21 agency shall apply the eligibility cri-  
22 teria for applicants for benefits under  
23 such program.

24 (III) GRANDFATHER PROVI-  
25 SION.—The provisions of this sub-

1 section and the recertification under  
2 subclause (I) shall only apply with re-  
3 spect to the eligibility of an alien for  
4 a program for months beginning on or  
5 after the date of recertification, if on  
6 the date of enactment of this Act the  
7 alien is lawfully residing in any State  
8 and is receiving benefits under such  
9 program on such date of enactment.

10 (3) SPECIFIED FEDERAL PROGRAM DEFINED.—  
11 For purposes of this title, the term “specified Fed-  
12 eral program” means any of the following:

13 (A) SSI.—The supplemental security in-  
14 come program under title XVI of the Social Se-  
15 curity Act, including supplementary payments  
16 pursuant to an agreement for Federal adminis-  
17 tration under section 1616(a) of the Social Se-  
18 curity Act and payments pursuant to an agree-  
19 ment entered into under section 212(b) of Pub-  
20 lic Law 93–66.

21 (B) FOOD STAMPS.—The food stamp pro-  
22 gram as defined in section 3(h) of the Food  
23 Stamp Act of 1977.

24 (b) LIMITED ELIGIBILITY FOR DESIGNATED FED-  
25 ERAL PROGRAMS.—

1           (1) IN GENERAL.—Notwithstanding any other  
2 provision of law and except as provided in section  
3 403 and paragraph (2), a State is authorized to de-  
4 termine the eligibility of an alien who is a qualified  
5 alien (as defined in section 431) for any designated  
6 Federal program (as defined in paragraph (3)).

7           (2) EXCEPTIONS.—Qualified aliens under this  
8 paragraph shall be eligible for any designated Fed-  
9 eral program.

10                   (A) TIME-LIMITED EXCEPTION FOR REFU-  
11 GEES AND ASYLEES.—

12                   (i) An alien who is admitted to the  
13 United States as a refugee under section  
14 207 of the Immigration and Nationality  
15 Act until 5 years after the date of an  
16 alien's entry into the United States.

17                   (ii) An alien who is granted asylum  
18 under section 208 of such Act until 5 years  
19 after the date of such grant of asylum.

20                   (iii) An alien whose deportation is  
21 being withheld under section 243(h) of  
22 such Act until 5 years after such withhold-  
23 ing.

24                   (B) CERTAIN PERMANENT RESIDENT  
25 ALIENS.—An alien who—

1 (i) is lawfully admitted to the United  
2 States for permanent residence under the  
3 Immigration and Nationality Act; and

4 (ii)(I) has worked 40 qualifying quar-  
5 ters of coverage as defined under title II of  
6 the Social Security Act or can be credited  
7 with such qualifying quarters as provided  
8 under section 435, and (II) did not receive  
9 any Federal means-tested public benefit  
10 (as defined in section 403(c)) during any  
11 such quarter.

12 (C) VETERAN AND ACTIVE DUTY EXCEP-  
13 TION.—An alien who is lawfully residing in any  
14 State and is—

15 (i) a veteran (as defined in section  
16 101 of title 38, United States Code) with  
17 a discharge characterized as an honorable  
18 discharge and not on account of alienage,

19 (ii) on active duty (other than active  
20 duty for training) in the Armed Forces of  
21 the United States, or

22 (iii) the spouse or unmarried depend-  
23 ent child of an individual described in  
24 clause (i) or (ii).

1 (D) TRANSITION FOR THOSE CURRENTLY  
2 RECEIVING BENEFITS.—An alien who on the  
3 date of the enactment of this Act is lawfully re-  
4 siding in any State and is receiving benefits  
5 under such program on the date of the enact-  
6 ment of this Act shall continue to be eligible to  
7 receive such benefits until January 1, 1997.

8 (3) DESIGNATED FEDERAL PROGRAM DE-  
9 FINED.—For purposes of this title, the term “des-  
10 ignated Federal program” means any of the follow-  
11 ing:

12 (A) TEMPORARY ASSISTANCE FOR NEEDY  
13 FAMILIES.—The program of block grants to  
14 States for temporary assistance for needy fami-  
15 lies under part A of title IV of the Social Secu-  
16 rity Act.

17 (B) SOCIAL SERVICES BLOCK GRANT.—  
18 The program of block grants to States for so-  
19 cial services under title XX of the Social Secu-  
20 rity Act.

21 (C) MEDICAID.—The program of medical  
22 assistance under title XV and XIX of the Social  
23 Security Act.

1 **SEC. 403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED**  
2 **ALIENS FOR FEDERAL MEANS-TESTED PUB-**  
3 **LIC BENEFIT.**

4 (a) **IN GENERAL.**—Notwithstanding any other provi-  
5 sion of law and except as provided in subsection (b), an  
6 alien who is a qualified alien (as defined in section 431)  
7 and who enters the United States on or after the date  
8 of the enactment of this Act is not eligible for any Federal  
9 means-tested public benefit (as defined in subsection (c))  
10 for a period of five years beginning on the date of the  
11 alien’s entry into the United States with a status within  
12 the meaning of the term “qualified alien”.

13 (b) **EXCEPTIONS.**—The limitation under subsection  
14 (a) shall not apply to the following aliens:

15 (1) **EXCEPTION FOR REFUGEES AND**  
16 **ASYLEES.**—

17 (A) An alien who is admitted to the United  
18 States as a refugee under section 207 of the  
19 Immigration and Nationality Act.

20 (B) An alien who is granted asylum under  
21 section 208 of such Act.

22 (C) An alien whose deportation is being  
23 withheld under section 243(h) of such Act.

24 (2) **VETERAN AND ACTIVE DUTY EXCEPTION.**—  
25 An alien who is lawfully residing in any State and  
26 is—

1 (A) a veteran (as defined in section 101 of  
2 title 38, United States Code) with a discharge  
3 characterized as an honorable discharge and not  
4 on account of alienage,

5 (B) on active duty (other than active duty  
6 for training) in the Armed Forces of the United  
7 States, or

8 (C) the spouse or unmarried dependent  
9 child of an individual described in subparagraph  
10 (A) or (B).

11 (c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DE-  
12 FINED.—

13 (1) Except as provided in paragraph (2), for  
14 purposes of this title, the term “Federal means-test-  
15 ed public benefit” means a public benefit (including  
16 cash, medical, housing, and food assistance and so-  
17 cial services) of the Federal Government in which  
18 the eligibility of an individual, household, or family  
19 eligibility unit for benefits, or the amount of such  
20 benefits, or both are determined on the basis of in-  
21 come, resources, or financial need of the individual,  
22 household, or unit.

23 (2) Such term does not include the following:

24 (A) Emergency medical services under title  
25 XV or XIX of the Social Security Act.

1           (B) Short-term, non-cash, in-kind emer-  
2           gency disaster relief.

3           (C) Assistance or benefits under the Na-  
4           tional School Lunch Act.

5           (D) Assistance or benefits under the Child  
6           Nutrition Act of 1966.

7           (E)(i) Public health assistance for immuni-  
8           zations.

9           (ii) Public health assistance for testing and  
10          treatment of a serious communicable disease if  
11          the Secretary of Health and Human Services  
12          determines that it is necessary to prevent the  
13          spread of such disease.

14          (F) Payments for foster care and adoption  
15          assistance under part B of title IV of the Social  
16          Security Act for a child who would, in the ab-  
17          sence of subsection (a), be eligible to have such  
18          payments made on the child's behalf under such  
19          part, but only if the foster or adoptive parent  
20          or parents of such child are not described under  
21          subsection (a).

22          (G) Programs, services, or assistance (such  
23          as soup kitchens, crisis counseling and interven-  
24          tion, and short-term shelter) specified by the  
25          Attorney General, in the Attorney General's

1           sole and unreviewable discretion after consulta-  
2           tion with appropriate Federal agencies and de-  
3           partments, which (i) deliver in-kind services at  
4           the community level, including through public  
5           or private nonprofit agencies; (ii) do not condi-  
6           tion the provision of assistance, the amount of  
7           assistance provided, or the cost of assistance  
8           provided on the individual recipient's income or  
9           resources; and (iii) are necessary for the protec-  
10          tion of life or safety.

11                   (H) Programs of student assistance under  
12                   titles IV, V, IX, and X of the Higher Education  
13                   Act of 1965.

14                   (I) Means-tested programs under the Ele-  
15                   mentary and Secondary Education Act of 1965.

16 **SEC. 404. NOTIFICATION AND INFORMATION REPORTING.**

17           (a) NOTIFICATION.—Each Federal agency that ad-  
18           ministers a program to which section 401, 402, or 403  
19           applies shall, directly or through the States, post informa-  
20           tion and provide general notification to the public and to  
21           program recipients of the changes regarding eligibility for  
22           any such program pursuant to this subtitle.

23           (b) INFORMATION REPORTING UNDER TITLE IV OF  
24           THE SOCIAL SECURITY ACT.—Part A of title IV of the  
25           Social Security Act, as amended by section 103(a) of this

1 Act, is amended by inserting the following new section  
2 after section 411:

3 **“SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFOR-**  
4 **MATION.**

5 “Each State to which a grant is made under section  
6 403 shall, at least 4 times annually and upon request of  
7 the Immigration and Naturalization Service, furnish the  
8 Immigration and Naturalization Service with the name  
9 and address of, and other identifying information on, any  
10 individual who the State knows is unlawfully in the United  
11 States.”.

12 (c) SSI.—Section 1631(e) of such Act (42 U.S.C.  
13 1383(e)) is amended—

14 (1) by redesignating the paragraphs (6) and (7)  
15 inserted by sections 206(d)(2) and 206(f)(1) of the  
16 Social Security Independence and Programs Im-  
17 provement Act of 1994 (Public Law 103–296; 108  
18 Stat. 1514, 1515) as paragraphs (7) and (8), re-  
19 spectively; and

20 (2) by adding at the end the following new  
21 paragraph:

22 “(9) Notwithstanding any other provision of  
23 law, the Commissioner shall, at least 4 times annu-  
24 ally and upon request of the Immigration and Natu-  
25 ralization Service (hereafter in this paragraph re-

1       ferred to as the 'Service'), furnish the Service with  
2       the name and address of, and other identifying in-  
3       formation on, any individual who the Commissioner  
4       knows is unlawfully in the United States, and shall  
5       ensure that each agreement entered into under sec-  
6       tion 1616(a) with a State provides that the State  
7       shall furnish such information at such times with re-  
8       spect to any individual who the State knows is un-  
9       lawfully in the United States.”.

10       (d) INFORMATION REPORTING FOR HOUSING PRO-  
11       GRAMS.—Title I of the United States Housing Act of 1937  
12       (42 U.S.C. 1437 et seq.) is amended by adding at the end  
13       the following new section:

14       **“SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCE-**  
15       **MENT AND OTHER AGENCIES.**

16       “Notwithstanding any other provision of law, the Sec-  
17       retary shall, at least 4 times annually and upon request  
18       of the Immigration and Naturalization Service (hereafter  
19       in this section referred to as the 'Service'), furnish the  
20       Service with the name and address of, and other identify-  
21       ing information on, any individual who the Secretary  
22       knows is unlawfully in the United States, and shall ensure  
23       that each contract for assistance entered into under sec-  
24       tion 6 or 8 of this Act with a public housing agency pro-  
25       vides that the public housing agency shall furnish such

1 information at such times with respect to any individual  
2 who the public housing agency knows is unlawfully in the  
3 United States.”.

4 **Subtitle B—Eligibility for State**  
5 **and Local Public Benefits Pro-**  
6 **grams**

7 **SEC. 411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR**  
8 **NONIMMIGRANTS INELIGIBLE FOR STATE**  
9 **AND LOCAL PUBLIC BENEFITS.**

10 (a) **IN GENERAL.**—Notwithstanding any other provi-  
11 sion of law and except as provided in subsections (b) and  
12 (d), an alien who is not—

13 (1) a qualified alien (as defined in section 431),

14 (2) a nonimmigrant under the Immigration and  
15 Nationality Act, or

16 (3) an alien who is paroled into the United  
17 States under section 212(d)(5) of such Act for less  
18 than one year,

19 is not eligible for any State or local public benefit (as de-  
20 fined in subsection (c)).

21 (b) **EXCEPTIONS.**—Subsection (a) shall not apply  
22 with respect to the following State or local public benefits:

23 (1) Emergency medical services under title XV  
24 or XIX of the Social Security Act.

1           (2) Short-term, non-cash, in-kind emergency  
2 disaster relief.

3           (3)(A) Public health assistance for immuniza-  
4 tions.

5           (B) Public health assistance for testing and  
6 treatment of a serious communicable disease if the  
7 Secretary of Health and Human Services determines  
8 that it is necessary to prevent the spread of such  
9 disease.

10          (4) Programs, services, or assistance (such as  
11 soup kitchens, crisis counseling and intervention,  
12 and short-term shelter) specified by the Attorney  
13 General, in the Attorney General's sole and  
14 unreviewable discretion after consultation with ap-  
15 propriate Federal agencies and departments, which  
16 (A) deliver in-kind services at the community level,  
17 including through public or private nonprofit agen-  
18 cies; (B) do not condition the provision of assistance,  
19 the amount of assistance provided, or the cost of as-  
20 sistance provided on the individual recipient's in-  
21 come or resources; and (C) are necessary for the  
22 protection of life or safety.

23          (c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

1           (1) Except as provided in paragraph (2), for  
2 purposes of this subtitle the term “State or local  
3 public benefit” means—

4           (A) any grant, contract, loan, professional  
5 license, or commercial license provided by an  
6 agency of a State or local government or by ap-  
7 propriated funds of a State or local govern-  
8 ment; and

9           (B) any retirement, welfare, health, dis-  
10 ability, public or assisted housing, postsecond-  
11 ary education, food assistance, unemployment  
12 benefit, or any other similar benefit for which  
13 payments or assistance are provided to an indi-  
14 vidual, household, or family eligibility unit by  
15 an agency of a State or local government or by  
16 appropriated funds of a State or local govern-  
17 ment.

18           (2) Such term shall not apply—

19           (A) to any contract, professional license, or  
20 commercial license for a nonimmigrant whose  
21 visa for entry is related to such employment in  
22 the United States; or

23           (B) with respect to benefits for an alien  
24 who as a work authorized nonimmigrant or as  
25 an alien lawfully admitted for permanent resi-



1 Act, or an alien who is paroled into the United States  
2 under section 212(d)(5) of such Act for less than one year.

3 (b) EXCEPTIONS.—Qualified aliens under this sub-  
4 section shall be eligible for any State public benefits.

5 (1) TIME-LIMITED EXCEPTION FOR REFUGEES  
6 AND ASYLEES.—

7 (A) An alien who is admitted to the United  
8 States as a refugee under section 207 of the  
9 Immigration and Nationality Act until 5 years  
10 after the date of an alien's entry into the Unit-  
11 ed States.

12 (B) An alien who is granted asylum under  
13 section 208 of such Act until 5 years after the  
14 date of such grant of asylum.

15 (C) An alien whose deportation is being  
16 withheld under section 243(h) of such Act until  
17 5 years after such withholding.

18 (2) CERTAIN PERMANENT RESIDENT ALIENS.—  
19 An alien who—

20 (A) is lawfully admitted to the United  
21 States for permanent residence under the Im-  
22 migration and Nationality Act; and

23 (B)(i) has worked 40 qualifying quarters  
24 of coverage as defined under title II of the So-  
25 cial Security Act or can be credited with such

1           qualifying quarters as provided under section  
2           435, and (ii) did not receive any Federal  
3           means-tested public benefit (as defined in sec-  
4           tion 403(c)) during any such quarter.

5           (3) VETERAN AND ACTIVE DUTY EXCEPTION.—

6           An alien who is lawfully residing in any State and  
7           is—

8                   (A) a veteran (as defined in section 101 of  
9                   title 38, United States Code) with a discharge  
10                  characterized as an honorable discharge and not  
11                  on account of alienage,

12                  (B) on active duty (other than active duty  
13                  for training) in the Armed Forces of the United  
14                  States, or

15                  (C) the spouse or unmarried dependent  
16                  child of an individual described in subparagraph  
17                  (A) or (B).

18           (4) TRANSITION FOR THOSE CURRENTLY RE-  
19           CEIVING BENEFITS.—An alien who on the date of  
20           the enactment of this Act is lawfully residing in any  
21           State and is receiving benefits on the date of the en-  
22           actment of this Act shall continue to be eligible to  
23           receive such benefits until January 1, 1997.

24           (c) STATE PUBLIC BENEFITS DEFINED.—The term  
25           “State public benefits” means any means-tested public

1 benefit of a State or political subdivision of a State under  
2 which the State or political subdivision specifies the stand-  
3 ards for eligibility, and does not include any Federal public  
4 benefit.

## 5 **Subtitle C—Attribution of Income** 6 **and Affidavits of Support**

### 7 **SEC. 421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME** 8 **AND RESOURCES TO ALIEN.**

9 (a) IN GENERAL.—Notwithstanding any other provi-  
10 sion of law, in determining the eligibility and the amount  
11 of benefits of an alien for any Federal means-tested public  
12 benefits program (as defined in section 403(c)), the in-  
13 come and resources of the alien shall be deemed to include  
14 the following:

15 (1) The income and resources of any person  
16 who executed an affidavit of support pursuant to  
17 section 213A of the Immigration and Nationality  
18 Act (as added by section 423) on behalf of such  
19 alien.

20 (2) The income and resources of the spouse (if  
21 any) of the person.

22 (b) APPLICATION.—Subsection (a) shall apply with  
23 respect to an alien until such time as the alien—

1 (1) achieves United States citizenship through  
2 naturalization pursuant to chapter 2 of title III of  
3 the Immigration and Nationality Act; or

4 (2)(A) has worked 40 qualifying quarters of  
5 coverage as defined under title II of the Social Secu-  
6 rity Act or can be credited with such qualifying  
7 quarters as provided under section 435, and (B) did  
8 not receive any Federal means-tested public benefit  
9 (as defined in section 403(c)) during any such quar-  
10 ter.

11 (c) REVIEW OF INCOME AND RESOURCES OF ALIEN  
12 UPON REAPPLICATION.—Whenever an alien is required to  
13 reapply for benefits under any Federal means-tested pub-  
14 lic benefits program, the applicable agency shall review the  
15 income and resources attributed to the alien under sub-  
16 section (a).

17 (d) APPLICATION.—

18 (1) If on the date of the enactment of this Act,  
19 a Federal means-tested public benefits program at-  
20 tributes a sponsor's income and resources to an alien  
21 in determining the alien's eligibility and the amount  
22 of benefits for an alien, this section shall apply to  
23 any such determination beginning on the day after  
24 the date of the enactment of this Act.

1           (2) If on the date of the enactment of this Act,  
2           a Federal means-tested public benefits program does  
3           not attribute a sponsor's income and resources to an  
4           alien in determining the alien's eligibility and the  
5           amount of benefits for an alien, this section shall  
6           apply to any such determination beginning 180 days  
7           after the date of the enactment of this Act.

8   **SEC. 422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRI-**  
9                           **BUTION OF SPONSORS INCOME AND RE-**  
10                           **SOURCES TO THE ALIEN WITH RESPECT TO**  
11                           **STATE PROGRAMS.**

12           (a) **OPTIONAL APPLICATION TO STATE PROGRAMS.—**  
13           Except as provided in subsection (b), in determining the  
14           eligibility and the amount of benefits of an alien for any  
15           State public benefits (as defined in section 412(c)), the  
16           State or political subdivision that offers the benefits is au-  
17           thorized to provide that the income and resources of the  
18           alien shall be deemed to include—

19                   (1) the income and resources of any individual  
20                   who executed an affidavit of support pursuant to  
21                   section 213A of the Immigration and Nationality  
22                   Act (as added by section 423) on behalf of such  
23                   alien, and

24                   (2) the income and resources of the spouse (if  
25                   any) of the individual.

1 (b) EXCEPTIONS.—Subsection (a) shall not apply  
2 with respect to the following State public benefits:

3 (1) Emergency medical services.

4 (2) Short-term, non-cash, in-kind emergency  
5 disaster relief.

6 (3) Programs comparable to assistance or bene-  
7 fits under the National School Lunch Act.

8 (4) Programs comparable to assistance or bene-  
9 fits under the Child Nutrition Act of 1966.

10 (5)(A) Public health assistance for immuniza-  
11 tions.

12 (B) Public health assistance for testing and  
13 treatment of a serious communicable disease if the  
14 appropriate chief State health official determines  
15 that it is necessary to prevent the spread of such  
16 disease.

17 (6) Payments for foster care and adoption as-  
18 sistance.

19 (7) Programs, services, or assistance (such as  
20 soup kitchens, crisis counseling and intervention,  
21 and short-term shelter) specified by the Attorney  
22 General of a State, after consultation with appro-  
23 priate agencies and departments, which (A) deliver  
24 in-kind services at the community level, including  
25 through public or private nonprofit agencies; (B) do

1 not condition the provision of assistance, the amount  
2 of assistance provided, or the cost of assistance pro-  
3 vided on the individual recipient's income or re-  
4 sources; and (C) are necessary for the protection of  
5 life or safety.

6 **SEC. 423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF**  
7 **SUPPORT.**

8 (a) **IN GENERAL.**—Title II of the Immigration and  
9 Nationality Act is amended by inserting after section 213  
10 the following new section:

11 “**REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT**

12 “**SEC. 213A. (a) ENFORCEABILITY.**—(1) No affidavit  
13 of support may be accepted by the Attorney General or  
14 by any consular officer to establish that an alien is not  
15 excludable as a public charge under section 212(a)(4) un-  
16 less such affidavit is executed as a contract—

17 “(A) which is legally enforceable against the  
18 sponsor by the sponsored alien, the Federal Govern-  
19 ment, and by any State (or any political subdivision  
20 of such State) which provides any means-tested pub-  
21 lic benefits program, but not later than 10 years  
22 after the alien last receives any such benefit;

23 “(B) in which the sponsor agrees to financially  
24 support the alien, so that the alien will not become  
25 a public charge; and

1           “(C) in which the sponsor agrees to submit to  
2           the jurisdiction of any Federal or State court for the  
3           purpose of actions brought under subsection (e)(2).

4           “(2) A contract under paragraph (1) shall be enforce-  
5           able with respect to benefits provided to the alien until  
6           such time as the alien achieves United States citizenship  
7           through naturalization pursuant to chapter 2 of title III.

8           “(b) FORMS.—Not later than 90 days after the date  
9           of enactment of this section, the Attorney General, in con-  
10          sultation with the Secretary of State and the Secretary  
11          of Health and Human Services, shall formulate an affida-  
12          vit of support consistent with the provisions of this sec-  
13          tion.

14          “(c) REMEDIES.—Remedies available to enforce an  
15          affidavit of support under this section include any or all  
16          of the remedies described in section 3201, 3203, 3204,  
17          or 3205 of title 28, United States Code, as well as an  
18          order for specific performance and payment of legal fees  
19          and other costs of collection, and include corresponding  
20          remedies available under State law. A Federal agency may  
21          seek to collect amounts owed under this section in accord-  
22          ance with the provisions of subchapter II of chapter 37  
23          of title 31, United States Code.

24          “(d) NOTIFICATION OF CHANGE OF ADDRESS.—

1           (1) IN GENERAL.—The sponsor shall notify the  
2           Attorney General and the State in which the spon-  
3           sored alien is currently resident within 30 days of  
4           any change of address of the sponsor during the pe-  
5           riod specified in subsection (a)(2).

6           (2) PENALTY.—Any person subject to the re-  
7           quirement of paragraph (1) who fails to satisfy such  
8           requirement shall be subject to a civil penalty of—

9                   (A) not less than \$250 or more than  
10                  \$2,000, or

11                   (B) if such failure occurs with knowledge  
12                  that the alien has received any means-tested  
13                  public benefit, not less than \$2,000 or more  
14                  than \$5,000.

15           “(e) REIMBURSEMENT OF GOVERNMENT EX-  
16           PENSES.—(1)(A) Upon notification that a sponsored alien  
17           has received any benefit under any means-tested public  
18           benefits program, the appropriate Federal, State, or local  
19           official shall request reimbursement by the sponsor in the  
20           amount of such assistance.

21                   “(B) The Attorney General, in consultation with the  
22           Secretary of Health and Human Services, shall prescribe  
23           such regulations as may be necessary to carry out sub-  
24           paragraph (A).

1       “(2) If within 45 days after requesting reimburse-  
2 ment, the appropriate Federal, State, or local agency has  
3 not received a response from the sponsor indicating a will-  
4 ingness to commence payments, an action may be brought  
5 against the sponsor pursuant to the affidavit of support.

6       “(3) If the sponsor fails to abide by the repayment  
7 terms established by such agency, the agency may, within  
8 60 days of such failure, bring an action against the spon-  
9 sor pursuant to the affidavit of support.

10       “(4) No cause of action may be brought under this  
11 subsection later than 10 years after the alien last received  
12 any benefit under any means-tested public benefits pro-  
13 gram.

14       “(5) If, pursuant to the terms of this subsection, a  
15 Federal, State, or local agency requests reimbursement  
16 from the sponsor in the amount of assistance provided,  
17 or brings an action against the sponsor pursuant to the  
18 affidavit of support, the appropriate agency may appoint  
19 or hire an individual or other person to act on behalf of  
20 such agency acting under the authority of law for purposes  
21 of collecting any moneys owed. Nothing in this subsection  
22 shall preclude any appropriate Federal, State, or local  
23 agency from directly requesting reimbursement from a  
24 sponsor for the amount of assistance provided, or from

1 bringing an action against a sponsor pursuant to an affi-  
2 davit of support.

3 “(f) DEFINITIONS.—For the purposes of this sec-  
4 tion—

5 “(1) SPONSOR.—The term ‘sponsor’ means an  
6 individual who—

7 “(A) is a citizen or national of the United  
8 States or an alien who is lawfully admitted to  
9 the United States for permanent residence;

10 “(B) is 18 years of age or over;

11 “(C) is domiciled in any of the 50 States  
12 or the District of Columbia; and

13 “(D) is the person petitioning for the ad-  
14 mission of the alien under section 204.

15 “(2) MEANS-TESTED PUBLIC BENEFITS PRO-  
16 GRAM.—The term ‘means-tested public benefits pro-  
17 gram’ means a program of public benefits (including  
18 cash, medical, housing, and food assistance and so-  
19 cial services) of the Federal Government or of a  
20 State or political subdivision of a State in which the  
21 eligibility of an individual, household, or family eligi-  
22 bility unit for benefits under the program, or the  
23 amount of such benefits, or both are determined on  
24 the basis of income, resources, or financial need of  
25 the individual, household, or unit.”.

1           (b) CLERICAL AMENDMENT.—The table of contents  
2 of such Act is amended by inserting after the item relating  
3 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

4           (c) EFFECTIVE DATE.—Subsection (a) of section  
5 213A of the Immigration and Nationality Act, as inserted  
6 by subsection (a) of this section, shall apply to affidavits  
7 of support executed on or after a date specified by the  
8 Attorney General, which date shall be not earlier than 60  
9 days (and not later than 90 days) after the date the Attor-  
10 ney General formulates the form for such affidavits under  
11 subsection (b) of such section.

12           (d) BENEFITS NOT SUBJECT TO REIMBURSE-  
13 MENT.—Requirements for reimbursement by a sponsor for  
14 benefits provided to a sponsored alien pursuant to an affi-  
15 davit of support under section 213A of the Immigration  
16 and Nationality Act shall not apply with respect to the  
17 following:

18           (1) Emergency medical services under title XV  
19 or XIX of the Social Security Act.

20           (2) Short-term, non-cash, in-kind emergency  
21 disaster relief.

22           (3) Assistance or benefits under the National  
23 School Lunch Act.

24           (4) Assistance or benefits under the Child Nu-  
25 trition Act of 1966.

1           (5)(A) Public health assistance for immuniza-  
2           tions.

3           (B) Public health assistance for testing and  
4           treatment of a serious communicable disease if the  
5           Secretary of Health and Human Services determines  
6           that it is necessary to prevent the spread of such  
7           disease.

8           (6) Payments for foster care and adoption as-  
9           sistance under part B of title IV of the Social Secu-  
10          rity Act for a child, but only if the foster or adoptive  
11          parent or parents of such child are not otherwise in-  
12          eligible pursuant to section 403 of this Act.

13          (7) Programs, services, or assistance (such as  
14          soup kitchens, crisis counseling and intervention,  
15          and short-term shelter) specified by the Attorney  
16          General, in the Attorney General's sole and  
17          unreviewable discretion after consultation with ap-  
18          propriate Federal agencies and departments, which  
19          (A) deliver in-kind services at the community level,  
20          including through public or private nonprofit agen-  
21          cies; (B) do not condition the provision of assistance,  
22          the amount of assistance provided, or the cost of as-  
23          sistance provided on the individual recipient's in-  
24          come or resources; and (C) are necessary for the  
25          protection of life or safety.

1           (8) Programs of student assistance under titles  
2       IV, V, IX, and X of the Higher Education Act of  
3       1965.

4 **SEC. 424. COSIGNATURE OF ALIEN STUDENT LOANS.**

5       Section 484(b) of the Higher Education Act of 1965  
6 (20 U.S.C. 1091(b)) is amended by adding at the end the  
7 following new paragraph:

8           “(6) Notwithstanding sections 427(a)(2)(A),  
9       428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any  
10      other provision of this title, a student who is an  
11      alien lawfully admitted for permanent residence  
12      under the Immigration and Nationality Act shall not  
13      be eligible for a loan under this title unless the loan  
14      is endorsed and cosigned by the alien’s sponsor  
15      under section 213A of the Immigration and Nation-  
16      ality Act or by another creditworthy individual who  
17      is a United States citizen.”.

18       **Subtitle D—General Provisions**

19 **SEC. 431. DEFINITIONS.**

20       (a) **IN GENERAL.**—Except as otherwise provided in  
21 this title, the terms used in this title have the same mean-  
22 ing given such terms in section 101(a) of the Immigration  
23 and Nationality Act.

24       (b) **QUALIFIED ALIEN.**—For purposes of this title,  
25 the term “qualified alien” means an alien who, at the time

1 the alien applies for, receives, or attempts to receive a  
2 Federal public benefit, is—

3 (1) an alien who is lawfully admitted for perma-  
4 nent residence under the Immigration and National-  
5 ity Act,

6 (2) an alien who is granted asylum under sec-  
7 tion 208 of such Act,

8 (3) a refugee who is admitted to the United  
9 States under section 207 of such Act,

10 (4) an alien who is paroled into the United  
11 States under section 212(d)(5) of such Act for a pe-  
12 riod of at least 1 year,

13 (5) an alien whose deportation is being withheld  
14 under section 243(h) of such Act, or

15 (6) an alien who is granted conditional entry  
16 pursuant to section 203(a)(7) of such Act as in ef-  
17 fect prior to April 1, 1980.

18 **SEC. 432. VERIFICATION OF ELIGIBILITY FOR FEDERAL**  
19 **PUBLIC BENEFITS.**

20 (a) **IN GENERAL.**—Not later than 18 months after  
21 the date of the enactment of this Act, the Attorney Gen-  
22 eral of the United States, after consultation with the Sec-  
23 retary of Health and Human Services, shall promulgate  
24 regulations requiring verification that a person applying  
25 for a Federal public benefit (as defined in section 401(c)),

1 to which the limitation under section 401 applies, is a  
2 qualified alien and is eligible to receive such benefit. Such  
3 regulations shall, to the extent feasible, require that infor-  
4 mation requested and exchanged be similar in form and  
5 manner to information requested and exchanged under  
6 section 1137 of the Social Security Act.

7 (b) STATE COMPLIANCE.—Not later than 24 months  
8 after the date the regulations described in subsection (a)  
9 are adopted, a State that administers a program that pro-  
10 vides a Federal public benefit shall have in effect a ver-  
11 ification system that complies with the regulations.

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

15 **SEC. 433. STATUTORY CONSTRUCTION.**

16 (a) LIMITATION.—

17 (1) Nothing in this title may be construed as an  
18 entitlement or a determination of an individual's eli-  
19 gibility or fulfillment of the requisite requirements  
20 for any Federal, State, or local governmental pro-  
21 gram, assistance, or benefits. For purposes of this  
22 title, eligibility relates only to the general issue of  
23 eligibility or ineligibility on the basis of alienage.

24 (2) Nothing in this title may be construed as  
25 addressing alien eligibility for a basic public edu-

1 cation as determined by the Supreme Court of the  
2 United States under *Plyler v. Doe* (457 U.S. 202)  
3 (1982).

4 (b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—  
5 This title does not apply to any Federal, State, or local  
6 governmental program, assistance, or benefits provided to  
7 an alien under any program of foreign assistance as deter-  
8 mined by the Secretary of State in consultation with the  
9 Attorney General.

10 (c) SEVERABILITY.—If any provision of this title or  
11 the application of such provision to any person or cir-  
12 cumstance is held to be unconstitutional, the remainder  
13 of this title and the application of the provisions of such  
14 to any person or circumstance shall not be affected there-  
15 by.

16 **SEC. 434. COMMUNICATION BETWEEN STATE AND LOCAL**  
17 **GOVERNMENT AGENCIES AND THE IMMIGRA-**  
18 **TION AND NATURALIZATION SERVICE.**

19 Notwithstanding any other provision of Federal,  
20 State, or local law, no State or local government entity  
21 may be prohibited, or in any way restricted, from sending  
22 to or receiving from the Immigration and Naturalization  
23 Service information regarding the immigration status,  
24 lawful or unlawful, of an alien in the United States.

1 **SEC. 435. QUALIFYING QUARTERS.**

2 For purposes of this title, in determining the number  
3 of qualifying quarters of coverage under title II of the So-  
4 cial Security Act an alien shall be credited with—

5 (1) all of the qualifying quarters of coverage as  
6 defined under title II of the Social Security Act  
7 worked by a parent of such alien while the alien was  
8 under age 18 if the parent did not receive any Fed-  
9 eral means-tested public benefit (as defined in sec-  
10 tion 403(c)) during any such quarter, and

11 (2) all of the qualifying quarters worked by a  
12 spouse of such alien during their marriage if the  
13 spouse did not receive any Federal means-tested  
14 public benefit (as defined in section 403(c)) during  
15 any such quarter and the alien remains married to  
16 such spouse or such spouse is deceased.

17 **Subtitle E—Conforming Amend-**  
18 **ments Relating to Assisted**  
19 **Housing**

20 **SEC. 441. CONFORMING AMENDMENTS RELATING TO AS-**  
21 **SISTED HOUSING.**

22 (a) **LIMITATIONS ON ASSISTANCE.**—Section 214 of  
23 the Housing and Community Development Act of 1980  
24 (42 U.S.C. 1436a) is amended—

1           (1) by striking “Secretary of Housing and  
2           Urban Development” each place it appears and in-  
3           serting “applicable Secretary”;

4           (2) in subsection (b), by inserting after “Na-  
5           tional Housing Act,” the following: “the direct loan  
6           program under section 502 of the Housing Act of  
7           1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or  
8           542 of such Act, subtitle A of title III of the Cran-  
9           ston-Gonzalez National Affordable Housing Act,”;

10          (3) in paragraphs (2) through (6) of subsection  
11          (d), by striking “Secretary” each place it appears  
12          and inserting “applicable Secretary”;

13          (4) in subsection (d), in the matter following  
14          paragraph (6), by striking “the term ‘Secretary’”  
15          and inserting “the term ‘applicable Secretary’”; and

16          (5) by adding at the end the following new sub-  
17          section:

18          “(h) For purposes of this section, the term ‘applicable  
19          Secretary’ means—

20                 “(1) the Secretary of Housing and Urban De-  
21                 velopment, with respect to financial assistance ad-  
22                 ministered by such Secretary and financial assist-  
23                 ance under subtitle A of title III of the Cranston-  
24                 Gonzalez National Affordable Housing Act; and

1           “(2) the Secretary of Agriculture, with respect  
2           to financial assistance administered by such Sec-  
3           retary.”.

4           (b) CONFORMING AMENDMENTS.—Section 501(h) of  
5           the Housing Act of 1949 (42 U.S.C. 1471(h)) is amend-  
6           ed—

7                     (1) by striking “(1)”;

8                     (2) by striking “by the Secretary of Housing  
9                     and Urban Development”; and

10                    (3) by striking paragraph (2).

11           **Subtitle F—Earned Income Credit**  
12                     **Denied To Unauthorized Em-**  
13                     **ployees**

14           **SEC. 451. EARNED INCOME CREDIT DENIED TO INDIVID-**  
15                     **UALS NOT AUTHORIZED TO BE EMPLOYED IN**  
16                     **THE UNITED STATES.**

17           (a) IN GENERAL.—Section 32(c)(1) of the Internal  
18           Revenue Code of 1986 (relating to individuals eligible to  
19           claim the earned income credit) is amended by adding at  
20           the end the following new subparagraph:

21                     “(F) IDENTIFICATION NUMBER REQUIRE-  
22                     MENT.—The term ‘eligible individual’ does not  
23                     include any individual who does not include on  
24                     the return of tax for the taxable year—

1                   “(i) such individual’s taxpayer identi-  
2                   fication number, and

3                   “(ii) if the individual is married (with-  
4                   in the meaning of section 7703), the tax-  
5                   payer identification number of such indi-  
6                   vidual’s spouse.”.

7           (b) SPECIAL IDENTIFICATION NUMBER.—Section 32  
8 of such Code is amended by adding at the end the follow-  
9 ing new subsection:

10           “(l) IDENTIFICATION NUMBERS.—Solely for pur-  
11 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer  
12 identification number means a social security number is-  
13 sued to an individual by the Social Security Administra-  
14 tion (other than a social security number issued pursuant  
15 to clause (II) (or that portion of clause (III) that relates  
16 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-  
17 curity Act).”.

18           (c) EXTENSION OF PROCEDURES APPLICABLE TO  
19 MATHEMATICAL OR CLERICAL ERRORS.—Section  
20 6213(g)(2) (relating to the definition of mathematical or  
21 clerical errors) is amended by striking “and’ at the end  
22 of subparagraph (D), by striking the period at the end  
23 of subparagraph (E) and inserting a comma, and by in-  
24 serting after subparagraph (E) the following new subpara-  
25 graphs:

1           “(F) an omission of a correct taxpayer  
2           identification number required under section 32  
3           (relating to the earned income tax credit) to be  
4           included on a return, and

5           “(G) an entry on a return claiming the  
6           credit under section 32 with respect to net  
7           earnings from self-employment described in sec-  
8           tion 32(c)(2)(A) to the extent the tax imposed  
9           by section 1401 (relating to self-employment  
10          tax) on such net earnings has not been paid.”

11          (d) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 1995.

14 **TITLE V—REDUCTIONS IN FED-**  
15 **ERAL GOVERNMENT POSI-**  
16 **TIONS**

17 **SEC. 501. REDUCTIONS.**

18          (a) DEFINITIONS.—As used in this section:

19           (1) APPROPRIATE EFFECTIVE DATE.—The term  
20           “appropriate effective date”, used with respect to a  
21           Department referred to in this section, means the  
22           date on which all provisions of this Act (other than  
23           title II) that the Department is required to carry  
24           out, and amendments and repeals made by such Act

1 to provisions of Federal law that the Department is  
2 required to carry out, are effective.

3 (2) COVERED ACTIVITY.—The term “covered  
4 activity”, used with respect to a Department re-  
5 ferred to in this section, means an activity that the  
6 Department is required to carry out under—

7 (A) a provision of this Act (other than title  
8 II); or

9 (B) a provision of Federal law that is  
10 amended or repealed by this Act (other than  
11 title II).

12 (b) REPORTS.—

13 (1) CONTENTS.—Not later than December 31,  
14 1996, each Secretary referred to in paragraph (2)  
15 shall prepare and submit to the relevant committees  
16 described in paragraph (3) a report containing—

17 (A) the determinations described in sub-  
18 section (c);

19 (B) appropriate documentation in support  
20 of such determinations; and

21 (C) a description of the methodology used  
22 in making such determinations.

23 (2) SECRETARY.—The Secretaries referred to in  
24 this paragraph are—

25 (A) the Secretary of Agriculture;

1 (B) the Secretary of Education;

2 (C) the Secretary of Labor;

3 (D) the Secretary of Housing and Urban  
4 Development; and

5 (E) the Secretary of Health and Human  
6 Services.

7 (3) RELEVANT COMMITTEES.—The relevant  
8 Committees described in this paragraph are the fol-  
9 lowing:

10 (A) With respect to each Secretary de-  
11 scribed in paragraph (2), the Committee on  
12 Government Reform and Oversight of the  
13 House of Representatives and the Committee  
14 on Governmental Affairs of the Senate.

15 (B) With respect to the Secretary of Agri-  
16 culture, the Committee on Agriculture and the  
17 Committee on Economic and Educational Op-  
18 portunities of the House of Representatives and  
19 the Committee on Agriculture, Nutrition, and  
20 Forestry of the Senate.

21 (C) With respect to the Secretary of Edu-  
22 cation, the Committee on Economic and Edu-  
23 cational Opportunities of the House of Rep-  
24 resentatives and the Committee on Labor and  
25 Human Resources of the Senate.

1           (D) With respect to the Secretary of  
2           Labor, the Committee on Economic and Edu-  
3           cational Opportunities of the House of Rep-  
4           resentatives and the Committee on Labor and  
5           Human Resources of the Senate.

6           (E) With respect to the Secretary of Hous-  
7           ing and Urban Development, the Committee on  
8           Banking and Financial Services of the House of  
9           Representatives and the Committee on Bank-  
10          ing, Housing, and Urban Affairs of the Senate.

11          (F) With respect to the Secretary of  
12          Health and Human Services, the Committee on  
13          Economic and Educational Opportunities of the  
14          House of Representatives, the Committee on  
15          Labor and Human Resources of the Senate, the  
16          Committee on Ways and Means of the House of  
17          Representatives, and the Committee on Finance  
18          of the Senate.

19          (4) REPORT ON CHANGES.—Not later than De-  
20          cember 31, 1997, and each December 31 thereafter,  
21          each Secretary referred to in paragraph (2) shall  
22          prepare and submit to the relevant Committees de-  
23          scribed in paragraph (3), a report concerning any  
24          changes with respect to the determinations made

1 under subsection (c) for the year in which the report  
2 is being submitted.

3 (c) DETERMINATIONS.—Not later than December 31,  
4 1996, each Secretary referred to in subsection (b)(2) shall  
5 determine—

6 (1) the number of full-time equivalent positions  
7 required by the Department headed by such Sec-  
8 retary to carry out the covered activities of the De-  
9 partment, as of the day before the date of enactment  
10 of this Act;

11 (2) the number of such positions required by  
12 the Department to carry out the activities, as of the  
13 appropriate effective date for the Department; and

14 (3) the difference obtained by subtracting the  
15 number referred to in paragraph (2) from the num-  
16 ber referred to in paragraph (1).

17 (d) ACTIONS.—Each Secretary referred to in sub-  
18 section (b)(2) shall take such actions as may be necessary,  
19 including reduction in force actions, consistent with sec-  
20 tions 3502 and 3595 of title 5, United States Code, to  
21 reduce the number of positions of personnel of the Depart-  
22 ment—

23 (1) not later than 30 days after the appropriate  
24 effective date for the Department involved, by at

1 least 50 percent of the difference referred to in sub-  
2 section (c)(3); and

3 (2) not later than 13 months after such appro-  
4 priate effective date, by at least the remainder of  
5 such difference (after the application of paragraph  
6 (1)).

7 (e) CONSISTENCY.—

8 (1) EDUCATION.—The Secretary of Education  
9 shall carry out this section in a manner that enables  
10 the Secretary to meet the requirements of this sec-  
11 tion.

12 (2) LABOR.—The Secretary of Labor shall  
13 carry out this section in a manner that enables the  
14 Secretary to meet the requirements of this section.

15 (3) HEALTH AND HUMAN SERVICES.—The Sec-  
16 retary of Health and Human Services shall carry out  
17 this section in a manner that enables the Secretary  
18 to meet the requirements of this section and sections  
19 502 and 503.

20 (f) CALCULATION.—In determining, under subsection  
21 (c), the number of full-time equivalent positions required  
22 by a Department to carry out a covered activity, a Sec-  
23 retary referred to in subsection (b)(2) shall include the  
24 number of such positions occupied by personnel carrying  
25 out program functions or other functions (including budg-

1 etary, legislative, administrative, planning, evaluation, and  
2 legal functions) related to the activity.

3 (g) GENERAL ACCOUNTING OFFICE REPORT.—Not  
4 later than July 1, 1997, the Comptroller General of the  
5 United States shall prepare and submit to the committees  
6 described in subsection (b)(3), a report concerning the de-  
7 terminations made by each Secretary under subsection (c).  
8 Such report shall contain an analysis of the determina-  
9 tions made by each Secretary under subsection (c) and  
10 a determination as to whether further reductions in full-  
11 time equivalent positions are appropriate.

12 **SEC. 502. REDUCTIONS IN FEDERAL BUREAUCRACY.**

13 (a) IN GENERAL.—The Secretary of Health and  
14 Human Services shall reduce the Federal workforce within  
15 the Department of Health and Human Services by an  
16 amount equal to the sum of—

17 (1) 75 percent of the full-time equivalent posi-  
18 tions at such Department that relate to any direct  
19 spending program, or any program funded through  
20 discretionary spending, that has been converted into  
21 a block grant program under this Act and the  
22 amendments made by this Act; and

23 (2) an amount equal to 75 percent of that por-  
24 tion of the total full-time equivalent departmental  
25 management positions at such Department that

1 bears the same relationship to the amount appro-  
2 priated for the programs referred to in paragraph  
3 (1) as such amount relates to the total amount ap-  
4 propriated for use by such Department.

5 (b) REDUCTIONS IN THE DEPARTMENT OF HEALTH  
6 AND HUMAN SERVICES.—Notwithstanding any other pro-  
7 vision of this Act, the Secretary of Health and Human  
8 Services shall take such actions as may be necessary, in-  
9 cluding reductions in force actions, consistent with sec-  
10 tions 3502 and 3595 of title 5, United States Code, to  
11 reduce the full-time equivalent positions within the De-  
12 partment of Health and Human Services—

13 (1) by 245 full-time equivalent positions related  
14 to the program converted into a block grant under  
15 the amendment made by section 103; and

16 (2) by 60 full-time equivalent managerial posi-  
17 tions in the Department.

18 **SEC. 503. REDUCING PERSONNEL IN WASHINGTON, D.C.**

19 **AREA.**

20 In making reductions in full-time equivalent posi-  
21 tions, the Secretary of Health and Human Services is en-  
22 couraged to reduce personnel in the Washington, D.C.,  
23 area office (agency headquarters) before reducing field  
24 personnel.

1     **TITLE VI—REFORM OF PUBLIC**  
2                     **HOUSING**

3     **SEC. 601. FAILURE TO COMPLY WITH OTHER WELFARE AND**  
4                     **PUBLIC ASSISTANCE PROGRAMS.**

5             Title I of the United States Housing Act of 1937 (42  
6 U.S.C. 1437 et seq.), as amended by section 404(d) of  
7 this Act, is amended by adding at the end the following  
8 new section:

9     **“SEC. 28. FAILURE TO COMPLY WITH OTHER WELFARE AND**  
10                    **PUBLIC ASSISTANCE PROGRAMS.**

11            “(a) **IN GENERAL.**—If the benefits of a family are  
12 reduced under a Federal, State, or local law relating to  
13 welfare or a public assistance program for the failure of  
14 any member of the family to perform an action required  
15 under the law or program, the family may not, for the  
16 duration of the reduction, receive any increased assistance  
17 under this Act as the result of a decrease in the income  
18 of the family to the extent that the decrease in income  
19 is the result of the benefits reduction.

20            “(b) **EXCEPTION.**—Subsection (a) shall not apply in  
21 any case in which the benefits of a family are reduced be-  
22 cause the welfare or public assistance program to which  
23 the Federal, State, or local law relates limits the period  
24 during which benefits may be provided under the pro-  
25 gram.”.

1 **SEC. 602. FRAUD UNDER MEANS-TESTED WELFARE AND**  
2 **PUBLIC ASSISTANCE PROGRAMS.**

3 (a) **IN GENERAL.**—If an individual’s benefits under  
4 a Federal, State, or local law relating to a means-tested  
5 welfare or a public assistance program are reduced be-  
6 cause of an act of fraud by the individual under the law  
7 or program, the individual may not, for the duration of  
8 the reduction, receive an increased benefit under any other  
9 means-tested welfare or public assistance program for  
10 which Federal funds are appropriated as a result of a de-  
11 crease in the income of the individual (determined under  
12 the applicable program) attributable to such reduction.

13 (b) **WELFARE OR PUBLIC ASSISTANCE PROGRAMS**  
14 **FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.**—For  
15 purposes of subsection (a), the term “means-tested welfare  
16 or public assistance program for which Federal funds are  
17 appropriated” includes the food stamp program under the  
18 Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any  
19 program of public or assisted housing under title I of the  
20 United States Housing Act of 1937 (42 U.S.C. 1437 et  
21 seq.), and State programs funded under part A of title  
22 IV of the Social Security Act (42 U.S.C. 601 et seq.).

23 **SEC. 603. EFFECTIVE DATE.**

24 This title and the amendment made by this title shall  
25 become effective on the date of enactment of this Act.

1 **TITLE VII—CHILD PROTECTION**  
2 **BLOCK GRANT PROGRAMS**  
3 **AND FOSTER CARE, ADOPT-**  
4 **TION ASSISTANCE, AND INDE-**  
5 **PENDENT LIVING PROGRAMS**

6 **Subtitle A—Child Protection Block**  
7 **Grant Program and Foster Care,**  
8 **Adoption Assistance, and Inde-**  
9 **pendent Living Programs**

10 **CHAPTER 1—BLOCK GRANTS TO STATES**  
11 **FOR THE PROTECTION OF CHILDREN**

12 **SEC. 701. ESTABLISHMENT OF PROGRAM.**

13 Title IV of the Social Security Act (42 U.S.C. 601  
14 et seq.) is amended by striking part B and inserting the  
15 following:

16 **“PART B—BLOCK GRANTS TO STATES FOR THE**  
17 **PROTECTION OF CHILDREN**

18 **“SEC. 421. PURPOSE.**

19 “The purpose of this part is to enable eligible States  
20 to carry out a child protection program to—

21 “(1) identify and assist families at risk of abus-  
22 ing or neglecting their children;

23 “(2) operate a system for receiving reports of  
24 abuse or neglect of children;

1 (c) REDESIGNATION AND AMENDMENTS OF SECTION  
2 1123.—

3 (1) REDESIGNATION.—The Social Security Act  
4 is amended by redesignating section 1123, the sec-  
5 ond place it appears (42 U.S.C. 1320a-1a), as sec-  
6 tion 1123A.

7 (2) AMENDMENTS.—Section 1123A of such  
8 Act, as so redesignated, is amended in subsection  
9 (a)—

10 (A) by striking “The Secretary” and in-  
11 serting “Notwithstanding section 423(g), the  
12 Secretary”; and

13 (B) in paragraph (2), by inserting “under  
14 this section” after “promulgated”.

15 **CHAPTER 2—FOSTER CARE, ADOPTION**  
16 **ASSISTANCE, AND INDEPENDENT LIV-**  
17 **ING PROGRAMS**

18 **SEC. 711. CONFORMING AMENDMENTS TO PART E OF TITLE**  
19 **IV.**

20 (a) PURPOSE; APPROPRIATION.—Section 470 of the  
21 Social Security Act (42 U.S.C 670) is amended—

22 (1) by amending the heading to read as follows:  
23 **“SEC. 470. PURPOSE; APPROPRIATION.”**; and

24 (2) in the second sentence, by striking “this  
25 part” and inserting “section 422”.

1 (b) STATE PLAN FOR FOSTER CARE AND ADOPTION  
2 ASSISTANCE.—Section 471 of such Act (42 U.S.C. 671)  
3 is amended to read as follows:

4 **“SEC. 471. ELIGIBLE STATES.**

5 “In order for a State to be eligible for payments  
6 under this part, the State shall have submitted to the Sec-  
7 retary a plan which satisfies the requirements of section  
8 422.”.

9 (c) FOSTER CARE MAINTENANCE PAYMENTS PRO-  
10 GRAM.—Section 472 of such Act (42 U.S.C. 672) is  
11 amended to read as follows:

12 **“SEC. 472. REQUIREMENTS FOR FOSTER CARE MAINTENANCE PAYMENTS.**

13  
14 “(a) IN GENERAL.—Each State operating a program  
15 under this part shall make foster care maintenance pay-  
16 ments, as defined in section 426(6) with respect to a child  
17 who would meet the requirements of section 406(a) (as  
18 in effect on the day before the date of the enactment of  
19 the Personal Responsibility and Work Opportunity Act of  
20 1996) or of section 407 (as so in effect) but for the re-  
21 moval of the child from the home of a relative (specified  
22 in section 406(a) (as so in effect)), if—

23 “(1) the removal from the home occurred pur-  
24 suant to a voluntary placement agreement entered  
25 into by the child’s parent or legal guardian, or was

1 the result of a judicial determination to the effect  
2 that continuation therein would be contrary to the  
3 welfare of such child and that reasonable efforts of  
4 the type described in section 422(a)(12) have been  
5 made;

6 “(2) such child’s placement and care are the re-  
7 sponsibility of—

8 “(A) the State; or

9 “(B) any other public agency with which  
10 the State has made an agreement for the ad-  
11 ministration of the State program under this  
12 part which is still in effect;

13 “(3) such child has been placed in a foster fam-  
14 ily home or child-care institution as a result of the  
15 voluntary placement agreement or judicial deter-  
16 mination referred to in paragraph (1); and

17 “(4) such child—

18 “(A) would have been eligible to receive aid  
19 under the eligibility standards under the State  
20 plan approved under section 402 (as in effect  
21 on the day before the date of the enactment of  
22 this part and adjusted for inflation, in accord-  
23 ance with regulations issued by the Secretary)  
24 in or for the month in which such agreement  
25 was entered into or court proceedings leading to

1 the removal of such child from the home were  
2 initiated; or

3 “(B) would have received such aid in or for  
4 such month if application had been made there-  
5 for, or the child had been living with a relative  
6 specified in section 406(a) (as so in effect)  
7 within 6 months prior to the month in which  
8 such agreement was entered into or such pro-  
9 ceedings were initiated, and would have received  
10 such aid in or for such month if in such month  
11 such child had been living with such a relative  
12 and application therefor had been made.

13 “(b) LIMITATION ON FOSTER CARE PAYMENTS.—  
14 Foster care maintenance payments may be made under  
15 this part only on behalf of a child described in subsection  
16 (a) of this section who is—

17 “(1) in the foster family home of an individual,  
18 whether the payments therefore are made to such in-  
19 dividual or to a public or private child placement or  
20 child-care agency; or

21 “(2) in a child-care institution, whether the  
22 payments therefore are made to such institution or  
23 to a public or private child-placement or child-care  
24 agency, which payments shall be limited so as to in-  
25 clude in such payments only those items which are

1 included in the term ‘foster care maintenance pay-  
2 ments’ (as defined in section 426(6)).

3 “(c) VOLUNTARY PLACEMENTS.—

4 “(1) SATISFACTION OF CHILD PROTECTION  
5 STANDARDS.—Notwithstanding any other provision  
6 of this section, Federal payments may be made  
7 under this part with respect to amounts expended by  
8 any State as foster care maintenance payments  
9 under this part, in the case of children removed  
10 from their homes pursuant to voluntary placement  
11 agreements as described in subsection (a), only if (at  
12 the time such amounts were expended) the State has  
13 fulfilled all of the requirements of section  
14 422(a)(11).

15 “(2) REMOVAL IN EXCESS OF 180 DAYS.—No  
16 Federal payment may be made under this part with  
17 respect to amounts expended by any State as foster  
18 care maintenance payments, in the case of any child  
19 who was removed from such child’s home pursuant  
20 to a voluntary placement agreement as described in  
21 subsection (a) and has remained in voluntary place-  
22 ment for a period in excess of 180 days, unless there  
23 has been a judicial determination by a court of com-  
24 petent jurisdiction (within the first 180 days of such

1 placement) that such placement is in the best inter-  
2 ests of the child.

3 “(3) DEEMED REVOCATION OF AGREEMENTS.—

4 In any case where—

5 “(A) the placement of a minor child in fos-  
6 ter care occurred pursuant to a voluntary place-  
7 ment agreement entered into by the parents or  
8 guardians of such child as provided in sub-  
9 section (a); and

10 “(B) such parents or guardians request (in  
11 such manner and form as the Secretary may  
12 prescribe) that the child be returned to their  
13 home or to the home of a relative,  
14 the voluntary placement agreement shall be deemed  
15 to be revoked unless the State opposes such request  
16 and obtains a judicial determination, by a court of  
17 competent jurisdiction, that the return of the child  
18 to such home would be contrary to the child’s best  
19 interests.”.

20 (d) ADOPTION ASSISTANCE PROGRAM.—Section 473  
21 of such Act (42 U.S.C. 673) is amended to read as follows:

22 **“SEC. 473. REQUIREMENTS FOR ADOPTION ASSISTANCE**  
23 **PAYMENTS.**

24 “(a) IN GENERAL.—A State operating a program  
25 under this part shall enter into adoption assistance agree-

1 ments with the adoptive parents of children with special  
2 needs.

3 “(b) PAYMENTS UNDER AGREEMENTS.—

4 “(1) IN GENERAL.—Under any adoption assist-  
5 ance agreement entered into by a State with parents  
6 who adopt a child with special needs, the State—

7 “(A) shall make payments of nonrecurring  
8 adoption expenses incurred by or on behalf of  
9 such parents in connection with the adoption of  
10 such child, directly through the State agency or  
11 through another public or nonprofit private  
12 agency, in amounts determined under sub-  
13 section (d), and

14 “(B) in any case where the child meets the  
15 requirements of subsection (c), may make adop-  
16 tion assistance payments to such parents, di-  
17 rectly through the State agency or through an-  
18 other public or nonprofit private agency, in  
19 amounts so determined.

20 “(2) DEFINITION OF NONRECURRING ADOPTION  
21 EXPENSES.—

22 “(A) IN GENERAL.—For purposes of para-  
23 graph (1)(A), the term ‘nonrecurring adoption  
24 expenses’ means reasonable and necessary  
25 adoption fees, court costs, attorney fees, and

1 other expenses which are directly related to the  
2 legal adoption of a child with special needs and  
3 which are not incurred in violation of State or  
4 Federal law.

5 “(B) TREATMENT AS AN ADMINISTRATIVE  
6 EXPENSE.—A State’s payment of nonrecurring  
7 adoption expenses under an adoption assistance  
8 agreement shall be treated as an expenditure  
9 made for the proper and efficient administra-  
10 tion of the State plan for purposes of section  
11 474(a)(3)(E).

12 “(c) CHILDREN WITH SPECIAL NEEDS.—For pur-  
13 poses of subsection (b)(1)(B), a child meets the require-  
14 ments of this subsection if such child—

15 “(1)(A) at the time adoption proceedings were  
16 initiated, met the requirements of section 406(a) (as  
17 in effect on the day before the date of the enactment  
18 of the Personal Responsibility and Work Oppor-  
19 tunity Act of 1996) or section 407 (as so in effect)  
20 or would have met such requirements except for  
21 such child’s removal from the home of a relative  
22 (specified in section 406(a) (as so in effect)), either  
23 pursuant to a voluntary placement agreement with  
24 respect to which Federal payments are provided  
25 under section 474 (or 403 (as so in effect)) or as

1 a result of a judicial determination to the effect that  
2 continuation therein would be contrary to the wel-  
3 fare of such child;

4 “(B) meets all of the requirements of title XVI  
5 with respect to eligibility for supplemental security  
6 income benefits; or

7 “(C) is a child whose costs in a foster family  
8 home or child-care institution are covered by the fos-  
9 ter care maintenance payments being made with re-  
10 spect to his or her minor parent;

11 “(2)(A) would have received aid under the eligi-  
12 bility standards under the State plan approved  
13 under section 402 (as in effect on the day before the  
14 date of the enactment of this part, adjusted for in-  
15 flation, in accordance with regulations issued by the  
16 Secretary) in or for the month in which such agree-  
17 ment was entered into or court proceedings leading  
18 to the removal of such child from the home were ini-  
19 tiated;

20 “(B) would have received such aid in or for  
21 such month if application had been made therefor,  
22 or had been living with a relative specified in section  
23 406(a) (as so in effect) within 6 months prior to the  
24 month in which such agreement was entered into or  
25 such proceedings were initiated, and would have re-

1       ceived such aid in or for such month if in such  
2       month such child had been living with such a rel-  
3       ative and application therefor had been made; or

4               “(C) is a child described in subparagraph (A)  
5       or (B); and

6               “(3) has been determined by the State, pursu-  
7       ant to subsection (g) of this section, to be a child  
8       with special needs.

9       “(d) DETERMINATION OF PAYMENTS.—The amount  
10      of the payments to be made in any case under subsection  
11      (b) shall be determined through agreement between the  
12      adoptive parents and the State or a public or nonprofit  
13      private agency administering the program under this part,  
14      which shall take into consideration the circumstances of  
15      the adopting parents and the needs of the child being  
16      adopted, and may be readjusted periodically, with the con-  
17      currence of the adopting parents (which may be specified  
18      in the adoption assistance agreement), depending upon  
19      changes in such circumstances. However, in no case may  
20      the amount of the adoption assistance payment exceed the  
21      foster care maintenance payment which would have been  
22      paid during the period if the child with respect to whom  
23      the adoption assistance payment is made had been in a  
24      foster family home.

1       “(e) PAYMENT EXCEPTION.—Notwithstanding sub-  
2 section (d), no payment may be made to parents with re-  
3 spect to any child who has attained the age of 18 (or,  
4 where the State determines that the child has a mental  
5 or physical disability which warrants the continuation of  
6 assistance, the age of 21), and no payment may be made  
7 to parents with respect to any child if the State determines  
8 that the parents are no longer legally responsible for the  
9 support of the child or if the State determines that the  
10 child is no longer receiving any support from such parents.  
11 Parents who have been receiving adoption assistance pay-  
12 ments under this part shall keep the State or public or  
13 nonprofit private agency administering the program under  
14 this part informed of circumstances which would, pursu-  
15 ant to this section, make them ineligible for such assist-  
16 ance payments, or eligible for assistance payments in a  
17 different amount.

18       “(f) PREADoption PAYMENTS.—For purposes of  
19 this part, individuals with whom a child who has been de-  
20 termined by the State, pursuant to subsection (g), to be  
21 a child with special needs is placed for adoption in accord-  
22 ance with applicable State and local law shall be eligible  
23 for adoption assistance payments during the period of the  
24 placement, on the same terms and subject to the same  
25 conditions as if such individuals had adopted such child.

1       “(g) DETERMINATION OF CHILD WITH SPECIAL  
2 NEEDS.—For purposes of this section, a child shall not  
3 be considered a child with special needs unless—

4               “(1) the State has determined that the child  
5 cannot or should not be returned to the home of the  
6 child’s parents; and

7               “(2) the State had first determined—

8                       “(A) that there exists with respect to the  
9 child a specific factor or condition such as the  
10 child’s ethnic background, age, or membership  
11 in a minority or sibling group, or the presence  
12 of factors such as medical conditions or phys-  
13 ical, mental, or emotional handicaps because of  
14 which it is reasonable to conclude that such  
15 child cannot be placed with adoptive parents  
16 without providing adoption assistance under  
17 this part or medical assistance under title XV  
18 or XIX; and

19                       “(B) that, except where it would be  
20 against the best interests of the child because  
21 of such factors as the existence of significant  
22 emotional ties with prospective adoptive parents  
23 while in the care of such parents as a foster  
24 child, a reasonable, but unsuccessful, effort has  
25 been made to place the child with appropriate

1           adoptive parents without providing adoption as-  
2           sistance under this section or medical assistance  
3           under title XV or XIX.”.

4           (e) PAYMENTS TO STATES; ALLOTMENTS TO  
5 STATES.—Section 474 of such Act (42 U.S.C. 674) is  
6 amended to read as follows:

7 **“SEC. 474. PAYMENTS TO STATES; ALLOTMENTS TO STATES.**

8           “(a) FOSTER CARE, ADOPTION ASSISTANCE, AND  
9 INDEPENDENT LIVING PROGRAMS PAYMENTS.—Each eli-  
10 gible State, as determined under section 471, shall be enti-  
11 tled to receive from the Secretary for each quarter of each  
12 fiscal year a payment equal to the sum of—

13           “(1) an amount equal to the Federal medical  
14 assistance percentage (as defined in section 1905(b)  
15 of this Act as in effect on the day before the date  
16 of the enactment of the Personal Responsibility and  
17 Work Opportunity Act of 1996) of the total amount  
18 expended during such quarter as foster care mainte-  
19 nance payments under the child protection program  
20 under this part for children in foster family homes  
21 or child-care institutions; plus

22           “(2) an amount equal to the Federal medical  
23 assistance percentage (as defined in section 1905(b)  
24 of this Act (as so in effect)) of the total amount ex-  
25 pended during such quarter as adoption assistance

1 payments under the child protection program under  
2 this part pursuant to adoption assistance agree-  
3 ments; plus

4 “(3) an amount equal to the sum of the follow-  
5 ing proportions of the total amounts expended dur-  
6 ing such quarter as found necessary by the Sec-  
7 retary for the provision of child placement services  
8 and for the proper and efficient administration of  
9 the State foster care and adoption assistance pro-  
10 gram—

11 “(A) 75 percent of so much of such ex-  
12 penditures as are for the training (including  
13 both short and long-term training at edu-  
14 cational institutions through grants to such in-  
15 stitutions or by direct financial assistance to  
16 students enrolled in such institutions) of per-  
17 sonnel employed or preparing for employment  
18 by the State agency or by the local agency ad-  
19 ministering the plan in the political subdivision;

20 “(B) 75 percent of so much of such ex-  
21 penditures (including travel and per diem ex-  
22 penses) as are for the short-term training of  
23 current or prospective foster or adoptive par-  
24 ents and the members of the staff of State-li-  
25 censed or State-approved child care institutions

1 providing care to foster and adopted children  
2 receiving assistance under this part, in ways  
3 that increase the ability of such current or pro-  
4 spective parents, staff members, and institu-  
5 tions to provide support and assistance to foster  
6 and adopted children, whether incurred directly  
7 by the State or by contract;

8 “(C) 50 percent of so much of such ex-  
9 penditures as are for the planning, design, de-  
10 velopment, or installation of statewide mecha-  
11 nized data collection and information retrieval  
12 systems (including 50 percent of the full  
13 amount of expenditures for hardware compo-  
14 nents for such systems) but only to the extent  
15 that such systems—

16 “(i) meet the requirements imposed  
17 by regulations;

18 “(ii) to the extent practicable, are ca-  
19 pable of interfacing with the State data  
20 collection system that collects information  
21 relating to child abuse and neglect;

22 “(iii) to the extent practicable, have  
23 the capability of interfacing with, and re-  
24 trieving information from, the State data  
25 collection system that collects information

1 relating to the eligibility of individuals  
2 under part A (for the purposes of facilitat-  
3 ing verification of eligibility of foster chil-  
4 dren); and

5 “(iv) are determined by the Secretary  
6 to be likely to provide more efficient, eco-  
7 nomical, and effective administration of  
8 the programs carried out under a State  
9 plan approved under this part;

10 “(D) 50 percent of so much of such ex-  
11 penditures as are for the operation of the state-  
12 wide mechanized data collection and informa-  
13 tion retrieval systems referred to in subpara-  
14 graph (C); and

15 “(E) one-half of the remainder of such ex-  
16 penditures; plus

17 “(4) an amount equal to the sum of—

18 “(A) so much of the amounts expended by  
19 such State to carry out a program under sec-  
20 tion 476, as do not exceed the basic amount for  
21 such State determined under subsection (e)(1)  
22 of such section; and

23 “(B) the lesser of—

1                   “(i) one-half of any additional  
2                   amounts expended by such State for such  
3                   programs; or

4                   “(ii) the maximum additional amount  
5                   for such State under subsection (e)(1) of  
6                   such section.

7           “(b) AUTOMATED DATA COLLECTION EXPENDI-  
8           TURES.—The Secretary shall treat as necessary for the  
9           proper and efficient administration of the State plan all  
10           expenditures of a State necessary in order for the State  
11           to plan, design, develop, install, and operate data collec-  
12           tion and information retrieval systems, without regard to  
13           whether the systems may be used with respect to foster  
14           or adoptive children other than those on behalf of whom  
15           foster care maintenance payments or adoption assistance  
16           payments may be made under this part.

17           “(c) ESTIMATES BY THE SECRETARY.—

18                   “(1) IN GENERAL.—The Secretary shall, prior  
19                   to the beginning of each quarter, estimate the  
20                   amount which a State will be entitled to receive  
21                   under subsection (a) for such quarter, such esti-  
22                   mates to be based on—

23                           “(A) a report filed by the State containing  
24                           its estimate of the total sum to be expended in  
25                           such quarter in accordance with subsection (a),

1 and stating the amount appropriated or made  
2 available by the State and its political subdivi-  
3 sions for such expenditures in such quarter, and  
4 if such amount is less than the State's propor-  
5 tionate share of the total sum of such estimated  
6 expenditures, the source or sources from which  
7 the difference is expected to be derived;

8 “(B) records showing the number of chil-  
9 dren in the State receiving assistance under  
10 this part; and

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

13 “(2) PAYMENTS.—The Secretary shall pay to  
14 the States the amounts so estimated under para-  
15 graph (1), reduced or increased to the extent of any  
16 overpayment or underpayment which the Secretary  
17 determines was made under this subsection to such  
18 State for any prior quarter and with respect to  
19 which adjustment has not already been made under  
20 this subsection.

21 “(3) PRO RATA SHARE.— The pro rata share to  
22 which the United States is equitably entitled, as de-  
23 termined by the Secretary, of the net amount recov-  
24 ered during any quarter by the State or any political  
25 subdivision thereof with respect to foster care and

1 adoption assistance furnished under this part shall  
2 be considered an overpayment to be adjusted under  
3 this subsection.

4 “(d) ALLOWANCE OR DISALLOWANCE OF CLAIM.—

5 “(1) IN GENERAL.—Within 60 days after re-  
6 ceipt of a State claim for expenditures pursuant to  
7 subsection (b)(1), the Secretary shall allow, disallow,  
8 or defer such claim.

9 “(2) NOTICE.—Within 15 days after a decision  
10 to defer a State claim, the Secretary shall notify the  
11 State of the reasons for the deferral and of the addi-  
12 tional information necessary to determine the allow-  
13 ability of the claim.

14 “(3) DECISION.—Within 90 days after receiving  
15 such necessary information (in readily reviewable  
16 form), the Secretary shall—

17 “(A) disallow the claim, if able to complete  
18 the review and determine that the claim is not  
19 allowable; or

20 “(B) in any other case, allow the claim,  
21 subject to disallowance (as necessary)—

22 “(i) upon completion of the review, if  
23 it is determined that the claim is not allow-  
24 able; or

1                   “(ii) on the basis of findings of an  
2                   audit or financial management review.”.

3           (f) DEFINITIONS.—Section 475 of such Act (42  
4 U.S.C. 675) is amended to read as follows:

5   **“SEC. 475. DEFINITIONS.**

6           For definitions of terms used in this part, see section  
7 426.”.

8           (g) TECHNICAL ASSISTANCE; DATA COLLECTION  
9 AND EVALUATION.—Part E of title IV of such Act is  
10 amended by striking section 476.

11           (h) INDEPENDENT LIVING INITIATIVES.—Part E of  
12 title IV of such Act (42 U.S.C. 670 et seq.), as amended  
13 by subsection (g), is amended—

14                   (1) by redesignating section 477 as section 476;

15                   and

16                   (2) by amending section 476, as so redesign-  
17                   ated, to read as follows:

18   **“SEC. 476. REQUIREMENTS FOR INDEPENDENT LIVING**  
19                   **PROGRAMS.**

20           “(a) PAYMENTS FOR INDEPENDENT LIVING PRO-  
21 GRAMS.—

22                   “(1) IN GENERAL.—Payments shall be made in  
23                   accordance with this section for the purpose of as-  
24                   sisting States and localities in establishing and car-  
25                   rying out programs designed to assist children de-

1 scribed in paragraph (2) who have attained age 16  
2 in making the transition from foster care to inde-  
3 pendent living. Any State which provides for the es-  
4 tablishment and carrying out of one or more such  
5 programs in accordance with this section for a fiscal  
6 year shall be entitled to receive payments under this  
7 section for such fiscal year, in an amount deter-  
8 mined under subsection (e).

9 “(2) PROGRAM REQUIREMENTS.—A program  
10 established and carried out under paragraph (1)—

11 “(A) shall be designed to assist children  
12 with respect to whom foster care maintenance  
13 payments are being made by the State under  
14 this part;

15 “(B) may at the option of the State also  
16 include any or all other children in foster care  
17 under the responsibility of the State; and

18 “(C) may at the option of the State also  
19 include any child who has not attained age 21  
20 to whom foster care maintenance payments  
21 were previously made by a State under this part  
22 and whose payments were discontinued on or  
23 after the date such child attained age 16, and  
24 any child who previously was in foster care de-  
25 scribed in subparagraph (B) and for whom such

1 care was discontinued on or after the date such  
2 child attained age 16; and a written transitional  
3 independent living plan of the type described in  
4 subsection (d)(6) shall be developed for such  
5 child as a part of such program.

6 “(b) USE OF FUNDS.—Payment under this section  
7 shall be made to the State, and shall be used for the pur-  
8 pose of conducting and providing in accordance with this  
9 section (directly or under contracts with local govern-  
10 mental entities or private nonprofit organizations) the ac-  
11 tivities and services required to carry out the program or  
12 programs involved.

13 “(c) SUBMISSION OF PROGRAM DESCRIPTION AND  
14 ASSURANCES.—In order for a State to receive payments  
15 under this section for any fiscal year, the State, prior to  
16 February 1 of such fiscal year, must submit to the Sec-  
17 retary, in such manner and form as the Secretary may  
18 prescribe, a description of the program together with satis-  
19 factory assurances that the program will be operated in  
20 an effective and efficient manner and will otherwise meet  
21 the requirements of this section.

22 “(d) PROGRAM OBJECTIVES.—In carrying out the  
23 purpose described in subsection (a), it shall be the objec-  
24 tive of each program established under this section to help  
25 the individuals participating in such program to prepare

1 to live independently upon leaving foster care. Such pro-  
2 grams may include (subject to the availability of funds)  
3 programs to—

4 “(1) enable participants to seek a high school  
5 diploma or its equivalent or to take part in appro-  
6 priate vocational training;

7 “(2) provide training in daily living skills, budg-  
8 eting, locating and maintaining housing, and career  
9 planning;

10 “(3) provide for individual and group counsel-  
11 ing;

12 “(4) integrate and coordinate services otherwise  
13 available to participants;

14 “(5) provide for the establishment of outreach  
15 programs designed to attract individuals who are eli-  
16 gible to participate in the program;

17 “(6) provide each participant a written transi-  
18 tional independent living plan which shall be based  
19 on an assessment of his needs, and which shall be  
20 incorporated into his case plan, as defined in section  
21 426(3); and

22 “(7) provide participants with other services  
23 and assistance designed to improve their transition  
24 to independent living.

25 “(e) DETERMINATION OF PAYMENTS.—

1           “(1) BASIC AMOUNT.—

2                   “(A) IN GENERAL.—The basic amount to  
3           which a State shall be entitled under section  
4           474(a)(4) for a fiscal year shall be an amount  
5           which bears the same ratio to the basic ceiling  
6           for such fiscal year as such State’s average  
7           number of children receiving foster care mainte-  
8           nance payments under part E in fiscal year  
9           1984 bore to the total of the average number  
10          of children receiving such payments under such  
11          part for all States for fiscal year 1984.

12                   “(B) MAXIMUM ADDITIONAL AMOUNT.—  
13          The maximum additional amount to which a  
14          State shall be entitled under section 474(a)(4)  
15          for a fiscal year shall be an amount which bears  
16          the same ratio to the additional ceiling for such  
17          fiscal year as the basic amount of such State  
18          bears to \$45,000,000.

19                   “(C) DEFINITIONS.—For purposes of this  
20          section:

21                           “(i) BASIC CEILING.—The term ‘basic  
22                           ceiling’ means, for any fiscal year,  
23                           \$45,000,000.

1                   “(ii) ADDITIONAL CEILING.—The  
2                   term ‘additional ceiling’ means, for any fis-  
3                   cal year, \$25,000,000.

4                   “(2) REALLOCATION OF FUNDS.—If any State  
5                   does not apply for funds under this section for any  
6                   fiscal year within the time provided in subsection  
7                   (c), the funds to which such State would have been  
8                   entitled for such fiscal year shall be reallocated to  
9                   one or more other States on the basis of their rel-  
10                  ative need for additional payments under this section  
11                  (as determined by the Secretary).

12                  “(3) SUPPLEMENT TO OTHER FUNDS.—Any  
13                  amounts payable to States under this section shall  
14                  be in addition to amounts payable to States under  
15                  paragraphs (1), (2), and (3) of section 474(a), and  
16                  shall supplement and not replace any other funds  
17                  which may be available for the same general pur-  
18                  poses in the localities involved.

19                  “(f) LIMITATION ON USE OF FUNDS.—Payments  
20                  made to a State under this section for any fiscal year—

21                         “(1) shall be used only for the specific purposes  
22                         described in this section;

23                         “(2) may not be used for the provision of room  
24                         or board;

1           “(3) may be made on an estimated basis in ad-  
2           vance of the determination of the exact amount, with  
3           appropriate subsequent adjustments to take account  
4           of any error in the estimates; and

5           “(4) shall be expended by such State in such  
6           fiscal year or in the succeeding fiscal year.

7           “(g) REPORTING REQUIREMENTS.—Not later than  
8           the first January 1 following the end of each fiscal year,  
9           each State shall submit to the Secretary a report on the  
10          programs carried out during such fiscal year with the  
11          amounts received under this section. Such report shall be  
12          in such form and contain such information as may be nec-  
13          essary to provide an accurate description of such activities,  
14          to provide a complete record of the purposes for which  
15          the funds were spent, and to indicate the extent to which  
16          the expenditure of such funds succeeded in accomplishing  
17          the purpose described in subsection (a).

18          “(h) ASSISTANCE NOT CONSIDERED INCOME OR RE-  
19          SOURCES.—Notwithstanding any other provision of this  
20          title, payments made and services provided to participants  
21          in a program under this section, as a direct consequence  
22          of their participation in such program, shall not be consid-  
23          ered as income or resources for purposes of determining  
24          eligibility (or the eligibility of any other persons) for as-  
25          sistance under the State’s plan approved under this part

1 or part A, or for purposes of determining the level of such  
2 assistance.”.

3 (i) **COLLECTION OF DATA RELATING TO ADOPTION**  
4 **AND FOSTER CARE.**—Part E of title IV of such Act (42  
5 U.S.C. 670 et seq.) is amended—

6 (1) by redesignating section 479 as section 477;  
7 and

8 (2) by amending section 477, as so redesignig-  
9 nated, to read as follows:

10 **“SEC. 477. COLLECTION OF DATA RELATING TO ADOPTION**  
11 **AND FOSTER CARE.**

12 “For requirements with respect to the collection of  
13 data relating to adoption and foster care, see section  
14 424.”.

15 **CHAPTER 3—MISCELLANEOUS**

16 **SEC. 731. SECRETARIAL SUBMISSION OF LEGISLATIVE PRO-**  
17 **POSAL FOR TECHNICAL AND CONFORMING**  
18 **AMENDMENTS.**

19 Not later than 90 days after the date of the enact-  
20 ment of this subtitle, the Secretary of Health and Human  
21 Services, in consultation, as appropriate, with the heads  
22 of other Federal agencies, shall submit to the appropriate  
23 committees of Congress a legislative proposal providing for  
24 such technical and conforming amendments in the law as  
25 are required by the provisions of this subtitle.

1 **SEC. 732. SENSE OF THE CONGRESS REGARDING TIMELY**  
2 **ADOPTION OF CHILDREN.**

3 It is the sense of the Congress that—

4 (1) too many children who wish to be adopted  
5 are spending inordinate amounts of time in foster  
6 care;

7 (2) there is an urgent need for States to in-  
8 crease the number of waiting children being adopted  
9 in a timely and lawful manner;

10 (3) studies have shown that States spend an ex-  
11 cess of \$15,000 each year on each special needs  
12 child in foster care, and would save significant  
13 amounts of money if they offered incentives to fami-  
14 lies to adopt special needs children;

15 (4) States should allocate sufficient funds under  
16 this title for adoption assistance and medical assist-  
17 ance to encourage more families to adopt children  
18 who otherwise would languish in the foster care sys-  
19 tem for a period that many experts consider det-  
20 rimental to their development;

21 (5) States should offer incentives for families  
22 that adopt special needs children to make adoption  
23 more affordable for middle-class families;

24 (6) when it is necessary for a State to remove  
25 a child from the home of the child's biological par-  
26 ents, the State should strive—

1 (A) to provide the child with a single foster  
2 care placement and a single coordinated case  
3 team; and

4 (B) to conclude an adoption of the child,  
5 when adoption is the goal of the child and the  
6 State, within one year of the child's placement  
7 in foster care; and

8 (7) States should participate in local, regional,  
9 or national programs to enable maximum visibility of  
10 waiting children to potential parents. Such programs  
11 should include a nationwide, interactive computer  
12 network to disseminate information on children eligi-  
13 ble for adoption to help match them with families  
14 around the country.

15 **SEC. 733. EFFECTIVE DATE; TRANSITION RULES.**

16 (a) **EFFECTIVE DATE.**—

17 (1) **IN GENERAL.**—Except as provided in para-  
18 graph (2), this subtitle and the amendments made  
19 by this subtitle shall be effective on and after Octo-  
20 ber 1, 1996.

21 (2) **EXCEPTION.**—Section 425 of part B of title  
22 IV of the Social Security Act, as added by section  
23 701, section 702(a), and section 704 shall take ef-  
24 fect on the date of the enactment of this subtitle.

1           (3) TEMPORARY REDESIGNATION OF SECTION  
2           425.—During the period beginning on the date of the  
3           enactment of this subtitle and ending on October 1,  
4           1996, section 425 of part B of title IV of the Social  
5           Security Act, as added by section 701, shall be re-  
6           designated as section 425A.

7           (b) TRANSITION RULES.—

8           (1) CLAIMS, ACTIONS, AND PROCEEDINGS.—  
9           The amendments made by this subtitle shall not  
10          apply with respect to—

11           (A) powers, duties, functions, rights,  
12           claims, penalties, or obligations applicable to  
13           aid, assistance, or services provided before the  
14           effective date of this subtitle under the provi-  
15           sions amended; and

16           (B) administrative actions and proceedings  
17           commenced before such date, or authorized be-  
18           fore such date to be commenced, under such  
19           provisions.

20          (2) CLOSING OUT ACCOUNT FOR THOSE PRO-  
21          GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED  
22          BY THIS SUBTITLE.—In closing out accounts, Fed-  
23          eral and State officials may use scientifically accept-  
24          able statistical sampling techniques. Claims made  
25          under programs which are repealed or substantially

1 amended in this subtitle and which involve State ex-  
2 penditures in cases where assistance or services were  
3 provided during a prior fiscal year, shall be treated  
4 as expenditures during fiscal year 1995 for purposes  
5 of reimbursement even if payment was made by a  
6 State on or after October 1, 1995. States shall com-  
7 plete the filing of all claims no later than September  
8 30, 1997. Federal department heads shall—

9 (A) use the single audit procedure to re-  
10 view and resolve any claims in connection with  
11 the closeout of programs; and

12 (B) reimburse States for any payments  
13 made for assistance or services provided during  
14 a prior fiscal year from funds for fiscal year  
15 1995, rather than the funds authorized by this  
16 subtitle.

17 **Subtitle B—Child and Family**  
18 **Services Block Grant**

19 **SEC. 751. CHILD AND FAMILY SERVICES BLOCK GRANT.**

20 The Child Abuse Prevention and Treatment Act (42  
21 U.S.C. 5101 et seq.) is amended to read as follows:

22 **“SECTION 1. SHORT TITLE.**

23 “This Act may be cited as the ‘Child and Family  
24 Services Block Grant Act of 1996’.

1 **“SEC. 2. FINDINGS.**

2 “The Congress finds the following:

3 “(1) Each year, close to 1,000,000 American  
4 children are victims of abuse and neglect.

5 “(2) Many of these children and their families  
6 fail to receive adequate protection or treatment.

7 “(3) The problem of child abuse and neglect re-  
8 quires a comprehensive approach that—

9 “(A) integrates the work of social service,  
10 legal, health, mental health, education, and sub-  
11 stance abuse agencies and organizations;

12 “(B) strengthens coordination among all  
13 levels of government, and with private agencies,  
14 civic, religious, and professional organizations,  
15 and individual volunteers;

16 “(C) emphasizes the need for abuse and  
17 neglect prevention, assessment, investigation,  
18 and treatment at the neighborhood level;

19 “(D) ensures properly trained and support  
20 staff with specialized knowledge, to carry out  
21 their child protection duties; and

22 “(E) is sensitive to ethnic and cultural di-  
23 versity.

24 “(4) The child protection system should be  
25 comprehensive, child-centered, family-focused, and  
26 community-based, should incorporate all appropriate

1 measures to prevent the occurrence or recurrence of  
2 child abuse and neglect, and should promote physical  
3 and psychological recovery and social reintegration  
4 in an environment that fosters the health, safety,  
5 self-respect, and dignity of the child.

6 “(5) The Federal Government should provide  
7 leadership and assist communities in their child and  
8 family protection efforts by—

9 “(A) generating and sharing knowledge  
10 relevant to child and family protection, includ-  
11 ing the development of models for service deliv-  
12 ery;

13 “(B) strengthening the capacity of States  
14 to assist communities;

15 “(C) helping communities to carry out  
16 their child and family protection plans by pro-  
17 moting the competence of professional, para-  
18 professional, and volunteer resources; and

19 “(D) providing leadership to end the abuse  
20 and neglect of the Nation’s children and youth.

21 **“SEC. 3. PURPOSES.**

22 “The purposes of this Act are the following:

23 “(1) To assist each State in improving the child  
24 protective service systems of such State by—

1           “(A) improving risk and safety assessment  
2 tools and protocols;

3           “(B) developing, strengthening, and facili-  
4 tating training opportunities for individuals who  
5 are mandated to report child abuse or neglect  
6 or otherwise overseeing, investigating, prosecut-  
7 ing, or providing services to children and fami-  
8 lies who are at risk of abusing or neglecting  
9 their children; and

10          “(C) developing, implementing, or operat-  
11 ing information, education, training, or other  
12 programs designed to assist and provide serv-  
13 ices for families of disabled infants with life-  
14 threatening conditions.

15          “(2) To support State efforts to develop, oper-  
16 ate, expand and enhance a network of community-  
17 based, prevention-focused, family resource and sup-  
18 port programs that are culturally competent and  
19 that coordinate resources among existing education,  
20 vocational rehabilitation, disability, respite, health,  
21 mental health, job readiness, self-sufficiency, child  
22 and family development, community action, Head  
23 Start, child care, child abuse and neglect prevention,  
24 juvenile justice, domestic violence prevention and

1 intervention, housing, and other human service orga-  
2 nizations within the State.

3 “(3) To facilitate the elimination of barriers to  
4 adoption and to provide permanent and loving home  
5 environments for children who would benefit from  
6 adoption, particularly children with special needs, in-  
7 cluding disabled infants with life-threatening condi-  
8 tions, by—

9 “(A) promoting model adoption legislation  
10 and procedures in the States and territories of  
11 the United States in order to eliminate jurisdic-  
12 tional and legal obstacles to adoption;

13 “(B) providing a mechanism for the De-  
14 partment of Health and Human Services to—

15 “(i) promote quality standards for  
16 adoption services, preplacement, post-  
17 placement, and post-legal adoption counsel-  
18 ing, and standards to protect the rights of  
19 children in need of adoption;

20 “(ii) maintain a national adoption in-  
21 formation exchange system to bring to-  
22 gether children who would benefit from  
23 adoption and qualified prospective adoptive  
24 parents who are seeking such children, and  
25 conduct national recruitment efforts in

1 order to reach prospective parents for chil-  
2 dren awaiting adoption; and

3 “(iii) demonstrate expeditious ways to  
4 free children for adoption for whom it has  
5 been determined that adoption is the ap-  
6 propriate plan; and

7 “(C) facilitating the identification and re-  
8 cruitment of foster and adoptive families that  
9 can meet children’s needs.

10 “(4) To respond to the needs of children, in  
11 particular those who are drug exposed or afflicted  
12 with Acquired Immune Deficiency Syndrome  
13 (AIDS), by supporting activities aimed at preventing  
14 the abandonment of children, providing support to  
15 children and their families, and facilitating the re-  
16 cruitment and training of health and social service  
17 personnel.

18 “(5) To carry out any other activities as the  
19 Secretary determines are consistent with this Act.

20 **“SEC. 4. DEFINITIONS.**

21 “As used in this Act:

22 “(1) CHILD.—The term ‘child’ means a person  
23 who has not attained the lesser of—

24 “(A) the age of 18; or

1           “(B) except in the case of sexual abuse,  
2           the age specified by the child protection law of  
3           the State in which the child resides.

4           “(2) CHILD ABUSE AND NEGLECT.—The term  
5           ‘child abuse and neglect’ means, at a minimum, any  
6           recent act or failure to act on the part of a parent  
7           or caretaker, which results in death, serious physical  
8           or emotional harm, sexual abuse or exploitation, or  
9           an act or failure to act which presents an imminent  
10          risk of serious harm.

11          “(3) FAMILY RESOURCE AND SUPPORT PRO-  
12          GRAMS.—The term ‘family resource and support  
13          program’ means a community-based, prevention-fo-  
14          cused entity that—

15                 “(A) provides, through direct service, the  
16                 core services required under this Act, includ-  
17                 ing—

18                         “(i) parent education, support and  
19                         leadership services, together with services  
20                         characterized by relationships between par-  
21                         ents and professionals that are based on  
22                         equality and respect, and designed to assist  
23                         parents in acquiring parenting skills, learn-  
24                         ing about child development, and respond-

1 ing appropriately to the behavior of their  
2 children;

3 “(ii) services to facilitate the ability of  
4 parents to serve as resources to one an-  
5 other (such as through mutual support and  
6 parent self-help groups);

7 “(iii) early developmental screening of  
8 children to assess any needs of children,  
9 and to identify types of support that may  
10 be provided;

11 “(iv) outreach services provided  
12 through voluntary home visits and other  
13 methods to assist parents in becoming  
14 aware of and able to participate in family  
15 resources and support program activities;

16 “(v) community and social services to  
17 assist families in obtaining community re-  
18 sources; and

19 “(vi) followup services;

20 “(B) provides, or arranges for the provi-  
21 sion of, other core services through contracts or  
22 agreements with other local agencies; and

23 “(C) provides access to optional services,  
24 directly or by contract, purchase of service, or  
25 interagency agreement, including—

- 1                   “(i) child care, early childhood devel-  
2                   opment and early intervention services;  
3                   “(ii) self-sufficiency and life manage-  
4                   ment skills training;  
5                   “(iii) education services, such as scho-  
6                   lastic tutoring, literacy training, and Gen-  
7                   eral Educational Degree services;  
8                   “(iv) job readiness skills;  
9                   “(v) child abuse and neglect preven-  
10                  tion activities;  
11                  “(vi) services that families with chil-  
12                  dren with disabilities or special needs may  
13                  require;  
14                  “(vii) community and social service re-  
15                  ferral;  
16                  “(viii) peer counseling;  
17                  “(ix) referral for substance abuse  
18                  counseling and treatment; and  
19                  “(x) help line services.

20                  “(4) INDIAN TRIBE AND TRIBAL ORGANIZA-  
21                  TION.—The terms ‘Indian tribe’ and ‘tribal organi-  
22                  zation’ shall have the same meanings given such  
23                  terms in subsections (e) and (l), respectively, of sec-  
24                  tion 4 of the Indian Self-Determination and Edu-  
25                  cation Assistance Act (25 U.S.C. 450b(e) and (l)).

1           “(5) RESPITE SERVICES.—The term ‘respite  
2 services’ means short-term care services provided in  
3 the temporary absence of the regular caregiver (par-  
4 ent, other relative, foster parent, adoptive parent, or  
5 guardian) to children who—

6                   “(A) are in danger of abuse or neglect;

7                   “(B) have experienced abuse or neglect; or

8                   “(C) have disabilities, chronic, or terminal  
9 illnesses.

10          Such services shall be provided within or outside the  
11 home of the child, be short-term care (ranging from  
12 a few hours to a few weeks of time, per year), and  
13 be intended to enable the family to stay together and  
14 to keep the child living in the home and community  
15 of the child.

16           “(6) SECRETARY.—The term ‘Secretary’ means  
17 the Secretary of Health and Human Services.

18           “(7) SEXUAL ABUSE.—The term ‘sexual abuse’  
19 includes—

20                   “(A) the employment, use, persuasion, in-  
21 ducement, enticement, or coercion of any child  
22 to engage in, or assist any other person to en-  
23 gage in, any sexually explicit conduct or simula-  
24 tion of such conduct for the purpose of produc-  
25 ing a visual depiction of such conduct; or

1           “(B) the rape, molestation, prostitution, or  
2           other form of sexual exploitation of children, or  
3           incest with children.

4           “(8) STATE.—The term ‘State’ means each of  
5           the several States, the District of Columbia, the  
6           Commonwealth of Puerto Rico, the Virgin Islands,  
7           Guam, American Samoa, the Commonwealth of the  
8           Northern Mariana Islands, and the Trust Territory  
9           of the Pacific Islands.

10          “(9) WITHHOLDING OF MEDICALLY INDICATED  
11          TREATMENT.—The term ‘withholding of medically  
12          indicated treatment’ means the failure to respond to  
13          the infant’s life-threatening conditions by providing  
14          treatment (including appropriate nutrition, hydra-  
15          tion, and medication) which, in the treating physi-  
16          cian’s or physicians’ reasonable medical judgment,  
17          will be most likely to be effective in ameliorating or  
18          correcting all such conditions, except that the term  
19          does not include the failure to provide treatment  
20          (other than appropriate nutrition, hydration, or  
21          medication) to an infant when, in the treating physi-  
22          cian’s or physicians’ reasonable medical judgment—

23                 “(A) the infant is chronically and irrevers-  
24                 ibly comatose;

1           “(B) the provision of such treatment  
2 would—

3                   “(i) merely prolong dying;

4                   “(ii) not be effective in ameliorating  
5 or correcting all of the infant’s life-threat-  
6 ening conditions; or

7                   “(iii) otherwise be futile in terms of  
8 the survival of the infant; or

9           “(C) the provision of such treatment would  
10 be virtually futile in terms of the survival of the  
11 infant and the treatment itself under such cir-  
12 cumstances would be inhumane.

13           **“TITLE I—GENERAL BLOCK**  
14                   **GRANT**

15           **“SEC. 101. CHILD AND FAMILY SERVICES BLOCK GRANTS.**

16           “(a) ELIGIBILITY.—The Secretary shall award  
17 grants to eligible States that file a State plan that is ap-  
18 proved under section 102 and that otherwise meet the eli-  
19 gibility requirements for grants under this title.

20           “(b) AMOUNT OF GRANT.—The amount of a grant  
21 made to each State under subsection (a) for a fiscal year  
22 shall be based on the population of children under the age  
23 of 18 residing in each State that applies for a grant under  
24 this section.

1       “(c) ADDITIONAL INFORMATION.—The Secretary  
2 may require the provision of additional information under  
3 the data collection system established under subsection (b)  
4 if the addition of such information is agreed to by a major-  
5 ity of the States.

6       “(d) ANNUAL REPORT BY THE SECRETARY.—Within  
7 6 months after the end of each fiscal year, the Secretary  
8 shall prepare a report based on information provided by  
9 the States for the fiscal year pursuant to this section, and  
10 shall make the report and such information available to  
11 the Congress and the public.

12       **“TITLE II—RESEARCH, DEM-**  
13               **ONSTRATIONS, TRAINING,**  
14               **AND TECHNICAL ASSISTANCE**

15       **“SEC. 201. RESEARCH GRANTS.**

16       “(a) IN GENERAL.—The Secretary, in consultation  
17 with appropriate Federal officials and recognized experts  
18 in the field, shall award grants or contracts for the con-  
19 duct of research in accordance with subsection (b).

20       “(b) RESEARCH.—Research projects to be conducted  
21 using amounts received under this section—

22               “(1) shall be designed to provide information to  
23               better protect children from abuse or neglect and to  
24               improve the well-being of abused or neglected chil-

1       dren, with at least a portion of any such research  
2       conducted under a project being field initiated;

3             “(2) shall at a minimum, focus on—

4                     “(A) the nature and scope of child abuse  
5                     and neglect;

6                     “(B) the causes, prevention, assessment,  
7                     identification, treatment, cultural and socio-  
8                     economic distinctions, and the consequences of  
9                     child abuse and neglect;

10                    “(C) appropriate, effective and culturally  
11                    sensitive investigative, administrative, and judi-  
12                    cial procedures with respect to cases of child  
13                    abuse; and

14                    “(D) the national incidence of child abuse  
15                    and neglect, including—

16                             “(i) the extent to which incidents of  
17                             child abuse are increasing or decreasing in  
18                             number and severity;

19                             “(ii) the incidence of substantiated  
20                             and unsubstantiated reported child abuse  
21                             cases;

22                             “(iii) the number of substantiated  
23                             cases that result in a judicial finding of  
24                             child abuse or neglect or related criminal  
25                             court convictions;

1           “(iv) the extent to which the number  
2           of unsubstantiated, unfounded and false  
3           reported cases of child abuse or neglect  
4           have contributed to the inability of a State  
5           to respond effectively to serious cases of  
6           child abuse or neglect;

7           “(v) the extent to which the lack of  
8           adequate resources and the lack of ade-  
9           quate training of reporters have contrib-  
10          uted to the inability of a State to respond  
11          effectively to serious cases of child abuse  
12          and neglect;

13          “(vi) the number of unsubstantiated,  
14          false, or unfounded reports that have re-  
15          sulted in a child being placed in substitute  
16          care, and the duration of such placement;

17          “(vii) the extent to which unsubstan-  
18          tiated reports return as more serious cases  
19          of child abuse or neglect;

20          “(viii) the incidence and prevalence of  
21          physical, sexual, and emotional abuse and  
22          physical and emotional neglect in sub-  
23          stitute care;

24          “(ix) the incidence and outcomes of  
25          abuse allegations reported within the con-

1 text of divorce, custody, or other family  
2 court proceedings, and the interaction be-  
3 tween this venue and the child protective  
4 services system; and

5 “(x) the cases of children reunited  
6 with their families or receiving family pres-  
7 ervation services that result in subsequent  
8 substantiated reports of child abuse and  
9 neglect, including the death of the child;  
10 and

11 “(3) may include the appointment of an advi-  
12 sory board to—

13 “(A) provide recommendations on coordi-  
14 nating Federal, State, and local child abuse and  
15 neglect activities at the State level with similar  
16 activities at the State and local level pertaining  
17 to family violence prevention;

18 “(B) consider specific modifications needed  
19 in State laws and programs to reduce the num-  
20 ber of unfounded or unsubstantiated reports of  
21 child abuse or neglect while enhancing the abil-  
22 ity to identify and substantiate legitimate cases  
23 of abuse or neglect which place a child in dan-  
24 ger; and

1           “(C) provide recommendations for modi-  
2           fications needed to facilitate coordinated na-  
3           tional and Statewide data collection with re-  
4           spect to child protection and child welfare.

5   **“SEC. 202. NATIONAL CLEARINGHOUSE FOR INFORMATION**  
6           **RELATING TO CHILD ABUSE.**

7           “(a) ESTABLISHMENT.—The Secretary shall,  
8           through the Department of Health and Human Services,  
9           or by one or more contracts of not less than 3 years dura-  
10          tion provided through a competition, establish a national  
11          clearinghouse for information relating to child abuse.

12          “(b) FUNCTIONS.—The Secretary shall, through the  
13          clearinghouse established by subsection (a)—

14                  “(1) maintain, coordinate, and disseminate in-  
15                  formation on all programs, including private pro-  
16                  grams, that show promise of success with respect to  
17                  the prevention, assessment, identification, and treat-  
18                  ment of child abuse and neglect;

19                  “(2) maintain and disseminate information re-  
20                  lating to—

21                          “(A) the incidence of cases of child abuse  
22                          and neglect in the United States;

23                          “(B) the incidence of such cases in popu-  
24                          lations determined by the Secretary under sec-  
25                          tion 105(a)(1) of the Child Abuse Prevention,

1 Adoption, and Family Services Act of 1988 (as  
2 such section was in effect on the day before the  
3 date of enactment of this Act); and

4 “(C) the incidence of any such cases relat-  
5 ed to alcohol or drug abuse;

6 “(3) disseminate information related to data  
7 collected and reported by States pursuant to section  
8 103;

9 “(4) compile, analyze, and publish a summary  
10 of the research conducted under section 201; and

11 “(5) solicit public comment on the components  
12 of such clearinghouse.

13 **“SEC. 203. GRANTS FOR DEMONSTRATION PROJECTS.**

14 “(a) **AWARDING OF GENERAL GRANTS.**—The Sec-  
15 retary may make grants to, and enter into contracts with,  
16 public and nonprofit private agencies or organizations (or  
17 combinations of such agencies or organizations) for the  
18 purpose of developing, implementing, and operating time  
19 limited, demonstration programs and projects for the fol-  
20 lowing purposes:

21 “(1) **INNOVATIVE PROGRAMS AND PROJECTS.**—

22 The Secretary may award grants to public agencies  
23 that demonstrate innovation in responding to reports  
24 of child abuse and neglect including programs of col-  
25 laborative partnerships between the State child pro-

1 **“SEC. 208. NATIONAL RANDOM SAMPLE STUDY OF CHILD**  
2 **WELFARE.**

3 “(a) **IN GENERAL.**—The Secretary shall conduct a  
4 national study based on random samples of children who  
5 are at risk of child abuse or neglect, or are determined  
6 by States to have been abused or neglected, and such other  
7 research as may be necessary.

8 “(b) **REQUIREMENTS.**—The study required by sub-  
9 section (a) shall—

10 “(1) have a longitudinal component; and

11 “(2) yield data reliable at the State level for as  
12 many States as the Secretary determines is feasible.

13 “(c) **PREFERRED CONTENTS.**—In conducting the  
14 study required by subsection (a), the Secretary should—

15 “(1) collect data on the child protection pro-  
16 grams of different small States (or different groups  
17 of such States) in different years to yield an occa-  
18 sional picture of the child protection programs of  
19 such States;

20 “(2) carefully consider selecting the sample  
21 from cases of confirmed abuse or neglect; and

22 “(3) follow each case for several years while ob-  
23 taining information on, among other things—

24 “(A) the type of abuse or neglect involved;

25 “(B) the frequency of contact with State  
26 or local agencies;

1           “(C) whether the child involved has been  
2           separated from the family, and, if so, under  
3           what circumstances;

4           “(D) the number, type, and characteristics  
5           of out-of-home placements of the child; and

6           “(E) the average duration of each place-  
7           ment.

8           “(d) REPORTS.—

9           “(1) IN GENERAL.—From time to time, the  
10          Secretary shall prepare reports summarizing the re-  
11          sults of the study required by subsection (a).

12          “(2) AVAILABILITY.—The Secretary shall make  
13          available to the public any report prepared under  
14          paragraph (1), in writing or in the form of an elec-  
15          tronic data tape.

16          “(3) AUTHORITY TO CHARGE FEE.—The Sec-  
17          retary may charge and collect a fee for the furnish-  
18          ing of reports under paragraph (2).

19          “(4) FUNDING.—The Secretary shall carry out  
20          this section using amounts made available under sec-  
21          tion 425 of the Social Security Act.

1     **TITLE X—FOOD STAMPS AND**  
2     **COMMODITY DISTRIBUTION**

3     **SEC. 1001. SHORT TITLE.**

4         This title may be cited as the “Food Stamp Reform  
5 and Commodity Distribution Act of 1996”.

6     **Subtitle A—Food Stamp Program**

7     **SEC. 1011. DEFINITION OF CERTIFICATION PERIOD.**

8         Section 3(c) of the Food Stamp Act of 1977 (7  
9 U.S.C. 2012(c)) is amended by striking “Except as pro-  
10 vided” and all that follows and inserting the following:  
11 “The certification period shall not exceed 12 months, ex-  
12 cept that the certification period may be up to 24 months  
13 if all adult household members are elderly or disabled. A  
14 State agency shall have at least 1 contact with each cer-  
15 tified household every 12 months.”.

16     **SEC. 1012. DEFINITION OF COUPON.**

17         Section 3(d) of the Food Stamp Act of 1977 (7  
18 U.S.C. 2012(d)) is amended by striking “or type of certifi-  
19 cate” and inserting “type of certificate, authorization  
20 card, cash or check issued in lieu of a coupon, or an access  
21 device, including an electronic benefit transfer card or per-  
22 sonal identification number,”.

23     **SEC. 1013. TREATMENT OF CHILDREN LIVING AT HOME.**

24         The second sentence of section 3(i) of the Food  
25 Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by

1 striking “(who are not themselves parents living with their  
2 children or married and living with their spouses)”.

3 **SEC. 1014. OPTIONAL ADDITIONAL CRITERIA FOR SEPA-**  
4 **RATE HOUSEHOLD DETERMINATIONS.**

5 Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C.  
6 2012(i)) is amended by inserting after the third sentence  
7 the following: “Notwithstanding the preceding sentences,  
8 a State may establish criteria that prescribe when individ-  
9 uals who live together, and who would be allowed to par-  
10 ticipate as separate households under the preceding sen-  
11 tences, shall be considered a single household, without re-  
12 gard to the common purchase of food and preparation of  
13 meals.”.

14 **SEC. 1015. ADJUSTMENT OF THRIFTY FOOD PLAN.**

15 The second sentence of section 3(o) of the Food  
16 Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

17 (1) by striking “shall (1) make” and inserting  
18 the following: “shall—

19 “(1) make”;

20 (2) by striking “scale, (2) make” and inserting  
21 “scale;

22 “(2) make”;

23 (3) by striking “Alaska, (3) make” and insert-  
24 ing the following: “Alaska;

25 “(3) make”; and

1           (4) by striking “Columbia, (4) through” and all  
2           that follows through the end of the subsection and  
3           inserting the following: “Columbia; and  
4           “(4) on October 1, 1996, and each October 1  
5           thereafter, adjust the cost of the diet to reflect the  
6           cost of the diet, in the preceding June, and round  
7           the result to the nearest lower dollar increment for  
8           each household size, except that on October 1, 1996,  
9           the Secretary may not reduce the cost of the diet in  
10          effect on September 30, 1996.”.

11 **SEC. 1016. DEFINITION OF HOMELESS INDIVIDUAL.**

12          Section 3(s)(2)(C) of the Food Stamp Act of 1977  
13 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not  
14 more than 90 days” after “temporary accommodation”.

15 **SEC. 1017. STATE OPTION FOR ELIGIBILITY STANDARDS.**

16          Section 5(b) of the Food Stamp Act of 1977 (7  
17 U.S.C. 2014(d)) is amended by striking “(b) The Sec-  
18 retary” and inserting the following:

19          “(b) **ELIGIBILITY STANDARDS.**—Except as otherwise  
20 provided in this Act, the Secretary”.

21 **SEC. 1018. EARNINGS OF STUDENTS.**

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 “19”.

1 **SEC. 1019. ENERGY ASSISTANCE.**

2 (a) **IN GENERAL.**—Section 5(d) of the Food Stamp  
3 Act of 1977 (7 U.S.C. 2014(d)) is amended by striking  
4 paragraph (11) and inserting the following: “(11) a 1-time  
5 payment or allowance made under a Federal or State law  
6 for the costs of weatherization or emergency repair or re-  
7 placement of an unsafe or inoperative furnace or other  
8 heating or cooling device,”.

9 (b) **CONFORMING AMENDMENTS.**—

10 (1) Section 5(k) of the Act (7 U.S.C. 2014(k))  
11 is amended—

12 (A) in paragraph (1)—

13 (i) in subparagraph (A), by striking  
14 “plan for aid to families with dependent  
15 children approved” and inserting “program  
16 funded”; and

17 (ii) in subparagraph (B), by striking  
18 “, not including energy or utility-cost as-  
19 sistance,”;

20 (B) in paragraph (2), by striking subpara-  
21 graph (C) and inserting the following:

22 “(C) a payment or allowance described in sub-  
23 section (d)(11);”;

24 (C) by adding at the end the following:

25 “(4) **THIRD PARTY ENERGY ASSISTANCE PAY-**  
26 **MENTS.**—

1           “(A) ENERGY ASSISTANCE PAYMENTS.—

2           For purposes of subsection (d)(1), a payment  
3           made under a Federal or State law to provide  
4           energy assistance to a household shall be con-  
5           sidered money payable directly to the house-  
6           hold.

7           “(B) ENERGY ASSISTANCE EXPENSES.—

8           For purposes of subsection (e)(7), an expense  
9           paid on behalf of a household under a Federal  
10          or State law to provide energy assistance shall  
11          be considered an out-of-pocket expense incurred  
12          and paid by the household.”.

13          (2) Section 2605(f) of the Low-Income Home  
14          Energy Assistance Act of 1981 (42 U.S.C. 8624(f))  
15          is amended—

16                 (A) by striking “(f)(1) Notwithstanding”  
17                 and inserting “(f) Notwithstanding”;

18                 (B) in paragraph (1), by striking “food  
19                 stamps,”; and

20                 (C) by striking paragraph (2).

21 **SEC. 1020. DEDUCTIONS FROM INCOME.**

22          (a) IN GENERAL.—Section 5 of the Food Stamp Act  
23          of 1977 (7 U.S.C. 2014) is amended by striking sub-  
24          section (e) and inserting the following:

25          “(e) DEDUCTIONS FROM INCOME.—

1           “(1) STANDARD DEDUCTION.—The Secretary  
2 shall allow a standard deduction for each household  
3 in the 48 contiguous States and the District of Co-  
4 lumbia, Alaska, Hawaii, Guam, and the Virgin Is-  
5 lands of the United States of \$134, \$229, \$189,  
6 \$269, and \$118, respectively.

7           “(2) EARNED INCOME DEDUCTION.—

8           “(A) DEFINITION OF EARNED INCOME.—

9           In this paragraph, the term ‘earned income’  
10 does not include income excluded by subsection  
11 (d) or any portion of income earned under a  
12 work supplementation or support program, as  
13 defined under section 16(b), that is attributable  
14 to public assistance.

15           “(B) DEDUCTION.—Except as provided in  
16 subparagraph (C), a household with earned in-  
17 come shall be allowed a deduction of 20 percent  
18 of all earned income to compensate for taxes,  
19 other mandatory deductions from salary, and  
20 work expenses.

21           “(C) EXCEPTION.—The deduction de-  
22 scribed in subparagraph (B) shall not be al-  
23 lowed with respect to determining an overissu-  
24 ance due to the failure of a household to report  
25 earned income in a timely manner.

1           “(3) DEPENDENT CARE DEDUCTION.—

2           “(A) IN GENERAL.—A household shall be  
3 entitled, with respect to expenses (other than  
4 excluded expenses described in subparagraph  
5 (B)) for dependent care, to a dependent care  
6 deduction, the maximum allowable level of  
7 which shall be \$200 per month for each depend-  
8 ent child under 2 years of age and \$175 per  
9 month for each other dependent, for the actual  
10 cost of payments necessary for the care of a  
11 dependent if the care enables a household mem-  
12 ber to accept or continue employment, or train-  
13 ing or education that is preparatory for employ-  
14 ment.

15           “(B) EXCLUDED EXPENSES.—The ex-  
16 cluded expenses referred to in subparagraph  
17 (A) are—

18           “(i) expenses paid on behalf of the  
19 household by a third party;

20           “(ii) amounts made available and ex-  
21 cluded for the expenses referred to in sub-  
22 paragraph (A) under subsection (d)(3);  
23 and

24           “(iii) expenses that are paid under  
25 section 6(d)(4).

1           “(4) DEDUCTION FOR CHILD SUPPORT PAY-  
2           MENTS.—

3           “(A) IN GENERAL.—A household shall be  
4           entitled to a deduction for child support pay-  
5           ments made by a household member to or for  
6           an individual who is not a member of the  
7           household if the household member is legally  
8           obligated to make the payments.

9           “(B) METHODS FOR DETERMINING  
10          AMOUNT.—The Secretary may prescribe by reg-  
11          ulation the methods, including calculation on a  
12          retrospective basis, that a State agency shall  
13          use to determine the amount of the deduction  
14          for child support payments.

15          “(5) HOMELESS SHELTER ALLOWANCE.—A  
16          State agency may develop a standard homeless shel-  
17          ter allowance, which shall not exceed \$143 per  
18          month, for such expenses as may reasonably be ex-  
19          pected to be incurred by households in which all  
20          members are homeless individuals but are not receiv-  
21          ing free shelter throughout the month. A State agen-  
22          cy that develops the allowance may use the allow-  
23          ance in determining eligibility and allotments for the  
24          households, except that the State agency may pro-

1       hibit the use of the allowance for households with  
2       extremely low shelter costs.

3           “(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

4           “(A) IN GENERAL.—A household contain-  
5       ing an elderly or disabled member shall be enti-  
6       tled, with respect to expenses other than ex-  
7       penses paid on behalf of the household by a  
8       third party, to an excess medical expense de-  
9       duction for the portion of the actual costs of al-  
10      lowable medical expenses, incurred by the elder-  
11      ly or disabled member, exclusive of special diets,  
12      that exceeds \$35 per month.

13          “(B) METHOD OF CLAIMING DEDUC-  
14      TION.—

15          “(i) IN GENERAL.—A State agency  
16      shall offer an eligible household under sub-  
17      paragraph (A) a method of claiming a de-  
18      duction for recurring medical expenses that  
19      are initially verified under the excess medi-  
20      cal expense deduction in lieu of submitting  
21      information or verification on actual ex-  
22      penses on a monthly basis.

23          “(ii) METHOD.—The method de-  
24      scribed in clause (i) shall—

1           “(I) be designed to minimize the  
2           burden for the eligible elderly or dis-  
3           abled household member choosing to  
4           deduct the recurrent medical expenses  
5           of the member pursuant to the meth-  
6           od;

7           “(II) rely on reasonable estimates  
8           of the expected medical expenses of  
9           the member for the certification pe-  
10          riod (including changes that can be  
11          reasonably anticipated based on avail-  
12          able information about the medical  
13          condition of the member, public or  
14          private medical insurance coverage,  
15          and the current verified medical ex-  
16          penses incurred by the member); and

17          “(III) not require further report-  
18          ing or verification of a change in med-  
19          ical expenses if such a change has  
20          been anticipated for the certification  
21          period.

22                 “(7) EXCESS SHELTER EXPENSE DEDUC-  
23                 TION.—

24                         “(A) IN GENERAL.—A household shall be  
25                         entitled, with respect to expenses other than ex-

1           penses paid on behalf of the household by a  
2           third party, to an excess shelter expense deduc-  
3           tion to the extent that the monthly amount ex-  
4           pended by a household for shelter exceeds an  
5           amount equal to 50 percent of monthly house-  
6           hold income after all other applicable deduc-  
7           tions have been allowed.

8           “(B) MAXIMUM AMOUNT OF DEDUC-  
9           TION.—In the case of a household that does not  
10          contain an elderly or disabled individual, the ex-  
11          cess shelter expense deduction shall not ex-  
12          ceed—

13                 “(i) in the 48 contiguous States and  
14                 the District of Columbia, \$247 per month;  
15                 and

16                 “(ii) in Alaska, Hawaii, Guam, and  
17                 the Virgin Islands of the United States,  
18                 \$429, \$353, \$300, and \$182 per month,  
19                 respectively.

20          “(C) STANDARD UTILITY ALLOWANCE.—

21                 “(i) IN GENERAL.—In computing the  
22                 excess shelter expense deduction, a State  
23                 agency may use a standard utility allow-  
24                 ance in accordance with regulations pro-  
25                 mulgated by the Secretary, except that a

1 State agency may use an allowance that  
2 does not fluctuate within a year to reflect  
3 seasonal variations.

4 “(ii) RESTRICTIONS ON HEATING AND  
5 COOLING EXPENSES.—An allowance for a  
6 heating or cooling expense may not be used  
7 in the case of a household that—

8 “(I) does not incur a heating or  
9 cooling expense, as the case may be;

10 “(II) does incur a heating or  
11 cooling expense but is located in a  
12 public housing unit that has central  
13 utility meters and charges households,  
14 with regard to the expense, only for  
15 excess utility costs; or

16 “(III) shares the expense with,  
17 and lives with, another individual not  
18 participating in the food stamp pro-  
19 gram, another household participating  
20 in the food stamp program, or both,  
21 unless the allowance is prorated be-  
22 tween the household and the other in-  
23 dividual, household, or both.

24 “(iii) MANDATORY ALLOWANCE.—

1           “(I) IN GENERAL.—A State  
2 agency may make the use of a stand-  
3 ard utility allowance mandatory for all  
4 households with qualifying utility  
5 costs if—

6                   “(aa) the State agency has  
7 developed 1 or more standards  
8 that include the cost of heating  
9 and cooling and 1 or more stand-  
10 ards that do not include the cost  
11 of heating and cooling; and

12                   “(bb) the Secretary finds  
13 that the standards will not result  
14 in an increased cost to the Sec-  
15 retary.

16           “(II) HOUSEHOLD ELECTION.—  
17 A State agency that has not made the  
18 use of a standard utility allowance  
19 mandatory under subclause (I) shall  
20 allow a household to switch, at the  
21 end of a certification period, between  
22 the standard utility allowance and a  
23 deduction based on the actual utility  
24 costs of the household.

1           “(iv) AVAILABILITY OF ALLOWANCE  
2 TO RECIPIENTS OF ENERGY ASSISTANCE.—

3           “(I) IN GENERAL.—Subject to  
4 subclause (II), if a State agency elects  
5 to use a standard utility allowance  
6 that reflects heating or cooling costs,  
7 the standard utility allowance shall be  
8 made available to households receiving  
9 a payment, or on behalf of which a  
10 payment is made, under the Low-In-  
11 come Home Energy Assistance Act of  
12 1981 (42 U.S.C. 8621 et seq.) or  
13 other similar energy assistance pro-  
14 gram, if the household still incurs out-  
15 of-pocket heating or cooling expenses  
16 in excess of any assistance paid on be-  
17 half of the household to an energy  
18 provider.

19           “(II) SEPARATE ALLOWANCE.—A  
20 State agency may use a separate  
21 standard utility allowance for house-  
22 holds on behalf of which a payment  
23 described in subclause (I) is made,  
24 but may not be required to do so.

1                   “(III) STATES NOT ELECTING TO  
2                   USE SEPARATE ALLOWANCE.—A State  
3                   agency that does not elect to use a  
4                   separate allowance but makes a single  
5                   standard utility allowance available to  
6                   households incurring heating or cool-  
7                   ing expenses (other than a household  
8                   described in subclause (I) or (II) of  
9                   subparagraph (C)(ii)) may not be re-  
10                  quired to reduce the allowance due to  
11                  the provision (directly or indirectly) of  
12                  assistance under the Low-Income  
13                  Home Energy Assistance Act of 1981  
14                  (42 U.S.C. 8621 et seq.).

15                  “(IV) PRORATION OF ASSIST-  
16                  ANCE.—For the purpose of the food  
17                  stamp program, assistance provided  
18                  under the Low-Income Home Energy  
19                  Assistance Act of 1981 (42 U.S.C.  
20                  8621 et seq.) shall be considered to be  
21                  prorated over the entire heating or  
22                  cooling season for which the assist-  
23                  ance was provided.”.

24                  (b) CONFORMING AMENDMENT.—Section 11(e)(3) of  
25                  the Act (7 U.S.C. 2020(e)(3)) is amended by striking “.

1 Under rules prescribed” and all that follows through  
2 “verifies higher expenses”.

3 **SEC. 1021. VEHICLE ALLOWANCE.**

4 Section 5(g) of the Food Stamp Act of 1977 (7  
5 U.S.C. 2014(g)) is amended by striking paragraph (2) and  
6 inserting the following:

7 “(2) INCLUDED ASSETS.—

8 “(A) IN GENERAL.—Subject to the other  
9 provisions of this paragraph, the Secretary  
10 shall, in prescribing inclusions in, and exclu-  
11 sions from, financial resources, follow the regu-  
12 lations in force as of June 1, 1982 (other than  
13 those relating to licensed vehicles and inacces-  
14 sible resources).

15 “(B) ADDITIONAL INCLUDED ASSETS.—  
16 The Secretary shall include in financial re-  
17 sources—

18 “(i) any boat, snowmobile, or airplane  
19 used for recreational purposes;

20 “(ii) any vacation home;

21 “(iii) any mobile home used primarily  
22 for vacation purposes;

23 “(iv) subject to subparagraph (C), any  
24 licensed vehicle that is used for household  
25 transportation or to obtain or continue em-

1           ployment to the extent that the fair market  
2           value of the vehicle exceeds \$4,600; and

3           “(v) any savings or retirement ac-  
4           count (including an individual account), re-  
5           gardless of whether there is a penalty for  
6           early withdrawal.

7           “(C) EXCLUDED VEHICLES.—A vehicle  
8           (and any other property, real or personal, to the  
9           extent the property is directly related to the  
10          maintenance or use of the vehicle) shall not be  
11          included in financial resources under this para-  
12          graph if the vehicle is—

13                   “(i) used to produce earned income;

14                   “(ii) necessary for the transportation  
15                   of a physically disabled household member;  
16                   or

17                   “(iii) depended on by a household to  
18                   carry fuel for heating or water for home  
19                   use and provides the primary source of fuel  
20                   or water, respectively, for the household.”.

21 **SEC. 1022. 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)) is amended—

25           (1) by striking subparagraph (F); and

1           (2) by redesignating subparagraphs (G) and  
2           (H) as subparagraphs (F) and (G), respectively.

3 **SEC. 1023. DOUBLED PENALTIES FOR VIOLATING FOOD**  
4 **STAMP PROGRAM REQUIREMENTS.**

5           Section 6(b)(1) of the Food Stamp Act of 1977 (7  
6 U.S.C. 2015(b)(1)) is amended—

7           (1) in clause (i), by striking “six months” and  
8           inserting “1 year”; and

9           (2) in clause (ii), by striking “1 year” and in-  
10          serting “2 years”.

11 **SEC. 1024. DISQUALIFICATION OF CONVICTED INDIVID-**  
12 **UALS.**

13          Section 6(b)(1)(iii) of the Food Stamp Act of 1977  
14 (7 U.S.C. 2015(b)(1)(iii)) is amended—

15          (1) in subclause (II), by striking “or” at the  
16          end;

17          (2) in subclause (III), by striking the period at  
18          the end and inserting “; or”; and

19          (3) by inserting after subclause (III) the follow-  
20          ing:

21                 “(IV) a conviction of an offense under sub-  
22                 section (b) or (c) of section 15 involving an  
23                 item covered by subsection (b) or (c) of section  
24                 15 having a value of \$500 or more.”.

1 **SEC. 1025. DISQUALIFICATION.**

2 (a) **IN GENERAL.**—Section 6(d) of the Food Stamp  
3 Act of 1977 (7 U.S.C. 2015(d)) is amended by striking  
4 “(d)(1) Unless otherwise exempted by the provisions” and  
5 all that follows through the end of paragraph (1) and in-  
6 serting the following:

7 “(d) **CONDITIONS OF PARTICIPATION.**—

8 “(1) **WORK REQUIREMENTS.**—

9 “(A) **IN GENERAL.**—No physically and  
10 mentally fit individual over the age of 15 and  
11 under the age of 60 shall be eligible to partici-  
12 pate in the food stamp program if the individ-  
13 ual—

14 “(i) refuses, at the time of application  
15 and every 12 months thereafter, to register  
16 for employment in a manner prescribed by  
17 the Secretary;

18 “(ii) refuses without good cause to  
19 participate in an employment and training  
20 program under paragraph (4), to the ex-  
21 tent required by the State agency;

22 “(iii) refuses without good cause to  
23 accept an offer of employment, at a site or  
24 plant not subject to a strike or lockout at  
25 the time of the refusal, at a wage not less  
26 than the higher of—

1                   “(I) the applicable Federal or  
2                   State minimum wage; or

3                   “(II) 80 percent of the wage that  
4                   would have governed had the mini-  
5                   mum hourly rate under section  
6                   6(a)(1) of the Fair Labor Standards  
7                   Act of 1938 (29 U.S.C. 206(a)(1))  
8                   been applicable to the offer of employ-  
9                   ment;

10                  “(iv) refuses without good cause to  
11                  provide a State agency with sufficient in-  
12                  formation to allow the State agency to de-  
13                  termine the employment status or the job  
14                  availability of the individual;

15                  “(v) voluntarily and without good  
16                  cause—

17                         “(I) quits a job; or

18                         “(II) reduces work effort and,  
19                         after the reduction, the individual is  
20                         working less than 30 hours per week;  
21                         or

22                         “(vi) fails to comply with section 20.

23                   “(B) HOUSEHOLD INELIGIBILITY.—If an  
24                   individual who is the head of a household be-  
25                   comes ineligible to participate in the food stamp

1 program under subparagraph (A), the house-  
2 hold shall, at the option of the State agency,  
3 become ineligible to participate in the food  
4 stamp program for a period, determined by the  
5 State agency, that does not exceed the lesser  
6 of—

7 “(i) the duration of the ineligibility of  
8 the individual determined under subpara-  
9 graph (C); or

10 “(ii) 180 days.

11 “(C) DURATION OF INELIGIBILITY.—

12 “(i) FIRST VIOLATION.—The first  
13 time that an individual becomes ineligible  
14 to participate in the food stamp program  
15 under subparagraph (A), the individual  
16 shall remain ineligible until the later of—

17 “(I) the date the individual be-  
18 comes eligible under subparagraph  
19 (A);

20 “(II) the date that is 1 month  
21 after the date the individual became  
22 ineligible; or

23 “(III) a date determined by the  
24 State agency that is not later than 3

1 months after the date the individual  
2 became ineligible.

3 “(ii) SECOND VIOLATION.—The sec-  
4 ond time that an individual becomes ineli-  
5 gible to participate in the food stamp pro-  
6 gram under subparagraph (A), the individ-  
7 ual shall remain ineligible until the later  
8 of—

9 “(I) the date the individual be-  
10 comes eligible under subparagraph  
11 (A);

12 “(II) the date that is 3 months  
13 after the date the individual became  
14 ineligible; or

15 “(III) a date determined by the  
16 State agency that is not later than 6  
17 months after the date the individual  
18 became ineligible.

19 “(iii) THIRD OR SUBSEQUENT VIOLA-  
20 TION.—The third or subsequent time that  
21 an individual becomes ineligible to partici-  
22 pate in the food stamp program under sub-  
23 paragraph (A), the individual shall remain  
24 ineligible until the later of—

1                   “(I) the date the individual be-  
2 comes eligible under subparagraph  
3 (A);

4                   “(II) the date that is 6 months  
5 after the date the individual became  
6 ineligible;

7                   “(III) a date determined by the  
8 State agency; or

9                   “(IV) at the option of the State  
10 agency, permanently.

11                   “(D) ADMINISTRATION.—

12                   “(i) GOOD CAUSE.—The Secretary  
13 shall determine the meaning of good cause  
14 for the purpose of this paragraph.

15                   “(ii) VOLUNTARY QUIT.—The Sec-  
16 retary shall determine the meaning of vol-  
17 untarily quitting and reducing work effort  
18 for the purpose of this paragraph.

19                   “(iii) DETERMINATION BY STATE  
20 AGENCY.—

21                   “(I) IN GENERAL.—Subject to  
22 subclause (II) and clauses (i) and (ii),  
23 a State agency shall determine—

24                   “(aa) the meaning of any  
25 term in subparagraph (A);

1           “(bb) the procedures for de-  
2           termining whether an individual  
3           is in compliance with a require-  
4           ment under subparagraph (A);  
5           and

6           “(cc) whether an individual  
7           is in compliance with a require-  
8           ment under subparagraph (A).

9           “(II) NOT LESS RESTRICTIVE.—  
10          A State agency may not determine a  
11          meaning, procedure, or determination  
12          under subclause (I) to be less restric-  
13          tive than a comparable meaning, pro-  
14          cedure, or determination under a  
15          State program funded under part A of  
16          title IV of the Social Security Act (42  
17          U.S.C. 601 et seq.).

18          “(iv) STRIKE AGAINST THE GOVERN-  
19          MENT.—For the purpose of subparagraph  
20          (A)(v), an employee of the Federal Govern-  
21          ment, a State, or a political subdivision of  
22          a State, who is dismissed for participating  
23          in a strike against the Federal Govern-  
24          ment, the State, or the political subdivision

1 of the State shall be considered to have  
2 voluntarily quit without good cause.

3 “(v) SELECTING A HEAD OF HOUSE-  
4 HOLD.—

5 “(I) IN GENERAL.—For the pur-  
6 pose of this paragraph, the State  
7 agency shall allow the household to se-  
8 lect any adult parent of a child in the  
9 household as the head of the house-  
10 hold if all adult household members  
11 making application under the food  
12 stamp program agree to the selection.

13 “(II) TIME FOR MAKING DES-  
14 IGNATION.—A household may des-  
15 ignate the head of the household  
16 under subclause (I) each time the  
17 household is certified for participation  
18 in the food stamp program, but may  
19 not change the designation during a  
20 certification period unless there is a  
21 change in the composition of the  
22 household.

23 “(vi) CHANGE IN HEAD OF HOUSE-  
24 HOLD.—If the head of a household leaves  
25 the household during a period in which the

1 household is ineligible to participate in the  
2 food stamp program under subparagraph  
3 (B)—

4 “(I) the household shall, if other-  
5 wise eligible, become eligible to par-  
6 ticipate in the food stamp program;  
7 and

8 “(II) if the head of the household  
9 becomes the head of another house-  
10 hold, the household that becomes  
11 headed by the individual shall become  
12 ineligible to participate in the food  
13 stamp program for the remaining pe-  
14 riod of ineligibility.”.

15 (b) CONFORMING AMENDMENT.—

16 (1) The second sentence of section 17(b)(2) of  
17 the Act (7 U.S.C. 2026(b)(2)) is amended by strik-  
18 ing “6(d)(1)(i)” and inserting “6(d)(1)(A)(i)”.

19 (2) Section 20 of the Act (7 U.S.C. 2029) is  
20 amended by striking subsection (f) and inserting the  
21 following:

22 “(f) DISQUALIFICATION.—An individual or a house-  
23 hold may become ineligible under section 6(d)(1) to par-  
24 ticipate in the food stamp program for failing to comply  
25 with this section.”.

1 **SEC. 1026. CARETAKER EXEMPTION.**

2 Section 6(d)(2) of the Food Stamp Act of 1977 (7  
3 U.S.C. 2015(d)(2)) is amended by striking subparagraph  
4 (B) and inserting the following: “(B) a parent or other  
5 member of a household with responsibility for the care of  
6 (i) a dependent child under the age of 6 or any lower age  
7 designated by the State agency that is not under the age  
8 of 1, or (ii) an incapacitated person;”.

9 **SEC. 1027. EMPLOYMENT AND TRAINING.**

10 (a) **IN GENERAL.**—Section 6(d)(4) of the Food  
11 Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

12 (1) in subparagraph (A)—

13 (A) by striking “Not later than April 1,  
14 1987, each” and inserting “Each”;

15 (B) by inserting “work,” after “skills,  
16 training;” and

17 (C) by adding at the end the following:  
18 “Each component of an employment and train-  
19 ing program carried out under this paragraph  
20 shall be delivered through a statewide workforce  
21 development system, unless the component is  
22 not available locally through the statewide  
23 workforce development system.”;

24 (2) in subparagraph (B)—

25 (A) in the matter preceding clause (i), by  
26 striking the colon at the end and inserting the

1 following: “, except that the State agency shall  
2 retain the option to apply employment require-  
3 ments prescribed under this subparagraph to a  
4 program applicant at the time of application.”;

5 (B) in clause (i), by striking “with terms  
6 and conditions” and all that follows through  
7 “time of application”; and

8 (C) in clause (iv)—

9 (i) by striking subclauses (I) and (II);

10 and

11 (ii) by redesignating subclauses (III)

12 and (IV) as subclauses (I) and (II), respec-  
13 tively;

14 (3) in subparagraph (D)—

15 (A) in clause (i), by striking “to which the  
16 application” and all that follows through “30  
17 days or less”;

18 (B) in clause (ii), by striking “but with re-  
19 spect” and all that follows through “child  
20 care”; and

21 (C) in clause (iii), by striking “, on the  
22 basis of” and all that follows through “clause  
23 (ii)” and inserting “the exemption continues to  
24 be valid”;

1 (4) in subparagraph (E), by striking the third  
2 sentence;

3 (5) in subparagraph (G)—

4 (A) by striking “(G)(i) The State” and in-  
5 serting “(G) The State”; and

6 (B) by striking clause (ii);

7 (6) in subparagraph (H), by striking “(H)(i)  
8 The Secretary” and all that follows through “(ii)  
9 Federal funds” and inserting “(H) Federal funds”;

10 (7) in subparagraph (I)(i)(II), by striking “, or  
11 was in operation,” and all that follows through “So-  
12 cial Security Act” and inserting the following: “),  
13 except that no such payment or reimbursement shall  
14 exceed the applicable local market rate”;

15 (8)(A) by striking subparagraphs (K) and (L)  
16 and inserting the following:

17 “(K) LIMITATION ON FUNDING.—Notwith-  
18 standing any other provision of this paragraph,  
19 the amount of funds a State agency uses to  
20 carry out this paragraph (including under sub-  
21 paragraph (I)) for participants who are receiv-  
22 ing benefits under a State program funded  
23 under part A of title IV of the Social Security  
24 Act (42 U.S.C. 601 et seq.) shall not exceed the  
25 amount of funds the State agency used in fiscal

1 year 1995 to carry out this paragraph for par-  
2 ticipants who were receiving benefits in fiscal  
3 year 1995 under a State program funded under  
4 part A of title IV of the Act (42 U.S.C. 601 et  
5 seq.); and

6 (B) by redesignating subparagraphs (M) and  
7 (N) as subparagraphs (L) and (M), respectively; and  
8 (9) in subparagraph (L), as redesignated by  
9 paragraph (8)(B)—

10 (A) by striking “(L)(i) The Secretary” and  
11 inserting “(L) The Secretary”; and

12 (B) by striking clause (ii).

13 (b) FUNDING.—Section 16(h) of the Act (7 U.S.C.  
14 2025(h)) is amended by striking “(h)(1)(A) The Sec-  
15 retary” and all that follows through the end of paragraph  
16 (1) and inserting the following:

17 “(h) FUNDING OF EMPLOYMENT AND TRAINING  
18 PROGRAMS.—

19 “(1) IN GENERAL.—

20 “(A) AMOUNTS.—To carry out employ-  
21 ment and training programs, the Secretary  
22 shall reserve for allocation to State agencies  
23 from funds made available for each fiscal year  
24 under section 18(a)(1) the amount of—

25 “(i) for fiscal year 1996, \$75,000,000;

1                   “(ii) for fiscal year 1997,  
2                   \$79,000,000;  
3                   “(iii) for fiscal year 1998,  
4                   \$81,000,000;  
5                   “(iv) for fiscal year 1999,  
6                   \$84,000,000;  
7                   “(v) for fiscal year 2000,  
8                   \$86,000,000;  
9                   “(vi) for fiscal year 2001,  
10                  \$88,000,000; and  
11                  “(vii) for fiscal year 2002,  
12                  \$90,000,000.

13                  “(B) ALLOCATION.—The Secretary shall  
14                  allocate the amounts reserved under subpara-  
15                  graph (A) among the State agencies using a  
16                  reasonable formula (as determined by the Sec-  
17                  retary) that gives consideration to the popu-  
18                  lation in each State affected by section 6(o).

19                  “(C) REALLOCATION.—

20                  “(i) NOTIFICATION.—A State agency  
21                  shall promptly notify the Secretary if the  
22                  State agency determines that the State  
23                  agency will not expend all of the funds al-  
24                  located to the State agency under subpara-  
25                  graph (B).

1                   “(ii) REALLOCATION.—On notification  
2                   under clause (i), the Secretary shall reallo-  
3                   cate the funds that the State agency will  
4                   not expend as the Secretary considers ap-  
5                   propriate and equitable.

6                   “(D) MINIMUM ALLOCATION.—Notwith-  
7                   standing subparagraphs (A) through (C), the  
8                   Secretary shall ensure that each State agency  
9                   operating an employment and training program  
10                  shall receive not less than \$50,000 in each fis-  
11                  cal year.”.

12               (c) ADDITIONAL MATCHING FUNDS.—Section  
13 16(h)(2) of the Act (7 U.S.C. 2025(h)(2)) is amended by  
14 inserting before the period at the end the following: “, in-  
15 cluding the costs for case management and casework to  
16 facilitate the transition from economic dependency to self-  
17 sufficiency through work”.

18               (d) REPORTS.—Section 16(h) of the Act (7 U.S.C.  
19 2025(h)) is amended—

20                   (1) in paragraph (5)—

21                       (A) by striking “(5)(A) The Secretary”  
22                   and inserting “(5) The Secretary”; and

23                       (B) by striking subparagraph (B); and

24                   (2) by striking paragraph (6).

1 **SEC. 1028. COMPARABLE TREATMENT FOR DISQUALIFICA-**  
2 **TION.**

3 (a) **IN GENERAL.**—Section 6 of the Food Stamp Act  
4 of 1977 (7 U.S.C. 2015) is amended—

5 (1) by redesignating subsection (i), as added by  
6 section 107, as subsection (p); and

7 (2) by inserting after subsection (h) the follow-  
8 ing:

9 “(i) **COMPARABLE TREATMENT FOR DISQUALIFICA-**  
10 **TION.**—

11 “(1) **IN GENERAL.**—If a disqualification is im-  
12 posed on a member of a household for a failure of  
13 the member to perform an action required under a  
14 Federal, State, or local law relating to a means-test-  
15 ed public assistance program, the State agency may  
16 impose the same disqualification on the member of  
17 the household under the food stamp program.

18 “(2) **RULES AND PROCEDURES.**—If a disquali-  
19 fication is imposed under paragraph (1) for a failure  
20 of an individual to perform an action required under  
21 part A of title IV of the Social Security Act (42  
22 U.S.C. 601 et seq.), the State agency may use the  
23 rules and procedures that apply under part A of title  
24 IV of the Act to impose the same disqualification  
25 under the food stamp program.

1           “(3) APPLICATION AFTER DISQUALIFICATION  
2 PERIOD.—A member of a household disqualified  
3 under paragraph (1) may, after the disqualification  
4 period has expired, apply for benefits under this Act  
5 and shall be treated as a new applicant, except that  
6 a prior disqualification under subsection (d) shall be  
7 considered in determining eligibility.”.

8           (b) STATE PLAN PROVISIONS.—Section 11(e) of the  
9 Act (7 U.S.C. 2020(e)) is amended—

10           (1) in paragraph (24), by striking “and” at the  
11 end;

12           (2) in paragraph (25), by striking the period at  
13 the end and inserting a semicolon; and

14           (3) by adding at the end the following:

15           “(26) the guidelines the State agency uses in  
16 carrying out section 6(i); and”.

17           (c) CONFORMING AMENDMENT.—Section 6(d)(2)(A)  
18 of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by strik-  
19 ing “that is comparable to a requirement of paragraph  
20 (1)”.

21 **SEC. 1029. DISQUALIFICATION FOR RECEIPT OF MULTIPLE**  
22 **FOOD STAMP BENEFITS.**

23           Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
24 2015), as amended by section 1028, is further amended  
25 by inserting after subsection (i) the following:

1           “(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE  
2 FOOD STAMP BENEFITS.—An individual shall be ineligible  
3 to participate in the food stamp program as a member  
4 of any household for a 10-year period if the individual is  
5 found by a State agency to have made, or is convicted  
6 in a Federal or State court of having made, a fraudulent  
7 statement or representation with respect to the identity  
8 or place of residence of the individual in order to receive  
9 multiple benefits simultaneously under the food stamp  
10 program.”.

11 **SEC. 1030. DISQUALIFICATION OF FLEEING FELONS.**

12           Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
13 2015), as amended by section 1029, is further amended  
14 by inserting after subsection (j) the following:

15           “(k) DISQUALIFICATION OF FLEEING FELONS.—No  
16 member of a household who is otherwise eligible to partici-  
17 pate in the food stamp program shall be eligible to partici-  
18 pate in the program as a member of that or any other  
19 household during any period during which the individual  
20 is—

21           “(1) fleeing to avoid prosecution, or custody or  
22 confinement after conviction, under the law of the  
23 place from which the individual is fleeing, for a  
24 crime, or attempt to commit a crime, that is a felony  
25 under the law of the place from which the individual

1 is fleeing or that, in the case of New Jersey, is a  
2 high misdemeanor under the law of New Jersey; or  
3 “(2) violating a condition of probation or parole  
4 imposed under a Federal or State law.”.

5 **SEC. 1031. COOPERATION WITH CHILD SUPPORT AGENCIES.**

6 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
7 2015), as amended by section 1030, is further amended  
8 by inserting after subsection (k) the following:

9 “(1) CUSTODIAL PARENT’S COOPERATION WITH  
10 CHILD SUPPORT AGENCIES.—

11 “(1) IN GENERAL.—At the option of a State  
12 agency, subject to paragraphs (2) and (3), no natu-  
13 ral or adoptive parent or other individual (collec-  
14 tively referred to in this subsection as ‘the individ-  
15 ual’) who is living with and exercising parental con-  
16 trol over a child under the age of 18 who has an ab-  
17 sent parent shall be eligible to participate in the food  
18 stamp program unless the individual cooperates with  
19 the State agency administering the program estab-  
20 lished under part D of title IV of the Social Security  
21 Act (42 U.S.C. 651 et seq.)—

22 “(A) in establishing the paternity of the  
23 child (if the child is born out of wedlock); and

24 “(B) in obtaining support for—

25 “(i) the child; or

1                   “(ii) the individual and the child.

2                   “(2) GOOD CAUSE FOR NONCOOPERATION.—

3                   Paragraph (1) shall not apply to the individual if  
4                   good cause is found for refusing to cooperate, as de-  
5                   termined by the State agency in accordance with  
6                   standards prescribed by the Secretary in consulta-  
7                   tion with the Secretary of Health and Human Serv-  
8                   ices. The standards shall take into consideration cir-  
9                   cumstances under which cooperation may be against  
10                  the best interests of the child.

11                  “(3) FEES.—Paragraph (1) shall not require  
12                  the payment of a fee or other cost for services pro-  
13                  vided under part D of title IV of the Social Security  
14                  Act (42 U.S.C. 651 et seq.).

15                  “(m) NON-CUSTODIAL PARENT’S COOPERATION  
16 WITH CHILD SUPPORT AGENCIES.—

17                  “(1) IN GENERAL.—At the option of a State  
18                  agency, subject to paragraphs (2) and (3), a puta-  
19                  tive or identified non-custodial parent of a child  
20                  under the age of 18 (referred to in this subsection  
21                  as ‘the individual’) shall not be eligible to participate  
22                  in the food stamp program if the individual refuses  
23                  to cooperate with the State agency administering the  
24                  program established under part D of title IV of the  
25                  Social Security Act (42 U.S.C. 651 et seq.)—

1           “(A) in establishing the paternity of the  
2 child (if the child is born out of wedlock); and

3           “(B) in providing support for the child.

4           “(2) REFUSAL TO COOPERATE.—

5           “(A) GUIDELINES.—The Secretary, in con-  
6 sultation with the Secretary of Health and  
7 Human Services, shall develop guidelines on  
8 what constitutes a refusal to cooperate under  
9 paragraph (1).

10           “(B) PROCEDURES.—The State agency  
11 shall develop procedures, using guidelines devel-  
12 oped under subparagraph (A), for determining  
13 whether an individual is refusing to cooperate  
14 under paragraph (1).

15           “(3) FEES.—Paragraph (1) shall not require  
16 the payment of a fee or other cost for services pro-  
17 vided under part D of title IV of the Social Security  
18 Act (42 U.S.C. 651 et seq.).

19           “(4) PRIVACY.—The State agency shall provide  
20 safeguards to restrict the use of information col-  
21 lected by a State agency administering the program  
22 established under part D of title IV of the Social Se-  
23 curity Act (42 U.S.C. 651 et seq.) to purposes for  
24 which the information is collected.”.

1 **SEC. 1032. 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 1031, is further amended  
5 by inserting after subsection (m) the following:

6 “(n) DISQUALIFICATION FOR CHILD SUPPORT AR-  
7 REARS.—

8 “(1) IN GENERAL.—At the option of the State  
9 agency, no individual shall be eligible to participate  
10 in the food stamp program as a member of any  
11 household during any month that the individual is  
12 delinquent in any payment due under a court order  
13 for the support of a child of the individual.

14 “(2) EXCEPTIONS.—Paragraph (1) shall not  
15 apply if—

16 “(A) a court is allowing the individual to  
17 delay payment; or

18 “(B) the individual is complying with a  
19 payment plan approved by a court or the State  
20 agency designated under part D of title IV of  
21 the Social Security Act (42 U.S.C. 651 et seq.)  
22 to provide support for the child of the individ-  
23 ual.”.

24 **SEC. 1033. WORK REQUIREMENT.**

25 (a) IN GENERAL.—Section 6 of the Food Stamp Act  
26 of 1977 (7 U.S.C. 2015), as amended by section 1032,

1 is further amended by inserting after subsection (n) the  
2 following:

3 “(o) WORK REQUIREMENT.—

4 “(1) DEFINITION OF WORK PROGRAM.—In this  
5 subsection, the term ‘work program’ means—

6 “(A) a program under the Job Training  
7 Partnership Act (29 U.S.C. 1501 et seq.);

8 “(B) a program under section 236 of the  
9 Trade Act of 1974 (19 U.S.C. 2296); or

10 “(C) a program of employment or training  
11 operated or supervised by a State or political  
12 subdivision of a State that meets standards ap-  
13 proved by the Governor of the State, including  
14 a program under section 6(d)(4), other than a  
15 job search program or a job search training  
16 program.

17 “(2) WORK REQUIREMENT.—Subject to the  
18 other provisions of this subsection, no individual  
19 shall be eligible to participate in the food stamp pro-  
20 gram as a member of any household if, during the  
21 preceding 12-month period, the individual received  
22 food stamp benefits for not less than 4 months dur-  
23 ing which the individual did not—

24 “(A) work 20 hours or more per week,  
25 averaged monthly; or

1           “(B) participate in and comply with the re-  
2           quirements of a work program for 20 hours or  
3           more per week, as determined by the State  
4           agency; or

5           “(C) participate in a program under sec-  
6           tion 20 or a comparable program established by  
7           a State or political subdivision of a State.

8           “(3) EXCEPTION.—Paragraph (2) shall not  
9           apply to an individual if the individual is—

10           “(A) under 18 or over 50 years of age;

11           “(B) medically certified as physically or  
12           mentally unfit for employment;

13           “(C) a parent or other member of a house-  
14           hold with responsibility for a dependent child;

15           “(D) otherwise exempt under section  
16           6(d)(2); or

17           “(E) a pregnant woman.

18           “(4) WAIVER.—

19           “(A) IN GENERAL.—On the request of a  
20           State agency, the Secretary may waive the ap-  
21           plicability of paragraph (2) to any group of in-  
22           dividuals in the State if the Secretary makes a  
23           determination that the area in which the indi-  
24           viduals reside—

1                   “(i) has an unemployment rate of over  
2                   10 percent; or

3                   “(ii) does not have a sufficient num-  
4                   ber of jobs to provide employment for the  
5                   individuals.

6                   “(B) REPORT.—The Secretary shall report  
7                   the basis for a waiver under subparagraph (A)  
8                   to the Committee on Agriculture of the House  
9                   of Representatives and the Committee on Agri-  
10                  culture, Nutrition, and Forestry of the Senate.

11                  “(5) SUBSEQUENT ELIGIBILITY.—

12                  “(A) IN GENERAL.—Paragraph (2) shall  
13                  cease to apply to an individual if, during a 30-  
14                  day period, the individual—

15                         “(i) works 80 or more hours;

16                         “(ii) participates in and complies with  
17                         the requirements of a work program for 80  
18                         or more hours, as determined by a State  
19                         agency; or

20                         “(iii) participates in a program under  
21                         section 20 or a comparable program estab-  
22                         lished by a State or political subdivision of  
23                         a State.

24                         “(B) LIMITATION.—During the subsequent  
25                         12-month period, the individual shall be eligible

1 to participate in the food stamp program for  
2 not more than 4 months during which the indi-  
3 vidual does not—

4 “(i) work 20 hours or more per week,  
5 averaged monthly;

6 “(ii) participate in and comply with  
7 the requirements of a work program for 20  
8 hours or more per week, as determined by  
9 the State agency; or

10 “(iii) participate in a program under  
11 section 20 or a comparable program estab-  
12 lished by a State or political subdivision of  
13 a State.”.

14 (b) TRANSITION PROVISION.—Prior to 1 year after  
15 the date of enactment of this Act, the term “preceding  
16 12-month period” in section 6(o) of the Food Stamp Act  
17 of 1977, as amended by subsection (a), means the preced-  
18 ing period that begins on the date of enactment of this  
19 Act.

20 **SEC. 1034. ENCOURAGE ELECTRONIC BENEFIT TRANSFER**  
21 **SYSTEMS.**

22 (a) IN GENERAL.—Section 7(i) of the Food Stamp  
23 Act of 1977 (7 U.S.C. 2016(i)) is amended—

24 (1) by striking paragraph (1) and inserting the  
25 following:

1           “(1) ELECTRONIC BENEFIT TRANSFERS.—

2                   “(A) IMPLEMENTATION.—Each State  
3 agency shall implement an electronic benefit  
4 transfer system in which household benefits de-  
5 termined under section 8(a) or 24 are issued  
6 from and stored in a central databank before  
7 October 1, 2002, unless the Secretary provides  
8 a waiver for a State agency that faces unusual  
9 barriers to implementing an electronic benefit  
10 transfer system.

11                   “(B) TIMELY IMPLEMENTATION.—State  
12 agencies are encouraged to implement an elec-  
13 tronic benefit transfer system under subpara-  
14 graph (A) as soon as practicable.

15                   “(C) STATE FLEXIBILITY.—Subject to  
16 paragraph (2), a State agency may procure and  
17 implement an electronic benefit transfer system  
18 under the terms, conditions, and design that  
19 the State agency considers appropriate.

20                   “(D) OPERATION.—An electronic benefit  
21 transfer system should take into account gen-  
22 erally accepted standard operating rules based  
23 on—

24                           “(i) commercial electronic funds  
25 transfer technology;

1                   “(ii) the need to permit interstate op-  
2                   eration and law enforcement monitoring;  
3                   and

4                   “(iii) the need to permit monitoring  
5                   and investigations by authorized law en-  
6                   forcement agencies.”;

7                   (2) in paragraph (2)—

8                   (A) by striking “effective no later than  
9                   April 1, 1992,”;

10                  (B) in subparagraph (A)—

11                   (i) by striking “, in any 1 year,”; and

12                   (ii) by striking “on-line”;

13                  (C) by striking subparagraph (D) and in-  
14                  serting the following:

15                   “(D)(i) measures to maximize the security  
16                   of a system using the most recent technology  
17                   available that the State agency considers appro-  
18                   priate and cost effective and which may include  
19                   personal identification numbers, photographic  
20                   identification on electronic benefit transfer  
21                   cards, and other measures to protect against  
22                   fraud and abuse; and

23                   “(ii) effective not later than 2 years after  
24                   the effective date of this clause, to the extent  
25                   practicable, measures that permit a system to

1 differentiate items of food that may be acquired  
2 with an allotment from items of food that may  
3 not be acquired with an allotment.”;

4 (D) in subparagraph (G), by striking  
5 “and” at the end;

6 (E) in subparagraph (H), by striking the  
7 period at the end and inserting “; and”; and

8 (F) by adding at the end the following:

9 “(I) procurement standards.”; and

10 (3) by adding at the end the following:

11 “(7) REPLACEMENT OF BENEFITS.—Regula-  
12 tions issued by the Secretary regarding the replace-  
13 ment of benefits and liability for replacement of ben-  
14 efits under an electronic benefit transfer system  
15 shall be similar to the regulations in effect for a  
16 paper food stamp issuance system.

17 “(8) REPLACEMENT CARD FEE.—A State agen-  
18 cy may collect a charge for replacement of an elec-  
19 tronic benefit transfer card by reducing the monthly  
20 allotment of the household receiving the replacement  
21 card.

22 “(9) OPTIONAL PHOTOGRAPHIC IDENTIFICA-  
23 TION.—

24 “(A) IN GENERAL.—A State agency may  
25 require that an electronic benefit card contain

1 a photograph of 1 or more members of a house-  
2 hold.

3 “(B) OTHER AUTHORIZED USERS.—If a  
4 State agency requires a photograph on an elec-  
5 tronic benefit card under subparagraph (A), the  
6 State agency shall establish procedures to en-  
7 sure that any other appropriate member of the  
8 household or any authorized representative of  
9 the household may utilize the card.”.

10 (b) SENSE OF CONGRESS.—It is the sense of Con-  
11 gress that a State that operates an electronic benefit  
12 transfer system under the Food Stamp Act of 1977 (7  
13 U.S.C. 2011 et seq.) should operate the system in a man-  
14 ner that is compatible with electronic benefit transfer sys-  
15 tems operated by other States.

16 **SEC. 1035. VALUE OF MINIMUM ALLOTMENT.**

17 The proviso in section 8(a) of the Food Stamp Act  
18 of 1977 (7 U.S.C. 2017(a)) is amended by striking “, and  
19 shall be adjusted” and all that follows through “\$5”.

20 **SEC. 1036. BENEFITS ON RECERTIFICATION.**

21 Section 8(c)(2)(B) of the Food Stamp Act of 1977  
22 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more  
23 than one month”.

1 **SEC. 1037. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**  
2 **DITED HOUSEHOLDS.**

3 Section 8(c) of the Food Stamp Act of 1977 (7  
4 U.S.C. 2017(c)) is amended by striking paragraph (3) and  
5 inserting the following:

6 “(3) **OPTIONAL COMBINED ALLOTMENT FOR**  
7 **EXPEDITED HOUSEHOLDS.**—A State agency may  
8 provide to an eligible household applying after the  
9 15th day of a month, in lieu of the initial allotment  
10 of the household and the regular allotment of the  
11 household for the following month, an allotment that  
12 is equal to the total amount of the initial allotment  
13 and the first regular allotment. The allotment shall  
14 be provided in accordance with section 11(e)(3) in  
15 the case of a household that is not entitled to expe-  
16 dited service and in accordance with paragraphs (3)  
17 and (9) of section 11(e) in the case of a household  
18 that is entitled to expedited service.”.

19 **SEC. 1038. FAILURE TO COMPLY WITH OTHER MEANS-TEST-**  
20 **ED PUBLIC ASSISTANCE PROGRAMS.**

21 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.  
22 2017) is amended by striking subsection (d) and inserting  
23 the following:

24 “(d) **REDUCTION OF PUBLIC ASSISTANCE BENE-**  
25 **FITS.**—

1           “(1) IN GENERAL.—If the benefits of a house-  
2 hold are reduced under a Federal, State, or local law  
3 relating to a means-tested public assistance program  
4 for the failure of a member of the household to per-  
5 form an action required under the law or program,  
6 for the duration of the reduction—

7           “(A) the household may not receive an in-  
8 creased allotment as the result of a decrease in  
9 the income of the household to the extent that  
10 the decrease is the result of the reduction; and

11           “(B) the State agency may reduce the al-  
12 lotment of the household by not more than 25  
13 percent.

14           “(2) RULES AND PROCEDURES.—If the allot-  
15 ment of a household is reduced under this subsection  
16 for a failure to perform an action required under  
17 part A of title IV of the Social Security Act (42  
18 U.S.C. 601 et seq.), the State agency may use the  
19 rules and procedures that apply under part A of title  
20 IV of the Act to reduce the allotment under the food  
21 stamp program.”.

22 **SEC. 1039. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN**  
23 **CENTERS.**

24           Section 8 of the Food Stamp Act of 1977 (7 U.S.C.  
25 2017) is amended by adding at the end the following:

1       “(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN  
2 CENTERS.—

3           “(1) IN GENERAL.—In the case of an individual  
4 who resides in a center for the purpose of a drug or  
5 alcoholic treatment program described in the last  
6 sentence of section 3(i), a State agency may provide  
7 an allotment for the individual to—

8           “(A) the center as an authorized represent-  
9 ative of the individual for a period that is less  
10 than 1 month; and

11           “(B) the individual, if the individual leaves  
12 the center.

13           “(2) DIRECT PAYMENT.—A State agency may  
14 require an individual referred to in paragraph (1) to  
15 designate the center in which the individual resides  
16 as the authorized representative of the individual for  
17 the purpose of receiving an allotment.”.

18 **SEC. 1040. CONDITION PRECEDENT FOR APPROVAL OF RE-**  
19 **TAIL FOOD STORES AND WHOLESALE FOOD**  
20 **CONCERNS.**

21       Section 9(a)(1) of the Food Stamp Act of 1977 (7  
22 U.S.C. 2018(a)(1)) is amended by adding at the end the  
23 following: “No retail food store or wholesale food concern  
24 of a type determined by the Secretary, based on factors  
25 that include size, location, and type of items sold, shall

1 be approved to be authorized or reauthorized for participa-  
2 tion in the food stamp program unless an authorized em-  
3 ployee of the Department of Agriculture, a designee of the  
4 Secretary, or, if practicable, an official of the State or local  
5 government designated by the Secretary has visited the  
6 store or concern for the purpose of determining whether  
7 the store or concern should be approved or reauthorized,  
8 as appropriate.”.

9 **SEC. 1041. AUTHORITY TO ESTABLISH AUTHORIZATION PE-**  
10 **RIODS.**

11 Section 9(a) of the Food Stamp Act of 1977 (7  
12 U.S.C. 2018(a)) is amended by adding at the end the fol-  
13 lowing:

14 “(3) AUTHORIZATION PERIODS.—The Secretary  
15 shall establish specific time periods during which au-  
16 thorization to accept and redeem coupons, or to re-  
17 deem benefits through an electronic benefit transfer  
18 system, shall be valid under the food stamp pro-  
19 gram.”.

20 **SEC. 1042. INFORMATION FOR VERIFYING ELIGIBILITY FOR**  
21 **AUTHORIZATION.**

22 Section 9(c) of the Food Stamp Act of 1977 (7  
23 U.S.C. 2018(c)) is amended—

1 (1) in the first sentence, by inserting “, which  
2 may include relevant income and sales tax filing doc-  
3 uments,” after “submit information”; and

4 (2) by inserting after the first sentence the fol-  
5 lowing: “The regulations may require retail food  
6 stores and wholesale food concerns to provide writ-  
7 ten authorization for the Secretary to verify all rel-  
8 evant tax filings with appropriate agencies and to  
9 obtain corroborating documentation from other  
10 sources so that the accuracy of information provided  
11 by the stores and concerns may be verified.”.

12 **SEC. 1043. WAITING PERIOD FOR STORES THAT FAIL TO**  
13 **MEET AUTHORIZATION CRITERIA.**

14 Section 9(d) of the Food Stamp Act of 1977 (7  
15 U.S.C. 2018(d)) is amended by adding at the end the fol-  
16 lowing: “A retail food store or wholesale food concern that  
17 is denied approval to accept and redeem coupons because  
18 the store or concern does not meet criteria for approval  
19 established by the Secretary may not, for at least 6  
20 months, submit a new application to participate in the  
21 program. The Secretary may establish a longer time pe-  
22 riod under the preceding sentence, including permanent  
23 disqualification, that reflects the severity of the basis of  
24 the denial.”.

1 **SEC. 1044. OPERATION OF FOOD STAMP OFFICES.**

2 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.  
3 2020), as amended by section 1020(b), is further amend-  
4 ed—

5 (1) in subsection (e)—

6 (A) by striking paragraph (2) and insert-  
7 ing the following:

8 “(2)(A) that the State agency shall establish  
9 procedures governing the operation of food stamp of-  
10 fices that the State agency determines best serve  
11 households in the State, including households with  
12 special needs, such as households with elderly or dis-  
13 abled members, households in rural areas with low-  
14 income members, homeless individuals, households  
15 residing on reservations, and households in areas in  
16 which a substantial number of members of low-in-  
17 come households speak a language other than Eng-  
18 lish.

19 “(B) In carrying out subparagraph (A), a State  
20 agency—

21 “(i) shall provide timely, accurate, and fair  
22 service to applicants for, and participants in,  
23 the food stamp program;

24 “(ii) shall develop an application contain-  
25 ing the information necessary to comply with  
26 this Act;

1           “(iii) shall permit an applicant household  
2           to apply to participate in the program on the  
3           same day that the household first contacts a  
4           food stamp office in person during office hours;

5           “(iv) shall consider an application that  
6           contains the name, address, and signature of  
7           the applicant to be filed on the date the appli-  
8           cant submits the application;

9           “(v) shall require that an adult representa-  
10          tive of each applicant household certify in writ-  
11          ing, under penalty of perjury, that—

12                 “(I) the information contained in the  
13                 application is true; and

14                 “(II) all members of the household  
15                 are citizens or are aliens eligible to receive  
16                 food stamps under section 6(f);

17           “(vi) shall provide a method of certifying  
18           and issuing coupons to eligible homeless individ-  
19           uals, to ensure that participation in the food  
20           stamp program is limited to eligible households;  
21           and

22           “(vii) may establish operating procedures  
23           that vary for local food stamp offices to reflect  
24           regional and local differences within the State.

1           “(C) Nothing in this Act shall prohibit the use  
2 of signatures provided and maintained electronically,  
3 storage of records using automated retrieval systems  
4 only, or any other feature of a State agency’s appli-  
5 cation system that does not rely exclusively on the  
6 collection and retention of paper applications or  
7 other records.

8           “(D) The signature of any adult under this  
9 paragraph shall be considered sufficient to comply  
10 with any provision of Federal law requiring a house-  
11 hold member to sign an application or statement.”;

12           (B) in paragraph (3)—

13           (i) by striking “shall—” and all that  
14 follows through “provide each” and insert-  
15 ing “shall provide each”; and

16           (ii) by striking “(B) assist” and all  
17 that follows through “representative of the  
18 State agency;”;

19           (C) by striking paragraphs (14) and (25);

20           (D)(i) by redesignating paragraphs (15)  
21 through (24) as paragraphs (14) through (23),  
22 respectively; and

23           (ii) by redesignating paragraph (26) as  
24 paragraph (24); and

25           (2) in subsection (i)—

1 (A) by striking “(i) Notwithstanding” and  
2 all that follows through “(2)” and inserting the  
3 following:

4 “(i) APPLICATION AND DENIAL PROCEDURES.—

5 “(1) APPLICATION PROCEDURES.—Notwith-  
6 standing any other provision of law,”; and

7 (B) by striking “; (3) households” and all  
8 that follows through “title IV of the Social Se-  
9 curity Act. No” and inserting a period and the  
10 following:

11 “(2) DENIAL AND TERMINATION.—Other than  
12 in a case of disqualification as a penalty for failure  
13 to comply with a public assistance program rule or  
14 regulation, no”.

15 **SEC. 1045. STATE EMPLOYEE AND TRAINING STANDARDS.**

16 Section 11(e)(6) of the Food Stamp Act of 1977 (7  
17 U.S.C. 2020(e)(6)) is amended—

18 (1) by striking “that (A) the” and inserting  
19 “that—

20 “(A) the”;

21 (2) by striking “Act; (B) the” and inserting  
22 “Act; and

23 “(B) the”;

1 (3) in subparagraph (B), by striking “United  
2 States Civil Service Commission” and inserting “Of-  
3 fice of Personnel Management”; and

4 (4) by striking subparagraphs (C) through (E).

5 **SEC. 1046. EXCHANGE OF LAW ENFORCEMENT INFORMA-**  
6 **TION.**

7 Section 11(e)(8) of the Food Stamp Act of 1977 (7  
8 U.S.C. 2020(e)(8)) is amended—

9 (1) by striking “that (A) such” and inserting  
10 the following: “that—

11 “(A) the”;

12 (2) by striking “law, (B) notwithstanding” and  
13 inserting the following: “law;

14 “(B) notwithstanding”;

15 (3) by striking “Act, and (C) such” and insert-  
16 ing the following: “Act;

17 “(C) the”; and

18 (4) by adding at the end the following:

19 “(D) notwithstanding any other provision  
20 of law, the address, social security number, and,  
21 if available, photograph of any member of a  
22 household shall be made available, on request,  
23 to any Federal, State, or local law enforcement  
24 officer if the officer furnishes the State agency

1 with the name of the member and notifies the  
2 agency that—

3 “(i) the member—

4 “(I) is fleeing to avoid prosecu-  
5 tion, or custody or confinement after  
6 conviction, for a crime (or attempt to  
7 commit a crime) that, under the law  
8 of the place the member is fleeing, is  
9 a felony (or, in the case of New Jer-  
10 sey, a high misdemeanor), or is violat-  
11 ing a condition of probation or parole  
12 imposed under Federal or State law;  
13 or

14 “(II) has information that is nec-  
15 essary for the officer to conduct an of-  
16 ficial duty related to subclause (I);

17 “(ii) locating or apprehending the  
18 member is an official duty; and

19 “(iii) the request is being made in the  
20 proper exercise of an official duty; and

21 “(E) the safeguards shall not prevent com-  
22 pliance with paragraph (16);”.

23 **SEC. 1047. EXPEDITED COUPON SERVICE.**

24 Section 11(e)(9) of the Food Stamp Act of 1977 (7  
25 U.S.C. 2020(e)(9)) is amended—

1 (1) in subparagraph (A)—

2 (A) by striking “five days” and inserting  
3 “7 days”; and

4 (B) by inserting “and” at the end;

5 (2) by striking subparagraphs (B) and (C);

6 (3) by redesignating subparagraph (D) as sub-  
7 paragraph (B); and

8 (4) in subparagraph (B), as redesignated by  
9 paragraph (3), by striking “, (B), or (C)”.

10 **SEC. 1048. WITHDRAWING FAIR HEARING REQUESTS.**

11 Section 11(e)(10) of the Food Stamp Act of 1977 (7  
12 U.S.C. 2020(e)(10)) is amended by inserting before the  
13 semicolon at the end a period and the following: “At the  
14 option of a State, at any time prior to a fair hearing deter-  
15 mination under this paragraph, a household may with-  
16 draw, orally or in writing, a request by the household for  
17 the fair hearing. If the withdrawal request is an oral re-  
18 quest, the State agency shall provide a written notice to  
19 the household confirming the withdrawal request and pro-  
20 viding the household with an opportunity to request a  
21 hearing”.

22 **SEC. 1049. INCOME, ELIGIBILITY, AND IMMIGRATION STA-**  
23 **TUS VERIFICATION SYSTEMS.**

24 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.  
25 2020) is amended—

1 (1) in subsection (e)(18), as redesignated by  
2 section 1044(1)(D)—

3 (A) by striking “that information is” and  
4 inserting “at the option of the State agency,  
5 that information may be”; and

6 (B) by striking “shall be requested” and  
7 inserting “may be requested”; and

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

9 “(p) STATE VERIFICATION OPTION.—Notwithstand-  
10 ing any other provision of law, in carrying out the food  
11 stamp program, a State agency shall not be required to  
12 use an income and eligibility or an immigration status ver-  
13 ification system established under section 1137 of the So-  
14 cial Security Act (42 U.S.C. 1320b-7).”.

15 **SEC. 1050. DISQUALIFICATION OF RETAILERS WHO INTEN-**  
16 **TIONALLY SUBMIT FALSIFIED APPLICATIONS.**

17 Section 12(b) of the Food Stamp Act of 1977 (7  
18 U.S.C. 2021(b)) is amended—

19 (1) in paragraph (2), by striking “and” at the  
20 end;

21 (2) in paragraph (3), by striking the period at  
22 the end and inserting “; and”; and

23 (3) by adding at the end the following:

24 “(4) for a reasonable period of time to be deter-  
25 mined by the Secretary, including permanent dis-

1 **SEC. 1056. STANDARDS FOR ADMINISTRATION.**

2 (a) **IN GENERAL.**—Section 16 of the Food Stamp Act  
3 of 1977 (7 U.S.C. 2025) is amended by striking sub-  
4 section (b).

5 (b) **CONFORMING AMENDMENTS.**—

6 (1) The first sentence of section 11(g) of the  
7 Act (7 U.S.C. 2020(g)) is amended by striking “the  
8 Secretary’s standards for the efficient and effective  
9 administration of the program established under sec-  
10 tion 16(b)(1) or”.

11 (2) Section 16(c)(1)(B) of the Act (7 U.S.C.  
12 2025(c)(1)(B)) is amended by striking “pursuant to  
13 subsection (b)”.

14 **SEC. 1057. WORK SUPPLEMENTATION OR SUPPORT PRO-**  
15 **GRAM.**

16 Section 16 of the Food Stamp Act of 1977 (7 U.S.C.  
17 2025), as amended by section 1056(a), is further amended  
18 by inserting after subsection (a) the following:

19 “(b) **WORK SUPPLEMENTATION OR SUPPORT PRO-**  
20 **GRAM.**—

21 “(1) **DEFINITION OF WORK SUPPLEMENTATION**  
22 **OR SUPPORT PROGRAM.**—In this subsection, the  
23 term ‘work supplementation or support program’  
24 means a program under which, as determined by the  
25 Secretary, public assistance (including any benefits  
26 provided under a program established by the State

1 and the food stamp program) is provided to an em-  
2 ployer to be used for hiring and employing a public  
3 assistance recipient who was not employed by the  
4 employer at the time the public assistance recipient  
5 entered the program.

6 “(2) PROGRAM.—A State agency may elect to  
7 use an amount equal to the allotment that would  
8 otherwise be issued to a household under the food  
9 stamp program, but for the operation of this sub-  
10 section, for the purpose of subsidizing or supporting  
11 a job under a work supplementation or support pro-  
12 gram established by the State.

13 “(3) PROCEDURE.—If a State agency makes an  
14 election under paragraph (2) and identifies each  
15 household that participates in the food stamp pro-  
16 gram that contains an individual who is participat-  
17 ing in the work supplementation or support pro-  
18 gram—

19 “(A) the Secretary shall pay to the State  
20 agency an amount equal to the value of the al-  
21 lotment that the household would be eligible to  
22 receive but for the operation of this subsection;

23 “(B) the State agency shall expend the  
24 amount received under subparagraph (A) in ac-  
25 cordance with the work supplementation or sup-

1 port program in lieu of providing the allotment  
2 that the household would receive but for the op-  
3 eration of this subsection;

4 “(C) for purposes of—

5 “(i) sections 5 and 8(a), the amount  
6 received under this subsection shall be ex-  
7 cluded from household income and re-  
8 sources; and

9 “(ii) section 8(b), the amount received  
10 under this subsection shall be considered to  
11 be the value of an allotment provided to  
12 the household; and

13 “(D) the household shall not receive an al-  
14 lotment from the State agency for the period  
15 during which the member continues to partici-  
16 pate in the work supplementation or support  
17 program.

18 “(4) OTHER WORK REQUIREMENTS.—No indi-  
19 vidual shall be excused, by reason of the fact that  
20 a State has a work supplementation or support pro-  
21 gram, from any work requirement under section  
22 6(d), except during the periods in which the individ-  
23 ual is employed under the work supplementation or  
24 support program.

1           “(5) LENGTH OF PARTICIPATION.—A State  
2 agency shall provide a description of how the public  
3 assistance recipients in the program shall, within a  
4 specific period of time, be moved from supplemented  
5 or supported employment to employment that is not  
6 supplemented or supported.

7           “(6) DISPLACEMENT.—A work supplementation  
8 or support program shall not displace the employ-  
9 ment of individuals who are not supplemented or  
10 supported.”.

11 **SEC. 1058. WAIVER AUTHORITY.**

12           Section 17(b)(1) of the Food Stamp Act of 1977 (7  
13 U.S.C. 2026(b)(1)) is amended—

14           (1) by redesignating subparagraph (B) as sub-  
15 paragraph (C); and

16           (2) in subparagraph (A)—

17           (A) by striking the second sentence; and

18           (B) by striking “benefits to eligible house-  
19 holds, including” and inserting the following:  
20 “benefits to eligible households, and may waive  
21 any requirement of this Act to the extent nec-  
22 essary for the project to be conducted.

23           “(B) PROJECT REQUIREMENTS.—

24           “(i) PROGRAM GOAL.—The Secretary  
25 may not conduct a project under subpara-

1 graph (A) unless the project is consistent  
2 with the goal of the food stamp program of  
3 providing food assistance to raise levels of  
4 nutrition among low-income individuals.

5 “(ii) PERMISSIBLE PROJECTS.—The  
6 Secretary may conduct a project under  
7 subparagraph (A) to—

8 “(I) improve program adminis-  
9 tration;

10 “(II) increase the self-sufficiency  
11 of food stamp recipients;

12 “(III) test innovative welfare re-  
13 form strategies; and

14 “(IV) allow greater conformity  
15 with the rules of other programs than  
16 would be allowed but for this para-  
17 graph.

18 “(iii) IMPERMISSIBLE PROJECTS.—  
19 The Secretary may not conduct a project  
20 under subparagraph (A) that—

21 “(I) involves the payment of the  
22 value of an allotment in the form of  
23 cash, unless the project was approved  
24 prior to the date of enactment of this  
25 subparagraph;

1                   “(II) substantially transfers  
2 funds made available under this Act  
3 to services or benefits provided pri-  
4 marily through another public assist-  
5 ance program; or

6                   “(III) is not limited to a specific  
7 time period.

8                   “(iv) ADDITIONAL INCLUDED  
9 PROJECTS.—Pilot or experimental projects  
10 may include”.

11 **SEC. 1059. AUTHORIZATION OF PILOT PROJECTS.**

12           Section 17(b)(1)(B) of the Food Stamp Act of 1977  
13 (7 U.S.C. 2026(b)(1)(B)), as amended by section 1058,  
14 is further amended—

15           (1) in clause (iv), by striking “coupons. Any  
16 pilot” and inserting the following: “coupons.

17                   “(v) CASH PAYMENT PILOT  
18 PROJECTS.—Any pilot”; and

19           (2) in clause (v), as so amended, by striking  
20 “1995” and inserting “2002”.

21 **SEC. 1060. RESPONSE TO WAIVERS.**

22           Section 17(b)(1) of the Food Stamp Act of 1977 (7  
23 U.S.C. 2026(b)(1)), as amended by section 1058, is fur-  
24 ther amended by adding at the end the following:

25                   “(D) RESPONSE TO WAIVERS.—

1                   “(i) RESPONSE.—Not later than 60  
2                   days after the date of receiving a request  
3                   for a waiver under subparagraph (A), the  
4                   Secretary shall provide a response that—

5                               “(I) approves the waiver request;

6                               “(II) denies the waiver request  
7                               and explains any modification needed  
8                               for approval of the waiver request;

9                               “(III) denies the waiver request  
10                              and explains the grounds for the de-  
11                              nial; or

12                             “(IV) requests clarification of the  
13                             waiver request.

14                   “(ii) FAILURE TO RESPOND.—If the  
15                   Secretary does not provide a response in  
16                   accordance with clause (i), the waiver shall  
17                   be considered approved, unless the ap-  
18                   proval is specifically prohibited by this Act.

19                   “(iii) NOTICE OF DENIAL.—On denial  
20                   of a waiver request under clause (i)(III),  
21                   the Secretary shall provide a copy of the  
22                   waiver request and a description of the  
23                   reasons for the denial to the Committee on  
24                   Agriculture of the House of Representa-

1                   tives and the Committee on Agriculture,  
2                   Nutrition, and Forestry of the Senate.”.

3 **SEC. 1061. EMPLOYMENT INITIATIVES PROGRAM.**

4       Section 17 of the Food Stamp Act of 1977 (7 U.S.C.  
5 2026) is amended by striking subsection (d) and inserting  
6 the following:

7       “(d) EMPLOYMENT INITIATIVES PROGRAM.—

8               “(1) ELECTION TO PARTICIPATE.—

9                   “(A) IN GENERAL.—Subject to the other  
10                  provisions of this subsection, a State may elect  
11                  to carry out an employment initiatives program  
12                  under this subsection.

13               “(B) REQUIREMENT.—A State shall be eli-  
14               gible to carry out an employment initiatives  
15               program under this subsection only if not less  
16               than 50 percent of the households that received  
17               food stamp benefits during the summer of 1993  
18               also received benefits under a State program  
19               funded under part A of title IV of the Social  
20               Security Act (42 U.S.C. 601 et seq.) during the  
21               summer of 1993.

22               “(2) PROCEDURE.—

23                   “(A) IN GENERAL.—A State that has  
24                  elected to carry out an employment initiatives  
25                  program under paragraph (1) may use amounts

1 equal to the food stamp allotments that would  
2 otherwise be issued to a household under the  
3 food stamp program, but for the operation of  
4 this subsection, to provide cash benefits in lieu  
5 of the food stamp allotments to the household  
6 if the household is eligible under paragraph (3).

7 “(B) PAYMENT.—The Secretary shall pay  
8 to each State that has elected to carry out an  
9 employment initiatives program under para-  
10 graph (1) an amount equal to the value of the  
11 allotment that each household would be eligible  
12 to receive under this Act but for the operation  
13 of this subsection.

14 “(C) OTHER PROVISIONS.—For purposes  
15 of the food stamp program (other than this  
16 subsection)—

17 “(i) cash assistance under this sub-  
18 section shall be considered to be an allot-  
19 ment; and

20 “(ii) each household receiving cash  
21 benefits under this subsection shall not re-  
22 ceive any other food stamp benefit for the  
23 period for which the cash assistance is pro-  
24 vided.

1           “(D) ADDITIONAL PAYMENTS.—Each  
2 State that has elected to carry out an employ-  
3 ment initiatives program under paragraph (1)  
4 shall—

5           “(i) increase the cash benefits pro-  
6 vided to each household under this sub-  
7 section to compensate for any State or  
8 local sales tax that may be collected on  
9 purchases of food by any household receiv-  
10 ing cash benefits under this subsection, un-  
11 less the Secretary determines on the basis  
12 of information provided by the State that  
13 the increase is unnecessary on the basis of  
14 the limited nature of the items subject to  
15 the State or local sales tax; and

16           “(ii) pay the cost of any increase in  
17 cash benefits required by clause (i).

18           “(3) ELIGIBILITY.—A household shall be eligi-  
19 ble to receive cash benefits under paragraph (2) if  
20 an adult member of the household—

21           “(A) has worked in unsubsidized employ-  
22 ment for not less than the preceding 90 days;

23           “(B) has earned not less than \$350 per  
24 month from the employment referred to in sub-

1 paragraph (A) for not less than the preceding  
2 90 days;

3 “(C)(i) is receiving benefits under a State  
4 program funded under part A of title IV of the  
5 Social Security Act (42 U.S.C. 601 et seq.); or

6 “(ii) was receiving benefits under a State  
7 program funded under part A of title IV of the  
8 Social Security Act (42 U.S.C. 601 et seq.) at  
9 the time the member first received cash benefits  
10 under this subsection and is no longer eligible  
11 for the State program because of earned in-  
12 come;

13 “(D) is continuing to earn not less than  
14 \$350 per month from the employment referred  
15 to in subparagraph (A); and

16 “(E) elects to receive cash benefits in lieu  
17 of food stamp benefits under this subsection.

18 “(4) EVALUATION.—A State that operates a  
19 program under this subsection for 2 years shall pro-  
20 vide to the Secretary a written evaluation of the im-  
21 pact of cash assistance under this subsection. The  
22 State agency, with the concurrence of the Secretary,  
23 shall determine the content of the evaluation.”.

1 **SEC. 1062. REAUTHORIZATION.**

2 The first sentence of section 18(a)(1) of the Food  
3 Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by  
4 striking “1991 through 1997” and inserting “1996  
5 through 2002”.

6 **SEC. 1063. SIMPLIFIED FOOD STAMP PROGRAM.**

7 (a) **IN GENERAL.**—The Food Stamp Act of 1977 (7  
8 U.S.C. 2011 et seq.) is amended by adding at the end  
9 the following:

10 **“SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.**

11 “(a) **DEFINITION OF FEDERAL COSTS.**—In this sec-  
12 tion, the term ‘Federal costs’ does not include any Federal  
13 costs incurred under section 17.

14 “(b) **ELECTION.**—Subject to subsection (d), a State  
15 may elect to carry out a Simplified Food Stamp Program  
16 (referred to in this section as a ‘Program’), statewide or  
17 in a political subdivision of the State, in accordance with  
18 this section.

19 “(c) **OPERATION OF PROGRAM.**—If a State elects to  
20 carry out a Program, within the State or a political sub-  
21 division of the State—

22 “(1) a household in which all members receive  
23 assistance under a State program funded under part  
24 A of title IV of the Social Security Act (42 U.S.C.  
25 601 et seq.) shall automatically be eligible to partici-  
26 pate in the Program; and

1           “(2) subject to subsection (f), benefits under  
2 the Program shall be determined under rules and  
3 procedures established by the State under—

4           “(A) a State program funded under part A  
5 of title IV of the Social Security Act (42 U.S.C.  
6 601 et seq.);

7           “(B) the food stamp program (other than  
8 section 25); or

9           “(C) a combination of a State program  
10 funded under part A of title IV of the Social  
11 Security Act (42 U.S.C. 601 et seq.) and the  
12 food stamp program (other than section 25).

13       “(d) APPROVAL OF PROGRAM.—

14           “(1) STATE PLAN.—A State agency may not  
15 operate a Program unless the Secretary approves a  
16 State plan for the operation of the Program under  
17 paragraph (2).

18           “(2) APPROVAL OF PLAN.—The Secretary shall  
19 approve any State plan to carry out a Program if  
20 the Secretary determines that the plan—

21           “(A) complies with this section; and

22           “(B) contains sufficient documentation  
23 that the plan will not increase Federal costs for  
24 any fiscal year.

25       “(e) INCREASED FEDERAL COSTS.—

1           “(1) DETERMINATION.—During each fiscal  
2 year and not later than 90 days after the end of  
3 each fiscal year, the Secretary shall determine  
4 whether a Program being carried out by a State  
5 agency is increasing Federal costs under this Act  
6 above the Federal costs incurred under the food  
7 stamp program in operation in the State or political  
8 sub-division of the State for the fiscal year prior  
9 to the implementation of the Program, adjusted for  
10 any changes in—

11                   “(A) participation;

12                   “(B) the income of participants in the food  
13 stamp program that is not attributable to pub-  
14 lic assistance; and

15                   “(C) the thrifty food plan under section  
16 3(o).

17           “(2) NOTIFICATION.—If the Secretary deter-  
18 mines that the Program has increased Federal costs  
19 under this Act for any fiscal year or any portion of  
20 any fiscal year, the Secretary shall notify the State  
21 not later than 30 days after the Secretary makes the  
22 determination under paragraph (1).

23           “(3) ENFORCEMENT.—

24                   “(A) CORRECTIVE ACTION.—Not later  
25 than 90 days after the date of a notification

1           under paragraph (2), the State shall submit a  
2           plan for approval by the Secretary for prompt  
3           corrective action that is designed to prevent the  
4           Program from increasing Federal costs under  
5           this Act.

6           “(B) TERMINATION.—If the State does not  
7           submit a plan under subparagraph (A) or carry  
8           out a plan approved by the Secretary, the Sec-  
9           retary shall terminate the approval of the State  
10          agency operating the Program and the State  
11          agency shall be ineligible to operate a future  
12          Program.

13          “(f) RULES AND PROCEDURES.—

14          “(1) IN GENERAL.—In operating a Program, a  
15          State or political subdivision of a State may follow  
16          the rules and procedures established by the State or  
17          political subdivision under a State program funded  
18          under part A of title IV of the Social Security Act  
19          (42 U.S.C. 601 et seq.) or under the food stamp  
20          program.

21          “(2) STANDARDIZED DEDUCTIONS.—In operat-  
22          ing a Program, a State or political subdivision of a  
23          State may standardize the deductions provided  
24          under section 5(e). In developing the standardized  
25          deduction, the State shall consider the work ex-

1       penses, dependent care costs, and shelter costs of  
2       participating households.

3           “(3) REQUIREMENTS.—In operating a Pro-  
4       gram, a State or political subdivision shall comply  
5       with the requirements of—

6           “(A) subsections (a) through (g) of section  
7       7;

8           “(B) section 8(a) (except that the income  
9       of a household may be determined under a  
10      State program funded under part A of title IV  
11      of the Social Security Act (42 U.S.C. 601 et  
12      seq.));

13          “(C) subsection (b) and (d) of section 8;

14          “(D) subsections (a), (c), (d), and (n) of  
15      section 11;

16          “(E) paragraphs (8), (12), (16), (18),  
17      (20), (24), and (25) of section 11(e);

18          “(F) section 11(e)(10) (or a comparable  
19      requirement established by the State under a  
20      State program funded under part A of title IV  
21      of the Social Security Act (42 U.S.C. 601 et  
22      seq.)); and

23          “(G) section 16.

24           “(4) LIMITATION ON ELIGIBILITY.—Notwith-  
25      standing any other provision of this section, a house-

1 hold may not receive benefits under this section as  
2 a result of the eligibility of the household under a  
3 State program funded under part A of title IV of the  
4 Social Security Act (42 U.S.C. 601 et seq.), unless  
5 the Secretary determines that any household with in-  
6 come above 130 percent of the poverty guidelines is  
7 not eligible for the program.”.

8 (b) STATE PLAN PROVISIONS.—Section 11(e) of the  
9 Act (7 U.S.C. 2020(e)), as amended by sections 1028(b)  
10 and 1044, is further amended by adding at the end the  
11 following:

12 “(25) if a State elects to carry out a Simplified  
13 Food Stamp Program under section 26, the plans of  
14 the State agency for operating the program, includ-  
15 ing—

16 “(A) the rules and procedures to be fol-  
17 lowed by the State agency to determine food  
18 stamp benefits;

19 “(B) how the State agency will address the  
20 needs of households that experience high shelter  
21 costs in relation to the incomes of the house-  
22 holds; and

23 “(C) a description of the method by which  
24 the State agency will carry out a quality control  
25 system under section 16(c).”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) Section 8 of the Act (7 U.S.C. 2017), as  
3 amended by section 1039, is further amended—

4 (A) by striking subsection (e); and

5 (B) by redesignating subsection (f) as sub-  
6 section (e).

7 (2) Section 17 of the Act (7 U.S.C. 2026) is  
8 amended—

9 (A) by striking subsection (i); and

10 (B) by redesignating subsections (j)  
11 through (l) as subsections (i) through (k), re-  
12 spectively.

13 **SEC. 1064. STATE FOOD ASSISTANCE BLOCK GRANT.**

14 (a) IN GENERAL.—The Food Stamp Act of 1977 (7  
15 U.S.C. 2011 et seq.), as amended by section 1064, is fur-  
16 ther amended by adding at the end the following:

17 **“SEC. 27. STATE FOOD ASSISTANCE BLOCK GRANT.**

18 “(a) DEFINITIONS.—In this section:

19 “(1) FOOD ASSISTANCE.—The term ‘food as-  
20 sistance’ means assistance that may be used only to  
21 obtain food, as defined in section 3(g).

22 “(2) STATE.—The term ‘State’ means each of  
23 the 50 States, the District of Columbia, Guam, and  
24 the Virgin Islands of the United States.

1       “(b) ESTABLISHMENT.—The Secretary shall estab-  
2 lish a program to make grants to States in accordance  
3 with this section to provide—

4               “(1) food assistance to needy individuals and  
5 families residing in the State; and

6               “(2) funds for administrative costs incurred in  
7 providing the assistance.

8       “(c) ELECTION.—

9               “(1) IN GENERAL.—A State may annually elect  
10 to participate in the program established under sub-  
11 section (b) if the State—

12               “(A) has fully implemented an electronic  
13 benefit transfer system that operates in the en-  
14 tire State;

15               “(B) has a payment error rate under sec-  
16 tion 16(c) that is not more than 6 percent as  
17 announced most recently by the Secretary; or

18               “(C) has a payment error rate in excess of  
19 6 percent and agrees to contribute non-Federal  
20 funds for the fiscal year of the grant, for bene-  
21 fits and administration of the State’s food as-  
22 sistance program, the amount determined under  
23 paragraph (2).

24       “(2) STATE MANDATORY CONTRIBUTIONS.—

1           “(A) IN GENERAL.—In the case of a State  
2 that elects to participate in the program under  
3 paragraph (1)(C), the State shall agree to con-  
4 tribute, for a fiscal year, an amount equal to—

5           “(A)(i) the benefits issued in the State;  
6 multiplied by

7           “(ii) the payment error rate of the State;  
8 minus

9           “(B)(i) the benefits issued in the State;  
10 multiplied by

11           “(ii) 6 percent.

12           “(B) DETERMINATION.—Notwithstanding  
13 sections 13 and 14, the calculation of the con-  
14 tribution shall be based solely on the determina-  
15 tion of the Secretary of the payment error rate.

16           “(C) DATA.—For purposes of implement-  
17 ing subparagraph (A) for a fiscal year, the Sec-  
18 retary shall use the data for the most recent  
19 fiscal year available.

20           “(3) ELECTION LIMITATION.—

21           “(A) RE-ENTERING FOOD STAMP PRO-  
22 GRAM.—A State that elects to participate in the  
23 program under paragraph (1) may in a subse-  
24 quent year decline to elect to participate in the  
25 program and instead participate in the food

1 stamp program in accordance with the other  
2 sections of this Act.

3 “(B) LIMITATION.—Subsequent to re-en-  
4 tering the food stamp program under subpara-  
5 graph (A), the State shall only be eligible to  
6 participate in the food stamp program in ac-  
7 cordance with the other sections of this Act and  
8 shall not be eligible to elect to participate in the  
9 program established under subsection (b).

10 “(4) PROGRAM EXCLUSIVE.—

11 “(A) IN GENERAL.—A State that is par-  
12 ticipating in the program established under sub-  
13 section (b) shall not be subject to, or receive  
14 any benefit under, this Act except as provided  
15 in this section.

16 “(B) CONTRACT WITH FEDERAL GOVERN-  
17 MENT.—Nothing in this section shall prohibit a  
18 State from contracting with the Federal Gov-  
19 ernment for the provision of services or mate-  
20 rials necessary to carry out a program under  
21 this section.

22 “(d) LEAD AGENCY.—A State desiring to receive a  
23 grant under this section shall designate, in an application  
24 submitted to the Secretary under subsection (e)(1), an ap-

1 appropriate State agency responsible for the administration  
2 of the program under this section as the lead agency.

3 “(e) APPLICATION AND PLAN.—

4 “(1) APPLICATION.—To be eligible to receive  
5 assistance under this section, a State shall prepare  
6 and submit to the Secretary an application at such  
7 time, in such manner, and containing such informa-  
8 tion as the Secretary shall by regulation require, in-  
9 cluding—

10 “(A) an assurance that the State will com-  
11 ply with the requirements of this section;

12 “(B) a State plan that meets the require-  
13 ments of paragraph (3); and

14 “(C) an assurance that the State will com-  
15 ply with the requirements of the State plan  
16 under paragraph (3).

17 “(2) ANNUAL PLAN.—The State plan contained  
18 in the application under paragraph (1) shall be sub-  
19 mitted for approval annually.

20 “(3) REQUIREMENTS OF PLAN.—

21 “(A) LEAD AGENCY.—The State plan shall  
22 identify the lead agency.

23 “(B) USE OF BLOCK GRANT FUNDS.—The  
24 State plan shall provide that the State shall use

1 the amounts provided to the State for each fis-  
2 cal year under this section—

3 “(i) to provide food assistance to  
4 needy individuals and families residing in  
5 the State, other than residents of institu-  
6 tions who are ineligible for food stamps  
7 under section 3(i); and

8 “(ii) to pay administrative costs in-  
9 curred in providing the assistance.

10 “(C) GROUPS SERVED.—The State plan  
11 shall describe how and to what extent the pro-  
12 gram will serve specific groups of individuals  
13 and families and how the treatment will differ  
14 from treatment under the food stamp program  
15 under the other sections of this Act of the indi-  
16 viduals and families, including—

17 “(i) elderly individuals and families;

18 “(ii) migrants or seasonal farm-  
19 workers;

20 “(iii) homeless individuals and fami-  
21 lies;

22 “(iv) individuals and families who live  
23 in institutions eligible under section 3(i);

24 “(v) individuals and families with  
25 earnings; and

1                   “(vi) members of Indian tribes or trib-  
2                   al organizations.

3                   “(D) ASSISTANCE FOR ENTIRE STATE.—  
4                   The State plan shall provide that benefits under  
5                   this section shall be available throughout the  
6                   entire State.

7                   “(E) NOTICE AND HEARINGS.—The State  
8                   plan shall provide that an individual or family  
9                   who applies for, or receives, assistance under  
10                  this section shall be provided with notice of, and  
11                  an opportunity for a hearing on, any action  
12                  under this section that adversely affects the in-  
13                  dividual or family.

14                  “(F) ASSESSMENT OF NEEDS.—The State  
15                  plan shall assess the food and nutrition needs  
16                  of needy persons residing in the State.

17                  “(G) ELIGIBILITY STANDARDS.—The State  
18                  plan shall describe the income, resource, and  
19                  other eligibility standards that are established  
20                  for the receipt of assistance under this section.

21                  “(H) DISQUALIFICATION OF FLEEING FEL-  
22                  ONS.—The State plan shall provide for the dis-  
23                  qualification of any individual who would be  
24                  disqualified from participating in the food  
25                  stamp program under section 6(k).

1           “(I) RECEIVING BENEFITS IN MORE THAN  
2           1 JURISDICTION.—The State plan shall estab-  
3           lish a system for the exchange of information  
4           with other States to verify the identity and re-  
5           ceipt of benefits by recipients.

6           “(J) PRIVACY.—The State plan shall pro-  
7           vide for safeguarding and restricting the use  
8           and disclosure of information about any individ-  
9           ual or family receiving assistance under this  
10          section.

11          “(K) OTHER INFORMATION.—The State  
12          plan shall contain such other information as  
13          may be required by the Secretary.

14          “(4) APPROVAL OF APPLICATION AND PLAN.—  
15          The Secretary shall approve an application and  
16          State plan that satisfies the requirements of this  
17          section.

18          “(f) NO INDIVIDUAL OR FAMILY ENTITLEMENT TO  
19          ASSISTANCE.—Nothing in this section—

20                 “(1) entitles any individual or family to assist-  
21                 ance under this section; or

22                 “(2) limits the right of a State to impose addi-  
23                 tional limitations or conditions on assistance under  
24                 this section.

25          “(g) BENEFITS FOR ALIENS.—

1           “(1) ELIGIBILITY.—No individual who is an  
2 alien shall be eligible to receive benefits under a  
3 State plan approved under subsection (e)(4) if the  
4 individual is not eligible to participate in the food  
5 stamp program due to the alien status of the indi-  
6 vidual.

7           “(2) INCOME.—The State plan shall provide  
8 that the income of an alien shall be determined in  
9 accordance with section 5(i).

10          “(h) EMPLOYMENT AND TRAINING.—

11           “(1) WORK REQUIREMENTS.—No individual or  
12 household shall be eligible to receive benefits under  
13 a State plan funded under this section if the individ-  
14 ual or household is not eligible to participate in the  
15 food stamp program under subsection (d) or (o) of  
16 section 6.

17           “(2) WORK PROGRAMS.—Each State shall im-  
18 plement an employment and training program in ac-  
19 cordance with the terms and conditions of section  
20 6(d)(4) for individuals under the program and shall  
21 be eligible to receive funding under section 16(h).

22          “(i) ENFORCEMENT.—

23           “(1) REVIEW OF COMPLIANCE WITH STATE  
24 PLAN.—The Secretary shall review and monitor

1 State compliance with this section and the State  
2 plan approved under subsection (e)(4).

3 “(2) NONCOMPLIANCE.—

4 “(A) IN GENERAL.—If the Secretary, after  
5 reasonable notice to a State and opportunity for  
6 a hearing, finds that—

7 “(i) there has been a failure by the  
8 State to comply substantially with any pro-  
9 vision or requirement set forth in the State  
10 plan approved under subsection (e)(4); or

11 “(ii) in the operation of any program  
12 or activity for which assistance is provided  
13 under this section, there is a failure by the  
14 State to comply substantially with any pro-  
15 vision of this section;

16 the Secretary shall notify the State of the find-  
17 ing and that no further grants will be made to  
18 the State under this section (or, in the case of  
19 noncompliance in the operation of a program or  
20 activity, that no further grants to the State will  
21 be made with respect to the program or activ-  
22 ity) until the Secretary is satisfied that there is  
23 no longer any failure to comply or that the non-  
24 compliance will be promptly corrected.

1           “(B) OTHER PENALTIES.—In the case of a  
2           finding of noncompliance made pursuant to  
3           subparagraph (A), the Secretary may, in addi-  
4           tion to, or in lieu of, imposing the penalties de-  
5           scribed in subparagraph (A), impose other ap-  
6           propriate penalties, including recoupment of  
7           money improperly expended for purposes pro-  
8           hibited or not authorized by this section and  
9           disqualification from the receipt of financial as-  
10          sistance under this section.

11           “(C) NOTICE.—The notice required under  
12          subparagraph (A) shall include a specific identi-  
13          fication of any additional penalty being imposed  
14          under subparagraph (B).

15          “(3) ISSUANCE OF REGULATIONS.—The Sec-  
16          retary shall establish by regulation procedures for—

17               “(A) receiving, processing, and determin-  
18               ing the validity of complaints made to the Sec-  
19               retary concerning any failure of a State to com-  
20               ply with the State plan or any requirement of  
21               this section; and

22               “(B) imposing penalties under this section.

23          “(j) GRANT.—

24               “(1) IN GENERAL.—For each fiscal year, the  
25          Secretary shall pay to a State that has an applica-

1       tion approved by the Secretary under subsection  
2       (e)(4) an amount that is equal to the grant of the  
3       State under subsection (m) for the fiscal year.

4           “(2) METHOD OF GRANT.—The Secretary shall  
5       make a grant to a State for a fiscal year under this  
6       section by issuing 1 or more letters of credit for the  
7       fiscal year, with necessary adjustments on account  
8       of overpayments or underpayments, as determined  
9       by the Secretary.

10          “(3) SPENDING OF GRANTS BY STATE.—

11           “(A) IN GENERAL.—Except as provided in  
12       subparagraph (B), a grant to a State deter-  
13       mined under subsection (m)(1) for a fiscal year  
14       may be expended by the State only in the fiscal  
15       year.

16           “(B) CARRYOVER.—The State may reserve  
17       up to 10 percent of a grant determined under  
18       subsection (m)(1) for a fiscal year to provide  
19       assistance under this section in subsequent fis-  
20       cal years, except that the reserved funds may  
21       not exceed 30 percent of the total grant re-  
22       ceived under this section for a fiscal year.

23          “(4) FOOD ASSISTANCE AND ADMINISTRATIVE  
24       EXPENDITURES.—In each fiscal year, not more than  
25       6 percent of the Federal and State funds required

1 to be expended by a State under this section shall  
2 be used for administrative expenses.

3 “(5) PROVISION OF FOOD ASSISTANCE.—A  
4 State may provide food assistance under this section  
5 in any manner determined appropriate by the State,  
6 such as electronic benefit transfer limited to food  
7 purchases, coupons limited to food purchases, or di-  
8 rect provision of commodities.

9 “(k) QUALITY CONTROL.—Each State participating  
10 in the program established under this section shall main-  
11 tain a system in accordance with, and shall be subject to  
12 section 16(c), including sanctions and eligibility for incen-  
13 tive payment under section 16(c), adjusted for State spe-  
14 cific characteristics under regulations issued by the Sec-  
15 retary.

16 “(l) NONDISCRIMINATION.—

17 “(1) IN GENERAL.—The Secretary shall not  
18 provide financial assistance for any program,  
19 project, or activity under this section if any person  
20 with responsibilities for the operation of the pro-  
21 gram, project, or activity discriminates with respect  
22 to the program, project, or activity because of race,  
23 religion, color, national origin, sex, or disability.

24 “(2) ENFORCEMENT.—The powers, remedies,  
25 and procedures set forth in title VI of the Civil

1 **SEC. 1074. REPORT ON ENTITLEMENT COMMODITY PROC-**  
2 **ESSING.**

3 Section 1773 of the Food, Agriculture, Conservation,  
4 and Trade Act of 1990 (Public Law 101-624; 7 U.S.C.  
5 612c note) is amended by striking subsection (f).

6 **TITLE XI—MISCELLANEOUS**

7 **SEC. 1101. EXPENDITURE OF FEDERAL FUNDS IN ACCORD-**  
8 **ANCE WITH LAWS AND PROCEDURES APPLI-**  
9 **CABLE TO EXPENDITURE OF STATE FUNDS.**

10 (a) **IN GENERAL.**—Notwithstanding any other provi-  
11 sion of law, any funds received by a State under the provi-  
12 sions of law specified in subsection (b) shall be expended  
13 only in accordance with the laws and procedures applicable  
14 to expenditures of the State's own revenues, including ap-  
15 propriation by the State legislature, consistent with the  
16 terms and conditions required under such provisions of  
17 law.

18 (b) **PROVISIONS OF LAW.**—The provisions of law  
19 specified in this subsection are the following:

20 (1) Part A of title IV of the Social Security Act  
21 (relating to block grants for temporary assistance  
22 for needy families).

23 (2) Section 25 of the Food Stamp Act of 1977  
24 (relating to the optional State food assistance block  
25 grant).



1 in the case of the State of New Jersey, is a  
2 high misdemeanor under the laws of such State;  
3 or  
4 “(2) is violating a condition of probation or pa-  
5 role imposed under Federal or State law.”; and  
6 (2) in section 8(d)(1)(B)—  
7 (A) in clause (iii), by striking “and” at the  
8 end;  
9 (B) in clause (iv), by striking the period at  
10 the end and inserting “; and”; and  
11 (C) by adding after clause (iv) the follow-  
12 ing new clause:  
13 “(v) it shall be cause for termination  
14 of the tenancy of a tenant if such tenant—  
15 “(I) is fleeing to avoid prosecu-  
16 tion, or custody or confinement after  
17 conviction, under the laws of the place  
18 from which the individual flees, for a  
19 crime, or attempt to commit a crime,  
20 which is a felony under the laws of  
21 the place from which the individual  
22 flees, or which, in the case of the  
23 State of New Jersey, is a high mis-  
24 demeanor under the laws of such  
25 State; or

1                                   “(II) is violating a condition of  
2                                   probation or parole imposed under  
3                                   Federal or State law;”.

4           (b) PROVISION OF INFORMATION TO LAW ENFORCE-  
5   MENT AGENCIES.—Title I of the United States Housing  
6   Act of 1937 (42 U.S.C. 1437 et seq.), as amended by sec-  
7   tions 404(d) and 601 of this Act, is amended by adding  
8   at the end the following:

9   **“SEC. 29. EXCHANGE OF INFORMATION WITH LAW EN-  
10                                   FORCEMENT AGENCIES.**

11           “Notwithstanding any other provision of law, each  
12   public housing agency that enters into a contract for as-  
13   sistance under section 6 or 8 of this Act with the Secretary  
14   shall furnish any Federal, State, or local law enforcement  
15   officer, upon the request of the officer, with the current  
16   address, Social Security number, and photograph (if appli-  
17   cable) of any recipient of assistance under this Act, if the  
18   officer—

19                                   “(1) furnishes the public housing agency with  
20                                   the name of the recipient; and

21                                   “(2) notifies the agency that—

22   “(A) such recipient—

23   “(i) is fleeing to avoid prosecution, or  
24   custody or confinement after conviction,  
25   under the laws of the place from which the

1 individual flees, for a crime, or attempt to  
2 commit a crime, which is a felony under  
3 the laws of the place from which the indi-  
4 vidual flees, or which, in the case of the  
5 State of New Jersey, is a high mis-  
6 demeanor under the laws of such State; or

7 “(ii) is violating a condition of proba-  
8 tion or parole imposed under Federal or  
9 State law; or

10 “(iii) has information that is nec-  
11 essary for the officer to conduct the offi-  
12 cer’s official duties;

13 “(B) the location or apprehension of the  
14 recipient is within such officer’s official duties;  
15 and

16 “(C) the request is made in the proper ex-  
17 ercise of the officer’s official duties.”.

18 **SEC. 1103. SENSE OF THE SENATE REGARDING ENTER-**  
19 **PRISE ZONES.**

20 (a) **FINDINGS.**—The Senate finds that:

21 (1) Many of the Nation’s urban centers are  
22 places with high levels of poverty, high rates of wel-  
23 fare dependency, high crime rates, poor schools, and  
24 joblessness;

1           (2) Federal tax incentives and regulatory re-  
2 forms can encourage economic growth, job creation  
3 and small business formation in many urban centers;

4           (3) Encouraging private sector investment in  
5 America's economically distressed urban and rural  
6 areas is essential to breaking the cycle of poverty  
7 and the related ills of crime, drug abuse, illiteracy,  
8 welfare dependency, and unemployment;

9           (4) The empowerment zones enacted in 1993  
10 should be enhanced by providing incentives to in-  
11 crease entrepreneurial growth, capital formation, job  
12 creation, educational opportunities, and home owner-  
13 ship in the designated communities and zones.

14       (b) SENSE OF THE SENATE.—Therefore, it is the  
15 Sense of the Senate that the Congress should adopt enter-  
16 prise zone legislation in the One Hundred Fourth Con-  
17 gress, and that such enterprise zone legislation provide the  
18 following incentives and provisions:

19           (1) Federal tax incentives that expand access to  
20 capital, increase the formation and expansion of  
21 small businesses, and promote commercial revitaliza-  
22 tion;

23           (2) Regulatory reforms that allow localities to  
24 petition Federal agencies, subject to the relevant  
25 agencies' approval, for waivers or modifications of

1 regulations to improve job creation, small business  
2 formation and expansion, community development,  
3 or economic revitalization objectives of the enterprise  
4 zones;

5 (3) Home ownership incentives and grants to  
6 encourage resident management of public housing  
7 and home ownership of public housing;

8 (4) School reform pilot projects in certain des-  
9 igned enterprise zones to provide low-income par-  
10 ents with new and expanded educational options for  
11 their children's elementary and secondary schooling.

12 **SEC. 1104. SENSE OF THE SENATE REGARDING THE IN-**  
13 **ABILITY OF THE NON-CUSTODIAL PARENT TO**  
14 **PAY CHILD SUPPORT.**

15 It is the sense of the Senate that—

16 (a) States should diligently continue their efforts to  
17 enforce child support payments by the non-custodial par-  
18 ent to the custodial parent, regardless of the employment  
19 status or location of the non-custodial parent; and

20 (b) States are encouraged to pursue pilot programs  
21 in which the parents of a non-adult, non-custodial parent  
22 who refuses to or is unable to pay child support must—

23 (1) pay or contribute to the child support owed  
24 by the non-custodial parent; or

1           (2) otherwise fulfill all financial obligations and  
2           meet all conditions imposed on the non-custodial  
3           parent, such as participation in a work program or  
4           other related activity.

5   **SEC. 1105. FOOD STAMP ELIGIBILITY.**

6           Section 6(f) of the Food Stamp Act of 1977 (7  
7   U.S.C. 2015(f)) is amended by striking the third sentence  
8   and inserting the following:

9           “The State agency shall, at its option, consider either  
10   all income and financial resources of the individual ren-  
11   dered ineligible to participate in the food stamp program  
12   under this subsection, or such income, less a pro rata  
13   share, and the financial resources of the ineligible individ-  
14   ual, to determine the eligibility and the value of the allot-  
15   ment of the household of which such individual is a mem-  
16   ber.”.

17   **SEC. 1106. ESTABLISHING NATIONAL GOALS TO PREVENT**  
18                           **TEENAGE PREGNANCIES.**

19           (a) IN GENERAL.—Not later than January 1, 1997,  
20   the Secretary of Health and Human Services shall estab-  
21   lish and implement a strategy for—

22           (1) preventing out-of-wedlock teenage preg-  
23   nancies, and

1           (2) assuring that at least 25 percent of the  
2           communities in the United States have teenage preg-  
3           nancy prevention programs in place.

4           (b) REPORT.—Not later than June 30, 1998, and an-  
5           nually thereafter, the Secretary shall report to the Con-  
6           gress with respect to the progress that has been made in  
7           meeting the goals described in paragraphs (1) and (2) of  
8           subsection (a).

9           **SEC. 1107. SENSE OF THE SENATE REGARDING ENFORCE-**  
10           **MENT OF STATUTORY RAPE LAWS.**

11           It is the sense of the Senate that States and local  
12           jurisdictions should aggressively enforce statutory rape  
13           laws.

14           **SEC. 1108. SANCTIONING FOR TESTING POSITIVE FOR**  
15           **CONTROLLED SUBSTANCES.**

16           Notwithstanding any other provision of law, States  
17           shall not be prohibited by the Federal Government from  
18           sanctioning welfare recipients who test positive for use of  
19           controlled substances.

20           **SEC. 1109. ABSTINENCE EDUCATION.**

21           (a) INCREASES IN FUNDING.—Section 501(a) of the  
22           Social Security Act (42 U.S.C. 701(a)) is amended in the  
23           matter preceding paragraph (1) by striking “Fiscal year  
24           1990 and each fiscal year thereafter” and inserting “Fis-

1 cal years 1990 through 1995 and \$761,000,000 for fiscal  
2 year 1996 and each fiscal year thereafter”.

3 (b) ABSTINENCE EDUCATION.—Section 501(a)(1) of  
4 such Act (42 U.S.C. 701(a)(1)) is amended—

5 (1) in subparagraph (C), by striking “and” at  
6 the end;

7 (2) in subparagraph (D), by adding “and” at  
8 the end; and

9 (3) by adding at the end the following new sub-  
10 paragraph:

11 “(E) to provide abstinence education, and  
12 at the option of the State, where appropriate,  
13 mentoring, counseling, and adult supervision to  
14 promote abstinence from sexual activity, with a  
15 focus on those groups which are most likely to  
16 bear children out-of-wedlock.”.

17 (c) ABSTINENCE EDUCATION DEFINED.—Section  
18 501(b) of such Act (42 U.S.C. 701(b)) is amended by add-  
19 ing at the end the following new paragraph:

20 “(5) ABSTINENCE EDUCATION.—For purposes  
21 of this subsection, the term ‘abstinence education’  
22 means an educational or motivational program  
23 which—

1           “(A) has as its exclusive purpose, teaching  
2           the social, psychological, and health gains to be  
3           realized by abstaining from sexual activity;

4           “(B) teaches abstinence from sexual activ-  
5           ity outside marriage as the expected standard  
6           for all school age children;

7           “(C) teaches that abstinence from sexual  
8           activity is the only certain way to avoid out-of-  
9           wedlock pregnancy, sexually transmitted dis-  
10          eases, and other associated health problems;

11          “(D) teaches that a mutually faithful  
12          monogamous relationship in context of marriage  
13          is the expected standard of human sexual activ-  
14          ity;

15          “(E) teaches that sexual activity outside of  
16          the context of marriage is likely to have harm-  
17          ful psychological and physical effects;

18          “(F) teaches that bearing children out-of-  
19          wedlock is likely to have harmful consequences  
20          for the child, the child’s parents, and society;

21          “(G) teaches young people how to reject  
22          sexual advances and how alcohol and drug use  
23          increases vulnerability to sexual advances; and

1           “(H) teaches the importance of attaining  
2           self-sufficiency before engaging in sexual activ-  
3           ity.”.

4           (d) SET-ASIDE.—

5           (1) IN GENERAL.—Section 502(c) of such Act  
6           (42 U.S.C. 702(c)) is amended in the matter preced-  
7           ing paragraph (1) by striking “From” and inserting  
8           “Except as provided in subsection (e), from”.

9           (2) SET-ASIDE.—Section 502 of such Act (42  
10          U.S.C. 702) is amended by adding at the end the  
11          following new subsection:

12          “(e) Of the amounts appropriated under section  
13          501(a) for any fiscal year, the Secretary shall set aside  
14          \$75,000,000 for abstinence education in accordance with  
15          section 501(a)(1)(E).”.

16   **SEC. 1110. PROVISIONS TO ENCOURAGE ELECTRONIC BEN-**  
17                           **EFIT TRANSFER SYSTEMS.**

18          Section 904 of the Electronic Fund Transfer Act (15  
19          U.S.C. 1693b) is amended—

20           (1) by striking “(d) In the event” and inserting  
21           “(d) APPLICABILITY TO SERVICE PROVIDERS  
22           OTHER THAN CERTAIN FINANCIAL INSTITU-  
23           TIONS.—

24           “(1) IN GENERAL.—In the event”; and

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

3           “(2) STATE AND LOCAL GOVERNMENT ELEC-  
4 TRONIC BENEFIT TRANSFER PROGRAMS.—

5           “(A) EXEMPTION GENERALLY.—The dis-  
6 closures, protections, responsibilities, and rem-  
7 edies established under this title, and any regu-  
8 lation prescribed or order issued by the Board  
9 in accordance with this title, shall not apply to  
10 any electronic benefit transfer program estab-  
11 lished under State or local law or administered  
12 by a State or local government.

13           “(B) EXCEPTION FOR DIRECT DEPOSIT  
14 INTO RECIPIENT’S ACCOUNT.—Subparagraph  
15 (A) shall not apply with respect to any elec-  
16 tronic funds transfer under an electronic benefit  
17 transfer program for deposits directly into a  
18 consumer account held by the recipient of the  
19 benefit.

20           “(C) RULE OF CONSTRUCTION.—No provi-  
21 sion of this paragraph may be construed as—

22           “(i) affecting or altering the protec-  
23 tions otherwise applicable with respect to  
24 benefits established by Federal, State, or  
25 local law; or

1                   “(ii) otherwise superseding the appli-  
2                   cation of any State or local law.

3                   “(D) ELECTRONIC BENEFIT TRANSFER  
4                   PROGRAM DEFINED.—For purposes of this  
5                   paragraph, the term ‘electronic benefit transfer  
6                   program’—

7                   “(i) means a program under which a  
8                   government agency distributes needs-tested  
9                   benefits by establishing accounts to be  
10                  accessed by recipients electronically, such  
11                  as through automated teller machines, or  
12                  point-of-sale terminals; and

13                  “(ii) does not include employment-re-  
14                  lated payments, including salaries and pen-  
15                  sion, retirement, or unemployment benefits  
16                  established by Federal, State, or local gov-  
17                  ernments.”.

18 **SEC. 1111. REDUCTION IN BLOCK GRANTS TO STATES FOR**  
19 **SOCIAL SERVICES.**

20                  Section 2003(c) of the Social Security Act (42 U.S.C.  
21 1397b(c)) is amended—

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

24                  (2) by striking paragraph (5) and inserting the  
25                  following:

1           “(5) \$2,800,000,000 for each of the fiscal years  
2           1990 through 1996;

3           “(6) \$2,380,000,000 for the fiscal year 1997;

4           “(7) \$2,240,000,000 for each of the fiscal years  
5           1997 through 2002; and

6           “(8) \$2,380,000,000 for the fiscal year 2003  
7           and each succeeding fiscal year.”.

8           **DIVISION B—RESTRUCTURING**  
9           **MEDICAID**

10       **SEC. 2001. SHORT TITLE OF DIVISION.**

11       This division may be cited as the “Medicaid Restruc-  
12       turing Act of 1996”.

13       **SEC. 2002. FINDING; GOALS FOR MEDICAID RESTRUCTUR-**  
14       **ING.**

15       (a) **FINDING.**—The Congress finds that the National  
16       Governors’ Association on February 6, 1996, adopted  
17       unanimously and on a bipartisan basis goals to guide the  
18       restructuring of the medicaid program.

19       (b) **GOALS FOR RESTRUCTURING.**—The following are  
20       the 4 primary goals so adopted:

21           (1) The basic health care needs of the nation’s  
22           most vulnerable populations must be guaranteed.

23           (2) The growth in health care expenditures  
24           must be brought under control.

1           (3) States must have maximum flexibility in the  
2 design and implementation of cost-effective systems  
3 of care.

4           (4) States must be protected from unantici-  
5 pated program costs resulting from economic fluc-  
6 tuations in the business cycle, changing demo-  
7 graphics, and natural disasters.

8 **SEC. 2003. RESTRUCTURING THE MEDICAID PROGRAM.**

9           The Social Security Act is amended by inserting after  
10 title XIV the following new title:

“TITLE XV—PROGRAM OF MEDICAL ASSISTANCE FOR LOW-  
INCOME INDIVIDUALS AND FAMILIES

“TABLE OF CONTENTS OF TITLE

“Sec. 1500. Purpose; State plans.

“PART A—ELIGIBILITY AND BENEFITS

- “Sec. 1501. Guaranteed eligibility and benefits.
- “Sec. 1502. Other provisions relating to eligibility and benefits.
- “Sec. 1503. Premiums and cost-sharing.
- “Sec. 1504. Description of process for developing capitation payment rates.
- “Sec. 1505. Preventing spousal impoverishment.
- “Sec. 1506. Preventing family impoverishment.
- “Sec. 1507. State flexibility.
- “Sec. 1508. Private rights of action.

“PART B—PAYMENTS TO STATES

- “Sec. 1511. Allotment of funds among States.
- “Sec. 1512. Payments to States.
- “Sec. 1513. Limitation on use of funds; disallowance.

“PART C—ESTABLISHMENT AND AMENDMENT OF STATE PLANS

- “Sec. 1521. Description of strategic objectives and performance goals.
- “Sec. 1522. Annual reports.
- “Sec. 1523. Periodic, independent evaluations.
- “Sec. 1524. Description of process for State plan development.
- “Sec. 1525. Consultation in State plan development.
- “Sec. 1526. Submittal and approval of State plans.
- “Sec. 1527. Submittal and approval of plan amendments.
- “Sec. 1528. Process for State withdrawal from program.
- “Sec. 1529. Sanctions for noncompliance.

“Sec. 1530. Secretarial authority.

“PART D—PROGRAM INTEGRITY AND QUALITY

“Sec. 1551. Use of audits to achieve fiscal integrity.

“Sec. 1552. Fraud prevention program.

“Sec. 1553. Information concerning sanctions taken by State licensing authorities against health care practitioners and providers.

“Sec. 1554. State fraud control units.

“Sec. 1555. Recoveries from third parties and others.

“Sec. 1556. Assignment of rights of payment.

“Sec. 1557. Quality assurance requirements for nursing facilities.

“Sec. 1558. Other provisions promoting program integrity.

“PART E—GENERAL PROVISIONS

“Sec. 1571. Definitions.

“Sec. 1572. Treatment of territories.

“Sec. 1573. Description of treatment of Indian Health Service facilities.

“Sec. 1574. Application of certain general provisions.

“Sec. 1575. Optional master drug rebate agreements.

1 **“SEC. 1500. PURPOSE; STATE PLANS.**

2       “(a) PURPOSE.—The purpose of this title is to pro-  
3 vide funds to States to enable them to provide medical  
4 assistance to low-income individuals and families in a  
5 more effective, efficient, and responsive manner.

6       “(b) STATE PLAN REQUIRED.—A State is not eligible  
7 for payment under section 1512 unless the State has sub-  
8 mitted to the Secretary under part C a plan (in this title  
9 referred to as a ‘State plan’) that—

10           “(1) sets forth how the State intends to use the  
11 funds provided under this title to provide medical as-  
12 sistance to needy individuals and families consistent  
13 with the provisions of this title, and

14           “(2) is approved under such part.

15       “(c) CONTINUED APPROVAL.—An approved State  
16 plan shall continue in effect unless and until—

1           “(1) the State amends the plan under section  
2           1527,

3           “(2) the State terminates participation under  
4           this title under section 1528, or

5           “(3) the Secretary finds substantial noncompli-  
6           ance of the plan with the requirements of this title  
7           under section 1529.

8           “(d) STATE ENTITLEMENT.—This title constitutes  
9           budget authority in advance of appropriations Acts and  
10          represents the obligation of the Federal Government to  
11          provide for the payment to States of amounts provided  
12          under part B.

13          “(e) EFFECTIVE DATE.—No State is eligible for pay-  
14          ments under section 1512 for any calendar quarter begin-  
15          ning before October 1, 1996.

16                 “PART A—ELIGIBILITY AND BENEFITS

17                 “SEC. 1501. GUARANTEED ELIGIBILITY AND BENEFITS.

18                 “(a) GUARANTEED COVERAGE AND BENEFITS FOR  
19                 CERTAIN POPULATIONS.—

20                 “(1) IN GENERAL.—Each State plan shall pro-  
21                 vide for making medical assistance available for ben-  
22                 efits in the guaranteed benefit package (as defined  
23                 in paragraph (2) and as subject to subsection (d))  
24                 to individuals within each of the following categories:

1           “(A) POOR PREGNANT WOMEN.—Pregnant  
2 women with family income below 133 percent of  
3 the poverty line.

4           “(B) CHILDREN UNDER 6.—Children  
5 under 6 years of age whose family income does  
6 not exceed 133 percent of the poverty line.

7           “(C) CHILDREN 6 TO 12.—Children over 5  
8 years of age, but under 13 years of age, whose  
9 family income does not exceed 100 percent of  
10 the poverty line.

11           “(D) DISABLED INDIVIDUALS.—As elected  
12 by the State under paragraph (3), either—

13           “(i) disabled individuals (as defined  
14 by the State) who meet the income and re-  
15 source standards established under the  
16 plan, or

17           “(ii) individuals who are under 65  
18 years of age, who are disabled (as deter-  
19 mined under section 1614(a)(3)), and who  
20 meet the income and resource standards  
21 for the payment of supplemental security  
22 income benefits under title XVI.

23           “(E) POOR ELDERLY INDIVIDUALS.—Sub-  
24 ject to paragraph (4), elderly individuals who  
25 meet the income and resource standards for the

1 payment of supplemental security income bene-  
2 fits under title XVI.

3 “(F) CHILDREN RECEIVING FOSTER CARE  
4 OR ADOPTION ASSISTANCE.—Subject to para-  
5 graph (5), children who meet the requirements  
6 for receipt of foster care maintenance payments  
7 or adoption assistance under title IV.

8 “(G) CERTAIN LOW-INCOME FAMILIES.—  
9 Subject to paragraph (6), individuals and mem-  
10 bers of families who meet current AFDC in-  
11 come and resource standards (as defined in  
12 paragraph (6)(C)) in the State.

13 “(2) GUARANTEED BENEFITS PACKAGE.—In  
14 this title, the term ‘guaranteed benefit package’  
15 means benefits (in an amount, duration, and scope  
16 specified under the State plan) for at least the fol-  
17 lowing categories of services:

18 “(A) Inpatient and outpatient hospital  
19 services.

20 “(B) Physicians’ surgical and medical serv-  
21 ices.

22 “(C) Laboratory and x-ray services.

23 “(D) Nursing facility services.

24 “(E) Home health care.

1           “(F) Federally-qualified health center serv-  
2           ices and rural health clinic services, during the  
3           first 8 quarters in which this title is in effect  
4           in a State.

5           “(G) Immunizations for children (in ac-  
6           cordance with a schedule for immunizations es-  
7           tablished by the Health Department of the  
8           State in consultation with the State agency re-  
9           sponsible for the administration of the plan).

10           “(H) Prepregnancy family planning serv-  
11           ices and supplies (as specified by the State).

12           “(I) Prenatal care.

13           “(J) Pediatric and family nurse practi-  
14           tioner services and nurse midwife services.

15           “(K) EPSDT services (as defined in sec-  
16           tion 1571(e)) for individuals who are under the  
17           age of 21.

18           A State may establish criteria, including utilization  
19           review, and cost effectiveness of alternative covered  
20           services, for purposes of specifying the amount, du-  
21           ration, and scope of benefits provided under the  
22           State plan.

23           “(3) STATE ELECTION OF DISABLED INDIVID-  
24           UALS TO BE GUARANTEED COVERAGE.—

1           “(A) IN GENERAL.—Each State shall  
2 specify in its State plan, before the beginning of  
3 each Federal fiscal year, whether to guarantee  
4 coverage of disabled individuals under the plan  
5 under the option described in paragraph  
6 (1)(D)(i) or under the option described in para-  
7 graph (1)(D)(ii). An election under this para-  
8 graph shall continue in effect for the subse-  
9 quent fiscal year unless the election is changed  
10 before the beginning of the fiscal year.

11           “(B) CONSEQUENCES OF ELECTION.—

12           “(i) STATE FLEXIBLE DEFINITION OP-  
13 TION.—If a State elects the option de-  
14 scribed in paragraph (1)(D)(i) for a fiscal  
15 year—

16           “(I) the State plan must provide  
17 under section 1502(c) for a set aside  
18 of funds for disabled individuals for  
19 the fiscal year, and

20           “(II) disabled individuals are not  
21 taken into account in determining a  
22 State supplemental umbrella allotment  
23 under section 1511(g).

1                   “(ii) SSI DEFINITION OPTION.—If a  
2                   State elects the option described in para-  
3                   graph (1)(D)(ii) for a fiscal year—

4                   “(I) section 1502(c) shall not  
5                   apply for the fiscal year, and

6                   “(II) the State is eligible for an  
7                   increase under section 1511(g) in its  
8                   outlay allotment for the fiscal year  
9                   based on an increase in the number of  
10                  guaranteed and optional disabled indi-  
11                  viduals covered under the plan.

12                  “(4) CONTINUATION OF SPECIAL ELIGIBILITY  
13                  STANDARDS FOR SECTION 209(b) STATES.—

14                  “(A) IN GENERAL.—A section 209(b)  
15                  State (as defined in subparagraph (B)) may  
16                  elect to treat any reference in paragraph (1)(E)  
17                  to ‘elderly individuals who meet the income and  
18                  resource standards for the payment of supple-  
19                  mental security income benefits under title  
20                  XVI’ as a reference to ‘elderly individuals who  
21                  meet the standards described in the first sen-  
22                  tence of section 1902(f) (as in effect on the day  
23                  before the date of the enactment of this title)’.

24                  “(B) SECTION 209(b) STATE DEFINED.—In  
25                  subparagraph (A), the term ‘section 209(b)

1 State' means a State to which section 1902(f)  
2 applied as of the day before the date of the en-  
3 actment of this title.

4 (5) OPTION FOR APPLICATION OF CURRENT RE-  
5 QUIREMENTS FOR CERTAIN CHILDREN.—A State  
6 may elect to apply paragraph (1)(F) by treating any  
7 reference to 'requirements for receipt of foster care  
8 maintenance payments or adoption assistance under  
9 title IV' as a reference to 'requirements for receipt  
10 of foster care maintenance payments or adoption as-  
11 sistance as in effect under its State plan under part  
12 E of title IV as of the date of the enactment of this  
13 title'.

14 "(6) SPECIAL RULES FOR LOW-INCOME FAMI-  
15 LIES.—

16 "(A) OPTIONAL USE OF LOWER NATIONAL  
17 AVERAGE STANDARDS.—In the case of a State  
18 in which the current AFDC income and re-  
19 source standards are above the national average  
20 of the current AFDC income and resource  
21 standards for the 50 States and the District of  
22 Columbia, as determined and published by the  
23 Secretary, in applying paragraph (1)(G), the  
24 State may elect to substitute such national av-  
25 erage income and resource standards for the

1 current AFDC income and resource standards  
2 in that State.

3 “(B) OPTIONAL ELIGIBILITY BASED ON  
4 LINK TO OTHER ASSISTANCE.—

5 “(i) IN GENERAL.—Subject to clause  
6 (ii), in the case of a State which maintains  
7 a link between eligibility for aid or assist-  
8 ance under one or more parts of title IV  
9 and eligibility for medical assistance under  
10 this title, in applying paragraph (1)(G),  
11 the State may elect to treat any reference  
12 in such paragraph to ‘individuals and  
13 members of families who meet current  
14 AFDC income and resource standards in  
15 the State’ as a reference to ‘members of  
16 families who are receiving assistance under  
17 a State plan under part A or E of title IV’.

18 “(ii) LIMITATION ON ELECTION.—A  
19 State may only make the election described  
20 in clause (i) if, and so long as, the State  
21 demonstrates to the satisfaction of the Sec-  
22 retary that the such election does not re-  
23 sult in Federal expenditures under this  
24 title (taking into account any supplemental  
25 amounts provided pursuant to section

1           1511(g)) that are greater than the Federal  
2           expenditures that would have been made  
3           under this title if the State had not made  
4           such election.

5           “(C) CURRENT AFDC INCOME AND RE-  
6           SOURCE STANDARDS DEFINED.—In this sub-  
7           section, the term ‘current AFDC income and  
8           resource standards’ means, with respect to a  
9           State, the income and resource standards for  
10          the payment of assistance under the State plan  
11          under part A or E of title IV (as in effect as  
12          of March 1, 1996).

13          “(D) STATE OPTION TO CONTINUE TO  
14          PROVIDE MEDICAL ASSISTANCE DURING THE  
15          TRANSITION FROM WELFARE TO WORK.—Noth-  
16          ing in this title shall be construed as preventing  
17          a State from continuing to provide medical as-  
18          sistance under a State plan under this title to  
19          an individual or a member of such individual’s  
20          family who—

21                 “(i) is eligible for medical assistance  
22                 under this title as a result of a link be-  
23                 tween eligibility for such medical assistance  
24                 and aid or assistance under one or more

1 parts of title IV or any other program of  
2 assistance based on need; and

3 “(ii) because of hours of, or income  
4 from, employment is no longer eligible for  
5 such aid or assistance.

6 “(b) GUARANTEED COVERAGE OF MEDICARE PRE-  
7 MIUMS AND COST-SHARING FOR CERTAIN MEDICARE  
8 BENEFICIARIES.—

9 “(1) GUARANTEED ELIGIBILITY.—Each State  
10 plan shall provide—

11 “(A) for making medical assistance avail-  
12 able for required medicare cost-sharing (as de-  
13 fined in paragraph (2)) for qualified medicare  
14 beneficiaries described in paragraph (3);

15 “(B) for making medical assistance avail-  
16 able for payment of medicare premiums under  
17 section 1818A for qualified disabled and work-  
18 ing individuals described in paragraph (4); and

19 “(C) for making medical assistance avail-  
20 able for payment of medicare premiums under  
21 section 1839 for individuals who would be quali-  
22 fied medicare beneficiaries described in para-  
23 graph (3) but for the fact that their income ex-  
24 ceeds 100 percent, but is less than 120 percent,

1 of the poverty line for a family of the size in-  
2 volved.

3 “(2) REQUIRED MEDICARE COST-SHARING DE-  
4 FINED.—

5 “(A) IN GENERAL.—In this subsection, the  
6 term ‘required medicare cost-sharing’ means,  
7 with respect to an individual, costs incurred for  
8 medicare cost-sharing described in paragraphs  
9 (1) through (4) of section 1571(c) (and, at the  
10 option of a State, section 1571(c)(5))) without  
11 regard to whether the costs incurred were for  
12 items and services for which medical assistance  
13 is otherwise available under the plan.

14 “(B) LIMITATION ON OBLIGATION FOR  
15 CERTAIN COST-SHARING ASSISTANCE.—In the  
16 case of medical assistance furnished under this  
17 title for medicare cost-sharing described in  
18 paragraph (2), (3), or (4) of section 1571(c) re-  
19 lating to the furnishing of a service or item to  
20 a medicare beneficiary, nothing in this title  
21 shall be construed as preventing a State plan—

22 “(i) from limiting the assistance to  
23 the amount (if any) by which (I) the  
24 amount that is otherwise payable under  
25 the plan for the item or service for eligible

1 individuals who are not such medicare  
2 beneficiaries (or, if payments for such  
3 items or services are made on a capitated  
4 basis, an amount reasonably related or de-  
5 rived from such capitated payment  
6 amount), exceeds (II) amount of payment  
7 (if any) made under title XVIII with re-  
8 spect to the service or item, and

9 “(ii) if the amount described in sub-  
10 clause (II) of clause (i) exceeds the amount  
11 described in subclause (I) of such clause,  
12 from treating the amount paid under title  
13 XVIII as payment in full and not requiring  
14 or providing for any additional medical as-  
15 sistance under this subsection.

16 “(3) QUALIFIED MEDICARE BENEFICIARY DE-  
17 FINED.—In this subsection, the term ‘qualified med-  
18 icare beneficiary’ means an individual—

19 “(A) who is entitled to hospital insurance  
20 benefits under part A of title XVIII (including  
21 an individual entitled to such benefits pursuant  
22 to an enrollment under section 1818, but not  
23 including an individual entitled to such benefits  
24 only pursuant to an enrollment under section  
25 1818A),

1           “(B) whose income (as determined under  
2           section 1612 for purposes of the supplemental  
3           security income program, except as provided in  
4           paragraph (5) does not exceed 100 percent of  
5           the poverty line applicable to a family of the  
6           size involved, and

7           “(C) whose resources (as determined under  
8           section 1613 for purposes of the supplemental  
9           security income program) do not exceed twice  
10          the maximum amount of resources that an indi-  
11          vidual may have and obtain benefits under that  
12          program.

13          “(4) QUALIFIED DISABLED AND WORKING INDI-  
14          VIDUAL DEFINED.—In this subsection, the term  
15          ‘qualified disabled and working individual’ means an  
16          individual—

17                 “(A) who is entitled to enroll for hospital  
18                 insurance benefits under part A of title XVIII  
19                 under section 1818A;

20                 “(B) whose income (as determined under  
21                 section 1612 for purposes of the supplemental  
22                 security income program) does not exceed 200  
23                 percent of the poverty line applicable to a fam-  
24                 ily of the size involved;

1           “(C) whose resources (as determined under  
2           section 1613 for purposes of the supplemental  
3           security income program) do not exceed twice  
4           the maximum amount of resources that an indi-  
5           vidual or a couple (in the case of an individual  
6           with a spouse) may have and obtain benefits for  
7           supplemental security income benefits under  
8           title XVI; and

9           “(D) who is not otherwise eligible for med-  
10          ical assistance under this title.

11         “(5) INCOME DETERMINATIONS.—

12           “(A) IN GENERAL.—In determining under  
13           this subsection the income of an individual who  
14           is entitled to monthly insurance benefits under  
15           title II for a transition month (as defined in  
16           subparagraph (B)) in a year, such income shall  
17           not include any amounts attributable to an in-  
18           crease in the level of monthly insurance benefits  
19           payable under such title which have occurred  
20           pursuant to section 215(i) for benefits payable  
21           for months beginning with December of the  
22           previous year.

23           “(B) TRANSITION MONTH DEFINED.—For  
24           purposes of subparagraph (A), the term ‘transi-  
25           tion month’ means each month in a year

1 through the month following the month in  
2 which the annual revision of the poverty line is  
3 published.

4 **“SEC. 1502. OTHER PROVISIONS RELATING TO ELIGIBILITY**  
5 **AND BENEFITS.**

6 **“(a) OPTIONAL ELIGIBILITY GROUPS FOR WHICH**  
7 **UMBRELLA SUPPLEMENTAL FUNDING IS AVAILABLE.—**

8 In addition to the guaranteed coverage categories de-  
9 scribed in section 1501(a)(1), the following are population  
10 groups with respect to which supplemental allotments may  
11 be made under section 1511(g), but only if (for the indi-  
12 vidual involved) medical assistance is made available under  
13 the State plan for the guaranteed benefit package (as de-  
14 fined in section 1501(a)(2)):

15 **“(1) CERTAIN POOR CHILDREN OVER 12 YEARS**  
16 **OF AGE.—**Children born after September 30, 1983,  
17 under 12 years of age, but under 19 years of age,  
18 and whose family income does not exceed 100 per-  
19 cent of the poverty line.

20 **“(2) CERTAIN DISABLED INDIVIDUALS.—**Indi-  
21 viduals (not described in section 1501(a)(1)(D)(ii))  
22 who are disabled (as determined under section  
23 1614(a)(3)), covered under the State plan, and meet  
24 the eligibility standards for coverage under the State

1       medicaid plan under title XIX (as in effect as of  
2       May 1, 1996).

3           “(3) CERTAIN ELDERLY INDIVIDUALS.—Elderly  
4       individuals (not described in section 1501(a)(1)(E))  
5       who are covered under the State plan and who meet  
6       the eligibility standards for coverage under the State  
7       medicaid plan under title XIX (as in effect as of  
8       May 1, 1996) other than solely on the basis of being  
9       an individual described in section 1902(a)(10)(E).

10       “(b) OTHER PROVISIONS RELATING TO GENERAL  
11       ELIGIBILITY AND BENEFITS.—

12           “(1) GENERAL DESCRIPTION.—Each State plan  
13       shall include a description (consistent with this title)  
14       of the following:

15           “(A) GENERAL ELIGIBILITY GUIDELINES.—The general eligibility guidelines of the  
16       plan for eligible low-income individuals, includ-  
17       ing—  
18       ing—

19           “(i) for individuals other than those  
20       covered under subsection (a) or (b) of sec-  
21       tion 1501, any limitations as to the dura-  
22       tion of eligibility,

23           “(ii) any eligibility standards relating  
24       to age, income and resources (including  
25       any standards relating to spenddowns and

1 disposition of resources), residency, disabil-  
2 ity status, immigration status, or employ-  
3 ment status of individuals,

4 “(iii) methods of establishing and con-  
5 tinuing eligibility and enrollment, including  
6 the methodology for computing family in-  
7 come,

8 “(iv) the eligibility standards in the  
9 plan that protect the income and resources  
10 of a married individual who is living in the  
11 community and whose spouse is residing in  
12 an institution in order to prevent the im-  
13 poverishment of the community spouse,  
14 and

15 “(v) for individuals other than those  
16 covered under subsection (a) or (b) of sec-  
17 tion 1501, any other standards relating to  
18 eligibility for medical assistance under the  
19 plan.

20 “(B) SCOPE OF ASSISTANCE.—The  
21 amount, duration, and scope of health care  
22 services and items covered under the plan, in-  
23 cluding differences among different eligible pop-  
24 ulation groups.

1           “(C) DELIVERY METHOD.—The State’s  
2 approach to delivery of medical assistance, in-  
3 cluding a general description of—

4           “(i) the use (or intended use) of  
5 vouchers, fee-for-service, or managed care  
6 arrangements (such as capitated health  
7 care plans, case management, and case co-  
8 ordination); and

9           “(ii) utilization control systems.

10          “(D) FEE-FOR-SERVICE BENEFITS.—To  
11 the extent that medical assistance is furnished  
12 on a fee-for-service basis—

13          “(i) how the State determines the  
14 qualifications of health care providers eligi-  
15 ble to provide such assistance; and

16          “(ii) how the State determines rates  
17 of reimbursement for providing such as-  
18 sistance.

19          “(E) COST-SHARING.—Beneficiary cost-  
20 sharing (if any), including variations in such  
21 cost-sharing by population group or type of  
22 service and financial responsibilities of parents  
23 of recipients who are children and the spouses  
24 of recipients.

1           “(F) UTILIZATION INCENTIVES.—Incen-  
2           tives or requirements (if any) to encourage the  
3           appropriate utilization of services.

4           “(G) SUPPORT FOR CERTAIN HOS-  
5           PITALS.—

6                   “(i) IN GENERAL.—With respect to  
7                   hospitals described in clause (ii) located in  
8                   the State, a description of the extent to  
9                   which provisions are made for expenditures  
10                  for items and services furnished by such  
11                  hospitals and covered under the State plan.

12                  “(ii) HOSPITALS DESCRIBED.—A hos-  
13                  pital described in this clause is a short-  
14                  term acute care general hospital or a chil-  
15                  dren’s hospital, the low-income utilization  
16                  rate of which exceeds the lesser of—

17                           “(I) 1 standard deviation above  
18                           the mean low-income utilization rate  
19                           for hospitals receiving payments under  
20                           a State plan in the State in which  
21                           such hospital is located, or

22                           “(II) 1¼ standard deviations  
23                           above the mean low-income utilization  
24                           rate for hospitals receiving such pay-

1                   ments in the 50 States and the Dis-  
2                   trict of Columbia.

3                   “(iii)   LOW-INCOME   UTILIZATION  
4                   RATE.—For purposes of clause (ii), the  
5                   term ‘low-income utilization rate’ means,  
6                   for a hospital, a fraction (expressed as a  
7                   percentage), the numerator of which is the  
8                   hospital’s number of patient days attrib-  
9                   utable to patients who (for such days) were  
10                  eligible for medical assistance under a  
11                  State plan or were uninsured in a period,  
12                  and the denominator of which is the total  
13                  number of the hospital’s patient days in  
14                  that period.

15                  “(iv)   PATIENT DAYS.—For purposes  
16                  of clause (iii), the term ‘patient day’ in-  
17                  cludes each day in which—

18                         “(I) an individual, including a  
19                         newborn, is an inpatient in the hos-  
20                         pital, whether or not the individual is  
21                         in a specialized ward and whether or  
22                         not the individual remains in the hos-  
23                         pital for lack of suitable placement  
24                         elsewhere; or

1                   “(II) an individual makes one or  
2                   more outpatient visits to the hospital.

3                   “(2) CONDITIONS FOR GUARANTEES AND RELA-  
4                   TION OF GUARANTEES TO FINANCING.—The guaran-  
5                   tees of States required under subsection (a) and (b)  
6                   of section 1501 and subsection (d) of this section  
7                   are subject to the general eligibility guidelines of  
8                   States described under the plan under paragraph  
9                   (1)(A) and are subject to the limitations on payment  
10                  to the States provided under section 1511 (including  
11                  the provisions of subsection (g), relating to supple-  
12                  mental umbrella allotments). In submitting a plan  
13                  under this title, a State voluntarily agrees to accept  
14                  payment amounts provided under such section as  
15                  full payment from the Federal Government in return  
16                  for providing for the benefits (including the guaran-  
17                  teed benefit package) under this title.

18                  “(3) SECONDARY PAYMENT.—Nothing in this  
19                  section shall be construed as preventing a State  
20                  from denying benefits to an individual to the extent  
21                  such benefits are available to the individual under  
22                  the medicare program under title XVIII or under  
23                  another public or private health care insurance pro-  
24                  gram.

1           “(4) RESIDENCY REQUIREMENT.—In the case  
2 of an individual who—

3                   “(A) is described in section 1501(a)(1),

4                   “(B) changed residence from another State  
5 to the State, and

6                   “(C) has resided in the State for less than  
7 180 days,

8 the State may limit the benefits provided to such in-  
9 dividual in the guaranteed benefits package under  
10 paragraph (2) of section 1501(a) to the amount, du-  
11 ration, and scope of benefits available under the  
12 State plan of the individual’s previous State of resi-  
13 dence.

14           “(c) SET-ASIDE OF FUNDS FOR THE LOW-INCOME  
15 DISABLED.—

16                   “(1) IN GENERAL.—In the case of a State that  
17 has elected the option described in section  
18 1501(a)(1)(D)(i) for a fiscal year, the State plan  
19 shall provide that the percentage of funds expended  
20 under the plan for medical assistance for eligible  
21 low-income individuals who are not elderly individ-  
22 uals and who are eligible for such assistance on the  
23 basis of a disability, including being blind, for the  
24 fiscal year is not less than the minimum low-income-  
25 disabled percentage specified in paragraph (2) of the

1 total funds expended under the plan for medical as-  
2 sistance for the fiscal year.

3 “(2) MINIMUM LOW-INCOME-DISABLED PER-  
4 CENTAGE.—The minimum low-income-disabled per-  
5 centage specified in this paragraph for a State is  
6 equal to 90 percent of the percentage of the expendi-  
7 tures under title XIX for medical assistance in the  
8 State during Federal fiscal year 1995 which was at-  
9 tributable to expenditures for medical assistance for  
10 benefits furnished to individuals whose coverage (at  
11 such time) was on a basis directly related to disabil-  
12 ity status, including being blind.

13 “(3) COMPUTATIONS.—States shall calculate  
14 the minimum percentage under paragraph (2) in a  
15 reasonable manner consistent with reports submitted  
16 to the Secretary for the fiscal years involved and  
17 medical assistance attributable to the exception pro-  
18 vided under section 1903(v)(2) shall not be consid-  
19 ered to be expenditures for medical assistance.

20 “(d) TRANSITIONAL PAYMENT FOR FEDERALLY-  
21 QUALIFIED HEALTH CENTER SERVICES AND RURAL  
22 HEALTH CLINIC SERVICES.—Each State plan shall pro-  
23 vide that, for Federally-qualified health center services  
24 and rural health clinic services (as defined in section  
25 1571(f)) furnished under the plan during the first 8 cal-

1 endar quarters in which the plan is in effect and for which  
2 payment is made under the plan, payment shall be made  
3 for such services at a rate based on 100 percent of costs  
4 which are reasonable and related to the cost of furnishing  
5 such services or based on such other tests of reasonable-  
6 ness, as the Secretary prescribes in regulations under sec-  
7 tion 1833(a)(3), or, in the case of services to which those  
8 regulations do not apply, on the same methodology used  
9 under section 1833(a)(3).

10 “(e) PREEXISTING CONDITION EXCLUSIONS.—Not-  
11 withstanding any other provision of this title—

12 “(1) a State plan may not deny or exclude cov-  
13 erage of any item or service for an eligible individual  
14 for benefits under the State plan for such item or  
15 service on the basis of a preexisting condition; and

16 “(2) if a State contracts or makes other ar-  
17 rangements (through the eligible individual or  
18 through another entity) with a capitated health care  
19 organization, insurer, or other entity, for the provi-  
20 sion of items or services to eligible individuals under  
21 the State plan and the State permits such organiza-  
22 tion, insurer, or other entity to exclude coverage of  
23 a covered item or service on the basis of a preexist-  
24 ing condition, the State shall provide, through its  
25 State plan, for such coverage (through direct pay-

1       ment or otherwise) for any such covered item or  
2       service denied or excluded on the basis of a preexist-  
3       ing condition.

4       “(f) SOLVENCY STANDARDS FOR CAPITATED  
5 HEALTH CARE ORGANIZATIONS.—

6           “(1) IN GENERAL.—A State may not contract  
7       with a capitated health care organization, as defined  
8       in section 1504(c)(1), for the provision of medical  
9       assistance under a State plan under which the orga-  
10      nization is—

11           “(A) at full financial risk, as defined by  
12       the State, unless the organization meets sol-  
13       vency standards established by the State for  
14       private health maintenance organizations, or

15           “(B) is not at such risk, unless the organi-  
16       zation meets solvency standards that are estab-  
17       lished under the State plan.

18           “(2) TREATMENT OF PUBLIC ENTITIES.—Para-  
19       graph (1) shall not apply to an organization that is  
20       a public entity or if the solvency of such organiza-  
21       tion is guaranteed by the State.

22           “(3) TRANSITION.—In the case of a capitated  
23       health care organization that as of the date of the  
24       enactment of this title has entered into a contract  
25       with a State for the provision of medical assistance

1 under title XIX under which the organization as-  
2 sumes full financial risk and is receiving capitation  
3 payments, paragraph (1) shall not apply to such or-  
4 ganization until 3 years after the date of the enact-  
5 ment of this title.

6 **“SEC. 1503. PREMIUMS AND COST-SHARING.**

7 “(a) IN GENERAL.—Subject to subsection (b), if any  
8 charges are imposed under the State plan for cost-sharing  
9 (as defined in subsection (d)), such cost-sharing shall be  
10 pursuant to a public cost-sharing schedule.

11 “(b) LIMITATION ON PREMIUM AND CERTAIN COST-  
12 SHARING FOR LOW-INCOME FAMILIES INCLUDING CHIL-  
13 DREN OR PREGNANT WOMEN.—

14 “(1) IN GENERAL.—In the case of a pregnant  
15 woman or a child who is a member of a family de-  
16 scribed in paragraph (2)—

17 “(A) the plan shall not impose any pre-  
18 mium, and

19 “(B) the plan shall not (except as provided  
20 in subsection (c)(1)) impose any cost-sharing  
21 with respect to primary and preventive care  
22 services (as defined by the State) covered under  
23 the State plan for children or pregnant women  
24 unless such cost-sharing is nominal in nature.

1           “(2) FAMILY DESCRIBED.—A family described  
2           in this paragraph is a family (which may be an indi-  
3           vidual) which—

4                   “(A) includes a child or a pregnant  
5           woman,

6                   “(B) is made eligible for medical assistance  
7           under the State plan, and

8                   “(C) the income of which does not exceed  
9           100 percent of the poverty line applicable to a  
10          family of the size involved.

11          “(c) CERTAIN COST-SHARING PERMITTED.—Nothing  
12          in this section shall be construed as preventing a State  
13          plan (consistent with subsection (b))—

14                   “(1) from imposing cost-sharing to discourage  
15          the inappropriate use of emergency medical services  
16          delivered through a hospital emergency room, a med-  
17          ical transportation provider, or otherwise,

18                   “(2) from imposing premiums and cost-sharing  
19          differentially in order to encourage the use of pri-  
20          mary and preventive care and discourage unneces-  
21          sary or less economical care,

22                   “(3) from scaling cost-sharing in a manner that  
23          reflects economic factors, employment status, and  
24          family size,

1           “(4) from scaling cost-sharing based on the  
2           availability to the individual or family of other  
3           health insurance coverage, or

4           “(5) from scaling cost-sharing based on partici-  
5           pation in employment training programs, drug or al-  
6           cohol abuse treatment, counseling programs, or  
7           other programs promoting personal responsibility.

8           “(d) COST-SHARING DEFINED.—In this section, the  
9           term ‘cost-sharing’ includes copayments, deductibles, coin-  
10          surance, and other charges for the provision of health care  
11          services.

12       **“SEC. 1504. DESCRIPTION OF PROCESS FOR DEVELOPING**  
13                               **CAPITATION PAYMENT RATES.**

14          “(a) IN GENERAL.—If a State contracts (or intends  
15          to contract) with a capitated health care organization (as  
16          defined in subsection (c)(1)) under which the State makes  
17          a capitation payment (as defined in subsection (c)(2)) to  
18          the organization for providing or arranging for the provi-  
19          sion of medical assistance under the State plan for a group  
20          of services, including at least inpatient hospital services  
21          and physicians’ services, the plan shall include a descrip-  
22          tion of the following:

23               “(1) USE OF ACTUARIAL SCIENCE.—The extent  
24               and manner in which the State uses actuarial  
25               science—

1           “(A) to analyze and project health care ex-  
2           penditures and utilization for individuals en-  
3           rolled (or to be enrolled) in such an organiza-  
4           tion under the State plan, and

5           “(B) to develop capitation payment rates,  
6           including a brief description of the general  
7           methodologies used by actuaries.

8           “(2) QUALIFICATIONS OF ORGANIZATIONS.—  
9           The general qualifications, including any accredita-  
10          tion, State licensure or certification, or provider net-  
11          work standards, required by the State for participa-  
12          tion of capitated health care organizations under the  
13          State plan.

14          “(3) DISSEMINATION PROCESS.—The process  
15          used by the State under subsection (b) and other-  
16          wise to disseminate, before entering into contracts  
17          with capitated health care organizations, actuarial  
18          information to such organizations on the historical  
19          fee-for-service costs (or, if not available, other recent  
20          financial data associated with providing covered  
21          services) and utilization associated with individuals  
22          described in paragraph (1)(A).

23          “(b) PUBLIC NOTICE AND COMMENT.—Under the  
24          State plan the State shall provide a process for providing,  
25          before the beginning of each contract year—

1 “(1) public notice of—

2 “(A) the amounts of the capitation pay-  
3 ments (if any) made under the plan for the con-  
4 tract year preceding the public notice, and

5 “(B)(i) the information described under  
6 subsection (a)(1) with respect to capitation pay-  
7 ments for the contract year involved, or (ii)  
8 amounts of the capitation payments the State  
9 expects to make for the contract year involved,  
10 unless such information is designated as proprietary  
11 and not subject to public disclosure under State law,  
12 and

13 “(2) an opportunity for receiving public com-  
14 ment on the amounts and information for which no-  
15 tice is provided under paragraph (1).

16 “(c) DEFINITIONS.—In this title:

17 “(1) CAPITATED HEALTH CARE ORGANIZA-  
18 TION.—The term ‘capitated health care organiza-  
19 tion’ means a health maintenance organization or  
20 any other entity (including a health insuring organi-  
21 zation, managed care organization, prepaid health  
22 plan, integrated service network, or similar entity)  
23 which under State law is permitted to accept capita-  
24 tion payments for providing (or arranging for the  
25 provision of) a group of items and services including

1 at least inpatient hospital services and physicians'  
2 services.

3 “(2) CAPITATION PAYMENT.—The term ‘capita-  
4 tion payment’ means, with respect to payment, pay-  
5 ment on a prepaid capitation basis or any other risk  
6 basis to an entity for the entity’s provision (or ar-  
7 ranging for the provision) of a group of items and  
8 services, including at least inpatient hospital services  
9 and physicians’ services.

10 **“SEC. 1505. PREVENTING SPOUSAL IMPOVERISHMENT.**

11 “(a) SPECIAL TREATMENT FOR INSTITUTIONALIZED  
12 SPOUSES.—

13 “(1) SUPERSEDES OTHER PROVISIONS.—In de-  
14 termining the eligibility for medical assistance of an  
15 institutionalized spouse (as defined in subsection  
16 (h)(1)), the provisions of this section supersede any  
17 other provision of this title which is inconsistent  
18 with them.

19 “(2) DOES NOT AFFECT CERTAIN DETERMINA-  
20 TIONS.—Except as this section specifically provides,  
21 this section does not apply to—

22 “(A) the determination of what constitutes  
23 income or resources, or

1           “(B) the methodology and standards for  
2           determining and evaluating income and re-  
3           sources.

4           “(3) NO APPLICATION IN COMMONWEALTHS  
5           AND TERRITORIES.—This section shall only apply to  
6           a State that is one of the 50 States or the District  
7           of Columbia.

8           “(b) RULES FOR TREATMENT OF INCOME.—

9           “(1) SEPARATE TREATMENT OF INCOME.—Dur-  
10          ing any month in which an institutionalized spouse  
11          is in the institution, except as provided in paragraph  
12          (2), no income of the community spouse shall be  
13          deemed available to the institutionalized spouse.

14          “(2) ATTRIBUTION OF INCOME.—In determin-  
15          ing the income of an institutionalized spouse or com-  
16          munity spouse for purposes of the post-eligibility in-  
17          come determination described in subsection (d), ex-  
18          cept as otherwise provided in this section and re-  
19          gardless of any State laws relating to community  
20          property or the division of marital property, the fol-  
21          lowing rules apply:

22                 “(A) NON-TRUST PROPERTY.—Subject to  
23                 subparagraphs (C) and (D), in the case of in-  
24                 come not from a trust, unless the instrument

1 providing the income otherwise specifically pro-  
2 vides—

3 “(i) if payment of income is made  
4 solely in the name of the institutionalized  
5 spouse or the community spouse, the in-  
6 come shall be considered available only to  
7 that respective spouse,

8 “(ii) if payment of income is made in  
9 the names of the institutionalized spouse  
10 and the community spouse,  $\frac{1}{2}$  of the in-  
11 come shall be considered available to each  
12 of them, and

13 “(iii) if payment of income is made in  
14 the names of the institutionalized spouse  
15 or the community spouse, or both, and to  
16 another person or persons, the income  
17 shall be considered available to each spouse  
18 in proportion to the spouse’s interest (or,  
19 if payment is made with respect to both  
20 spouses and no such interest is specified,  
21  $\frac{1}{2}$  of the joint interest shall be considered  
22 available to each spouse).

23 “(B) TRUST PROPERTY.—In the case of a  
24 trust—

1           “(i) except as provided in clause (ii),  
2 income shall be attributed in accordance  
3 with the provisions of this title; and

4           “(ii) income shall be considered avail-  
5 able to each spouse as provided in the  
6 trust, or, in the absence of a specific provi-  
7 sion in the trust—

8           “(I) if payment of income is  
9 made solely to the institutionalized  
10 spouse or the community spouse, the  
11 income shall be considered available  
12 only to that respective spouse,

13           “(II) if payment of income is  
14 made to both the institutionalized  
15 spouse and the community spouse,  $\frac{1}{2}$   
16 of the income shall be considered  
17 available to each of them, and

18           “(III) if payment of income is  
19 made to the institutionalized spouse  
20 or the community spouse, or both,  
21 and to another person or persons, the  
22 income shall be considered available to  
23 each spouse in proportion to the  
24 spouse’s interest (or, if payment is  
25 made with respect to both spouses

1                   and no such interest is specified,  $\frac{1}{2}$  of  
2                   the joint interest shall be considered  
3                   available to each spouse).

4                   “(C) PROPERTY WITH NO INSTRUMENT.—  
5                   In the case of income not from a trust in which  
6                   there is no instrument establishing ownership,  
7                   subject to subparagraph (D),  $\frac{1}{2}$  of the income  
8                   shall be considered to be available to the insti-  
9                   tutionalized spouse and  $\frac{1}{2}$  to the community  
10                  spouse.

11                  “(D) REBUTTING OWNERSHIP.—The rules  
12                  of subparagraphs (A) and (C) are superseded to  
13                  the extent that an institutionalized spouse can  
14                  establish, by a preponderance of the evidence,  
15                  that the ownership interests in income are other  
16                  than as provided under such subparagraphs.

17                  “(c) RULES FOR TREATMENT OF RESOURCES.—

18                  “(1) COMPUTATION OF SPOUSAL SHARE AT  
19                  TIME OF INSTITUTIONALIZATION.—

20                  “(A) TOTAL JOINT RESOURCES.—There  
21                  shall be computed (as of the beginning of the  
22                  first continuous period of institutionalization of  
23                  the institutionalized spouse)—

24                  “(i) the total value of the resources to  
25                  the extent either the institutionalized

1 spouse or the community spouse has an  
2 ownership interest, and

3 “(ii) a spousal share which is equal to  
4  $\frac{1}{2}$  of such total value.

5 “(B) ASSESSMENT.—At the request of an  
6 institutionalized spouse or community spouse,  
7 at the beginning of the first continuous period  
8 of institutionalization of the institutionalized  
9 spouse and upon the receipt of relevant docu-  
10 mentation of resources, the State shall promptly  
11 assess and document the total value described  
12 in subparagraph (A)(i) and shall provide a copy  
13 of such assessment and documentation to each  
14 spouse and shall retain a copy of the assess-  
15 ment for use under this section. If the request  
16 is not part of an application for medical assist-  
17 ance under this title, the State may, at its op-  
18 tion as a condition of providing the assessment,  
19 require payment of a fee not exceeding the rea-  
20 sonable expenses of providing and documenting  
21 the assessment. At the time of providing the  
22 copy of the assessment, the State shall include  
23 a notice indicating that the spouse will have a  
24 right to a fair hearing under subsection (e)(2).

1           “(2) ATTRIBUTION OF RESOURCES AT TIME OF  
2 INITIAL ELIGIBILITY DETERMINATION.—In deter-  
3 mining the resources of an institutionalized spouse  
4 at the time of application for medical assistance  
5 under this title, regardless of any State laws relating  
6 to community property or the division of marital  
7 property—

8           “(A) except as provided in subparagraph  
9 (B), all the resources held by either the institu-  
10 tionalized spouse, community spouse, or both,  
11 shall be considered to be available to the insti-  
12 tutionalized spouse, and

13           “(B) resources shall be considered to be  
14 available to an institutionalized spouse, but only  
15 to the extent that the amount of such resources  
16 exceeds the amount computed under subsection  
17 (f)(2)(A) (as of the time of application for med-  
18 ical assistance).

19           “(3) ASSIGNMENT OF SUPPORT RIGHTS.—The  
20 institutionalized spouse shall not be ineligible by rea-  
21 son of resources determined under paragraph (2) to  
22 be available for the cost of care where—

23           “(A) the institutionalized spouse has as-  
24 signed to the State any rights to support from  
25 the community spouse,

1           “(B) the institutionalized spouse lacks the  
2           ability to execute an assignment due to physical  
3           or mental impairment but the State has the  
4           right to bring a support proceeding against a  
5           community spouse without such assignment, or

6           “(C) the State determines that denial of  
7           eligibility would work an undue hardship.

8           “(4) SEPARATE TREATMENT OF RESOURCES  
9           AFTER ELIGIBILITY FOR MEDICAL ASSISTANCE ES-  
10          TABLISHED.—During the continuous period in which  
11          an institutionalized spouse is in an institution and  
12          after the month in which an institutionalized spouse  
13          is determined to be eligible for medical assistance  
14          under this title, no resources of the community  
15          spouse shall be deemed available to the institutional-  
16          ized spouse.

17          “(5) RESOURCES DEFINED.—In this section,  
18          the term ‘resources’ does not include—

19                  “(A) resources excluded under subsection  
20                  (a) or (d) of section 1613, and

21                  “(B) resources that would be excluded  
22                  under section 1613(a)(2)(A) but for the limita-  
23                  tion on total value described in such section.

24          “(d) PROTECTING INCOME FOR COMMUNITY  
25          SPOUSE.—

1           “(1) ALLOWANCES TO BE OFFSET FROM IN-  
2           COME OF INSTITUTIONALIZED SPOUSE.—After an  
3           institutionalized spouse is determined or redeter-  
4           mined to be eligible for medical assistance, in deter-  
5           mining the amount of the spouse’s income that is to  
6           be applied monthly to payment for the costs of care  
7           in the institution, there shall be deducted from the  
8           spouse’s monthly income the following amounts in  
9           the following order:

10                   “(A) A personal needs allowance (described  
11                   in paragraph (2)(A)), in an amount not less  
12                   than the amount specified in paragraph (2)(C).

13                   “(B) A community spouse monthly income  
14                   allowance (as defined in paragraph (3)), but  
15                   only to the extent income of the institutional-  
16                   ized spouse is made available to (or for the ben-  
17                   efit of) the community spouse.

18                   “(C) A family allowance, for each family  
19                   member, equal to at least  $\frac{1}{3}$  of the amount by  
20                   which the amount described in paragraph  
21                   (4)(A)(i) exceeds the amount of the monthly in-  
22                   come of that family member.

23                   “(D) Amounts for incurred expenses for  
24                   medical or remedial care for the institutional-  
25                   ized spouse as provided under paragraph (6).

1 In subparagraph (C), the term 'family member' only  
2 includes minor or dependent children, dependent  
3 parents, or dependent siblings of the institutional-  
4 ized or community spouse who are residing with the  
5 community spouse.

6 “(2) PERSONAL NEEDS ALLOWANCE.—

7 “(A) IN GENERAL.—The State plan must  
8 provide that, in the case of an institutionalized  
9 individual or couple described in subparagraph  
10 (B), in determining the amount of the individ-  
11 ual's or couple's income to be applied monthly  
12 to payment for the cost of care in an institu-  
13 tion, there shall be deducted from the monthly  
14 income (in addition to other allowances other-  
15 wise provided under the plan) a monthly per-  
16 sonal needs allowance—

17 “(i) which is reasonable in amount for  
18 clothing and other personal needs of the  
19 individual (or couple) while in an institu-  
20 tion, and

21 “(ii) which is not less (and may be  
22 greater) than the minimum monthly per-  
23 sonal needs allowance described in sub-  
24 paragraph (C).

1           “(B) INSTITUTIONALIZED INDIVIDUAL OR  
2           COUPLE DEFINED.—In this paragraph, the  
3           term ‘institutionalized individual or couple’  
4           means an individual or married couple—

5                   “(i) who is an inpatient (or who are  
6                   inpatients) in a medical institution or  
7                   nursing facility for which payments are  
8                   made under this title throughout a month,  
9                   and

10                   “(ii) who is or are determined to be  
11                   eligible for medical assistance under the  
12                   State plan.

13           “(C) MINIMUM ALLOWANCE.—The mini-  
14           mum monthly personal needs allowance de-  
15           scribed in this subparagraph is \$40 for an insti-  
16           tutionalized individual and \$80 for an institu-  
17           tionalized couple (if both are aged, blind, or dis-  
18           abled, and their incomes are considered avail-  
19           able to each other in determining eligibility).

20           “(3) COMMUNITY SPOUSE MONTHLY INCOME  
21           ALLOWANCE DEFINED.—

22                   “(A) IN GENERAL.—In this section (except  
23                   as provided in subparagraph (B)), the commu-  
24                   nity spouse monthly income allowance for a  
25                   community spouse is an amount by which—

1                   “(i) except as provided in subsection  
2                   (e), the minimum monthly maintenance  
3                   needs allowance (established under and in  
4                   accordance with paragraph (4)) for the  
5                   spouse, exceeds

6                   “(ii) the amount of monthly income  
7                   otherwise available to the community  
8                   spouse (determined without regard to such  
9                   an allowance).

10                  “(B) COURT ORDERED SUPPORT.—If a  
11                  court has entered an order against an institu-  
12                  tionalized spouse for monthly income for the  
13                  support of the community spouse, the commu-  
14                  nity spouse monthly income allowance for the  
15                  spouse shall be not less than the amount of the  
16                  monthly income so ordered.

17                  “(4) ESTABLISHMENT OF MINIMUM MONTHLY  
18                  MAINTENANCE NEEDS ALLOWANCE.—

19                  “(A) IN GENERAL.—Each State shall es-  
20                  tablish a minimum monthly maintenance needs  
21                  allowance for each community spouse which,  
22                  subject to subparagraph (B), is equal to or ex-  
23                  ceeds—

1                   “(i) 150 percent of  $\frac{1}{12}$  of the poverty  
2                   line applicable to a family unit of 2 mem-  
3                   bers, plus

4                   “(ii) an excess shelter allowance (as  
5                   defined in paragraph (4)).

6                   A revision of the poverty line referred to in  
7                   clause (i) shall apply to medical assistance fur-  
8                   nished during and after the second calendar  
9                   quarter that begins after the date of publication  
10                  of the revision.

11                  “(B) CAP ON MINIMUM MONTHLY MAINTEN-  
12                  NANCE NEEDS ALLOWANCE.—The minimum  
13                  monthly maintenance needs allowance estab-  
14                  lished under subparagraph (A) may not exceed  
15                  \$1,500 (subject to adjustment under sub-  
16                  sections (e) and (g)).

17                  “(5) EXCESS SHELTER ALLOWANCE DE-  
18                  FINED.—In paragraph (4)(A)(ii), the term ‘excess  
19                  shelter allowance’ means, for a community spouse,  
20                  the amount by which the sum of—

21                  “(A) the spouse’s expenses for rent or  
22                  mortgage payment (including principal and in-  
23                  terest), taxes and insurance and, in the case of  
24                  a condominium or cooperative, required mainte-

1            nance charge, for the community spouse's prin-  
2            cipal residence, and

3                  “(B) the standard utility allowance (used  
4            by the State under section 5(e) of the Food  
5            Stamp Act of 1977) or, if the State does not  
6            use such an allowance, the spouse's actual util-  
7            ity expenses,

8            exceeds 30 percent of the amount described in para-  
9            graph (4)(A)(i), except that, in the case of a con-  
10          dominium or cooperative, for which a maintenance  
11          charge is included under subparagraph (A), any al-  
12          lowance under subparagraph (B) shall be reduced to  
13          the extent the maintenance charge includes utility  
14          expenses.

15                “(6) TREATMENT OF INCURRED EXPENSES.—  
16          With respect to the post-eligibility treatment of in-  
17          come under this section, there shall be disregarded  
18          reparation payments made by the Federal Republic  
19          of Germany and, there shall be taken into account  
20          amounts for incurred expenses for medical or reme-  
21          dial care that are not subject to payment by a third  
22          party, including—

23                        “(A) medicare and other health insurance  
24                  premiums, deductibles, or coinsurance, and

1           “(B) necessary medical or remedial care  
2           recognized under State law but not covered  
3           under the State plan under this title, subject to  
4           reasonable limits the State may establish on the  
5           amount of these expenses.

6           “(e) NOTICE AND FAIR HEARING.—

7           “(1) NOTICE.—Upon—

8           “(A) a determination of eligibility for med-  
9           ical assistance of an institutionalized spouse, or

10           “(B) a request by either the institutional-  
11           ized spouse, or the community spouse, or a rep-  
12           resentative acting on behalf of either spouse,

13           each State shall notify both spouses (in the case de-  
14           scribed in subparagraph (A)) or the spouse making  
15           the request (in the case described in subparagraph  
16           (B)) of the amount of the community spouse month-  
17           ly income allowance (described in subsection  
18           (d)(1)(B)), of the amount of any family allowances  
19           (described in subsection (d)(1)(C)), of the method  
20           for computing the amount of the community spouse  
21           resources allowance permitted under subsection (f),  
22           and of the spouse’s right to a fair hearing under the  
23           State plan respecting ownership or availability of in-  
24           come or resources, and the determination of the

1 community spouse monthly income or resource al-  
2 lowance.

3 “(2) FAIR HEARING.—

4 “(A) IN GENERAL.—If either the institu-  
5 tionalized spouse or the community spouse is  
6 dissatisfied with a determination of—

7 “(i) the community spouse monthly  
8 income allowance;

9 “(ii) the amount of monthly income  
10 otherwise available to the community  
11 spouse (as applied under subsection  
12 (d)(3)(A)(ii));

13 “(iii) the computation of the spousal  
14 share of resources under subsection (c)(1);

15 “(iv) the attribution of resources  
16 under subsection (c)(2); or

17 “(v) the determination of the commu-  
18 nity spouse resource allowance (as defined  
19 in subsection (f)(2));

20 such spouse is entitled to a fair hearing under  
21 the State plan with respect to such determina-  
22 tion if an application for benefits under this  
23 title has been made on behalf of the institu-  
24 tionalized spouse. Any such hearing respecting  
25 the determination of the community spouse re-

1 source allowance shall be held within 30 days of  
2 the date of the request for the hearing.

3 “(B) REVISION OF MINIMUM MONTHLY  
4 MAINTENANCE NEEDS ALLOWANCE.—If either  
5 such spouse establishes that the community  
6 spouse needs income, above the level otherwise  
7 provided by the minimum monthly maintenance  
8 needs allowance, due to exceptional cir-  
9 cumstances resulting in significant financial du-  
10 ress, there shall be substituted, for the mini-  
11 mum monthly maintenance needs allowance in  
12 subsection (d)(3)(A)(i), an amount adequate to  
13 provide such additional income as is necessary.

14 “(C) REVISION OF COMMUNITY SPOUSE  
15 RESOURCE ALLOWANCE.—If either such spouse  
16 establishes that the community spouse resource  
17 allowance (in relation to the amount of income  
18 generated by such an allowance) is inadequate  
19 to raise the community spouse’s income to the  
20 minimum monthly maintenance needs allow-  
21 ance, there shall be substituted, for the commu-  
22 nity spouse resource allowance under subsection  
23 (f)(2), an amount adequate to provide such a  
24 minimum monthly maintenance needs allow-  
25 ance.

1       “(f) PERMITTING TRANSFER OF RESOURCES TO  
2 COMMUNITY SPOUSE.—

3           “(1) IN GENERAL.—An institutionalized spouse  
4 may, without regard to any other provision of the  
5 State plan to the contrary, transfer an amount equal  
6 to the community spouse resource allowance (as de-  
7 fined in paragraph (2)), but only to the extent the  
8 resources of the institutionalized spouse are trans-  
9 ferred to, or for the sole benefit of, the community  
10 spouse. The transfer under the preceding sentence  
11 shall be made as soon as practicable after the date  
12 of the initial determination of eligibility, taking into  
13 account such time as may be necessary to obtain a  
14 court order under paragraph (3).

15           “(2) COMMUNITY SPOUSE RESOURCE ALLOW-  
16 ANCE DEFINED.—In paragraph (1), the ‘community  
17 spouse resource allowance’ for a community spouse  
18 is an amount (if any) by which—

19           “(A) the greatest of—

20           “(i) \$12,000 (subject to adjustment  
21 under subsection (g)), or, if greater (but  
22 not to exceed the amount specified in  
23 clause (ii)(II)) an amount specified under  
24 the State plan,

1                   “(ii) the lesser of (I) the spousal  
2                   share computed under subsection (c)(1), or  
3                   (II) \$60,000 (subject to adjustment under  
4                   subsection (g)),

5                   “(iii) the amount established under  
6                   subsection (e)(2), or

7                   “(iv) the amount transferred under a  
8                   court order under paragraph (3);

9                   exceeds

10                   “(B) the amount of the resources other-  
11                   wise available to the community spouse (deter-  
12                   mined without regard to such an allowance).

13                   “(3) TRANSFERS UNDER COURT ORDERS.—If a  
14                   court has entered an order against an institutional-  
15                   ized spouse for the support of the community  
16                   spouse, any provisions under the plan relating to  
17                   transfers or disposals of assets for less than fair  
18                   market value shall not apply to amounts of resources  
19                   transferred pursuant to such order for the support  
20                   of the spouse or a family member (as defined in sub-  
21                   section (d)(1)).

22                   “(g) INDEXING DOLLAR AMOUNTS.—For services  
23                   furnished during a calendar year after 1989, the dollar  
24                   amounts specified in subsections (d)(3)(C), (f)(2)(A)(i),  
25                   and (f)(2)(A)(ii)(II) shall be increased by the same per-

1 centage as the percentage increase in the consumer price  
2 index for all urban consumers (all items; U.S. city aver-  
3 age) between September 1988 and the September before  
4 the calendar year involved.

5 “(h) DEFINITIONS.—In this section:

6 “(1) INSTITUTIONALIZED SPOUSE.—The term  
7 ‘institutionalized spouse’ means an individual—

8 “(A)(i) who is in a medical institution or  
9 nursing facility, or

10 “(ii) at the option of the State (I) who  
11 would be eligible under the State plan under  
12 this title if such individual was in a medical in-  
13 stitution, (II) with respect to whom there has  
14 been a determination that but for the provision  
15 of home or community-based services such indi-  
16 vidual would require the level of care provided  
17 in a hospital, nursing facility or intermediate  
18 care facility for the mentally retarded the cost  
19 of which could be reimbursed under the plan,  
20 and (III) who will receive home or community-  
21 based services pursuant the plan; and

22 “(B) is married to a spouse who is not in  
23 a medical institution or nursing facility;

1 but does not include any such individual who is not  
2 likely to meet the requirements of subparagraph (A)  
3 for at least 30 consecutive days.

4 “(2) COMMUNITY SPOUSE.—The term ‘commu-  
5 nity spouse’ means the spouse of an institutionalized  
6 spouse.

7 **“SEC. 1506. PREVENTING FAMILY IMPOVERISHMENT.**

8 “(a) RESPONSIBILITIES FOR LONG-TERM CARE GEN-  
9 ERALLY.—A State plan may not—

10 “(1) require an adult child or any other individ-  
11 ual (other than the applicant or recipient of services  
12 or the spouse of such an applicant or recipient) to  
13 contribute to the cost of covered nursing facility  
14 services and other long-term care services under the  
15 plan; and

16 “(2) take into account with respect to such  
17 services the financial responsibility of any individual  
18 for any applicant or recipient of assistance under the  
19 plan unless such applicant or recipient is such indi-  
20 vidual’s spouse or such individual’s child who is  
21 under age 21 or (with respect to States eligible to  
22 participate in the State program established under  
23 title XVI), is blind or permanently and totally dis-  
24 abled, or is blind or disabled as defined in section

1 1614 (with respect to States which are not eligible  
2 to participate in such program).

3 “(b) LIMITATIONS ON LIENS.—

4 “(1) IN GENERAL.—No lien may be imposed  
5 against the property of any individual prior to the  
6 individual’s death on account of medical assistance  
7 paid or to be paid on the individual’s behalf under  
8 a State plan, except—

9 “(A) pursuant to the judgment of a court  
10 on account of benefits incorrectly paid on behalf  
11 of such individual; or

12 “(B) in the case of the real property of an  
13 individual—

14 “(i) who is an inpatient in a nursing  
15 facility, intermediate care facility for the  
16 mentally retarded, or other medical institu-  
17 tion, if such individual is required, as a  
18 condition of receiving services in such insti-  
19 tution under the plan, to spend for costs of  
20 medical care all but a minimal amount of  
21 the individual’s income required for per-  
22 sonal needs, and

23 “(ii) with respect to whom the State  
24 determines, after notice and opportunity  
25 for a hearing (in accordance with proce-

1           dures established by the State), that the  
2           individual cannot reasonably be expected to  
3           be discharged from the medical institution  
4           and to return home,  
5           except as provided in paragraph (2).

6           “(2) EXCEPTION.—No lien may be imposed  
7           under paragraph (1)(B) on such individual’s home  
8           if—

9                   “(A) the spouse of such individual,

10                   “(B) such individual’s child who is under  
11                   age 21, or (with respect to States eligible to  
12                   participate in the State program established  
13                   under title XVI) is blind or permanently and to-  
14                   tally disabled, or (with respect to States which  
15                   are not eligible to participate in such program)  
16                   is blind or disabled as defined in section 1614,  
17                   or

18                   “(C) a sibling of such individual (who has  
19                   an equity interest in such home and who was  
20                   residing in such individual’s home for a period  
21                   of at least one year immediately before the date  
22                   of the individual’s admission to the medical in-  
23                   stitution),

24           is lawfully residing in such home.

1           “(3) DISSOLUTION UPON RETURN HOME.—Any  
2           lien imposed with respect to an individual pursuant  
3           to paragraph (1)(B) shall dissolve upon that individ-  
4           ual’s discharge from the medical institution and re-  
5           turn home.

6 **“SEC. 1507. STATE FLEXIBILITY.**

7           “(a) STATE FLEXIBILITY IN BENEFITS, PROVIDER  
8           PAYMENTS, GEOGRAPHICAL COVERAGE AREA, AND SE-  
9           LECTION OF PROVIDERS.—The State under its State plan  
10          may—

11           “(1) specify those items and services for which  
12           medical assistance is provided (consistent with guar-  
13           antees under subsections (a) and (b) of section  
14           1501), the providers which may provide such items  
15           and services, and the amount and frequency of pro-  
16           viding such items and services (consistent with the  
17           requirements of section 1502(d));

18           “(2) specify the extent to which the same medi-  
19           cal assistance will be provided in all geographical  
20           areas or political subdivisions of the State, so long  
21           as medical assistance is made available in all such  
22           areas or subdivisions;

23           “(3) specify the extent to which the medical as-  
24           sistance made available to any individual eligible for  
25           medical assistance is comparable in amount, dura-

1       “(e) SECONDARY PAYER PROVISIONS.—Except as  
2 otherwise provided by law, no payment shall be made to  
3 a State under this part for expenditures for medical assist-  
4 ance provided for an individual under its State plan to  
5 the extent that payment has been made or can reasonably  
6 be expected to be made promptly (as determined in accord-  
7 ance with regulations) under any other federally operated  
8 or financed health care insurance program, other than an  
9 insurance program operated or financed by the Indian  
10 Health Service, as identified by the Secretary. For pur-  
11 poses of this subsection, rules similar to the rules for over-  
12 payments under section 1512(b) shall apply.

13       “(f) LIMITATION ON PAYMENTS FOR SERVICES TO  
14 NONLAWFUL ALIENS.—

15             “(1) IN GENERAL.—Notwithstanding the pre-  
16 ceding provisions of this section, except as provided  
17 in paragraph (2), no payment may be made to a  
18 State under this part for medical assistance fur-  
19 nished to an alien who is not lawfully admitted for  
20 permanent residence or otherwise permanently resid-  
21 ing in the United States under color of law.

22             “(2) EXCEPTION.—Payment may be made  
23 under this section for care and services that are fur-  
24 nished to an alien described in paragraph (1) only  
25 if—

1           “(A) such care and services are necessary  
2           for the treatment of an emergency medical con-  
3           dition of the alien (or, at the option of the  
4           State, for prenatal care),

5           “(B) such alien otherwise meets the eligi-  
6           bility requirements for medical assistance under  
7           the State plan (other than a requirement of the  
8           receipt of aid or assistance under title IV, sup-  
9           plemental security income benefits under title  
10          XVI, or a State supplementary payment), and

11          “(C) such care and services are not related  
12          to an organ transplant procedure.

13          “(3) EMERGENCY MEDICAL CONDITION DE-  
14          FINED.—For purposes of this subsection, the term  
15          ‘emergency medical condition’ means a medical con-  
16          dition (including emergency labor and delivery)  
17          manifesting itself by acute symptoms of sufficient  
18          severity (including severe pain) such that the ab-  
19          sence of immediate medical attention could reason-  
20          ably be expected to result in—

21                 “(A) placing the patient’s health in serious  
22                 jeopardy,

23                 “(B) serious impairment to bodily func-  
24                 tions, or

1           “(C) serious dysfunction of any bodily  
2           organ or part.

3           “(g) LIMITATION ON PAYMENT FOR CERTAIN OUT-  
4 PATIENT PRESCRIPTION DRUGS.—

5           “(1) IN GENERAL.—No payment may be made  
6           to a State under this part for medical assistance for  
7           covered outpatient drugs (as defined in section  
8           1575(i)(2)) of a manufacturer provided under the  
9           State plan unless the manufacturer (as defined in  
10          section 1575(i)(4)) of the drug—

11           “(A) has entered into a master rebate  
12          agreement with the Secretary under section  
13          1575,

14           “(B) is otherwise complying with the provi-  
15          sions of such section,

16           “(C) is complying with the provisions of  
17          section 8126 of title 38, United States Code, in-  
18          cluding the requirement of entering into a mas-  
19          ter agreement with the Secretary of Veterans  
20          Affairs under such section, and

21           “(D) subject to paragraph (4), is comply-  
22          ing with the provisions of section 340B of the  
23          Public Health Service Act, including the re-  
24          quirement of entering into an agreement with  
25          the Secretary under such section.

1 **“SEC. 1552. FRAUD PREVENTION PROGRAM.**

2 “(a) ESTABLISHMENT.—Each State plan shall pro-  
3 vide for the establishment and maintenance of an effective  
4 program for the detection and prevention of fraud and  
5 abuse by beneficiaries, providers, and others in connection  
6 with the operation of the program.

7 “(b) PROGRAM REQUIREMENTS.—The program es-  
8 tablished pursuant to subsection (a) shall include at least  
9 the following requirements:

10 “(1) DISCLOSURE OF INFORMATION.—Any dis-  
11 closing entity (as defined in section 1124(a)) receiv-  
12 ing payments under the State plan shall comply with  
13 the requirements of section 1124.

14 “(2) SUPPLY OF INFORMATION.—An entity  
15 (other than an individual practitioner or a group of  
16 practitioners) that furnishes, or arranges for the fur-  
17 nishing of, an item or service under the State plan  
18 shall supply upon request specifically addressed to  
19 the entity by the Secretary or the State agency the  
20 information described in section 1128(b)(9).

21 “(3) EXCLUSION.—

22 “(A) IN GENERAL.—The State plan shall  
23 exclude any specified individual or entity from  
24 participation in the plan for the period specified  
25 by the Secretary when required by the Sec-  
26 retary to do so pursuant to section 1128 or sec-

1           tion 1128A, and provide that no payment may  
2           be made under the plan with respect to any  
3           item or service furnished by such individual or  
4           entity during such period.

5           “(B) AUTHORITY.—In addition to any  
6           other authority, a State may exclude any indi-  
7           vidual or entity for purposes of participating  
8           under the State plan for any reason for which  
9           the Secretary could exclude the individual or  
10          entity from participation in a program under  
11          title XVIII or under section 1128, 1128A, or  
12          1866(b)(2).

13          “(4) NOTICE.—The State plan shall provide  
14          that whenever a provider of services or any other  
15          person is terminated, suspended, or otherwise sanc-  
16          tioned or prohibited from participating under the  
17          plan, the State agency responsible for administering  
18          the plan shall promptly notify the Secretary and, in  
19          the case of a physician, the State medical licensing  
20          board of such action.

21          “(5) ACCESS TO INFORMATION.—The State  
22          plan shall provide that the State will provide infor-  
23          mation and access to certain information respecting  
24          sanctions taken against health care practitioners and

1 providers by State licensing authorities in accord-  
2 ance with section 1553.

3 **“SEC. 1553. INFORMATION CONCERNING SANCTIONS TAKEN**  
4 **BY STATE LICENSING AUTHORITIES AGAINST**  
5 **HEALTH CARE PRACTITIONERS AND PROVID-**  
6 **ERS.**

7 **“(a) INFORMATION REPORTING REQUIREMENT.—**  
8 The requirement referred to in section 1552(b)(5) is that  
9 the State must provide for the following:

10 **“(1) INFORMATION REPORTING SYSTEM.—**The  
11 State must have in effect a system of reporting the  
12 following information with respect to formal proceed-  
13 ings (as defined by the Secretary in regulations)  
14 concluded against a health care practitioner or entity  
15 by any authority of the State (or of a political sub-  
16 division thereof) responsible for the licensing of  
17 health care practitioners (or any peer review organi-  
18 zation or private accreditation entity reviewing the  
19 services provided by health care practitioners) or en-  
20 tities:

21 **“(A)** Any adverse action taken by such li-  
22 censing authority as a result of the proceeding,  
23 including any revocation or suspension of a li-  
24 cense (and the length of any such suspension),  
25 reprimand, censure, or probation.

1           “(B) Any dismissal or closure of the pro-  
2           ceedings by reason of the practitioner or entity  
3           surrendering the license or leaving the State or  
4           jurisdiction.

5           “(C) Any other loss of the license of the  
6           practitioner or entity, whether by operation of  
7           law, voluntary surrender, or otherwise.

8           “(D) Any negative action or finding by  
9           such authority, organization, or entity regard-  
10          ing the practitioner or entity.

11          “(2) ACCESS TO DOCUMENTS.—The State must  
12          provide the Secretary (or an entity designated by the  
13          Secretary) with access to such documents of the au-  
14          thority described in paragraph (1) as may be nec-  
15          essary for the Secretary to determine the facts and  
16          circumstances concerning the actions and determina-  
17          tions described in such paragraph for the purpose of  
18          carrying out this Act.

19          “(b) FORM OF INFORMATION.—The information de-  
20          scribed in subsection (a)(1) shall be provided to the Sec-  
21          retary (or to an appropriate private or public agency,  
22          under suitable arrangements made by the Secretary with  
23          respect to receipt, storage, protection of confidentiality,  
24          and dissemination of information) in such a form and  
25          manner as the Secretary determines to be appropriate in

1 order to provide for activities of the Secretary under this  
2 Act and in order to provide, directly or through suitable  
3 arrangements made by the Secretary, information—

4           “(1) to agencies administering Federal health  
5 care programs, including private entities administer-  
6 ing such programs under contract,

7           “(2) to licensing authorities described in sub-  
8 section (a)(1),

9           “(3) to State agencies administering or super-  
10 vising the administration of State health care pro-  
11 grams (as defined in section 1128(h)),

12           “(4) to utilization and quality control peer re-  
13 view organizations described in part B of title XI  
14 and to appropriate entities with contracts under sec-  
15 tion 1154(a)(4)(C) with respect to eligible organiza-  
16 tions reviewed under the contracts,

17           “(5) to State fraud control units (as defined in  
18 section 1534),

19           “(6) to hospitals and other health care entities  
20 (as defined in section 431 of the Health Care Qual-  
21 ity Improvement Act of 1986), with respect to physi-  
22 cians or other licensed health care practitioners that  
23 have entered (or may be entering) into an employ-  
24 ment or affiliation relationship with, or have applied  
25 for clinical privileges or appointments to the medical

1 staff of, such hospitals or other health care entities  
2 (and such information shall be deemed to be dis-  
3 closed pursuant to section 427 of, and be subject  
4 to the provisions of, that Act),

5 “(7) to the Attorney General and such other  
6 law enforcement officials as the Secretary deems ap-  
7 propriate, and

8 “(8) upon request, to the Comptroller General,  
9 in order for such authorities to determine the fitness  
10 of individuals to provide health care services, to pro-  
11 tect the health and safety of individuals receiving  
12 health care through such programs, and to protect  
13 the fiscal integrity of such programs.

14 “(c) CONFIDENTIALITY OF INFORMATION PRO-  
15 VIDED.—The Secretary shall provide for suitable safe-  
16 guards for the confidentiality of the information furnished  
17 under subsection (a). Nothing in this subsection shall pre-  
18 vent the disclosure of such information by a party which  
19 is otherwise authorized, under applicable State law, to  
20 make such disclosure.

21 “(d) APPROPRIATE COORDINATION.—The Secretary  
22 shall provide for the maximum appropriate coordination  
23 in the implementation of subsection (a) of this section and  
24 section 422 of the Health Care Quality Improvement Act  
25 of 1986 and section 1128E.

1 **“SEC. 1554. STATE FRAUD CONTROL UNITS.**

2       “(a) **IN GENERAL.**—Each State plan shall provide for  
3 a State fraud control unit described in subsection (b) that  
4 effectively carries out the functions and requirements de-  
5 scribed in such subsection, unless the State demonstrates  
6 to the satisfaction of the Secretary that the effective oper-  
7 ation of such a unit in the State would not be cost-effective  
8 because minimal fraud exists in connection with the provi-  
9 sion of covered services to eligible individuals under the  
10 plan, and that beneficiaries under the plan will be pro-  
11 tected from abuse and neglect in connection with the pro-  
12 vision of medical assistance under the plan without the  
13 existence of such a unit.

14       “(b) **UNITS DESCRIBED.**—For purposes of this sec-  
15 tion, the term ‘State fraud control unit’ means a single  
16 identifiable entity of the State government which meets  
17 the following requirements:

18               “(1) **ORGANIZATION.**—The entity—

19                       “(A) is a unit of the office of the State At-  
20 torney General or of another department of  
21 State government which possesses statewide au-  
22 thority to prosecute individuals for criminal vio-  
23 lations;

24                       “(B) is in a State the constitution of which  
25 does not provide for the criminal prosecution of

1 individuals by a statewide authority and has  
2 formal procedures that—

3 “(i) assure its referral of suspected  
4 criminal violations relating to the program  
5 under this title to the appropriate author-  
6 ity or authorities in the State for prosecu-  
7 tion, and

8 “(ii) assure its assistance of, and co-  
9 ordination with, such authority or authori-  
10 ties in such prosecutions; or

11 “(C) has a formal working relationship  
12 with the office of the State Attorney General  
13 and has formal procedures (including proce-  
14 dures for its referral of suspected criminal vio-  
15 lations to such office) which provide effective  
16 coordination of activities between the entity and  
17 such office with respect to the detection, inves-  
18 tigation, and prosecution of suspected criminal  
19 violations relating to the program under this  
20 title.

21 “(2) INDEPENDENCE.—The entity is separate  
22 and distinct from any State agency that has prin-  
23 cipal responsibilities for administering or supervising  
24 the administration of the State plan.

1           “(3) FUNCTION.—The entity’s function is con-  
2           ducting a statewide program for the investigation  
3           and prosecution of violations of all applicable State  
4           laws regarding any and all aspects of fraud in con-  
5           nection with any aspect of the provision of medical  
6           assistance and the activities of providers of such as-  
7           sistance under the State plan.

8           “(4) REVIEW OF COMPLAINTS.—The entity has  
9           procedures for reviewing complaints of the abuse  
10          and neglect of patients of health care facilities which  
11          receive payments under the State plan under this  
12          title, and, where appropriate, for acting upon such  
13          complaints under the criminal laws of the State or  
14          for referring them to other State agencies for action.

15          “(5) OVERPAYMENTS.—

16               “(A) IN GENERAL.—The entity provides  
17               for the collection, or referral for collection to a  
18               single State agency, of overpayments that are  
19               made under the State plan to health care pro-  
20               viders and that are discovered by the entity in  
21               carrying out its activities.

22               “(B) TREATMENT OF CERTAIN OVERPAY-  
23               MENTS.—If an overpayment is the direct result  
24               of the failure of the provider (or the provider’s  
25               billing agent) to adhere to a change in the

1 State's billing instructions, the entity may re-  
2 cover the overpayment only if the entity dem-  
3 onstrates that the provider (or the provider's  
4 billing agent) received prior written or elec-  
5 tronic notice of the change in the billing in-  
6 structions before the submission of the claims  
7 on which the overpayment is based.

8 “(6) PERSONNEL.—The entity employs such  
9 auditors, attorneys, investigators, and other nec-  
10 essary personnel and is organized in such a manner  
11 as is necessary to promote the effective and efficient  
12 conduct of the entity's activities.

13 **“SEC. 1555. RECOVERIES FROM THIRD PARTIES AND OTH-**  
14 **ERS.**

15 “(a) THIRD PARTY LIABILITY.—Each State plan  
16 shall provide for reasonable steps—

17 “(1) to ascertain the legal liability of third par-  
18 ties to pay for care and services available under the  
19 plan, including the collection of sufficient informa-  
20 tion to enable States to pursue claims against third  
21 parties, and

22 “(2) to seek reimbursement for medical assist-  
23 ance provided to the extent legal liability is estab-  
24 lished where the amount expected to be recovered ex-  
25 ceeds the costs of the recovery.



104TH CONGRESS  
2D SESSION

# H. R. 3612

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

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 11, 1996

Mr. GIBBONS (for himself, Mr. MCDERMOTT, Mr. MATSUI, Mr. CARDIN, and Mr. LEWIS of Georgia) introduced the following bill; which was referred to the Committees on Agriculture, Banking and Financial Services, Economic and Educational Opportunities, the Judiciary, Commerce, the Budget, National Security, International Relations, and Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

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

3 (a) TABLE OF CONTENTS.—This Act is organized as  
4 follows:

- Section 1. Short title.
- Sec. 2. Table of contents; amendment of the Social Security Act.

**TITLE I—WORK-BASED ASSISTANCE**

Sec. 101. Purpose.

**Subtitle A—Temporary Employment Assistance**

- Sec. 102. State plan.
- Sec. 103. Conforming amendments relating to collection of overpayments.
- Sec. 104. Territories.
- Sec. 105. Effective dates.

**Subtitle B—Make Work Pay**

- Sec. 111. Transitional medicaid benefits.
- Sec. 112. Notice of availability required to be provided to applicants and former recipients of temporary employment assistance, food stamps, and medicaid.
- Sec. 113. Advance payment of earned income tax credit through State demonstration programs.
- Sec. 114. Consolidated child care development block grant.
- Sec. 115. Effective dates.

**Subtitle C—Work First**

- Sec. 121. Work First program.
- Sec. 122. Regulations.
- Sec. 123. Applicability to States.
- Sec. 124. One time increases in Work First program funds.

**Subtitle D—Pregnancy and Family Stability**

- Sec. 131. Supervised living arrangements for minors.
- Sec. 132. National Clearinghouse on Adolescent Pregnancy.
- Sec. 133. Required completion of high school or other training for teenage parents.
- Sec. 134. Second chance homes.

**TITLE II—CHILD SUPPORT ENFORCEMENT**

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

- Sec. 201. State obligation to provide child support enforcement services.
- Sec. 202. Distribution of payments.
- Sec. 203. Privacy safeguards.
- Sec. 204. Rights to notification.

**Subtitle B—Locate and Case Tracking**

- Sec. 211. State case registry.
- Sec. 212. Collection and disbursement of support payments.
- Sec. 213. State directory of new hires.
- Sec. 214. Amendments concerning income withholding.
- Sec. 215. Locator information from interstate networks.
- Sec. 216. Expansion of the Federal parent locator service.
- Sec. 217. Collection and use of social security numbers for use in child support enforcement.

#### Subtitle C—Streamlining and Uniformity of Procedures

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

#### Subtitle D—Paternity Establishment

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

#### Subtitle E—Program Administration and Funding

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

#### Subtitle F—Establishment and Modification of Support Orders

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

#### Subtitle G—Enforcement of Support Orders

- Sec. 261. Internal Revenue Service collection of arrearages.
- Sec. 262. Authority to collect support from Federal employees.
- Sec. 263. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 264. Voiding of fraudulent transfers.
- Sec. 265. Work requirement for persons owing past-due child support.
- Sec. 266. Definition of support order.
- Sec. 267. Reporting arrearages to credit bureaus.
- Sec. 268. Liens.
- Sec. 269. State law authorizing suspension of licenses.
- Sec. 270. Denial of passports for nonpayment of child support.
- Sec. 271. International child support enforcement.
- Sec. 272. Financial institution data matches.

- Sec. 273. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.
- Sec. 274. Nondischargeability in bankruptcy of certain debts for the support of a child.

#### Subtitle H—Medical Support

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

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

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

#### Subtitle J—Effect of Enactment

- Sec. 291. Effective dates.

### TITLE III—FOOD ASSISTANCE

#### Subtitle A—Food Stamps

- Sec. 301. Short Title.

#### PART 1—BUDGETARY PROPOSALS

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

#### PART 2—NONBUDGETARY PROPOSALS

- Sec. 341. Expand definition of coupon.
- Sec. 342. Clarify definition of homeless individual.
- Sec. 343. Provide State option for eligibility standards.
- Sec. 344. Double penalties for violating food stamp program requirements.
- Sec. 345. Provide State option to lower age of caretaker exemption.

- Sec. 346. Revise employment and training.
- Sec. 347. Disqualify fleeing felons.
- Sec. 348. Encourage electronic benefit transfer systems.
- Sec. 349. Authorize exchange of law enforcement information.
- Sec. 350. Simplify administration of expedited service.

#### PART 3—ADMINISTRATIVE FLEXIBILITY PROPOSALS

- Sec. 361. Expand State authority to define certification period.
- Sec. 362. Provide State option to combine allotments for expedited service households.
- Sec. 363. Revise treatment of allotments for households residing in centers.
- Sec. 364. Improve operation of food stamp offices.
- Sec. 365. Delete Federal requirement for State employee training.
- Sec. 366. Authorize oral withdrawal of fair hearing requests.
- Sec. 367. Delete redundant Federal standards for administration.

#### PART 4—PROPOSALS FOR STRENGTHENING RETAILER MANAGEMENT

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

#### PART 5—CONFORMING AMENDMENTS AND EFFECTIVE DATES

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

#### Subtitle B—Child Nutrition

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

#### TITLE IV—TREATMENT OF ALIENS

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

#### TITLE V—SUPPLEMENTAL SECURITY INCOME REFORMS

- Sec. 501. Definition and eligibility rules.
- Sec. 502. Eligibility redeterminations and continuing disability reviews.

- Sec. 503. Dedicated savings accounts.
- Sec. 504. Denial of SSI benefits by reason of disability to drug addicts and alcoholics.
- Sec. 505. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
- Sec. 506. Denial of SSI benefits for fugitive felons and probation and parole violators.
- Sec. 507. Allowance under the discretionary spending limits for increased expenditures for continuing disability reviews and disability eligibility redeterminations.
- Sec. 508. Installment payment of large past-due Supplemental Security Income benefits.
- Sec. 509. Recovery of Supplemental Security Income overpayments from Social Security benefits.
- Sec. 510. Allowance under the discretionary spending limits for administrative expenses to implement changes to Supplemental Security Income program.
- Sec. 511. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by medical insurance.

#### TITLE VI—SOCIAL SERVICES BLOCK GRANTS

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

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

## 7                   **TITLE I—WORK-BASED** 8                   **ASSISTANCE**

### 9   **SEC. 101. PURPOSE.**

10           The primary purpose of this title is to provide true  
 11 welfare reform by repealing the program of Aid to Fami-  
 12 lies with Dependent Children and replacing it with a new  
 13 time-limited, conditional benefit based on work. Subtitle  
 14 A of this title creates the Temporary Employment Assist-

1 ance program which requires welfare recipients to work,  
2 supports and protects their children, and gives States  
3 broad new flexibility to run their welfare programs. The  
4 Work First program, established by subtitle C, provides  
5 the means to transform the system toward work, and the  
6 new consolidated child care block grant, established by  
7 subtitle B, contains sufficient resources to ensure that re-  
8 cipients who work have safe and adequate care for their  
9 children. This title offers the reform American taxpayers  
10 and welfare recipients alike want and deserve.

11 **Subtitle A—Temporary**  
12 **Employment Assistance**

13 **SEC. 102. STATE PLAN.**

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

18 **“PART A—TEMPORARY EMPLOYMENT**  
19 **ASSISTANCE**

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

21 “For the purpose of providing assistance to families  
22 with needy children and assisting parents of children in  
23 such families to obtain and retain private sector work to  
24 the extent possible, and public sector or volunteer work  
25 if necessary, through the Work First program established

1 under parts F, G, and H, there is authorized to be appro-  
2 priated for each fiscal year a sum sufficient to carry out  
3 the purposes of this part.

4 “Subpart 1—State Plans for Temporary Employ-  
5 ment Assistance

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

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

12 **“SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOY-  
13 MENT ASSISTANCE.**

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

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

19 “(2) whose members have assigned their rights  
20 to support to the State in accordance with section  
21 403(b)(1)(E)(i) and fulfill the conditions set forth in  
22 subsection (b), shall be eligible for assistance under  
23 the plan, except as otherwise provided under this  
24 part.

25 “(b) WORK REQUIREMENT.—

1           “(1) PERSONAL RESPONSIBILITY AGREE-  
2           MENT.—The State plan shall provide that not later  
3           than 30 days after the approval of an application for  
4           temporary employment assistance, a parent qualify-  
5           ing for assistance shall execute a personal respon-  
6           sibility agreement as described in section 403. If a  
7           child otherwise eligible for assistance under this part  
8           is residing with a needy relative other than a parent,  
9           the State plan may require the relative to execute  
10          such a plan as a condition of the family receiving  
11          such assistance.

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

20          “(c) LIMITATIONS ON ELIGIBILITY.—

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

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

5           “(i) in the case of the first such re-  
6 fusal, assistance shall not be payable with  
7 respect to such individual until the date  
8 the individual begins to look for work; and

9           “(ii) in the case of a second or subse-  
10 quent refusal, assistance shall not be pay-  
11 able with respect to the family of such in-  
12 dividual until the later of—

13           “(I) 6 months after the date of  
14 such refusal; or

15           “(II) the date the individual be-  
16 gins to look for work.

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

22           “(i) in the case of the first such re-  
23 fusal, assistance shall not be payable with  
24 respect to such individual until the date  
25 the individual begins to work; and

1           “(ii) in the case of a second or subse-  
2           quent refusal, assistance shall not be pay-  
3           able with respect to the family of such in-  
4           dividual until the later of—

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

7                   “(II) the date the individual be-  
8                   gins to work.

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

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

1           “(ii) In the case of a second or subse-  
2           quent failure, the State shall impose on the  
3           family of the individual a sanction deter-  
4           mined by the State which is no more se-  
5           vere than the sanction provided for under  
6           subparagraph (A)(ii).

7           “(2) TIME LIMIT ON ASSISTANCE.—

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

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

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

1           “(I) at the option of the State,  
2           the family includes an individual  
3           working 20 hours per week (or more,  
4           at the option of the State);

5           “(II) the family resides in an  
6           area with an unemployment rate ex-  
7           ceeding 8 percent; or

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

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

1           the State is providing assistance under the  
2           plan.

3           “(C) EXCLUSION FROM 60-MONTH PE-  
4           RIOD.—With respect to any family, the State  
5           plan shall not include in the determination of  
6           the 60-month period under subparagraph (A)  
7           any month in which any of the following applies  
8           to the family:

9                   “(i) TEEN PARENTS.—The parent—

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

12                           “(II) is making satisfactory  
13                           progress while attending high school  
14                           or an alternative technical preparation  
15                           school.

16                   “(ii) INDIVIDUALS EXEMPT FROM  
17           WORK REQUIREMENTS.—One parent in a  
18           single-parent family or each parent in a  
19           two-parent family—

20                           “(I) is seriously ill, incapacitated,  
21                           or of advanced age;

22                           “(II)(aa) except for a child de-  
23                           scribed in subclause (bb), is respon-  
24                           sible for a child under age 1 year (or

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

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

7 “(III) is pregnant in the 3rd tri-  
8 mester;

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

11 “(V) (in the case of a single cus-  
12 todial parent), has a demonstrated in-  
13 ability to obtain needed child care, as  
14 determined by the State, for one or  
15 more of the following reasons:

16 “(aa) unavailability of ap-  
17 propriate child care within a rea-  
18 sonable distance of the individ-  
19 ual’s home or work site;

20 “(bb) unavailability or  
21 unsuitability of informal child  
22 care by a relative or under other  
23 arrangements; or

1                   “(cc) unavailability of appro-  
2                   priate and affordable formal child  
3                   care arrangements.

4                   “(D) CHILD-ONLY CASES.—With respect  
5                   to any child who has not attained age 18 (or  
6                   age 19, at the option of the State) and who is  
7                   eligible for assistance under this part, but not  
8                   as a member of a family otherwise eligible for  
9                   assistance under this part (determined without  
10                  regard to this paragraph), the State plan shall  
11                  not include in the determination of the 60-  
12                  month period under subparagraph (A) any  
13                  month in which such child has not attained  
14                  such age.

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

20                         “(A) for purposes of determining eligibility  
21                         for any other Federal or federally assisted pro-  
22                         gram based on need, the family shall continue  
23                         to be considered eligible for such assistance;

24                         “(B) in the case of a family ineligible for  
25                         such assistance due solely to the application of

1 paragraph (2), the State shall, after having as-  
2 sessed the needs of the child or children of the  
3 family, provide for such needs with vouchers for  
4 such family—

5 “(i) determined on the same basis as  
6 the State would provide assistance under  
7 the State plan to such a family with one  
8 less individual or two less individuals, as  
9 applicable, in the case of a two-parent fam-  
10 ily,

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

14 “(iii) payable directly to the third par-  
15 ties.

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

1       ily of the individual for temporary employment as-  
2       sistance.

3           “(5) CHILDREN FOR WHOM FEDERAL, STATE,  
4       OR LOCAL FOSTER CARE MAINTENANCE OR ADOPT-  
5       TION ASSISTANCE PAYMENTS ARE MADE.—A child  
6       with respect to whom foster care maintenance pay-  
7       ments or adoption assistance payments are made  
8       under part E or under State or local law shall not,  
9       for the period for which such payments are made, be  
10      regarded as a needy child under this part, and such  
11      child’s income and resources shall be disregarded in  
12      determining the eligibility of the family of such child  
13      for temporary employment assistance.

14          “(6) DENIAL OF ASSISTANCE FOR 10 YEARS TO  
15      A PERSON FOUND TO HAVE FRAUDULENTLY MIS-  
16      REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-  
17      SISTANCE IN 2 OR MORE STATES.—The State plan  
18      shall provide that no assistance will be furnished any  
19      individual under the plan during the 10-year period  
20      that begins on the date the individual is convicted in  
21      Federal or State court of having made a fraudulent  
22      statement or representation with respect to the place  
23      of residence of the individual in order to receive ben-  
24      efits or services simultaneously from 2 or more  
25      States under programs that are funded under this

1 part or title XIX, or benefits in 2 or more States  
2 under the supplemental security income program  
3 under title XVI.

4 “(7) DENIAL OF ASSISTANCE FOR FUGITIVE  
5 FELONS AND PROBATION AND PAROLE VIOLA-  
6 TORS.—

7 “(A) IN GENERAL.—The State plan shall  
8 provide that no assistance will be furnished any  
9 individual under the plan for any period if dur-  
10 ing such period the State agency has knowledge  
11 that such individual is—

12 “(i) fleeing to avoid prosecution, or  
13 custody or confinement after conviction,  
14 under the laws of the place from which the  
15 individual flees, for a crime, or an attempt  
16 to commit a crime, which is a felony under  
17 the laws of the place from which the indi-  
18 vidual flees, or which, in the case of the  
19 State of New Jersey, is a high mis-  
20 demeanor under the laws of such State; or

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

24 “(B) EXCHANGE OF INFORMATION WITH  
25 LAW ENFORCEMENT AGENCIES.—Notwithstand-

1           ing any other provision of law, the State plan  
2           shall provide that the State shall furnish any  
3           Federal, State, or local law enforcement officer,  
4           upon the request of the officer, with the current  
5           address of any recipient of assistance under the  
6           plan, if the officer furnishes the agency with the  
7           name of the recipient and notifies the agency  
8           that—

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

11                     “(ii) the location or apprehension of  
12                     the recipient is within such officer’s official  
13                     duties.

14           “(d) DETERMINATION OF ELIGIBILITY AND BENE-  
15           FITS.—

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

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

22                     “(B) which the State determines should be  
23                     considered in determining the need of such  
24                     child or relative.

1           “(2) OPTIONAL DENIAL OF ASSISTANCE TO  
2 FAMILIES HAVING ADDITIONAL CHILDREN WHILE  
3 RECEIVING ASSISTANCE.—At the option of the State,  
4 the State plan may provide that—

5           “(A)(i) the amount of temporary employ-  
6 ment assistance paid to a family under the plan  
7 will not be increased by reason of the birth of  
8 a child (other than as a result of rape or incest)  
9 to an individual included in such family if—

10           “(I) when the individual is a custodial  
11 parent of a needy child, the child was con-  
12 ceived in a month for which the individual  
13 received aid under the plan, or

14           “(II) when the individual is a needy  
15 child, the individual is the parent of an-  
16 other child who is a member of the same  
17 family and whose needs are included for  
18 purposes of making such determination;

19           “(ii) if the value of assistance to a family  
20 under the State plan approved under this part  
21 is reduced by reason of subclause (I), each  
22 member of the family shall be considered to be  
23 receiving such assistance for purposes of Fed-  
24 eral law including but not limited to eligibility  
25 for medical assistance under the State plan ap-

1 proved under title XIX for so long as assistance  
2 to the family under the State plan approved  
3 under this part would otherwise not be so re-  
4 duced; and

5 “(B) if the State exercises the option, the  
6 State may provide the family with vouchers, in  
7 amounts not exceeding the amount of any such  
8 reduction in assistance, that may be used only  
9 to pay for particular goods and services speci-  
10 fied by the State as suitable for the care of the  
11 child of the parent (such as diapers, clothing, or  
12 school supplies). In addition, the State may  
13 allow an additional earned income disregard, or  
14 disregard of child support received on behalf of  
15 a child described by this subsection, in amounts  
16 that do not exceed in total the reduction in as-  
17 sistance that occurs as a result of a State exer-  
18 cising the option.

19 “(C) A family may be subjected to this  
20 subparagraph as long as application of this sub-  
21 paragraph, whether alone or together with other  
22 provisions of the State plan, does not reduce to  
23 zero the maximum assistance level for such a  
24 family.

1           “(3) RESOURCE AND INCOME DETERMINA-  
2           TION.—With respect to the determination of the  
3           total resources and income of the family of any  
4           needy child, the State plan shall provide the follow-  
5           ing:

6                   “(A) RESOURCES.—The plan shall specify  
7                   the resource limit, and describe the policy deter-  
8                   mined by the State regarding any exclusion al-  
9                   lowed for vehicles owned by family members, re-  
10                  sources set aside for future needs of a child, in-  
11                  dividual development accounts, or other policies  
12                  established by the State to encourage savings.

13                  “(B) FAMILY INCOME.—The plan shall  
14                  specify the extent to which earned or unearned  
15                  income is disregarded in determining eligibility  
16                  for, and amount of, assistance.

17                  “(C) CHILD SUPPORT.—The plan shall  
18                  specify whether (and if so, the extent to which)  
19                  current child support received in excess of \$50  
20                  per month on behalf of a member of the family  
21                  is disregarded in determining eligibility for, and  
22                  the amount of, assistance.

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

1           “(E) EARNED INCOME TAX CREDIT.—The  
2           plan shall provide for disregard of any refund  
3           of Federal income taxes made to a family re-  
4           ceiving temporary employment assistance by  
5           reason of section 32 of the Internal Revenue  
6           Code of 1986 (relating to earned income tax  
7           credit) and any payment made to such a family  
8           by an employer under section 3507 of such  
9           Code (relating to advance payment of earned  
10          income credit).

11          “(4) 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.

16          “(e) SERVICES TO NATIVE AMERICANS.—The State  
17          plan shall specify the steps that will be taken to ensure  
18          that an appropriate share of assistance and services under  
19          the plan (and under part F and part G or H) are fur-  
20          nished to eligible Native Americans (including, as applica-  
21          ble, Indians, Alaskan Natives, and Native Hawaiians) liv-  
22          ing in the State.

23          “(f) SERVICES TO REFUGEES.—The State plan shall  
24          provide assurances that assistance and services furnished  
25          to refugees under the plan (and under part F and part

1 G or H) shall be furnished in a manner that promotes  
2 their economic self-sufficiency and adjustment.

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

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

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

11 “(2) has not attained the age specified in para-  
12 graph (1), has not completed high school or obtained  
13 a certificate of high school equivalency, and is not  
14 attending secondary school.

15 **“(b) PERSONAL RESPONSIBILITY AGREEMENTS.—**

16 “(1) IN GENERAL.—On the basis of the assess-  
17 ment made under subsection (a) with respect to an  
18 individual, the State agency, in consultation with the  
19 individual, shall develop an appropriate personal re-  
20 sponsibility agreement for the individual, which—

21 “(A) provides that participation by the in-  
22 dividual in job search activities is a condition of  
23 eligibility for assistance under the State plan  
24 approved under part A, except during any pe-

1           riod for which the individual is employed full-  
2           time in an unsubsidized job;

3           “(B) sets forth an employment goal for the  
4           individual and a plan for moving the individual  
5           immediately into private sector employment;

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) may require that the individual enter  
16          the State program established under part F, if  
17          the caseworker determines that the individual  
18          will need education, training, job placement as-  
19          sistance, wage enhancement, or other services  
20          to become employed in the private sector;

21          “(E) provides that the individual must—

22                  “(i) assign to the State any rights to  
23                  support (including, but not limited to,  
24                  amounts which have accrued at the time  
25                  such assignment is executed) from any

1 other person the individual may have in  
2 such individual's own behalf or in behalf of  
3 any other family member for whom the in-  
4 dividual is applying for or receiving assist-  
5 ance or any other family member who is  
6 deemed to be receiving assistance for the  
7 purposes of title XIX; provided that the  
8 assignment of arrearages that accrued in  
9 a month in which the family did not re-  
10 ceive assistance under this part shall cease  
11 to be effective for any family no longer re-  
12 ceiving assistance under this part to which  
13 the State applies the amendments made by  
14 the Work First and Personal Responsibil-  
15 ity Act of 1996 to section 457(c); and

16 “(ii) cooperate with the State—

17 “(I) in establishing the paternity  
18 of a child born out of wedlock with re-  
19 spect to whom assistance is claimed,  
20 and

21 “(II) in obtaining support pay-  
22 ments for the individual and for a  
23 child with respect to whom such as-  
24 sistance is claimed, or in obtaining  
25 any other payments or property due

1 the individual or the child, unless (in  
2 either case) the individual is found to  
3 have good cause for refusing to co-  
4 operate as determined by the State  
5 agency administering the program  
6 under part D in accordance with  
7 standards prescribed by the Secretary,  
8 which standards shall take into con-  
9 sideration the best interests of the  
10 child on whose behalf assistance is  
11 claimed.

12 “(F) to the greatest extent possible is de-  
13 signed to move the individual into whatever pri-  
14 vate sector employment the individual is capable  
15 of handling as quickly as possible, and to in-  
16 crease the responsibility and amount of work  
17 the individual is to handle over time;

18 “(G) describes the services the State will  
19 provide the individual so that the individual can  
20 obtain and keep employment in the private sec-  
21 tor, and describes the job counseling and other  
22 services that will be provided by the State; and

23 “(H) at the option of the State, may re-  
24 quire the individual to undergo appropriate sub-  
25 stance abuse treatment.

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

3           “(A) within 180 days after the effective  
4 date of this part, in the case of an individual  
5 who, as of such effective date, is a recipient of  
6 assistance under the State plan approved under  
7 this part; or

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

11           “(c) PROVISION OF PROGRAM AND EMPLOYMENT IN-  
12 FORMATION.—The State shall inform all applicants for  
13 and recipients of assistance under the State plan approved  
14 under this part of all available services under the State  
15 plan for which they are eligible.

16           “(d) REQUIREMENT THAT RECIPIENTS ENTER THE  
17 WORK FIRST PROGRAM.—

18           “(1) IN GENERAL.—On and after October 1,  
19 2003, the State shall place recipients of assistance  
20 under the State plan under this part, who have not  
21 become employed within 1 year after signing an per-  
22 sonal responsibility agreement, in the first available  
23 slot in the State program under part F, except as  
24 provided in paragraph (2).

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

4           “(A) is ill, incapacitated, or of advanced  
5 age;

6           “(B) except for a child described in sub-  
7 paragraph (C), is responsible for a child under  
8 age 1 year (or age 6 months, at the option of  
9 the State);

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

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

15           “(E) is caring for a family member who is  
16 ill or incapacitated; or

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

21           “(i) unavailability of appropriate child  
22 care within a reasonable distance of the in-  
23 dividual’s home or work site;

1                   “(ii) unavailability or unsuitability of  
2                   informal child care by a relative or under  
3                   other arrangements; or

4                   “(iii) unavailability of appropriate and  
5                   affordable formal child care arrangements.

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

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

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

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

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

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

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

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

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

1       “(c) FAIR HEARING AND CORRECTION OF PAY-  
2 MENTS.—The State plan shall provide that the State  
3 agency shall—

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

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

13       “(d) OPTIONAL VOLUNTARY DIVERSION PRO-  
14 GRAM.—

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

1           “(A) the value of the monthly benefits that  
2           would otherwise be provided to the family under  
3           the State plan; multiplied by

4           “(B) the number of months in the time pe-  
5           riod.

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

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

22                 “(A) the amount by which the value of the  
23                 greater monthly benefit exceeds the value of the  
24                 former monthly benefit, multiplied by the num-  
25                 ber of months in the time period; divided by

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

3 **“SEC. 405. REQUIREMENTS CONCERNING OTHER PRO-**  
4 **GRAMS.**

5           “(a) WORK FIRST PROGRAM; WORKFARE OR JOB  
6 PLACEMENT VOUCHER PROGRAM.—The State plan shall  
7 provide that the State has in effect—

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

10                   “(2) a workfare program that meets the re-  
11                   quirements of part G, or a job placement voucher  
12                   program that meets the requirements of part H, but  
13                   not both.

14           “(b) PROVISION OF CASE MANAGEMENT SERV-  
15 ICES.—The State plan shall provide that the State shall  
16 furnish to participants in those programs case manage-  
17 ment services that are necessary to ensure the integrated  
18 provision of benefits and services under those programs  
19 and under this part.

20           “(c) STATE CHILD SUPPORT AGENCY.—The State  
21 plan shall—

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

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

4                   “(A) the benefits and services provided  
5                   under plans under this part and part D are fur-  
6                   nished in an integrated manner, including co-  
7                   ordination of intake procedures with the agency  
8                   administering the plan under part D;

9                   “(B) all applicants for, and recipients of,  
10                  temporary employment assistance are encour-  
11                  aged, assisted, and required (as provided under  
12                  section 403(b)(1)(E)(ii)) to cooperate in the es-  
13                  tablishment and enforcement of paternity and  
14                  child support obligations and are notified about  
15                  the services available under the State plan ap-  
16                  proved under part D; and

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

22                  “(3) provide for prompt notice (including the  
23                  transmittal of all relevant information) to the State  
24                  child support collection agency established pursuant  
25                  to part D of the furnishing of temporary employ-

1       ment assistance with respect to a child who has been  
2       deserted or abandoned by a parent (including a child  
3       born out of wedlock, without regard to whether the  
4       paternity of the child has been established).

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

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

10              “(2) a State plan for foster care and adoption  
11              assistance approved under part E,

12       and operates such plans in substantial compliance with the  
13       requirements of such parts.

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

16              “(1) report to an appropriate agency or official  
17              known or suspected instances of physical or mental  
18              injury, sexual abuse or exploitation, or negligent  
19              treatment or maltreatment of a child receiving as-  
20              sistance under the State plan under circumstances  
21              which indicate that the child’s health or welfare is  
22              threatened thereby; and

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

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

6       “(g) FAMILY PRESERVATION.—

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

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

12           “(B) to keep families together to the ex-  
13 tent possible; and

14           “(C) except to the extent provided in para-  
15 graph (2), to treat 2-parent families and 1-par-  
16 ent families equally with respect to eligibility  
17 for assistance.

18       “(2) MAINTENANCE OF TREATMENT.—The  
19 State may impose eligibility limitations relating spe-  
20 cifically to 2-parent families to the extent such limi-  
21 tations are no more restrictive than such limitations  
22 in effect in the State plan in fiscal year 1995.

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

1 quarter by the State or any political subdivision  
2 thereof with respect to temporary employment  
3 assistance furnished under the State plan; and

4 “(C) reduced by such amount as is nec-  
5 essary to provide the appropriate reimburse-  
6 ment to the Federal Government that the State  
7 is required to make under section 457 out of  
8 that portion of child support collections retained  
9 by the State pursuant to such section, except  
10 that such increases or reductions shall not be  
11 made to the extent that such sums have been  
12 applied to make the amount certified for any  
13 prior quarter greater or less than the amount  
14 estimated by the Secretary of Health and  
15 Human Services for such prior quarter.

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

22 **“SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND**  
23 **REPORTING SYSTEM.**

24 “(a) QUALITY ASSURANCE.—

25 “(1) IN GENERAL.—In order—

1           “(A) to improve the accuracy of payments  
2 of temporary employment assistance and wages  
3 under work programs under parts F, G, and H,  
4 to assess the accuracy of data reported by each  
5 State relating to its work programs and to its  
6 implementation of the time limits established by  
7 section 402(c)(2),

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

10           “(C) to assess the effectiveness of the  
11 State’s program by applying the performance  
12 standards developed under section 413(a)(4),  
13 and

14           “(D) to serve such other purposes as the  
15 Secretary finds appropriate for a performance  
16 measurement system, the Secretary shall estab-  
17 lish and operate a quality assurance system to  
18 secure the accurate data needed to measure  
19 performance, identify areas in which corrective  
20 action is necessary, and determine the amount  
21 (if any) of the disallowance required to be re-  
22 paid to the Secretary because of erroneous aid  
23 payments made by the State. A quality assur-  
24 ance system shall be developed based upon a  
25 collaborative effort involving the Secretary, the

1 States and other interested parties, and shall  
2 include quantifiable program outcomes related  
3 to self sufficiency in the categories of welfare-  
4 to-work, payment accuracy, and child support.

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

13 “(b) DATA COLLECTION AND REPORTING.—

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

24 “(2) DISAGGREGATED DATA.—The State shall  
25 collect the following data items on a monthly basis

1 from disaggregated case records of applicants for  
2 and recipients of temporary employment assistance  
3 from the previous month:

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

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

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

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

20 “(E) Whether any member of the family  
21 receives benefits under any of the following:

22 “(i) Any housing program.

23 “(ii) The program under the Food  
24 Stamp Act of 1977.

1                   “(iii) The program under the Head  
2                   Start Act.

3                   “(iv) Any job training program.

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

6                   “(G) The total number of months for  
7                   which assistance has been provided to the fami-  
8                   lies under the plan.

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

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

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

23                  “(K) Citizenship status.

24                  “(L) Shelter arrangement.

1           “(M) Unearned income (not including tem-  
2           porary employment assistance), such as child  
3           support, and assets.

4           “(N) The number of children who have a  
5           parent who is deceased, incapacitated, or unem-  
6           ployed.

7           “(O) Geographic location.

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

13           “(A) The number of adults receiving as-  
14           sistance.

15           “(B) The number of children receiving as-  
16           sistance.

17           “(C) The number of families receiving as-  
18           sistance.

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

1           “(E) The number of applications for as-  
2           sistance; the number approved and the number  
3           denied and the reason for denial.

4           “(4) LONGITUDINAL STUDIES.—The State shall  
5           submit selected data items for a cohort of individ-  
6           uals who are tracked over time. This longitudinal  
7           sample shall be used for selected data items de-  
8           scribed in paragraphs (2) and (3), as determined ap-  
9           propriate by the Secretary.

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

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

16                         “(A) the percentage of the Federal funds  
17                         paid to the State under Section 413 for the fis-  
18                         cal year quarter and used to carry out parts F  
19                         and G or H that are used to cover administra-  
20                         tive costs or overhead; and

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

23                 “(2) REPORT ON STATE EXPENDITURES ON  
24                 PROGRAMS FOR NEEDY FAMILIES.—A statement of  
25                 the total amount expended by the State during the

1 fiscal year quarter on programs for needy families,  
2 with the amount spent on the program under this  
3 part, and the purposes for which such amount was  
4 spent, separately stated.

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

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

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

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

24 “(e) VERIFICATION.—The Secretary shall develop  
25 and implement procedures for verifying the quality of the

1 data submitted by the State, and shall provide technical  
2 assistance, funded by the compliance penalties imposed  
3 under section 412, if such data quality falls below accept-  
4 able standards.

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

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

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

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

5           “(2) DEMONSTRATIONS.—

6           “(A) IN GENERAL.—The Secretary may  
7           implement and evaluate demonstrations of inno-  
8           vative and promising strategies to—

9                   “(i) improve child well-being through  
10                  reductions in illegitimacy, teen pregnancy,  
11                  welfare dependency, homelessness, and  
12                  poverty;

13                  “(ii) test promising strategies by non-  
14                  profit and for-profit institutions to increase  
15                  employment, earnings, child support pay-  
16                  ments, and self-sufficiency with respect to  
17                  temporary employment assistance clients  
18                  under State plans; and

19                  “(iii) foster the development of child  
20                  care.

21           “(B) ADDITIONAL PARAMETERS.—Dem-  
22           onstrations implemented under this para-  
23           graph—

1           “(i) may provide one-time capital  
2 funds to establish, expand, or replicate  
3 programs;

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

9           “(iii) should test strategies in multiple  
10 States and types of communities.

11           “(3) FEDERAL EVALUATIONS.—

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

22           “(B) RESEARCH ON RELATED ISSUES.—  
23 The Secretary also shall conduct research on is-  
24 sues related to the purposes of this part, such  
25 as strategies for moving welfare recipients into

1 the workforce quickly, reducing teen preg-  
2 nancies and out-of-wedlock births, and provid-  
3 ing adequate child care.

4 “(C) STATE REIMBURSEMENT.—The Sec-  
5 retary may reimburse a State for any research-  
6 related costs incurred pursuant to research con-  
7 ducted under this paragraph.

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

12 “(e) STUDY BY THE CENSUS BUREAU.

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

1           “(2) APPROPRIATION.—For each of fiscal years  
2           1996, 1997, 1998, 1999, 2000, 2001, and 2002,  
3           from the appropriation account providing funds for  
4           grants to States for activities funded under section  
5           413(a)(1), the Secretary shall transfer to the Bu-  
6           reau of the Census \$10,000,000 to carry out para-  
7           graph (1). Such funds transferred to the Bureau of  
8           the Census shall remain available for obligation by  
9           the Bureau of the Census until expended.

10       **“SEC. 416. COLLECTION OF OVERPAYMENTS FROM FED-**  
11                               **ERAL TAX REFUNDS.**

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

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

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

7           “(A) who are no longer receiving tem-  
8 porary employment assistance under the State  
9 plan approved under this part,

10           “(B) with respect to whom the State has  
11 already taken appropriate action under State  
12 law against the income or resources of the indi-  
13 viduals or families involved; and

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

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

23           “(3) the procedures that the State and the Sec-  
24 retary of the Treasury will follow in carrying out  
25 this section which, to the maximum extent feasible

1 and consistent with the specific provisions of this  
2 section, will be the same as those issued pursuant to  
3 section 464(b) applicable to collection of past-due  
4 child support.

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

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

16 **SEC. 103. CONFORMING AMENDMENTS RELATING TO COL-**  
17 **LECTION OF OVERPAYMENTS.**

18 (a) Section 6402 of the Internal Revenue Code of  
19 1986 (relating to authority to make credits or refunds)  
20 is amended—

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

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

1           (3) by inserting after subsection (d) the follow-  
2           ing:

3           “(e) COLLECTION OF OVERPAYMENTS UNDER TITLE  
4 IV-A OF THE SOCIAL SECURITY ACT.—The amount of  
5 any overpayment to be refunded to the person making the  
6 overpayment shall be reduced (after reductions pursuant  
7 to subsections (c) and (d), but before a credit against fu-  
8 ture liability for an internal revenue tax) in accordance  
9 with section 416 of the Social Security Act (concerning  
10 recovery of overpayments to individuals under State plans  
11 approved under part A of title IV of such Act).”.

12           (b) Paragraph (10) of section 6103(l) of the Internal  
13 Revenue Code of 1986 is amended—

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

16           (2) by adding at the end of subparagraph (B)  
17           the following new sentence; “Any return information  
18           disclosed with respect to section 6402(e) shall only  
19           be disclosed to officers and employees of the State  
20           agency requesting such information.”.

21           (c) The matter preceding subparagraph (A) of section  
22 6103(p)(4) of such Code is amended—

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

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

1 (d) Section 552a(a)(8)(B)(iv)(III) of title 5, United  
2 States Code, is amended by striking “section 464 or 1137  
3 of the Social Security Act” and inserting “section 416,  
4 464, or 1137 of the Social Security Act”.

5 **SEC. 104. TERRITORIES.**

6 (a) LIMITATIONS ON FEDERAL PAYMENTS.—Section  
7 1108(a)(2) and (3) of the Act is amended to read as fol-  
8 lows:

9 “(2) for payment to the Virgin Islands shall not  
10 exceed—

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

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

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

18 “(A) \$3,800,000 with respect to fiscal year  
19 1994, 1995, and 1996, and

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

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

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

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

10 “(2) the third quarter of calendar year 1996,  
11 and rounding the product, if not a multiple of  
12 \$10,000, to the nearer multiple of \$10,000.”.

13 **SEC. 105. EFFECTIVE DATES.**

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

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

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

24 (b) SPECIAL RULE.—In the case of a State that the  
25 Secretary of Health and Human Services determines re-

1 quires State legislation (other than legislation appropriat-  
2 ing funds) in order to meet the requirements imposed by  
3 the amendments made by this subtitle, the State shall not  
4 be regarded as failing to comply with those requirements  
5 before the first day of the first calendar quarter beginning  
6 after the close of the first regular session of the State leg-  
7 islature that begins after the date of enactment of this  
8 Act. For purposes of this paragraph, in the case of a State  
9 that has a 2-year legislative session, each year of the ses-  
10 sion shall be treated as a separate regular session of the  
11 State legislature. Such a State, however, shall be subject  
12 to the funding provisions in section 413 of the Social Secu-  
13 rity Act (as amended by this Act) on and after October  
14 1, 1996.

## 15 **Subtitle B—Make Work Pay**

### 16 **SEC. 111. TRANSITIONAL MEDICAID BENEFITS.**

17 (a) **PERMANENT EXTENSION OF AUTHORITY.**—Sub-  
18 section (f) of section 1925 of the Social Security Act (42  
19 U.S.C. 1396r-6(f)) is repealed.

20 (b) **EFFECTIVE DATE.**—The repeal made by sub-  
21 section (a) applies to calendar quarters beginning on or  
22 after October 1, 1997, without regard to whether final  
23 regulations to carry out the repeal have been promulgated  
24 by that date.

1 **SEC. 112. NOTICE OF AVAILABILITY REQUIRED TO BE PRO-**  
2 **VIDED TO APPLICANTS AND FORMER RECIPI-**  
3 **ENTS OF TEMPORARY EMPLOYMENT ASSIST-**  
4 **ANCE, FOOD STAMPS, AND MEDICAID.**

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

8 “(i) NOTICE OF AVAILABILITY OF EITC.—The State  
9 plan shall provide that the State agency shall provide writ-  
10 ten notice of the existence and availability of the earned  
11 income credit under section 32 of the Internal Revenue  
12 Code of 1986 to—

13 “(1) any individual who applies for assistance  
14 under the State plan, upon receipt of the applica-  
15 tion; and

16 “(2) any recipient of assistance under the State  
17 plan under this part (including any recipient of as-  
18 sistance under the plan in effect before the effective  
19 date of the Work First and Personal Responsibility  
20 Act of 1996) whose assistance is terminated, in the  
21 notice of termination of benefits.”.

22 (b) FOOD STAMPS.—Section 11(e) of the Food  
23 Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by  
24 sections 323(b), 330(c), and 364(1)(C) and (D) of this  
25 Act, is amended—

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

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

5 (3) by inserting after paragraph (25) the fol-  
6 lowing:

7 “(26) that whenever a household applies for  
8 food stamp benefits, and at other times the Sec-  
9 retary considers appropriate, the State agency shall  
10 provide to each member of such household notice  
11 of—

12 “(A) the existence of the earned income  
13 tax credit under section 32 of the Internal Rev-  
14 enue Code of 1986; and

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

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

19 (1) striking “plan approved” and inserting  
20 “program funded”; and

21 (2) inserting before “, supplemental security in-  
22 come” the following “that limits receipt of benefits  
23 to households whose gross income, as defined by the  
24 State, does not exceed the poverty line, as described  
25 in subsection (e), by more than 30 per cent”.

1 (d) MEDICAID.—Section 1902(a) (42 U.S.C.  
2 1396a(a)) is amended—

3 (1) by striking “and” at the end of paragraph  
4 (61);

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

7 (3) by inserting after paragraph (62) the fol-  
8 lowing new paragraph:

9 “(63) provide that the State shall provide notice  
10 of the existence and availability of the earned income  
11 tax credit under section 32 of the Internal Revenue  
12 Code of 1986 to each individual applying for medical  
13 assistance under the State plan and to each individ-  
14 ual whose eligibility for medical assistance under the  
15 State plan is terminated.”.

16 **SEC. 113. ADVANCE PAYMENT OF EARNED INCOME TAX**  
17 **CREDIT THROUGH STATE DEMONSTRATION**  
18 **PROGRAMS.**

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

23 “(g) STATE DEMONSTRATIONS.—

24 “(1) IN GENERAL.—In lieu of receiving earned  
25 income advance amounts from an employer under

1 subsection (a), a participating resident shall receive  
2 advance earned income payments from a responsible  
3 State agency pursuant to a State Advance Payment  
4 Program that is designated pursuant to paragraph  
5 (2).

6 “(2) DESIGNATIONS.—

7 “(A) IN GENERAL.—From among the  
8 States submitting proposals satisfying the re-  
9 quirements of paragraph (3), the Secretary (in  
10 consultation with the Secretary of Health and  
11 Human Services and the Secretary of Agri-  
12 culture) may designate not more than 4 State  
13 Advance Payment Demonstrations. These  
14 States may operate demonstrations in areas  
15 that include, in the aggregate, no more than 10  
16 percent of the total number of households par-  
17 ticipating in the program under the Food  
18 Stamp program in the immediately preceding  
19 fiscal year. Administrative costs of a State in  
20 conducting a demonstration under this section  
21 may be included for matching under section  
22 413(a)(2) of the Social Security Act.

23 “(B) WHEN DESIGNATION MAY BE  
24 MADE.—Any designation under this paragraph

1 shall be made no later than December 31,  
2 1998.

3 “(C) PERIOD FOR WHICH DESIGNATION IS  
4 IN EFFECT.—

5 “(i) IN GENERAL.—Designations  
6 made under this paragraph shall be effec-  
7 tive for advance earned income payments  
8 made after December 31, 1998, and before  
9 January 1, 2002.

10 “(ii) SPECIAL RULES.—

11 “(I) REVOCATION OF DESIGNA-  
12 TIONS.—The Secretary may revoke  
13 any designation made under this  
14 paragraph if the Secretary determines  
15 that the State is not complying sub-  
16 stantially with the proposal described  
17 in paragraph (3) submitted by the  
18 State.

19 “(II) AUTOMATIC TERMINATION  
20 OF DESIGNATIONS.—Any failure by a  
21 State to comply with the reporting re-  
22 quirements described in paragraphs  
23 (3)(F) and (3)(G) shall have the ef-  
24 fect of immediately terminating the  
25 designation under this paragraph and

1 rendering paragraph (5)(A)(ii) inap-  
2 plicable to subsequent payments.

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

6 “(A) identifies the responsible State agen-  
7 cy,

8 “(B) describes how and when the advance  
9 earned income payments will be made by that  
10 agency, including a description of any other  
11 State or Federal benefits with which such pay-  
12 ments will be coordinated,

13 “(C) describes how the State will obtain  
14 the information on which the amount of ad-  
15 vance earned income payments made to each  
16 participating resident will be determined in ac-  
17 cordance with paragraph (4),

18 “(D) describes how State residents who  
19 will be eligible to receive advance earned income  
20 payments will be selected, notified of the oppor-  
21 tunity to receive advance earned income pay-  
22 ments from the responsible State agency, and  
23 given the opportunity to elect to participate in  
24 the program,

1           “(E) describes how the State will verify, in  
2           addition to receiving the certifications and  
3           statement described in paragraph (7)(D)(iv),  
4           the eligibility of participating residents for the  
5           earned income tax credit,

6           “(F) commits the State to furnishing to  
7           each participating resident, by January 31 of  
8           each year a written statement showing—

9                   “(i) the name and taxpayer identifica-  
10                  tion number of the participating resident  
11                  and by January 31 the amounts paid to  
12                  each participating resident, and

13                   “(ii) the total amount of advance  
14                  earned income payments made to the par-  
15                  ticipating resident during the prior cal-  
16                  endar year,

17           “(G) commits the State to furnishing to  
18           the Secretary by December 1 of each year a  
19           written statement showing the name and tax-  
20           payer identification number of each participat-  
21           ing resident, and by January 31 the amounts  
22           paid to each participating resident,

23           “(H) commits the State to treat any ad-  
24           vance earned income payments as described in  
25           paragraph (5) and any repayments of excessive

1 advance earned income payments as described  
2 in paragraph (6),

3 “(I) commits the State to assess the devel-  
4 opment and implementation of its State Ad-  
5 vance Payment Program, including an agree-  
6 ment to share its findings and lessons with  
7 other interested States in a manner to be de-  
8 scribed by the Secretary, and

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

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

13 “(A) AMOUNT.—

14 “(i) IN GENERAL.—The method for  
15 determining the amount of advance earned  
16 income payments made to each participat-  
17 ing resident shall conform to the fullest ex-  
18 tent possible with the provisions of sub-  
19 section (c).

20 “(ii) SPECIAL RULE.—A State may,  
21 at its election, apply the rules of subsection  
22 (c)(2)(B) by substituting ‘between 60 per-  
23 cent and 75 percent of the credit percent-  
24 age in effect under section 32(b)(1) for an  
25 individual with the corresponding number

1 of qualifying children' for '60 percent of  
2 the credit percentage in effect under sec-  
3 tion 32(b)(1) for such an eligible individual  
4 with 1 qualifying child' in clause (i) and  
5 'the same percentage (as applied in clause  
6 (i))' for '60 percent' in clause (ii).

7 "(B) TIMING.—The frequency of advance  
8 earned income payments may be determined on  
9 the basis of the payroll periods of participating  
10 residents, on a single statewide schedule, or on  
11 any other reasonable basis prescribed by the  
12 State in its proposal; however, in no event may  
13 advance earned income payments be made to  
14 any participating resident less frequently than  
15 on a calendar-quarter basis.

16 "(5) PAYMENTS TO BE TREATED AS PAYMENTS  
17 OF WITHHOLDING AND FICA TAXES.—

18 "(A) IN GENERAL.—For purposes of this  
19 title, advance earned income payments during  
20 any calendar quarter—

21 "(i) shall neither be treated as a pay-  
22 ment of compensation nor be included in  
23 gross income, and

24 "(ii) shall be treated as made out of—

1           “(I) amounts required to be de-  
2           ducted by the State and withheld for  
3           the calendar quarter by the State  
4           under section 3401 (relating to wage  
5           withholding),

6           “(II) amounts required to be de-  
7           ducted for the calendar quarter under  
8           section 3102 (relating to FICA em-  
9           ployee taxes), and

10          “(III) amounts of the taxes im-  
11          posed on the State for the calendar  
12          quarter under section 3111 (relating  
13          to FICA employer taxes), as if the  
14          State had paid to the Secretary, on  
15          the day on which payments are made  
16          to participating residents, an amount  
17          equal to such payments.

18          “(B) IF ADVANCE PAYMENTS EXCEED  
19          TAXES DUE.—If for any calendar quarter the  
20          aggregate amount of advance earned income  
21          payments made by the responsible State agency  
22          under a State Advance Payment Program ex-  
23          ceeds the sum of the amounts referred to in  
24          subparagraph (A)(ii) (without regard to para-  
25          graph (6)(A)), each such advance earned in-

1           come payment shall be reduced by an amount  
2           which bears the same ratio to such excess as  
3           such advance earned income payment bears to  
4           the aggregate amount of all such advance  
5           earned income payments.

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

8                   “(A) IN GENERAL.—Notwithstanding any  
9           other provision of law, in the case of an exces-  
10          sive advance earned income payment a State  
11          shall be treated as having deducted and with-  
12          held under section 3401 (relating to wage with-  
13          holding), and as being required to pay to the  
14          United States, the repayment amount during  
15          the repayment calendar quarter.

16                   “(B) EXCESSIVE ADVANCE EARNED IN-  
17          COME PAYMENT.—For purposes of this section,  
18          the term ‘excessive advance income payment’  
19          means that portion of any advance earned in-  
20          come payment that, when combined with other  
21          advance earned income payments previously  
22          made to the same participating resident during  
23          the same calendar year, exceeds the amount of  
24          earned income tax credit to which that partici-

1           pating resident is entitled under section 32 for  
2           that year.

3           “(C) REPAYMENT AMOUNT.—For purposes  
4           of this subsection, the term ‘repayment amount’  
5           means an amount equal to 50 percent of the ex-  
6           cess of—

7                   “(i) excessive advance earned income  
8                   payments made by a State during a par-  
9                   ticular calendar year, over

10                   “(ii) the sum of—

11                           “(I) 4 percent of all advance  
12                           earned income payments made by the  
13                           State during that calendar year, and

14                           “(II) the excessive advance  
15                           earned income payments made by the  
16                           State during that calendar year that  
17                           have been collected from participating  
18                           residents by the Secretary.

19           “(D) REPAYMENT CALENDAR QUARTER.—  
20           For purposes of this subsection, the term ‘re-  
21           payment calendar quarter’ means the second  
22           calendar quarter of the third calendar year be-  
23           ginning after the calendar year in which an ex-  
24           cessive earned income payment is made.

1           “(7) DEFINITIONS.—For purposes of this sub-  
2 section—

3           “(A) STATE ADVANCE PAYMENT PRO-  
4 GRAM.—The term ‘State Advance Payment  
5 Program’ means the program described in a  
6 proposal submitted for designation under para-  
7 graph (1) and designated by the Secretary  
8 under paragraph (2).

9           “(B) RESPONSIBLE STATE AGENCY.—The  
10 term ‘responsible State agency’ means the sin-  
11 gle State agency that will be making the ad-  
12 vance earned income payments to residents of  
13 the State who elect to participate in a State Ad-  
14 vance Payment Program.

15           “(C) ADVANCE EARNED INCOME PAY-  
16 MENTS.—The term ‘advance earned income  
17 payments’ means an amount paid by a respon-  
18 sible State agency to residents of the State pur-  
19 suant to a State Advance Payment Program.

20           “(D) PARTICIPATING RESIDENT.—The  
21 term ‘participating resident’ means an individ-  
22 ual who—

23                   “(i) is a resident of a State that has  
24                   in effect a designated State Advance Pay-  
25                   ment Program,

1           “(ii) makes the election described in  
2           paragraph (3)(D) pursuant to guidelines  
3           prescribed by the State,

4           “(iii) certifies to the State the number  
5           of qualifying children the individual has,  
6           and

7           “(iv) provides to the State the certifi-  
8           cations and statement described in sub-  
9           sections (b)(1), (b)(2), (b)(3), and (b)(4)  
10          (except that for purposes of this clause,  
11          the term ‘any employer’ shall be sub-  
12          stituted for ‘another employer’ in sub-  
13          section (b)(3)), along with any other infor-  
14          mation required by the State.”.

15          (b) TECHNICAL ASSISTANCE.—The Secretaries of the  
16          Treasury and Health and Human Services shall jointly en-  
17          sure that technical assistance is provided to State Advance  
18          Payment Programs and that these programs are rigor-  
19          ously evaluated.

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

22                  (1) residents participate in the State Advance  
23          Payment Programs,

24                  (2) participating residents file Federal and  
25          State tax returns,

1           (3) participating residents report accurately the  
2 amount of the advance earned income payments  
3 made to them by the responsible State agency dur-  
4 ing the year, and

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

7 The report shall also contain an estimate of the amount  
8 of advance earned income payments made by each respon-  
9 sible State agency but not reported on the tax returns of  
10 a participating resident and the amount of excessive ad-  
11 vance earned income payments.

12       (d) AUTHORIZATION OF APPROPRIATIONS.—For pur-  
13 poses of providing technical assistance described in sub-  
14 section (b), preparing the reports described in subsection  
15 (c), and providing grants to States in support of des-  
16 ignated State Advance Payment Programs, there are au-  
17 thorized to be appropriated in advance to the Secretary  
18 of the Treasury and the Secretary of Health and Human  
19 Services a total of \$1,400,000 for fiscal years 1999  
20 through 2001.

21 **SEC. 114. CONSOLIDATED CHILD CARE AND DEVELOPMENT**  
22 **BLOCK GRANT.**

23       (a) PURPOSE.—It is the purpose of this section to  
24 amend the Child Care and Development Block Grant Act  
25 of 1990 (referred to in this section as the “CCDBG Act”)

1 Congress on the extent to which surplus properties of the  
 2 United States Government may be used for the establish-  
 3 ment of second chance homes receiving funds under sec-  
 4 tion 413 of the Social Security Act, as amended by this  
 5 section.

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

8 **TITLE II—CHILD SUPPORT**  
 9 **ENFORCEMENT**

10 **Subtitle A—Eligibility for Services;**  
 11 **Distribution of Payments**

12 **SEC. 201. STATE OBLIGATION TO PROVIDE CHILD SUPPORT**  
 13 **ENFORCEMENT SERVICES.**

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

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

18 “(4) provide that the State will—

19 “(A) provide services relating to the estab-  
 20 lishment of paternity or the establishment,  
 21 modification, or enforcement of child support  
 22 obligations, as appropriate, under the plan with  
 23 respect to—

24 “(i) each child for whom

1                   “(I) assistance is provided under  
2                   the State program funded under part  
3                   A of this title,

4                   “(II) benefits or services for fos-  
5                   ter care maintenance and adoption as-  
6                   sistance are provided under the State  
7                   program funded under part B of this  
8                   title, or

9                   “(III) medical assistance is pro-  
10                  vided under the State plan approved  
11                  under title XIX,

12                  unless the State agency administering the  
13                  plan determines (in accordance with para-  
14                  graph (29)) that it is against the best in-  
15                  terests of the child to do so; and

16                  “(ii) any other child, if an individual  
17                  applies for such services with respect to  
18                  the child; and

19                  “(B) enforce any support obligation estab-  
20                  lished with respect to—

21                         “(i) a child with respect to whom the  
22                         State provides services under the plan; or

23                         “(ii) the custodial parent of such a  
24                         child;” and

25                  (2) in paragraph (6)—

1 (A) by striking “provide that” and insert-  
2 ing “provide that—”;

3 (B) by striking subparagraph (A) and in-  
4 serting the following new subparagraph:

5 “(A) services under the plan shall be made  
6 available to residents of other States on the  
7 same terms as to residents of the State submit-  
8 ting the plan;”;

9 (C) in subparagraph (B), by inserting “on  
10 individuals not receiving assistance under any  
11 State program funded under part A” after  
12 “such services shall be imposed”;

13 (D) in each of subparagraphs (B), (C),  
14 (D), and (E)—

15 (i) by indenting the subparagraph in  
16 the same manner as, and aligning the left  
17 margin of the subparagraph with the left  
18 margin of, the matter inserted by subpara-  
19 graph (B) of this paragraph; and

20 (ii) by striking the final comma and  
21 inserting a semicolon; and

22 (E) in subparagraph (E), by indenting  
23 each of clauses (i) and (ii) 2 additional ems.

24 (b) CONTINUATION OF SERVICES FOR FAMILIES  
25 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE

1 PROGRAM FUNDED UNDER PART A.—Section 454 (42  
2 U.S.C. 654) is amended—

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

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

7 (3) by adding after paragraph (24) the follow-  
8 ing new paragraph:

9 “(25) provide that if a family with respect to  
10 which services are provided under the plan ceases to  
11 receive assistance under the State program funded  
12 under part A, the State shall provide appropriate no-  
13 tice to the family and continue to provide such serv-  
14 ices, subject to the same conditions and on the same  
15 basis as in the case of other individuals to whom  
16 services are furnished under the plan, except that an  
17 application or other request to continue services  
18 shall not be required of such a family and paragraph  
19 (6)(B) shall not apply to the family.”.

20 (c) CONFORMING AMENDMENTS.—

21 (1) Section 452(b) (42 U.S.C. 652(b)) is  
22 amended by striking “454(6)” and inserting  
23 “454(4)”.

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

4           (3) Section 466(a)(3)(B) (42 U.S.C.  
5           666(a)(3)(B)) is amended by striking “in the case of  
6           overdue support which a State has agreed to collect  
7           under section 454(6)” and inserting “in any other  
8           case”.

9           (4) Section 466(e) (42 U.S.C. 666(e)) is  
10          amended by striking “paragraph (4) or (6) of sec-  
11          tion 454” and inserting “section 454(4)”.

12 **SEC. 202. DISTRIBUTION OF PAYMENTS.**

13          (a) DISTRIBUTIONS THROUGH STATE CHILD SUP-  
14          PORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE  
15          RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is  
16          amended—

17                 (1) in subparagraph (A)—

18                         (A) by striking “section 402(a)(26) is ef-  
19                         fective,” and inserting “section 403(b)(1)(E)(i)  
20                         is effective, except as otherwise specifically pro-  
21                         vided in section 464 or 466(a)(3),”; and

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

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

1 (b) DISTRIBUTION TO A FAMILY CURRENTLY RE-  
2 CEIVING TEMPORARY EMPLOYMENT ASSISTANCE.—Sec-  
3 tion 457 (42 U.S.C. 657) is amended—

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

6 (2) in subsection (a) (as so redesignated)—

7 (A) in the matter preceding paragraph (2),

8 to read as follows:

9 “(a) IN THE CASE OF A FAMILY RECEIVING TEA.—

10 Amounts subject to section 1912 collected under this part  
11 during any month as support of a child who is receiving  
12 assistance under part A (or a parent or caretaker relative  
13 of such a child) shall (except in the case of a State exercis-  
14 ing the option under subsection (b)) be distributed as fol-  
15 lows:

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

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

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

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

16 (3) by inserting after subsection (a) (as so re-  
17 designated) the following new subsection:

18 “(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAM-  
19 ILY RECEIVING TEA.—In the case of a State electing the  
20 option under this subsection, amounts collected as de-  
21 scribed in subsection (a) that are not subject to section  
22 1912 shall be distributed as follows:

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

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

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

7           and shall be paid to the family without affecting its  
8           eligibility for assistance or decreasing any amount  
9           otherwise payable as assistance to such family dur-  
10          ing such month;

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

14          “(3) third, from any remainder, amounts equal  
15          to arrearages of such support obligations assigned,  
16          pursuant to part A, to the State making the collec-  
17          tion shall be retained and used by such State to pay  
18          any such arrearages (with appropriate reimburse-  
19          ment of the Federal Government to the extent of its  
20          participation in the financing);

21          “(4) fourth, from any remainder, amounts  
22          equal to arrearages of such support obligations as-  
23          signed, pursuant to part A, to any other State or  
24          States shall be paid to such other State or States  
25          and used to pay any such arrearages (with appro-

1        appropriate reimbursement of the Federal Government to  
2        the extent of its participation in the financing); and  
3                “(5) fifth, any remainder shall be paid to the  
4        family.”.

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

8                “(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RE-  
9        CEIVING TEA.—Amounts that are not subject to section  
10       1912 collected by a State agency under this part during  
11       any month as support of a child who is not receiving as-  
12       sistance under part A (or of a parent or caretaker relative  
13       of such a child) shall (subject to the remaining provisions  
14       of this section) be distributed as follows:

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

18                “(2) second, from any remainder, amounts  
19       equal to arrearages of such support obligations that  
20       have not been assigned to the State for months dur-  
21       ing which such child did not receive assistance under  
22       part A shall be paid to the family;

23                “(3) third, from any remainder, amounts equal  
24       to arrearages of such support obligations assigned to  
25       the State making the collection pursuant to part A

1 shall be retained and used by such State to pay any  
2 such arrearages (with appropriate reimbursement of  
3 the Federal Government to the extent of its partici-  
4 pation in the financing); and

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

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

18 “(d) DISTRIBUTIONS IN THE CASE OF A CHILD RE-  
19 CEIVING ASSISTANCE UNDER TITLE IV—E.—Amounts”.

20 (e) REGULATIONS.—The Secretary of Health and  
21 Human Services shall promulgate regulations under part  
22 A of title IV of the Social Security Act, establishing stand-  
23 ards applicable to the States electing the alternative for-  
24 mula under section 457(b) of such Act for distribution of  
25 collections on behalf of families receiving temporary em-

1 ployment assistance, designed to minimize irregular  
2 monthly payments to such families.

3 (f) CONFORMING AMENDMENTS CONCERNING COL-  
4 LECTION OF CHILD SUPPORT ARREARAGES THROUGH IN-  
5 COME TAX REFUND OFFSET.—

6 (1) Section 6402(c) of the Internal Revenue  
7 Code of 1986 is amended by striking the third sen-  
8 tence after “past due support has been paid to the  
9 State”.

10 (2) Section 6402(d)(2) of such Code is amend-  
11 ed in the first sentence by striking “after” and in-  
12 sserting “before” and by striking “with respect to  
13 past-due support collected pursuant to an assign-  
14 ment under section 402(a)(26) of the Social Security  
15 Act and”.

16 (3) Section 464(a) (42 U.S.C. 664) is amend-  
17 ed—

18 (A) by striking “(a)” and inserting “(a)  
19 OFFSET AUTHORIZED.—”;

20 (B) in paragraph (1)—

21 (i) in the first sentence, by striking  
22 “which has been assigned to such State  
23 pursuant to section 402(a)(26) or section  
24 471(a)(17)”; and

1 (ii) in the second sentence, by striking  
2 “in accordance with section 457(b)(4) or  
3 (d)(3)” and inserting “as provided in para-  
4 graph (2)”;

5 (C) by amending paragraph (2) to read as  
6 follows:

7 “(2) The State agency shall distribute amounts  
8 paid by the Secretary of the Treasury pursuant to  
9 paragraph (1)—

10 “(A) in accordance with section 457(a)(4)  
11 or (d)(3), in the case of past-due support as-  
12 signed to a State under part A of title IV of the  
13 Social Security Act; and

14 “(B) to or on behalf of the child to whom  
15 the support was owed, in the case of past-due  
16 support not so assigned.”; and

17 (D) in paragraph (3)—

18 (i) by striking “or (2)” each place it  
19 appears; and

20 (ii) in subparagraph (B), by striking  
21 “under paragraph (2)” and inserting “on  
22 account of past-due support described in  
23 paragraph (2)(B)”;

24 (4) Section 464(b) is amended—

1 (A) by striking “(b)(1)” and inserting “(b)  
2 REGULATIONS.—”; and

3 (B) by striking paragraph (2).

4 (5) Section 464(c) is amended—

5 (A) by striking “(c)(1) Except as provided  
6 in paragraph (2), as” and inserting “(c) DEFINI-  
7 TION.—As”; and

8 (B) by striking paragraphs (2) and (3).

9 (g) 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 (h) EFFECTIVE DATES.—

19 (1) IN GENERAL.—Except as otherwise pro-  
20 vided in this subsection, the amendments made by  
21 this section become effective on October 1, 1996.

22 (2) FAMILY NOT RECEIVING TEA.—The amend-  
23 ments made by subsections (c) and (f)(3), (4), and  
24 (5) become effective on October 1, 1999.

25 (3) SPECIAL RULES.—

1           (A) APPLICABILITY.—A State may elect to  
2           have the amendments made by any subsection  
3           of this section become effective only with re-  
4           spect to child support cases beginning on or  
5           after the effective date of such subsection.

6           (B) DELAYED IMPLEMENTATION.—A State  
7           may elect to have the amendments made by this  
8           section (other than subsections (c) and (f)) be-  
9           come effective on a date later than October 1,  
10          1996, which date shall coincide with the oper-  
11          ation of the single statewide automated data  
12          processing and information retrieval system re-  
13          quired by section 454A of the Social Security  
14          Act (as added by section 244(a)(2) of this Act)  
15          and the State disbursement unit required by  
16          section 454B of the Social Security Act (as  
17          added by section 212(b) of this Act).

18 **SEC. 203. PRIVACY SAFEGUARDS.**

19          (a) STATE PLAN REQUIREMENT.—Section 454 (42  
20 U.S.C. 654), as amended by section 201(b) of this Act,  
21 is amended—

22           (1) by striking “and” at the end of paragraph  
23           (24);

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

1           (3) by adding after paragraph (25) the follow-  
2           ing new paragraph:

3           “(26) will have in effect safeguards, applicable  
4           to all confidential information handled by the State  
5           agency, that are designed to protect the privacy  
6           rights of the parties, including—

7                   “(A) safeguards against unauthorized use  
8                   or disclosure of information relating to proceed-  
9                   ings or actions to establish paternity, or to es-  
10                  tablish or enforce support;

11                   “(B) prohibitions against the release of in-  
12                   formation on the whereabouts of one party to  
13                   another party against whom a protective order  
14                   with respect to the former party has been en-  
15                   tered; and

16                   “(C) prohibitions against the release of in-  
17                   formation on the whereabouts of one party to  
18                   another party if the State has reason to believe  
19                   that the release of the information may result  
20                   in physical or emotional harm to the former  
21                   party.”.

22           (b) EFFECTIVE DATE.—The amendment made by  
23           subsection (a) becomes effective on October 1, 1997.

1 **SEC. 204. RIGHTS TO NOTIFICATION.**

2 (a) **IN GENERAL.**—Section 454 (42 U.S.C. 654), as  
3 amended by section 202(g) of this Act, is amended by in-  
4 serting after paragraph (11) the following new paragraph:

5 “(12) provide for the establishment of proce-  
6 dures to require the State to provide individuals who  
7 are applying for or receiving services under the State  
8 plan, or who are parties to cases in which services  
9 are being provided under the State plan—

10 “(A) with notice of all proceedings in  
11 which support obligations might be established  
12 or modified; and

13 “(B) with a copy of any order establishing  
14 or modifying a child support obligation, or (in  
15 the case of a petition for modification) a notice  
16 of determination that there should be no change  
17 in the amount of the child support award, with-  
18 in 14 days after issuance of such order or de-  
19 termination;”.

20 (b) **EFFECTIVE DATE.**—The amendment made by  
21 subsection (a) becomes effective on October 1, 1997.

1           **Subtitle B—Locate and Case**  
2                           **Tracking**

3 **SEC. 211. STATE CASE REGISTRY.**

4           Section 454A, as added by section 244(a)(2) of this  
5 Act, is amended by adding at the end the following new  
6 subsections:

7           “(e) STATE CASE REGISTRY.—

8                   “(1) CONTENTS.—The automated system re-  
9                   quired by this section shall include a registry (which  
10                   shall be known as the ‘State case registry’) that con-  
11                   tains records with respect to—

12                           “(A) each case in which services are being  
13                           provided by the State agency under the State  
14                           plan approved under this part; and

15                           “(B) each support order established or  
16                           modified in the State on or after October 1,  
17                           1998.

18                   “(2) LINKING OF LOCAL REGISTRIES.—The  
19                   State case registry may be established by linking  
20                   local case registries of support orders through an  
21                   automated information network, subject to this sec-  
22                   tion.

23                   “(3) USE OF STANDARDIZED DATA ELE-  
24                   MENTS.—Such records shall use standardized data  
25                   elements for both parents (such as names, social se-

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

6 “(4) PAYMENT RECORDS.—Each case record in  
7 the State case registry with respect to which services  
8 are being provided under the State plan approved  
9 under this part and with respect to which a support  
10 order has been established shall include a record  
11 of—

12 “(A) the amount of monthly (or other peri-  
13 odic) support owed under the order, and other  
14 amounts (including arrearages, interest or late  
15 payment penalties, and fees) due or overdue  
16 under the order;

17 “(B) any amount described in subpara-  
18 graph (A) that has been collected;

19 “(C) the distribution of such collected  
20 amounts;

21 “(D) the birth date of any child for whom  
22 the order requires the provision of support; and

23 “(E) the amount of any lien imposed with  
24 respect to the order pursuant to section  
25 466(a)(4).

1           “(5) UPDATING AND MONITORING.—The State  
2           agency operating the automated system required by  
3           this section shall promptly establish and maintain,  
4           and regularly monitor, case records in the State case  
5           registry with respect to which services are being pro-  
6           vided under the State plan approved under this part,  
7           on the basis of—

8                   “(A) information on administrative actions  
9                   and administrative and judicial proceedings and  
10                  orders relating to paternity and support;

11                  “(B) information obtained from compari-  
12                  son with Federal, State, or local sources of in-  
13                  formation;

14                  “(C) information on support collections  
15                  and distributions; and

16                  “(D) any other relevant information.

17           “(f) INFORMATION COMPARISONS AND OTHER DIS-  
18           CLOSURES OF INFORMATION.—The State shall use the  
19           automated system required by this section to extract infor-  
20           mation from (at such times, and in such standardized for-  
21           mat or formats, as may be required by the Secretary), to  
22           share and compare information with, and to receive infor-  
23           mation from, other data bases and information compari-  
24           son services, in order to obtain (or provide) information  
25           necessary to enable the State agency (or the Secretary or

1 other State or Federal agencies) to carry out this part,  
2 subject to section 6103 of the Internal Revenue Code of  
3 1986. Such information comparison activities shall include  
4 the following:

5           “(1) FEDERAL CASE REGISTRY OF CHILD SUP-  
6           PORT ORDERS.—Furnishing to the Federal Case  
7           Registry of Child Support Orders established under  
8           section 453(h) (and update as necessary, with infor-  
9           mation including notice of expiration of orders) the  
10          minimum amount of information on child support  
11          cases recorded in the State case registry that is nec-  
12          essary to operate the registry (as specified by the  
13          Secretary in regulations).

14          “(2) FEDERAL PARENT LOCATOR SERVICE.—  
15          Exchanging information with the Federal Parent  
16          Locator Service for the purposes specified in section  
17          453.

18          “(3) TEMPORARY EMPLOYMENT ASSISTANCE  
19          AND MEDICAID AGENCIES.—Exchanging information  
20          with State agencies (of the State and of other  
21          States) administering programs under part A, pro-  
22          grams under State plans under title XIX, and other  
23          programs designated by the Secretary, as necessary  
24          to perform State agency responsibilities under this  
25          part and under such programs.

1           “(4) INTRASTATE AND INTERSTATE INFORMA-  
2           TION COMPARISONS.—Exchanging information with  
3           other agencies of the State, agencies of other States,  
4           and interstate information networks, as necessary  
5           and appropriate to carry out (or assist other States  
6           to carry out) the purposes of this part.”.

7   **SEC. 212. COLLECTION AND DISBURSEMENT OF SUPPORT**  
8                           **PAYMENTS.**

9           (a) STATE PLAN REQUIREMENT.—Section 454 (42  
10 U.S.C. 654), as amended by sections 201(b) and 203(a)  
11 of this Act, is amended—

12           (1) by striking “and” at the end of paragraph  
13           (25);

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

16           (3) by adding after paragraph (26) the follow-  
17           ing new paragraph:

18           “(27) provide that, on and after October 1,  
19           1998, the State agency will—

20                   “(A) operate a State disbursement unit in  
21                   accordance with section 454B; and

22                   “(B) have sufficient State staff (consisting  
23                   of State employees) and (at State option) con-  
24                   tractors reporting directly to the State agency  
25                   to—



1 order is initially issued in the State on or after  
2 January 1, 1994, and in which the wages of the  
3 absent parent are subject to withholding pursu-  
4 ant to section 466(a)(8)(B).

5 “(2) OPERATION.—The State disbursement  
6 unit shall be operated—

7 “(A) directly by the State agency (or 2 or  
8 more State agencies under a regional coopera-  
9 tive agreement), or (to the extent appropriate)  
10 by a contractor responsible directly to the State  
11 agency; and

12 “(B) except in cases described in para-  
13 graph (1)(B), in coordination with the auto-  
14 mated system established by the State pursuant  
15 to section 454A.

16 “(3) LINKING OF LOCAL DISBURSEMENT  
17 UNITS.—The State disbursement unit may be estab-  
18 lished by linking local disbursement units through  
19 an automated information network, subject to this  
20 section, if the Secretary agrees that the system will  
21 not cost more nor take more time to establish or op-  
22 erate than a centralized system. In addition, employ-  
23 ers shall be given 1 location to which income with-  
24 holding is sent.

1       “(b) REQUIRED PROCEDURES.—The State disburse-  
2 ment unit shall use automated procedures, electronic proc-  
3 esses, and computer-driven technology to the maximum  
4 extent feasible, efficient, and economical, for the collection  
5 and disbursement of support payments, including proce-  
6 dures—

7           “(1) for receipt of payments from parents, em-  
8 ployers, and other States, and for disbursements to  
9 custodial parents and other obligees, the State agen-  
10 cy, and the agencies of other States;

11           “(2) for accurate identification of payments;

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

14           “(4) to furnish to any parent, upon request,  
15 timely information on the current status of support  
16 payments under an order requiring payments to be  
17 made by or to the parent.

18       “(c) TIMING OF DISBURSEMENTS.—

19           “(1) IN GENERAL.—Except as provided in para-  
20 graph (2), the State disbursement unit shall distrib-  
21 ute all amounts payable under section 457(a) within  
22 2 business days after receipt from the employer or  
23 other source of periodic income, if sufficient infor-  
24 mation identifying the payee is provided.

1           “(2) PERMISSIVE RETENTION OF ARREAR-  
2           AGES.—The State disbursement unit may delay the  
3           distribution of collections toward arrearages until  
4           the resolution of any timely appeal with respect to  
5           such arrearages.

6           “(d) BUSINESS DAY DEFINED.—As used in this sec-  
7           tion, the term ‘business day’ means a day on which State  
8           offices are open for regular business.”.

9           “(c) USE OF AUTOMATED SYSTEM.—Section 454A, as  
10          added by section 245(a)(2) and as amended by section 211  
11          of this Act, is amended by adding at the end the following  
12          new subsection:

13          “(g) COLLECTION AND DISTRIBUTION OF SUPPORT  
14          PAYMENTS.—

15                 “(1) IN GENERAL.—The State shall use the  
16                 automated system required by this section, to the  
17                 maximum extent feasible, to assist and facilitate the  
18                 collection and disbursement of support payments  
19                 through the State disbursement unit operated under  
20                 section 454B, through the performance of functions,  
21                 including, at a minimum—

22                         “(A) transmission of orders and notices to  
23                         employers (and other debtors) for the withhold-  
24                         ing of wages and other income—

1           “(i) within 2 business days after re-  
2           ceipt from a court, another State, an em-  
3           ployer, the Federal Parent Locator Service,  
4           or another source recognized by the State  
5           of notice of, and the income source subject  
6           to, such withholding; and

7           “(ii) using uniform formats prescribed  
8           by the Secretary;

9           “(B) ongoing monitoring to promptly iden-  
10          tify failures to make timely payment of support;  
11          and

12          “(C) automatic use of enforcement proce-  
13          dures (including procedures authorized pursu-  
14          ant to section 466(c)) if payments are not time-  
15          ly made.

16          “(2) BUSINESS DAY DEFINED.—As used in  
17          paragraph (1), the term ‘business day’ means a day  
18          on which State offices are open for regular busi-  
19          ness.”.

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

22          **SEC. 213. STATE DIRECTORY OF NEW HIRES.**

23          (a) STATE PLAN REQUIREMENT.—Section 454 (42  
24          U.S.C. 654), as amended by sections 201(b), 203(a) and  
25          212(a) of this Act, is amended—

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

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

5 (3) by adding after paragraph (27) the follow-  
6 ing new paragraph:

7 “(28) provide that, on and after October 1,  
8 1997, the State will operate a State Directory of  
9 New Hires in accordance with section 453A.”.

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

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

14 **“(a) ESTABLISHMENT.—**

15 **“(1) IN GENERAL.—**

16 **“(A) REQUIREMENT FOR STATES THAT**  
17 **HAVE NO DIRECTORY.—**Except as provided in  
18 subparagraph (B), not later than October 1,  
19 1997, each State shall establish an automated  
20 directory (to be known as the ‘State Directory  
21 of New Hires’) which shall contain information  
22 supplied in accordance with subsection (b) by  
23 employers on each newly hired employee.

24 **“(B) STATES WITH NEW HIRE REPORTING**  
25 **IN EXISTENCE.—**A State which has a new hire

1 reporting law in existence on the date of the en-  
2 actment of this section may continue to operate  
3 under the State law, but the State must meet  
4 the requirements of this section (other than  
5 subsection (f)) not later than October 1, 1997.

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

7 “(A) EMPLOYEE.—The term ‘employee’—

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

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

20 “(B) EMPLOYER.—

21 “(i) IN GENERAL.—The term ‘em-  
22 ployer’ has the meaning given such term in  
23 section 3401(d) of the Internal Revenue  
24 Code of 1996 and includes any govern-  
25 mental entity and any labor organization.

1           “(ii) LABOR ORGANIZATION.—The  
2           term ‘labor organization’ has the meaning  
3           given such term in section 2(5) of the Na-  
4           tional Labor Relations Act, and includes  
5           any entity (also known as a ‘hiring hall’)  
6           which is used by the organization and an  
7           employer to carry out requirements de-  
8           scribed in section 8(f)(3) of such Act of an  
9           agreement between the organization and  
10          the employer.

11       “(b) EMPLOYER INFORMATION.—

12           “(1) REPORTING REQUIREMENT.—

13           “(A) IN GENERAL.—Except as provided in  
14           subparagraphs (B) and (C), each employer shall  
15           furnish to the Directory of New Hires of the  
16           State in which a newly hired employee works, a  
17           report that contains the name, address, and so-  
18           cial security number of the employee, and the  
19           name and address of, and identifying number  
20           assigned under section 6109 of the Internal  
21           Revenue Code of 1986 to, the employer.

22           “(B) MULTISTATE EMPLOYERS.—An em-  
23           ployer that has employees who are employed in  
24           2 or more States and that transmits reports  
25           magnetically or electronically may comply with

1           subparagraph (A) by designating 1 State in  
2           which such employer has employees to which  
3           the employer will transmit the report described  
4           in subparagraph (A), and transmitting such re-  
5           port to such State. Any employer that transmits  
6           reports pursuant to this subparagraph shall no-  
7           tify the Secretary in writing as to which State  
8           such employer designates for the purpose of  
9           sending reports.

10           “(C) FEDERAL GOVERNMENT EMPLOY-  
11           ERS.—Any department, agency, or instrumen-  
12           tality of the United States shall comply with  
13           subparagraph (A) by transmitting the report  
14           described in subparagraph (A) to the National  
15           Directory of New Hires established pursuant to  
16           section 453.

17           “(2) TIMING OF REPORT.—Each State may  
18           provide the time within which the report required by  
19           paragraph (1) shall be made with respect to an em-  
20           ployee, but such report shall be made—

21           “(A) not later than 20 days after the date  
22           the employer hires the employee; or

23           “(B) in the case of an employer transmit-  
24           ting reports magnetically or electronically, by 2

1 monthly transmissions (if necessary) not less  
2 than 12 days nor more than 16 days apart.

3 “(c) REPORTING FORMAT AND METHOD.—Each re-  
4 port required by subsection (b) shall be made on a W-  
5 4 form or, at the option of the employer, an equivalent  
6 form, and may be transmitted by 1st class mail, magneti-  
7 cally, or electronically.

8 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING  
9 EMPLOYERS.—The State shall have the option to set a  
10 State civil money penalty which does not exceed—

11 “(1) \$25; or

12 “(2) \$500 if, under State law, the failure is the  
13 result of a conspiracy between the employer and the  
14 employee to not supply the required report or to  
15 supply a false or incomplete report.

16 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-  
17 mation shall be entered into the data base maintained by  
18 the State Directory of New Hires within 5 business days  
19 of receipt from an employer pursuant to subsection (b).

20 “(f) INFORMATION COMPARISONS.—

21 “(1) IN GENERAL.—Not later than May 1,  
22 1998, an agency designated by the State shall, di-  
23 rectly or by contract, conduct automated compari-  
24 sons of the social security numbers reported by em-  
25 ployers pursuant to subsection (b) and the social se-

1 security numbers appearing in the records of the State  
2 case registry for cases being enforced under the  
3 State plan.

4 “(2) NOTICE OF MATCH.—When an information  
5 comparison conducted under paragraph (1) reveals a  
6 match with respect to the social security number of  
7 an individual required to provide support under a  
8 support order, the State Directory of New Hires  
9 shall provide the agency administering the State  
10 plan approved under this part of the appropriate  
11 State with the name, address, and social security  
12 number of the employee to whom the social security  
13 number is assigned, and the name of, and identify-  
14 ing number assigned under section 6109 of the In-  
15 ternal Revenue Code of 1986 to the employer.

16 “(g) TRANSMISSION OF INFORMATION.—

17 “(1) TRANSMISSION OF WAGE WITHHOLDING  
18 NOTICES TO EMPLOYERS.—Within 2 business days  
19 after the date information regarding a newly hired  
20 employee is entered into the State Directory of New  
21 Hires, the State agency enforcing the employee’s  
22 child support obligation shall transmit a notice to  
23 the employer of the employee directing the employer  
24 to withhold from the wages of the employee an  
25 amount equal to the monthly (or other periodic)

1 child support obligation (including any past due sup-  
2 port obligation) of the employee, unless the employ-  
3 ee's wages are not subject to withholding pursuant  
4 to section 466(b)(3).

5 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-  
6 TORY OF NEW HIRES.—

7 “(A) NEW HIRE INFORMATION.—Within 3  
8 business days after the date information re-  
9 garding a newly hired employee is entered into  
10 the State Directory of New Hires, the State Di-  
11 rectory of New Hires shall furnish the informa-  
12 tion to the National Directory of New Hires.

13 “(B) WAGE AND UNEMPLOYMENT COM-  
14 PENSATION INFORMATION.—The State Direc-  
15 tory of New Hires shall, on a quarterly basis,  
16 furnish to the National Directory of New Hires  
17 extracts of the reports required under section  
18 303(a)(6) to be made to the Secretary of Labor  
19 concerning the wages and unemployment com-  
20 pensation paid to individuals, by such dates, in  
21 such format, and containing such information  
22 as the Secretary of Health and Human Services  
23 shall specify in regulations.

1           “(3) BUSINESS DAY DEFINED.—As used in this  
2 subsection, the term ‘business day’ means a day on  
3 which State offices are open for regular business.

4           “(h) OTHER USES OF NEW HIRE INFORMATION.—

5           “(1) LOCATION OF CHILD SUPPORT OBLI-  
6 GORS.—The agency administering the State plan ap-  
7 proved under this part shall use information received  
8 pursuant to subsection (f)(2) to locate individuals  
9 for purposes of establishing paternity and establish-  
10 ing, modifying, and enforcing child support obliga-  
11 tions.

12           “(2) VERIFICATION OF ELIGIBILITY FOR CER-  
13 TAIN PROGRAMS.—A State agency responsible for  
14 administering a program specified in section 1137(b)  
15 shall have access to information reported by employ-  
16 ers pursuant to subsection (b) of this section for  
17 purposes of verifying eligibility for the program.

18           “(3) ADMINISTRATION OF EMPLOYMENT SECUR-  
19 ITY AND WORKERS’ COMPENSATION.—State agen-  
20 cies operating employment security and workers’  
21 compensation programs shall have access to informa-  
22 tion reported by employers pursuant to subsection  
23 (b) for the purposes of administering such pro-  
24 grams.”.

1 (c) QUARTERLY WAGE REPORTING.—Section  
2 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

3 (1) by inserting “(including State and local gov-  
4 ernmental entities and labor organizations (as de-  
5 fined in section 453A(a)(2)(B)(iii))” after “employ-  
6 ers”; and

7 (2) by inserting “, and except that no report  
8 shall be filed with respect to an employee of a State  
9 or local agency performing intelligence or counter-  
10 intelligence functions, if the head of such agency has  
11 determined that filing such a report could endanger  
12 the safety of the employee or compromise an ongo-  
13 ing investigation or intelligence mission” after  
14 “paragraph (2)”.

15 **SEC. 214. AMENDMENTS CONCERNING INCOME WITHHOLD-**  
16 **ING.**

17 (a) MANDATORY INCOME WITHHOLDING.—

18 (1) IN GENERAL.—Section 466(a)(1) (42  
19 U.S.C. 666(a)(1)) is amended to read as follows:

20 “(1)(A) Procedures described in subsection (b)  
21 for the withholding from income of amounts payable  
22 as support in cases subject to enforcement under the  
23 State plan.

24 “(B) Procedures under which the wages of a  
25 person with a support obligation imposed by a sup-

1 port order issued (or modified) in the State before  
2 October 1, 1996, if not otherwise subject to with-  
3 holding under subsection (b), shall become subject  
4 to withholding as provided in subsection (b) if ar-  
5 rearages occur, without the need for a judicial or  
6 administrative hearing.”.

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 466(b) (42 U.S.C. 666(b)) is  
9 amended in the matter preceding paragraph  
10 (1), by striking “subsection (a)(1)” and insert-  
11 ing “subsection (a)(1)(A)”.

12 (B) Section 466(b)(4) (42 U.S.C.  
13 666(b)(4)) is amended to read as follows:

14 “(4)(A) Such withholding must be carried out in full  
15 compliance with all procedural due process requirements  
16 of the State, and the State must send notice to each non-  
17 custodial parent to whom paragraph (1) applies—

18 “(i) that the withholding has commenced; and

19 “(ii) of the procedures to follow if the noncusto-  
20 dial parent desires to contest such withholding on  
21 the grounds that the withholding or the amount  
22 withheld is improper due to a mistake of fact.

23 “(B) The notice under subparagraph (A) of this  
24 paragraph shall include the information provided to the  
25 employer under paragraph (6)(A).”.

1           (C) Section 466(b)(5) (42 U.S.C.  
2           666(b)(5)) is amended by striking all that fol-  
3           lows “administered by” and inserting “the  
4           State through the State disbursement unit es-  
5           tablished pursuant to section 454B, in accord-  
6           ance with the requirements of section 454B.”.

7           (D) Section 466(b)(6)(A) (42 U.S.C.  
8           666(b)(6)(A)) is amended—

9                   (i) in clause (i), by striking “to the  
10                   appropriate agency” and all that follows  
11                   and inserting “to the State disbursement  
12                   unit within 2 business days after the date  
13                   the amount would (but for this subsection)  
14                   have been paid or credited to the employee,  
15                   for distribution in accordance with this  
16                   part. The employer shall comply with the  
17                   procedural rules relating to income with-  
18                   holding of the State in which the employee  
19                   works, regardless of the State where the  
20                   notice originates.”,

21                   (ii) in clause (ii), by inserting “be in  
22                   a standard format prescribed by the Sec-  
23                   retary, and” after “shall”; and

24                   (iii) by adding at the end the follow-  
25                   ing new clause:

1           “(iii) As used in this subparagraph,  
2           the term ‘business day’ means a day on  
3           which State offices are open for regular  
4           business.”.

5           (E) Section 466(b)(6)(D) (42 U.S.C.  
6           666(b)(6)(D)) is amended by striking “any em-  
7           ployer” and all that follows and inserting “any  
8           employer who—

9                   “(i) discharges from employment, re-  
10                  fuses to employ, or takes disciplinary ac-  
11                  tion against any noncustodial parent sub-  
12                  ject to wage withholding required by this  
13                  subsection because of the existence of such  
14                  withholding and the obligations or addi-  
15                  tional obligations which it imposes upon  
16                  the employer; or

17                   “(ii) fails to withhold support from  
18                  wages, or to pay such amounts to the  
19                  State disbursement unit in accordance with  
20                  this subsection.”.

21           (F) Section 466(b) (42 U.S.C. 666(b)) is  
22           amended by adding at the end the following  
23           new paragraph:

24                   “(11) Procedures under which the agency ad-  
25                  ministering the State plan approved under this part

1 may execute a withholding order without advance  
2 notice to the obligor, including issuing the withhold-  
3 ing order through electronic means.”.

4 (b) CONFORMING AMENDMENT.—Section 466(c) (42  
5 U.S.C. 666(c)) is repealed.

6 **SEC. 215. LOCATOR INFORMATION FROM INTERSTATE NET-**  
7 **WORKS.**

8 Section 466(a) (42 U.S.C. 666(a)) is amended by  
9 adding at the end the following new paragraph:

10 “(12) LOCATOR INFORMATION FROM INTER-  
11 STATE NETWORKS.—Procedures to ensure that all  
12 Federal and State agencies conducting activities  
13 under this part have access to any system used by  
14 the State to locate an individual for purposes relat-  
15 ing to motor vehicles or law enforcement.”.

16 **SEC. 216. EXPANSION OF THE FEDERAL PARENT LOCATOR**  
17 **SERVICE.**

18 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-  
19 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is  
20 amended—

21 (1) in subsection (a), by striking all that follows  
22 subsection (c))” and inserting “, for the purpose of  
23 establishing parentage, establishing, setting the  
24 amount of, modifying, or enforcing child support ob-

1       ligations, or enforcing child custody or visitation or-  
2       ders—

3               “(1) information on, or facilitating the discov-  
4       ery of, the location of any individual—

5                       “(A) who is under an obligation to pay  
6       child support or provide child custody or visita-  
7       tion rights;

8                       “(B) against whom such an obligation is  
9       sought; or

10                      “(C) to whom such an obligation is owed,  
11       including the individual’s social security number  
12       (or numbers), most recent address, and the  
13       name, address, and employer identification  
14       number of the individual’s employer;

15               “(2) information on the individual’s wages (or  
16       other income) from, and benefits of, employment (in-  
17       cluding rights to or enrollment in group health care  
18       coverage); and

19               “(3) information on the type, status, location,  
20       and amount of any assets of, or debts owed by or  
21       to, any such individual.”; and

22               (2) in subsection (b)—

23                       (A) in the matter preceding paragraph (1),  
24       by striking “social security” and all that follows

1 through “absent parent” and inserting “infor-  
2 mation described in subsection (a)”; and

3 (B) in the flush paragraph at the end, by  
4 adding the following: “No information shall be  
5 disclosed to any person if the State has notified  
6 the Secretary that the State has reasonable evi-  
7 dence of domestic violence or child abuse and  
8 the disclosure of such information could be  
9 harmful to the custodial parent or the child of  
10 such parent. Information received or transmit-  
11 ted pursuant to this section shall be subject to  
12 the safeguard provisions contained in section  
13 454(26).”.

14 (b) AUTHORIZED PERSON FOR INFORMATION RE-  
15 GARDING VISITATION RIGHTS.—Section 453(c) (42  
16 U.S.C. 653(c)) is amended—

17 (1) in paragraph (1), by striking “support” and  
18 inserting “support or to seek to enforce orders pro-  
19 viding child custody or visitation rights”; and

20 (2) in paragraph (2), by striking “, or any  
21 agent of such court; and” and inserting “or to issue  
22 an order against a resident parent for child custody  
23 or visitation rights, or any agent of such court;”.

24 (c) REIMBURSEMENT FOR INFORMATION FROM FED-  
25 ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.

1 653(e)(2)) is amended in the 4th sentence by inserting  
2 “in an amount which the Secretary determines to be rea-  
3 sonable payment for the information exchange (which  
4 amount shall not include payment for the costs of obtain-  
5 ing, compiling, or maintaining the information)” before  
6 the period.

7 (d) REIMBURSEMENT FOR REPORTS BY STATE  
8 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by  
9 adding at the end the following new subsection:

10 “(g) REIMBURSEMENT FOR REPORTS BY STATE  
11 AGENCIES.—The Secretary may reimburse Federal and  
12 State agencies for the costs incurred by such entities in  
13 furnishing information requested by the Secretary under  
14 this section in an amount which the Secretary determines  
15 to be reasonable payment for the information exchange  
16 (which amount shall not include payment for the costs of  
17 obtaining, compiling, or maintaining the information).”.

18 (e) CONFORMING AMENDMENTS.—

19 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),  
20 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),  
21 653(b), 663(a), 663(e), and 663(f)) are each amend-  
22 ed by inserting “Federal” before “Parent” each  
23 place such term appears.

1           (2) Section 453 (42 U.S.C. 653) is amended in  
2           the heading by adding “FEDERAL” before “PAR-  
3           ENT”.

4           (f) NEW COMPONENTS.—Section 453 (42 U.S.C.  
5           653), as amended by subsection (d) of this section, is  
6           amended by adding at the end the following new sub-  
7           sections:

8           “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT  
9           ORDERS.—

10           “(1) IN GENERAL.—Not later than October 1,  
11           1998, in order to assist States in administering pro-  
12           grams under State plans approved under this part  
13           and programs funded under part A, and for the  
14           other purposes specified in this section, the Sec-  
15           retary shall establish and maintain in the Federal  
16           Parent Locator Service an automated registry  
17           (which shall be known as the ‘Federal Case Registry  
18           of Child Support Orders’), which shall contain ab-  
19           stracts of support orders and other information de-  
20           scribed in paragraph (2) with respect to each case  
21           in each State case registry maintained pursuant to  
22           section 454A(e), as furnished (and regularly up-  
23           dated), pursuant to section 454A(f), by State agen-  
24           cies administering programs under this part.

1           “(2) CASE INFORMATION.—The information re-  
2           ferred to in paragraph (1) with respect to a case  
3           shall be such information as the Secretary may  
4           specify in regulations (including the names, social  
5           security numbers or other uniform identification  
6           numbers, and State case identification numbers) to  
7           identify the individuals who owe or are owed support  
8           (or with respect to or on behalf of whom support ob-  
9           ligations are sought to be established), and the State  
10          or States which have the case.

11          “(i) NATIONAL DIRECTORY OF NEW HIRES.—

12                 “(1) IN GENERAL.—In order to assist States in  
13                 administering programs under State plans approved  
14                 under this part and programs funded under part A,  
15                 and for the other purposes specified in this section,  
16                 the Secretary, not later than April 1, 1997, shall es-  
17                 tablish and maintain in the Federal Parent Locator  
18                 Service an automated directory to be known as the  
19                 National Directory of New Hires, which shall con-  
20                 tain the information supplied pursuant to section  
21                 453A(g)(2).

22                 “(2) ENTRY OF DATA.—Information shall be  
23                 entered into the data base maintained by the Na-  
24                 tional Directory of New Hires within 2 business  
25                 days of receipt pursuant to section 453A(g)(2).

1           “(3) ADMINISTRATION OF FEDERAL TAX  
2 LAWS.—The Secretary of the Treasury shall have  
3 access to the information in the National Directory  
4 of New Hires for purposes of administering section  
5 32 of the Internal Revenue Code of 1986, or the ad-  
6 vance payment of the earned income tax credit  
7 under section 3507 of such Code, and verifying a  
8 claim with respect to employment in a tax return.

9           “(4) LIST OF MULTISTATE EMPLOYERS.—The  
10 Secretary shall maintain within the National Direc-  
11 tory of New Hires a list of multistate employers that  
12 report information regarding newly hired employees  
13 pursuant to section 453A(b)(1)(B), and the State  
14 which each such employer has designated to receive  
15 such information.

16           “(j) INFORMATION COMPARISONS AND OTHER DIS-  
17 CLOSURES.—

18           “(1) VERIFICATION BY SOCIAL SECURITY AD-  
19 MINISTRATION.—

20           “(A) IN GENERAL.—The Secretary shall  
21 transmit information on individuals and em-  
22 ployers maintained under this section to the So-  
23 cial Security Administration to the extent nec-  
24 essary for verification in accordance with sub-  
25 paragraph (B).

1           “(B) VERIFICATION BY SSA.—The Social  
2           Security Administration shall verify the accu-  
3           racy of, correct, or supply to the extent pos-  
4           sible, and report to the Secretary, the following  
5           information supplied by the Secretary pursuant  
6           to subparagraph (A):

7                   “(i) The name, social security num-  
8                   ber, and birth date of each such individual.

9                   “(ii) The employer identification num-  
10                  ber of each such employer.

11           “(2) INFORMATION COMPARISONS.—For the  
12           purpose of locating individuals in a paternity estab-  
13           lishment case or a case involving the establishment,  
14           modification, or enforcement of a support order, the  
15           Secretary shall—

16                   “(A) compare information in the National  
17                   Directory of New Hires against information in  
18                   the support case abstracts in the Federal Case  
19                   Registry of Child Support Orders not less often  
20                   than every 2 business days; and

21                   “(B) within 2 such days after such a com-  
22                   parison reveals a match with respect to an indi-  
23                   vidual, report the information to the State  
24                   agency responsible for the case.

1           “(3) INFORMATION COMPARISONS AND DISCLO-  
2           SURES OF INFORMATION IN ALL REGISTRIES FOR  
3           TITLE IV PROGRAM PURPOSES.—To the extent and  
4           with the frequency that the Secretary determines to  
5           be effective in assisting States to carry out their re-  
6           sponsibilities under programs operated under this  
7           part and programs funded under part A, the Sec-  
8           retary shall—

9                   “(A) compare the information in each com-  
10                  ponent of the Federal Parent Locator Service  
11                  maintained under this section against the infor-  
12                  mation in each other such component (other  
13                  than the comparison required by paragraph  
14                  (2)), and report instances in which such a com-  
15                  parison reveals a match with respect to an indi-  
16                  vidual to State agencies operating such pro-  
17                  grams; and

18                   “(B) disclose information in such registries  
19                  to such State agencies.

20           “(4) PROVISION OF NEW HIRE INFORMATION  
21           TO THE SOCIAL SECURITY ADMINISTRATION.—The  
22           National Directory of New Hires shall provide the  
23           Commissioner of Social Security with all information  
24           in the National Directory, which shall be used to de-  
25           termine the accuracy of payments under the supple-

1       mental security income program under title XVI and  
2       in connection with benefits under title II.

3           “(5) RESEARCH.—The Secretary may provide  
4       access to information reported by employers pursu-  
5       ant to section 453A(b) for research purposes found  
6       by the Secretary to be likely to contribute to achiev-  
7       ing the purposes of part A or this part, but without  
8       personal identifiers.

9       “(k) FEES.—

10           “(1) FOR SSA VERIFICATION.—The Secretary  
11       shall reimburse the Commissioner of Social Security,  
12       at a rate negotiated between the Secretary and the  
13       Commissioner, for the costs incurred by the Com-  
14       missioner in performing the verification services de-  
15       scribed in subsection (j).

16           “(2) FOR INFORMATION FROM STATE DIREC-  
17       TORIES OF NEW HIRES.—The Secretary shall reim-  
18       burse costs incurred by State directories of new  
19       hires in furnishing information as required by sub-  
20       section (j)(3), at rates which the Secretary deter-  
21       mines to be reasonable (which rates shall not include  
22       payment for the costs of obtaining, compiling, or  
23       maintaining such information).

24           “(3) FOR INFORMATION FURNISHED TO STATE  
25       AND FEDERAL AGENCIES.—A State or Federal agen-

1 cy that receives information from the Secretary pur-  
2 suant to this section shall reimburse the Secretary  
3 for costs incurred by the Secretary in furnishing the  
4 information, at rates which the Secretary determines  
5 to be reasonable (which rates shall include payment  
6 for the costs of obtaining, verifying, maintaining,  
7 and comparing the information).

8 “(l) RESTRICTION ON DISCLOSURE AND USE.—In-  
9 formation in the Federal Parent Locator Service, and in-  
10 formation resulting from comparisons using such informa-  
11 tion, shall not be used or disclosed except as expressly pro-  
12 vided in this section, subject to section 6103 of the Inter-  
13 nal Revenue Code of 1986.

14 “(m) INFORMATION INTEGRITY AND SECURITY.—  
15 The Secretary shall establish and implement safeguards  
16 with respect to the entities established under this section  
17 designed to—

18 “(1) ensure the accuracy and completeness of  
19 information in the Federal Parent Locator Service;  
20 and

21 “(2) restrict access to confidential information  
22 in the Federal Parent Locator Service to authorized  
23 persons, and restrict use of such information to au-  
24 thorized purposes.

1       “(n) FEDERAL GOVERNMENT REPORTING.—Each  
2 department, agency, and instrumentality of the United  
3 States on a quarterly basis shall report to the Federal  
4 Parent Locator Service the name and social security num-  
5 ber of each employee and the wages paid to the employee  
6 during the previous quarter, except that such a report  
7 shall not be filed with respect to an employee of a depart-  
8 ment, agency, or instrumentality performing intelligence  
9 or counterintelligence functions, if the head of such de-  
10 partment, agency, or instrumentality has determined that  
11 filing such a report could endanger the safety of the em-  
12 ployee or compromise an ongoing investigation or intel-  
13 ligence mission.”.

14       (g) CONFORMING AMENDMENTS.—

15             (1) TO PART D OF TITLE IV OF THE SOCIAL SE-  
16       CURITY ACT.—

17             (A) Section 454(8)(B) (42 U.S.C.  
18       654(8)(B)) is amended to read as follows:

19             “(B) the Federal Parent Locator Service  
20       established under section 453;”.

21             (B) Section 454(13) (42 U.S.C. 654(13))  
22       is amended by inserting “and provide that in-  
23       formation requests by parents who are residents  
24       of other States be treated with the same prior-  
25       ity as requests by parents who are residents of

1 the State submitting the plan” before the semi-  
2 colon.

3 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—  
4 Section 3304(a)(16) of the Internal Revenue Code of  
5 1986 is amended—

6 (A) by striking “Secretary of Health, Edu-  
7 cation, and Welfare” each place such term ap-  
8 pears and inserting “Secretary of Health and  
9 Human Services”;

10 (B) in subparagraph (B), by striking  
11 “such information” and all that follows and in-  
12 serting “information furnished under subpara-  
13 graph (A) or (B) is used only for the purposes  
14 authorized under such subparagraph;”;

15 (C) by striking “and” at the end of sub-  
16 paragraph (A);

17 (D) by redesignating subparagraph (B) as  
18 subparagraph (C); and

19 (E) by inserting after subparagraph (A)  
20 the following new subparagraph:

21 “(B) wage and unemployment compensa-  
22 tion information contained in the records of  
23 such agency shall be furnished to the Secretary  
24 of Health and Human Services (in accordance  
25 with regulations promulgated by such Sec-

1           retary) as necessary for the purposes of the Na-  
2           tional Directory of New Hires established under  
3           section 453(i) of the Social Security Act, and”.

4           (3) TO STATE GRANT PROGRAM UNDER TITLE  
5           III OF THE SOCIAL SECURITY ACT.—Subsection (h)  
6           of section 303 (42 U.S.C. 503) is amended to read  
7           as follows:

8           “(h)(1) The State agency charged with the adminis-  
9           tration of the State law shall, on a reimbursable basis—

10           “(A) disclose quarterly, to the Secretary of  
11           Health and Human Services, wage and claim infor-  
12           mation, as required pursuant to section 453(i)(1),  
13           contained in the records of such agency;

14           “(B) ensure that information provided pursuant  
15           to subparagraph (A) meets such standards relating  
16           to correctness and verification as the Secretary of  
17           Health and Human Services, with the concurrence  
18           of the Secretary of Labor, may find necessary; and

19           “(C) establish such safeguards as the Secretary  
20           of Labor determines are necessary to insure that in-  
21           formation disclosed under subparagraph (A) is used  
22           only for purposes of section 453(i)(1) in carrying out  
23           the child support enforcement program under title  
24           IV.

1       “(2) Whenever the Secretary of Labor, after reason-  
2 able notice and opportunity for hearing to the State agen-  
3 cy charged with the administration of the State law, finds  
4 that there is a failure to comply substantially with the re-  
5 quirements of paragraph (1), the Secretary of Labor shall  
6 notify such State agency that further payments will not  
7 be made to the State until the Secretary of Labor is satis-  
8 fied that there is no longer any such failure. Until the  
9 Secretary of Labor is so satisfied, the Secretary shall  
10 make no future certification to the Secretary of the Treas-  
11 ury with respect to the State.

12       “(3) For purposes of this subsection—

13               “(A) the term ‘wage information’ means infor-  
14 mation regarding wages paid to an individual, the  
15 social security account number of such individual,  
16 and the name, address, State, and the Federal em-  
17 ployer identification number of the employer paying  
18 such wages to such individual; and

19               “(B) the term ‘claim information’ means infor-  
20 mation regarding whether an individual is receiving,  
21 has received, or has made application for, unemploy-  
22 ment compensation, the amount of any such com-  
23 pensation being received (or to be received by such  
24 individual), and the individual’s current (or most re-  
25 cent) home address.”.

1           (4) DISCLOSURE OF CERTAIN INFORMATION TO  
2 AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-  
3 CIES.—

4           “(A) IN GENERAL.—Paragraph (6) of sec-  
5 tion 6103(l) of the Internal Revenue Code of  
6 1986 (relating to disclosure of return informa-  
7 tion to Federal, State, and local child support  
8 enforcement agencies) is amended by redesign-  
9 ating subparagraph (B) as subparagraph (C)  
10 and by inserting after subparagraph (A) the fol-  
11 lowing new subparagraph:

12           “(B) DISCLOSURE TO CERTAIN AGENTS.—  
13 The following information disclosed to any child  
14 support enforcement agency under subpara-  
15 graph (A) with respect to any individual with  
16 respect to whom child support obligations are  
17 sought to be established or enforced may be dis-  
18 closed by such agency to any agent of such  
19 agency which is under contract with such agen-  
20 cy to carry out the purposes described in sub-  
21 paragraph (C):

22           “(i) The address and social security  
23 account number (or numbers) of such indi-  
24 vidual.

1           “(ii) The amount of any reduction  
2           under section 6402(c) (relating to offset of  
3           past-due support against overpayments) in  
4           any overpayment otherwise payable to such  
5           individual.”.

6           (B) CONFORMING AMENDMENTS.—

7           (i) Paragraph (3) of section 6103(a)  
8           of such Code is amended by striking  
9           “(1)(12)” and inserting “paragraph (6) or  
10          (12) of subsection (1)”.

11          (ii) Subparagraph (C) of section  
12          6103(l)(6) of such Code, as redesignated  
13          by subsection (a), is amended to read as  
14          follows:

15          “(C) RESTRICTION ON DISCLOSURE.—In-  
16          formation may be disclosed under this para-  
17          graph only for purposes of, and to the extent  
18          necessary in, establishing and collecting child  
19          support obligations from, and locating, individ-  
20          uals owing such obligations.”.

21          (iii) The material following subpara-  
22          graph (F) of section 6103(p)(4) of such  
23          Code is amended by striking “subsection  
24          (1)(12)(B)” and inserting “paragraph  
25          (6)(A) or (12)(B) of subsection (1)”.

1 **SEC. 217. COLLECTION AND USE OF SOCIAL SECURITY**  
2 **NUMBERS FOR USE IN CHILD SUPPORT EN-**  
3 **FORCEMENT.**

4 (a) **STATE LAW REQUIREMENT.**—Section 466(a) (42  
5 U.S.C. 666(a)), as amended by section 215 of this Act,  
6 is amended by adding at the end the following new para-  
7 graph:

8 “(13) **RECORDING OF SOCIAL SECURITY NUM-**  
9 **BERS IN CERTAIN MATTERS.**—Procedures requiring  
10 that the social security number of—

11 “(A) any applicant for a professional li-  
12 cense, commercial driver’s license, occupational  
13 license, or marriage license be recorded on the  
14 application;

15 “(B) any individual who is subject to a di-  
16 vorce decree, support order, or paternity deter-  
17 mination or acknowledgment be placed in the  
18 records relating to the matter; and

19 “(C) any individual who has died be placed  
20 in the records relating to the death and be re-  
21 corded on the death certificate.

22 For purposes of subparagraph (A), if a State allows  
23 the use of a number other than the social security  
24 number, the State shall so advise any applicants.”.

25 (b) **CONFORMING AMENDMENTS.**—Section  
26 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)) is amended—

1           (1) in clause (i), by striking “may require” and  
2 inserting “shall require”;

3           (2) in clause (ii), by inserting after the first  
4 sentence the following: “In the administration of any  
5 law involving the issuance of a marriage certificate  
6 or license, each State shall require each party named  
7 in the certificate or license to furnish to the State  
8 (or political subdivision thereof), or any State agen-  
9 cy having administrative responsibility for the law  
10 involved, the social security number of the party.”;

11           (3) in clause (ii), by inserting “or marriage cer-  
12 tificate” after “Such numbers shall not be recorded  
13 on the birth certificate”.

14           (4) in clause (vi), by striking “may” and insert-  
15 ing “shall”; and

16           (5) by adding at the end the following new  
17 clauses:

18                   “(x) An agency of a State (or a politi-  
19 cal subdivision thereof) charged with the  
20 administration of any law concerning the  
21 issuance or renewal of a license, certificate,  
22 permit, or other authorization to engage in  
23 a profession, an occupation, or a commer-  
24 cial activity shall require all applicants for  
25 issuance or renewal of the license, certifi-

1           cate, permit, or other authorization to pro-  
2           vide the applicant's social security number  
3           to the agency for the purpose of admin-  
4           istering such laws, and for the purpose of  
5           responding to requests for information  
6           from an agency operating pursuant to part  
7           D of title IV.

8           “(xi) All divorce decrees, support or-  
9           ders, and paternity determinations issued,  
10          and all paternity acknowledgments made,  
11          in each State shall include the social secu-  
12          rity number of each party to the decree,  
13          order, determination, or acknowledgment  
14          in the records relating to the matter, for  
15          the purpose of responding to requests for  
16          information from an agency operating pur-  
17          suant to part D of title IV.”.

## 18           **Subtitle C—Streamlining and** 19           **Uniformiy of Procedures**

### 20   **SEC. 221. ADOPTION OF UNIFORM STATE LAWS.**

21           Section 466 (42 U.S.C. 666) is amended by adding  
22   at the end the following new subsection:

23           “(f) UNIFORM INTERSTATE FAMILY SUPPORT  
24   ACT.—

1           “(1) ENACTMENT AND USE.—In order to sat-  
2 isfy section 454(20)(A), on and after January 1,  
3 1998, each State must have in effect the Uniform  
4 Interstate Family Support Act, as approved by the  
5 American Bar Association on February 9, 1993, to-  
6 gether with any amendments officially adopted be-  
7 fore January 1, 1998 by the National Conference of  
8 Commissioners on Uniform State Laws.

9           “(2) EMPLOYERS TO FOLLOW PROCEDURAL  
10 RULES OF STATE WHERE EMPLOYEE WORKS.—The  
11 State law enacted pursuant to paragraph (1) shall  
12 provide that an employer that receives an income  
13 withholding order or notice pursuant to section 501  
14 of the Uniform Interstate Family Support Act shall  
15 follow the procedural rules that apply with respect to  
16 such order or notice under the laws of the State in  
17 which the obligor is employed.”.

18 **SEC. 222. IMPROVEMENTS TO FULL FAITH AND CREDIT**  
19 **FOR CHILD SUPPORT ORDERS.**

20 Section 1738B of title 28, United States Code, is  
21 amended—

22           (1) in subsection (a)(2), by striking “subsection  
23 (e)” and inserting “subsections (e), (f), and (i)”;

24           (2) in subsection (b), by inserting after the 2nd  
25 undesignated paragraph the following: “‘child’s

1 home State' means the State in which a child lived  
2 with a parent or a person acting as parent for at  
3 least 6 consecutive months immediately preceding  
4 the time of filing of a petition or comparable plead-  
5 ing for support and, if a child is less than 6 months  
6 old, the State in which the child lived from birth  
7 with any of them. A period of temporary absence of  
8 any of them is counted as part of the 6-month pe-  
9 riod.”;

10 (3) in subsection (c), by inserting “by a court  
11 of a State” before “is made”;

12 (4) in subsection (c)(1), by inserting “and sub-  
13 sections (e), (f), and (g)” after “located”;

14 (5) in subsection (d)—

15 (A) by inserting “individual” before “con-  
16 testant”; and

17 (B) by striking “subsection (e)” and in-  
18 serting “subsections (e) and (f)”;

19 (6) in subsection (e), by striking “make a modi-  
20 fication of a child support order with respect to a  
21 child that is made” and inserting “modify a child  
22 support order issued”;

23 (7) in subsection (e)(1), by inserting “pursuant  
24 to subsection (i)” before the semicolon;

25 (8) in subsection (e)(2)—

1 (A) by inserting “individual” before “con-  
2 testant” each place such term appears; and

3 (B) by striking “to that court’s making the  
4 modification and assuming” and inserting “with  
5 the State of continuing, exclusive jurisdiction  
6 for a court of another State to modify the order  
7 and assume”;

8 (9) by redesignating subsections (f) and (g) as  
9 subsections (g) and (h), respectively;

10 (10) by inserting after subsection (e) the follow-  
11 ing new subsection:

12 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—

13 If 1 or more child support orders have been issued in this  
14 or another State with regard to an obligor and a child,  
15 a court shall apply the following rules in determining  
16 which order to recognize for purposes of continuing, exclu-  
17 sive jurisdiction and enforcement:

18 “(1) If only 1 court has issued a child support  
19 order, the order of that court must be recognized.

20 “(2) If 2 or more courts have issued child sup-  
21 port orders for the same obligor and child, and only  
22 1 of the courts would have continuing, exclusive ju-  
23 risdiction under this section, the order of that court  
24 must be recognized.

1           “(3) If 2 or more courts have issued child sup-  
2           port orders for the same obligor and child, and more  
3           than 1 of the courts would have continuing, exclusive  
4           jurisdiction under this section, an order issued by a  
5           court in the current home State of the child must  
6           be recognized, but if an order has not been issued  
7           in the current home State of the child, the order  
8           most recently issued must be recognized.

9           “(4) If 2 or more courts have issued child sup-  
10          port orders for the same obligor and child, and none  
11          of the courts would have continuing, exclusive juris-  
12          diction under this section, a court may issue a child  
13          support order, which must be recognized.

14          “(5) The court that has issued an order recog-  
15          nized under this subsection is the court having con-  
16          tinuing, exclusive jurisdiction.”;

17          (11) in subsection (g) (as so redesignated)—

18                 (A) by striking “PRIOR” and inserting  
19                 “MODIFIED”; and

20                 (B) by striking “subsection (e)” and in-  
21                 serting “subsections (e) and (f)”;

22          (12) in subsection (h) (as so redesignated)—

23                 (A) in paragraph (2), by inserting “includ-  
24                 ing the duration of current payments and other  
25                 obligations of support” before the comma; and

1 (B) in paragraph (3), by inserting “arrears  
2 under” after “enforce”; and

3 (13) by adding at the end the following new  
4 subsection:

5 “(i) REGISTRATION FOR MODIFICATION.—If there is  
6 no individual contestant or child residing in the issuing  
7 State, the party or support enforcement agency seeking  
8 to modify, or to modify and enforce, a child support order  
9 issued in another State shall register that order in a State  
10 with jurisdiction over the nonmovant for the purpose of  
11 modification.”.

12 **SEC. 223. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE**  
13 **CASES.**

14 Section 466(a) (42 U.S.C. 666(a)), as amended by  
15 sections 215 and 217(a) of this Act, is amended by adding  
16 at the end the following new paragraph:

17 “(14) ADMINISTRATIVE ENFORCEMENT IN  
18 INTERSTATE CASES.—Procedures under which—

19 “(A) the State shall respond within 5 busi-  
20 ness days to a request made by another State  
21 to enforce a support order (and for this purpose  
22 the term ‘business day’ means a day on which  
23 State offices are open for regular business);

24 “(B) the State may, by electronic or other  
25 means, transmit to another State a request for

1 assistance in a case involving the enforcement  
2 of a support order, which request—

3 “(i) shall include such information as  
4 will enable the State to which the request  
5 is transmitted to compare the information  
6 about the case to the information in the  
7 data bases of the State; and

8 “(ii) shall constitute a certification by  
9 the requesting State—

10 “(I) of the amount of support  
11 under the order the payment of which  
12 is in arrears; and

13 “(II) that the requesting State  
14 has complied with all procedural due  
15 process requirements applicable to the  
16 case;

17 “(C) if the State provides assistance to an-  
18 other State pursuant to this paragraph with re-  
19 spect to a case, neither State shall consider the  
20 case to be transferred to the caseload of such  
21 other State; and

22 “(D) the State shall maintain records of—

23 “(i) the number of such requests for  
24 assistance received by the State;

1                   “(ii) the number of cases for which  
2                   the State collected support in response to  
3                   such a request; and

4                   “(iii) the amount of such collected  
5                   support.”.

6 **SEC. 224. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

7           (a) **PROMULGATION.**—Section 452(a) (42 U.S.C.  
8 652(a)) is amended—

9                   (1) by striking “and” at the end of paragraph  
10                   (9);

11                   (2) by striking the period at the end of para-  
12                   graph (10) and inserting “; and”; and

13                   (3) by adding at the end the following new  
14                   paragraph:

15                   “(11) not later than December 31, 1996, after  
16                   consulting with the State directors of programs  
17                   under this part, promulgate forms to be used by  
18                   States in interstate cases for—

19                           “(A) collection of child support through in-  
20                           come withholding;

21                           “(B) imposition of liens; and

22                           “(C) administrative subpoenas.”.

23           (b) **USE BY STATES.**—Section 454(9) (42 U.S.C.  
24 654(9)) is amended—

1           (1) by striking “and” at the end of subpara-  
2 graph (C);

3           (2) by inserting “and” at the end of subpara-  
4 graph (D); and

5           (3) by adding at the end the following new sub-  
6 paragraph:

7                   “(E) no later than April 1, 1997, in using  
8 the forms promulgated pursuant to section  
9 452(a)(11) for income withholding, imposition  
10 of liens, and issuance of administrative subpoe-  
11 nas in interstate child support cases;”.

12 **SEC. 225. STATE LAWS PROVIDING EXPEDITED PROCE-**  
13 **DURES.**

14           (a) STATE LAW REQUIREMENTS.—Section 466 (42  
15 U.S.C. 666), as amended by section 214 of this Act, is  
16 amended—

17           (1) in subsection (a)(2), by striking the first  
18 sentence and inserting the following: “Expedited ad-  
19 ministrative and judicial procedures (including the  
20 procedures specified in subsection (c)) for establish-  
21 ing paternity and for establishing, modifying, and  
22 enforcing support obligations.”; and

23           (2) by inserting after subsection (b) the follow-  
24 ing new subsection:

1       “(c) EXPEDITED PROCEDURES.—The procedures  
2 specified in this subsection, for purposes of the require-  
3 ment of subsection (a)(2), are the following:

4               “(1) ADMINISTRATIVE ACTION BY STATE AGEN-  
5               CY.—Procedures which give the State agency the au-  
6               thority to take the following actions relating to es-  
7               tablishment or enforcement of support orders, with-  
8               out the necessity of obtaining an order from any  
9               other judicial or administrative tribunal, and to rec-  
10              ognize and enforce the authority of State agencies of  
11              other States) to take the following actions:

12               “(A) GENETIC TESTING.—To order genetic  
13               testing for the purpose of paternity establish-  
14               ment as provided in section 466(a)(5).

15               “(B) FINANCIAL OR OTHER INFORMA-  
16               TION.—To subpoena any financial or other in-  
17               formation needed to establish, modify, or en-  
18               force a support order, and to impose penalties  
19               for failure to respond to such a subpoena.

20               “(C) RESPONSE TO STATE AGENCY RE-  
21               QUEST.—To require all entities in the State (in-  
22               cluding for-profit, nonprofit, and governmental  
23               employers) to provide promptly, in response to  
24               a request by the State agency of that or any  
25               other State administering a program under this

1 part, information on the employment, com-  
2 pensation, and benefits of any individual em-  
3 ployed by such entity as an employee or con-  
4 tractor, and to sanction failure to respond to  
5 any such request.

6 “(D) ACCESS TO CERTAIN RECORDS.—To  
7 obtain access, subject to safeguards on privacy  
8 and information security, to the following  
9 records (including automated access, in the case  
10 of records maintained in automated data  
11 bases):

12 “(i) Records of other state and local  
13 government agencies, including—

14 “(I) vital statistics (including  
15 records of marriage, birth, and di-  
16 vorce);

17 “(II) State and local tax and rev-  
18 enue records (including information  
19 on residence address, employer, in-  
20 come and assets);

21 “(III) records concerning real  
22 and titled personal property;

23 “(IV) records of occupational and  
24 professional licenses, and records con-  
25 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), as provided pursuant to agree-  
24 ments described in subsection (a)(18).

1           “(E) CHANGE IN PAYEE.—In cases in  
2           which support is subject to an assignment in  
3           order to comply with a requirement imposed  
4           pursuant to part A or section 1912, or to a re-  
5           quirement to pay through the State disburse-  
6           ment unit established pursuant to section  
7           454B, upon providing notice to obligor and obli-  
8           gee, to direct the obligor or other payor to  
9           change the payee to the appropriate government  
10          entity.

11          “(F) INCOME WITHHOLDING.—To order  
12          income withholding in accordance with sub-  
13          sections (a)(1) and (b) of section 466.

14          “(G) SECURING ASSETS.—In cases in  
15          which there is a support arrearage, to secure  
16          assets to satisfy the arrearage by—

17                 “(i) intercepting or seizing periodic or  
18                 lump-sum payments from—

19                         “(I) a State or local agency, in-  
20                         cluding unemployment compensation,  
21                         workers’ compensation, and other ben-  
22                         efits; and

23                         “(II) judgments, settlements, and  
24                         lotteries;

1                   “(ii) attaching and seizing assets of  
2                   the obligor held in financial institutions;

3                   “(iii) attaching public and private re-  
4                   tirement funds; and

5                   “(iv) imposing liens in accordance  
6                   with subsection (a)(4) and, in appropriate  
7                   cases, to force sale of property and dis-  
8                   tribution of proceeds.

9                   “(H) INCREASED MONTHLY PAYMENTS.—  
10                  For the purpose of securing overdue support, to  
11                  increase the amount of monthly support pay-  
12                  ments to include amounts for arrearages, sub-  
13                  ject to such conditions or limitations as the  
14                  State may provide.

15                  Such procedures shall be subject to due process safe-  
16                  guards, including (as appropriate) requirements for  
17                  notice, opportunity to contest the action, and oppor-  
18                  tunity for an appeal on the record to an independent  
19                  administrative or judicial tribunal.

20                  “(2) SUBSTANTIVE AND PROCEDURAL RULES.—  
21                  The expedited procedures required under subsection  
22                  (a)(2) shall include the following rules and author-  
23                  ity, applicable with respect to all proceedings to es-  
24                  tablish paternity or to establish, modify, or enforce  
25                  support orders:

1           “(A) LOCATOR INFORMATION; PRESUMP-  
2           TIONS    CONCERNING    NOTICE.—Procedures  
3           under which—

4                   “(i) each party to any paternity or  
5                   child support proceeding is required (sub-  
6                   ject to privacy safeguards) to file with the  
7                   tribunal and the State case registry upon  
8                   entry of an order, and to update as appro-  
9                   priate, information on location and identity  
10                  of the party, including social security num-  
11                  ber, residential and mailing addresses, tele-  
12                  phone number, driver’s license number,  
13                  and name, address, and name and tele-  
14                  phone number of employer; and

15                  “(ii) in any subsequent child support  
16                  enforcement action between the parties,  
17                  upon sufficient showing that diligent effort  
18                  has been made to ascertain the location of  
19                  such a party, the tribunal may deem State  
20                  due process requirements for notice and  
21                  service of process to be met with respect to  
22                  the party, upon delivery of written notice  
23                  to the most recent residential or employer  
24                  address filed with the tribunal pursuant to  
25                  clause (i).

1           “(B) STATEWIDE JURISDICTION.—Proce-  
2           dures under which—

3                   “(i) the State agency and any admin-  
4                   istrative or judicial tribunal with authority  
5                   to hear child support and paternity cases  
6                   exerts statewide jurisdiction over the par-  
7                   ties; and

8                   “(ii) in a State in which orders are is-  
9                   sued by courts or administrative tribunals,  
10                  a case may be transferred between local ju-  
11                  risdictions in the State without need for  
12                  any additional filing by the petitioner, or  
13                  service of process upon the respondent, to  
14                  retain jurisdiction over the parties.

15           “(3) COORDINATION WITH ERISA.—Notwith-  
16           standing subsection (d) of section 514 of the Em-  
17           ployee Retirement Income Security Act of 1974 (re-  
18           lating to effect on other laws), nothing in this sub-  
19           section shall be construed to alter, amend, modify,  
20           invalidate, impair, or supersede subsections (a), (b),  
21           and (c) of such section 514 as it applies with respect  
22           to any procedure referred to in paragraph (1) and  
23           any expedited procedure referred to in paragraph  
24           (2), except to the extent that such procedure would  
25           be consistent with the requirements of section

1 206(d)(3) of such Act (relating to qualified domestic  
2 relations orders) or the requirements of section  
3 609(a) of such Act (relating to qualified medical  
4 child support orders) if the reference in such section  
5 206(d)(3) to a domestic relations order and the ref-  
6 erence in such section 609(a) to a medical child sup-  
7 port order were a reference to a support order re-  
8 ferred to in paragraphs (1) and (2) relating to the  
9 same matters, respectively.”.

10 (b) AUTOMATION OF STATE AGENCY FUNCTIONS.—  
11 Section 454A, as added by section 245(a)(2) and as  
12 amended by sections 211 and 212(c) of this Act, is amend-  
13 ed by adding at the end the following new subsection:

14 “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—  
15 The automated system required by this section shall be  
16 used, to the maximum extent feasible, to implement the  
17 expedited administrative procedures required by section  
18 466(e).”.

19 **Subtitle D—Paternity**  
20 **Establishment**

21 **SEC. 231. STATE LAWS CONCERNING PATERNITY ESTAB-**  
22 **LISHMENT.**

23 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42  
24 U.S.C. 666(a)(5)) is amended to read as follows:

1           “(5) PROCEDURES CONCERNING PATERNITY ES-  
2           TABLISHMENT.

3           “(A) ESTABLISHMENT PROCESS AVAIL-  
4           ABLE FROM BIRTH UNTIL AGE 18.—

5           “(i) Procedures which permit the es-  
6           tablishment of the paternity of a child at  
7           any time before the child attains 18 years  
8           of age.

9           “(ii) As of August 16, 1984, clause (i)  
10          shall also apply to a child for whom pater-  
11          nity has not been established or for whom  
12          a paternity action was brought but dis-  
13          missed because a statute of limitations of  
14          less than 18 years was then in effect in the  
15          State.

16          “(B) PROCEDURES CONCERNING GENETIC  
17          TESTING.—

18          “(i) GENETIC TESTING REQUIRED IN  
19          CERTAIN CONTESTED CASES.—Procedures  
20          under which the State is required, in a  
21          contested paternity case (unless otherwise  
22          barred by State law) to require the child  
23          and all other parties (other than individ-  
24          uals found under section 454(29) to have  
25          good cause for refusing to cooperate) to

1 submit to genetic tests upon the request of  
2 any such party, if the request is supported  
3 by a sworn statement by the party—

4 “(I) alleging paternity, and set-  
5 ting forth facts establishing a reason-  
6 able possibility of the requisite sexual  
7 contact between the parties; or

8 “(II) denying paternity, and set-  
9 ting forth facts establishing a reason-  
10 able possibility of the nonexistence of  
11 sexual contact between the parties.

12 “(ii) OTHER REQUIREMENTS.—Proce-  
13 dures which require the State agency, in  
14 any case in which the agency orders ge-  
15 netic testing—

16 “(I) to pay costs of such tests,  
17 subject to recoupment (if the State so  
18 elects) from the alleged father if pa-  
19 ternity is established; and

20 “(II) to obtain additional testing  
21 in any case if an original test result is  
22 contested, upon request and advance  
23 payment by the contestant.

24 “(C) VOLUNTARY PATERNITY ACKNOWL-  
25 EDGMENT.—

1           “(i) SIMPLE CIVIL PROCESS.—Proce-  
2           dures for a simple civil process for volun-  
3           tarily acknowledging paternity under which  
4           the State must provide that, before a  
5           mother and a putative father can sign an  
6           acknowledgment of paternity, the mother  
7           and the putative father must be given no-  
8           tice, orally and in writing, of the alter-  
9           natives to, the legal consequences of, and  
10          the rights (including, if 1 parent is a  
11          minor, any rights afforded due to minority  
12          status) and responsibilities that arise from,  
13          signing the acknowledgment.

14          “(ii) HOSPITAL-BASED PROGRAM.—  
15          Such procedures must include a hospital-  
16          based program for the voluntary acknowl-  
17          edgment of paternity focusing on the pe-  
18          riod immediately before or after the birth  
19          of a child, subject to such good cause ex-  
20          ceptions, taking into account the best in-  
21          terests of the child, as the State may es-  
22          tablish.

23          “(iii) PATERNITY ESTABLISHMENT  
24          SERVICES.—

1                   “(I) STATE-OFFERED SERV-  
2 ICES.—Such procedures must require  
3 the State agency responsible for main-  
4 taining birth records to offer vol-  
5 untary paternity establishment serv-  
6 ices.

7                   “(II) REGULATIONS.—

8                   “(aa) SERVICES OFFERED  
9 BY HOSPITALS AND BIRTH  
10 RECORD AGENCIES.—The Sec-  
11 retary shall prescribe regulations  
12 governing voluntary paternity es-  
13 tablishment services offered by  
14 hospitals and birth record agen-  
15 cies.

16                   “(bb) SERVICES OFFERED  
17 BY OTHER ENTITIES.—The Sec-  
18 retary shall prescribe regulations  
19 specifying the types of other enti-  
20 ties that may offer voluntary pa-  
21 ternity establishment services,  
22 and governing the provision of  
23 such services, which shall include  
24 a requirement that such an entity  
25 must use the same notice provi-

1           sions used by, use the same ma-  
2           terials used by, provide the per-  
3           sonnel providing such services  
4           with the same training provided  
5           by, and evaluate the provision of  
6           such services in the same manner  
7           as the provision of such services  
8           is evaluated by, voluntary pater-  
9           nity establishment programs of  
10          hospitals and birth record agen-  
11          cies.

12           “(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures  
13           must require the State to develop and use  
14           an affidavit for the voluntary acknowledg-  
15           ment of paternity which includes the mini-  
16           mum requirements of the affidavit devel-  
17           oped by the Secretary under section  
18           452(a)(7) for the voluntary acknowledg-  
19           ment of paternity, and to give full faith  
20           and credit to such an affidavit signed in  
21           any other State according to its proce-  
22           dures.  
23           

24           “(D) STATUS OF SIGNED PATERNITY AC-  
25           KNOWLEDGMENT.—

1                   “(i) INCLUSION IN BIRTH RECORDS.—

2                   Procedures under which the name of the  
3                   father shall be included on the record of  
4                   birth of the child of unmarried parents  
5                   only if—

6                   “ (I) the father and mother have  
7                   signed a voluntary acknowledgment of  
8                   paternity; or

9                   “ (II) a court or an administrative  
10                  agency of competent jurisdiction has  
11                  issued an adjudication of paternity.

12                 Nothing in this clause precludes a State  
13                 agency from obtaining an admission of pa-  
14                 ternity from the father for submission in a  
15                 judicial or administrative proceeding, or  
16                 prohibit the issuance of an order in a judi-  
17                 cial or administrative proceeding which  
18                 bases a legal finding of paternity on an ad-  
19                 mission of paternity by the father and any  
20                 other additional showing required by State  
21                 law.

22                 “(ii) LEGAL FINDING OF PATER-  
23                 NITY.— Procedures under which a signed  
24                 voluntary acknowledgment of paternity is  
25                 considered a legal finding of paternity,

1 subject to the right of any signatory to re-  
2 scind the acknowledgment within the ear-  
3 lier of—

4 “(I) 60 days; or

5 “(II) the date of an administra-  
6 tive or judicial proceeding relating to  
7 the child (including a proceeding to  
8 establish a support order) in which  
9 the signatory is a party.

10 “(iii) CONTEST.—Procedures under  
11 which, after the 60-day period referred to  
12 in clause (ii), a signed voluntary acknowl-  
13 edgment of paternity may be challenged in  
14 court only on the basis of fraud, duress, or  
15 material mistake of fact, with the burden  
16 of proof upon the challenger, and under  
17 which the legal responsibilities (including  
18 child support obligations) of any signatory  
19 arising from the acknowledgment may not  
20 be suspended during the challenge, except  
21 for good cause shown.

22 “(E) BAR ON ACKNOWLEDGMENT RATIFI-  
23 CATION PROCEEDINGS.—Procedures under  
24 which judicial or administrative proceedings are

1 not required or permitted to ratify an unchal-  
2 lenged acknowledgment of paternity.

3 “(F) ADMISSIBILITY OF GENETIC TESTING  
4 RESULTS.—Procedures—

5 “(i) requiring the admission into evi-  
6 dence, for purposes of establishing pater-  
7 nity, of the results of any genetic test that  
8 is—

9 “(I) of a type generally acknowl-  
10 edged as reliable by accreditation bod-  
11 ies designated by the Secretary; and

12 “(II) performed by a laboratory  
13 approved by such an accreditation  
14 body;

15 “(ii) requiring an objection to genetic  
16 testing results to be made in writing not  
17 later than a specified number of days be-  
18 fore any hearing at which the results may  
19 be introduced into evidence (or, at State  
20 option, not later than a specified number  
21 of days after receipt of the results); and

22 “(iii) making the test results admissi-  
23 ble as evidence of paternity without the  
24 need for foundation testimony or other

1 proof of authenticity or accuracy, unless  
2 objection is made.

3 “(G) PRESUMPTION OF PATERNITY IN  
4 CERTAIN CASES.—Procedures which create a re-  
5 buttable or, at the option of the State, conclu-  
6 sive presumption of paternity upon genetic test-  
7 ing results indicating a threshold probability  
8 that the alleged father is the father of the child.

9 “(H) DEFAULT ORDERS.—Procedures re-  
10 quiring a default order to be entered in a pater-  
11 nity case upon a showing of service of process  
12 on the defendant and any additional showing  
13 required by State law.

14 “(I) NO RIGHT TO JURY  
15 TRIAL.—Procedures providing that  
16 the parties to an action to establish  
17 paternity are not entitled to a trial by  
18 jury.

19 “(J) TEMPORARY SUPPORT ORDER BASED  
20 ON PROBABLE PATERNITY IN CONTESTED  
21 CASES.—Procedures which require that a tem-  
22 porary order be issued, upon motion by a party,  
23 requiring the provision of child support pending  
24 an administrative or judicial determination of  
25 parentage, if there is clear and convincing evi-

1           dence of paternity (on the basis of genetic tests  
2           or other evidence).

3           “(K) PROOF OF CERTAIN SUPPORT AND  
4           PATERNITY ESTABLISHMENT COSTS.—Proce-  
5           dures under which bills for pregnancy, child-  
6           birth, and genetic testing are admissible as evi-  
7           dence without requiring third-party foundation  
8           testimony, and shall constitute prima facie evi-  
9           dence of amounts incurred for such services or  
10          for testing on behalf of the child.

11          “(L) STANDING OF PUTATIVE FATHERS.—  
12          Procedures ensuring that the putative father  
13          has a reasonable opportunity to initiate a pater-  
14          nity action.

15          “(M) FILING OF ACKNOWLEDGMENTS AND  
16          ADJUDICATIONS IN STATE REGISTRY OF BIRTH  
17          RECORDS.—Procedures under which voluntary  
18          acknowledgments and adjudications of paternity  
19          by judicial or administrative processes are filed  
20          with the State registry of birth records for com-  
21          parison with information in the State case reg-  
22          istry.”.

23          (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-  
24          DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is  
25          amended by inserting “, and develop an affidavit to be

1 used for the voluntary acknowledgment of paternity which  
2 shall include the social security number of each parent  
3 and, after consultation with the States, other common ele-  
4 ments as determined by such designee” before the semi-  
5 colon.

6 (c) CONFORMING AMENDMENT.—Section 468 (42  
7 U.S.C. 668) is amended by striking “a simple civil process  
8 for voluntarily acknowledging paternity and”.

9 **SEC. 232. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**  
10 **LISHMENT.**

11 Section 454(23) (42 U.S.C. 654(23)) is amended by  
12 inserting “and will publicize the availability and encourage  
13 the use of procedures for voluntary establishment of pater-  
14 nity and child support by means the State deems appro-  
15 priate” before the semicolon.

16 **SEC. 233. COOPERATION REQUIREMENT AND GOOD CAUSE**  
17 **EXCEPTION.**

18 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as  
19 amended by sections 201(b), 203(a), 212(a), and 213(a)  
20 of this Act, is amended—

21 (1) by striking “and” at the end of paragraph  
22 (27);

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

1           (3) by inserting after paragraph (28) the fol-  
2           lowing new paragraph:

3           “(29) 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 sections 403(b)(1)(E)(i)  
11                  and 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) with efforts to  
23                   establish paternity within 10 days after such in-  
24                   dividual is referred to such State agency by the

1 State agency administering the program under  
2 part A or title XIX;

3 “(ii) will make redeterminations as to  
4 cooperation or good cause at appropriate  
5 intervals; and

6 “(iii) will promptly notify the individ-  
7 ual, and the State agencies administering  
8 such programs, of each such determination  
9 and redetermination;

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

17 “(i) the name of the putative father  
18 (or fathers); and

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

1 employment, school previously or currently  
2 attended, names and addresses of parents,  
3 friends, or relatives able to provide location  
4 information, or other information that  
5 could enable service of process on such per-  
6 son); and

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

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

22 (b) MEDICAID AMENDMENTS.—Section 1912(a) (42  
23 U.S.C. 1396k(a)) is amended—

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

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

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

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

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

22 “(A) to the satisfaction of the State agency  
23 administering the program under part D, as de-  
24 termined in accordance with section 454(29),  
25 with respect to the requirements to cooperate

1 with efforts to establish paternity and to obtain  
2 support (including medical support) from a par-  
3 ent; and

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

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

14 “(i) has furnished to the agency admin-  
15 istering the State plan under part D of title IV  
16 the information specified in section 454(29)(E);  
17 or

18 “(ii) has been determined by such agency  
19 to have good cause not to cooperate; and

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

22 “(i) if such agency has not, within 10 days  
23 after such individual was referred to such agen-  
24 cy, provided the notification required by section



1 **SEC. 246. REPORTS AND DATA COLLECTION BY THE SEC-**  
2 **RETARY.**

3 (a) ANNUAL REPORT TO CONGRESS.—

4 (1) Section 452(a)(10)(A) (42 U.S.C.  
5 652(a)(10)(A)) is amended—

6 (A) by striking “this part;” and inserting  
7 “this part, including—”; and

8 (B) by adding at the end the following new  
9 clauses:

10 “(i) the total amount of child support  
11 payments collected as a result of services  
12 furnished during the fiscal year to individ-  
13 uals receiving services under this part;

14 “(ii) the cost to the States and to the  
15 Federal Government of so furnishing the  
16 services; and

17 “(iii) the number of cases involving  
18 families—

19 “(I) who became ineligible for as-  
20 sistance under State programs funded  
21 under part A during a month in the  
22 fiscal year; and

23 “(II) with respect to whom a  
24 child support payment was received in  
25 the month;”.

1           (2) Section 452(a)(10)(C) (42 U.S.C.  
2 652(a)(10)(C)) is amended—

3           (A) in the matter preceding clause (i)—

4                 (i) by striking “with the data required  
5                 under each clause being separately stated  
6                 for cases” and inserting “separately stated  
7                 for (1) cases”;

8                 (ii) by striking “cases where the child  
9                 was formerly receiving” and inserting “or  
10                 formerly received”;

11                 (iii) by inserting “or 1912” after  
12                 “471(a)(17)”; and

13                 (iv) by inserting “(2)” before “all  
14                 other”;

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

18           (C) in clause (iii), by striking “described  
19           in” and all that follows and inserting “in which  
20           support was collected during the fiscal year”;

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

22           (E) by redesignating clause (v) as clause  
23           (vii), and inserting after clause (iii) the follow-  
24           ing new clauses:

1           “(iv) the total amount of support col-  
2           lected during such fiscal year and distrib-  
3           uted as current support;

4           “(v) the total amount of support col-  
5           lected during such fiscal year and distrib-  
6           uted as arrearages;

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

9           (3) Section 452(a)(10)(G) (42 U.S.C.  
10          652(a)(10)(G)) is amended by striking “on the use  
11          of Federal courts and”.

12          (4) Section 452(a)(10) (42 U.S.C. 652(a)(10))  
13          is amended—

14           (A) in subparagraph (H), by striking  
15           “and”;

16           (B) in subparagraph (I), by striking the  
17           period and inserting “; and”; and

18           (C) by inserting after subparagraph (I) the  
19           following new subparagraph:

20           “(J) compliance, by State, with the stand-  
21           ards established pursuant to subsections (h)  
22           and (i).”.

23          (5) Section 452(a)(10) (42 U.S.C. 652(a)(10))  
24          is amended by striking all that follows subparagraph  
25          (J), as added by paragraph (4).

1 (b) EFFECTIVE DATE.—The amendments made by  
2 subsection (a) are effective with respect to fiscal year 1996  
3 and succeeding fiscal years.

4 **Subtitle F—Establishment and**  
5 **Modification of Support Orders**

6 **SEC. 251. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**  
7 **MENT OF CHILD SUPPORT ORDERS.**

8 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-  
9 ed to read as follows:

10 “(10) REVIEW AND ADJUSTMENT OF SUPPORT  
11 ORDERS UPON REQUEST.—Procedures under which  
12 the State shall review and adjust each support order  
13 being enforced under this part if there is an assign-  
14 ment under part A or upon the request of either  
15 parent. Such procedures shall provide the following:

16 “(A) IN GENERAL.—

17 “(i) 3-YEAR CYCLE.—Except as pro-  
18 vided in subparagraphs (B) and (C), the  
19 State shall review and, as appropriate, ad-  
20 just the support order every 3 years, tak-  
21 ing into account the best interests of the  
22 child involved.

23 “(ii) METHODS OF ADJUSTMENT.—

24 The State may elect to review and, if ap-

1           appropriate, adjust an order pursuant to  
2           clause (i) by—

3                   “(I) reviewing and, if appro-  
4                   priate, adjusting the order in accord-  
5                   ance with the guidelines established  
6                   pursuant to section 467(a) if the  
7                   amount of the child support award  
8                   under the order differs from the  
9                   amount that would be awarded in ac-  
10                  cordance with the guidelines; or

11                  “(II) applying a cost-of-living ad-  
12                  justment to the order in accordance  
13                  with a formula developed by the State  
14                  and permit either party to contest the  
15                  adjustment, within 30 days after the  
16                  date of the notice of the adjustment,  
17                  by making a request for review and, if  
18                  appropriate, adjustment of the order  
19                  in accordance with the child support  
20                  guidelines established pursuant to sec-  
21                  tion 467(a).

22                  “(iii) NO PROOF OF CHANGE IN CIR-  
23                  CUMSTANCES NECESSARY.—Any adjust-  
24                  ment under this subparagraph (A) shall be

1           made without a requirement for proof or  
2           showing of a change in circumstances.

3           “(B) AUTOMATED METHOD.—The State  
4           may use automated methods (including auto-  
5           mated comparisons with wage or State income  
6           tax data) to identify orders eligible for review,  
7           conduct the review, identify orders eligible for  
8           adjustment, and apply the appropriate adjust-  
9           ment to the orders eligible for adjustment  
10          under the threshold established by the State.

11          “(C) REQUEST UPON SUBSTANTIAL  
12          CHANGE IN CIRCUMSTANCES.—The State shall,  
13          at the request of either parent subject to such  
14          an order or of any State child support enforce-  
15          ment agency, review and, if appropriate, adjust  
16          the order in accordance with the guidelines es-  
17          tablished pursuant to section 467(a) based  
18          upon a substantial change in the circumstances  
19          of either parent.

20          “(D) NOTICE OF RIGHT TO REVIEW.—The  
21          State shall provide notice not less than once  
22          every 3 years to the parents subject to such an  
23          order informing them of their right to request  
24          the State to review and, if appropriate, adjust

1           the order pursuant to this paragraph. The no-  
2           tice may be included in the order.”.

3 **SEC. 252. FURNISHING CONSUMER REPORTS FOR CERTAIN**  
4                                   **PURPOSES RELATING TO CHILD SUPPORT.**

5           Section 604 of the Fair Credit Reporting Act (15  
6 U.S.C. 1681b) is amended by adding at the end the follow-  
7 ing new paragraphs:

8           “(4) In response to a request by the head of a  
9           State or local child support enforcement agency (or  
10          a State or local government official authorized by  
11          the head of such an agency), if the person making  
12          the request certifies to the consumer reporting agen-  
13          cy that—

14                           “(A) the consumer report is needed for the  
15                           purpose of establishing an individual’s capacity  
16                           to make child support payments or determining  
17                           the appropriate level of such payments;

18                           “(B) the paternity of the consumer for the  
19                           child to which the obligation relates has been  
20                           established or acknowledged by the consumer in  
21                           accordance with State laws under which the ob-  
22                           ligation arises (if required by those laws);

23                           “(C) the person has provided at least 10  
24                           days’ prior notice to the consumer whose report  
25                           is requested, by certified or registered mail to

1 the last known address of the consumer, that  
2 the report will be requested; and

3 “(D) the consumer report will be kept con-  
4 fidential, will be used solely for a purpose de-  
5 scribed in subparagraph (A), and will not be  
6 used in connection with any other civil, admin-  
7 istrative, or criminal proceeding, or for any  
8 other purpose.

9 “(5) To an agency administering a State plan  
10 under section 454 of the Social Security Act (42  
11 U.S.C. 654) for use to set an initial or modified  
12 child support award.”.

13 **SEC. 253. NONLIABILITY FOR FINANCIAL INSTITUTIONS**  
14 **PROVIDING FINANCIAL RECORDS TO STATE**  
15 **CHILD SUPPORT ENFORCEMENT AGENCIES**  
16 **IN CHILD SUPPORT CASES.**

17 (a) IN GENERAL.—Notwithstanding any other provi-  
18 sion of Federal or State law, a financial institution shall  
19 not be liable under any Federal or State law to any person  
20 for disclosing any financial record of an individual to a  
21 State child support enforcement agency attempting to es-  
22 tablish, modify, or enforce a child support obligation of  
23 such individual.

24 (b) PROHIBITION OF DISCLOSURE OF FINANCIAL  
25 RECORD OBTAINED BY STATE CHILD SUPPORT EN-

1 FORCEMENT AGENCY.—A State child support enforcement  
2 agency which obtains a financial record of an individual  
3 from a financial institution pursuant to subsection (a)  
4 may disclose such financial record only for the purpose  
5 of establishing, modifying, or enforcing a child support ob-  
6 ligation of that individual.

7 (c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-  
8 SURE.—

9 (1) DISCLOSURE BY STATE OFFICER OR EM-  
10 PLOYEE.—If any person knowingly or negligently  
11 discloses a financial record of an individual in viola-  
12 tion of subsection (b), such individual may bring a  
13 civil action for damages against such person in a  
14 district court of the United States.

15 (2) NO LIABILITY FOR GOOD FAITH BUT ERRO-  
16 NEOUS INTERPRETATION.—No liability shall arise  
17 under this subsection with respect to any disclosure  
18 which results from a good faith, but erroneous, in-  
19 terpretation of subsection (b).

20 (3) DAMAGES.—In any action brought under  
21 paragraph (1), upon a finding of liability on the part  
22 of the defendant, the defendant shall be liable to the  
23 plaintiff in an amount equal to the sum of—

24 (A) the greater of—

1 (i) \$1,000 for each act of unauthor-  
2 ized disclosure of a financial record with  
3 respect to which such defendant is found  
4 liable; or

5 (ii) the sum of—

6 (I) the actual damages sustained  
7 by the plaintiff as a result of such un-  
8 authorized disclosure; plus

9 (II) in the case of a willful disclo-  
10 sure or a disclosure which is the re-  
11 sult of gross negligence, punitive dam-  
12 ages; plus

13 (B) the costs (including attorney's fees) of  
14 the action.

15 (d) DEFINITIONS.—For purposes of this section—

16 (1) FINANCIAL INSTITUTION.—The term “fi-  
17 nancial institution” means—

18 (A) a depository institution, as defined in  
19 section 3(c) of the Federal Deposit Insurance  
20 Act (12 U.S.C. 1813(c));

21 (B) an institution-affiliated party, as de-  
22 fined in section 3(u) of such Act (12 U.S.C.  
23 1813(v));

24 (C) any Federal credit union or State cred-  
25 it union, as defined in section 101 of the Fed-

1           eral Credit Union Act (12 U.S.C. 1752), includ-  
 2           ing an institution-affiliated party of such a  
 3           credit union, as defined in section 206(r) of  
 4           such Act (12 U.S.C. 1786(r)); and

5           (D) any benefit association, insurance com-  
 6           pany, safe deposit company, money-market mu-  
 7           tual fund, or similar entity authorized to do  
 8           business in the State.

9           (2) FINANCIAL RECORD.—The term “financial  
 10          record” has the meaning given such term in section  
 11          1101 of the Right to Financial Privacy Act of 1978  
 12          (12 U.S.C. 3401).

13          (3) STATE CHILD SUPPORT ENFORCEMENT  
 14          AGENCY.—The term “State child support enforce-  
 15          ment agency” means a State agency which admin-  
 16          isters a State program for establishing and enforcing  
 17          child support obligations.

## 18                   **Subtitle G—Enforcement of** 19                   **Support Orders**

### 20   **SEC. 261. INTERNAL REVENUE SERVICE COLLECTION OF** 21                   **ARREARAGES.**

22          (a) COLLECTION OF FEES.—Section 6305(a) of the  
 23          Internal Revenue Code of 1986 (relating to collection of  
 24          certain liability) is amended—

1 (1) by striking “and” at the end of paragraph  
2 (3);

3 (2) by striking the period at the end of para-  
4 graph (4) and inserting “, and”;

5 (3) 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 (4) 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 become effective October 1, 1997.

16 **SEC. 262. 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 to  
20 read as follows:

1 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**  
2 **WITHHOLDING, GARNISHMENT, AND SIMILAR**  
3 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**  
4 **SUPPORT AND ALIMONY OBLIGATIONS.**

5 “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-  
6 withstanding any other provision of law (including section  
7 207 of this Act and section 5301 of title 38, United States  
8 Code), effective January 1, 1975, moneys (the entitlement  
9 to which is based upon remuneration for employment) due  
10 from, or payable by, the United States or the District of  
11 Columbia (including any agency, subdivision, or instru-  
12 mentality thereof) to any individual, including members  
13 of the Armed Forces of the United States, shall be subject,  
14 in like manner and to the same extent as if the United  
15 States or the District of Columbia were a private person,  
16 to withholding in accordance with State law enacted pur-  
17 suant to subsections (a)(1) and (b) of section 466 and reg-  
18 ulations of the Secretary under such subsections, and to  
19 any other legal process brought, by a State agency admin-  
20 istering a program under a State plan approved under this  
21 part or by an individual obligee, to enforce the legal obliga-  
22 tion of the individual to provide child support or alimony.

23 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO  
24 PRIVATE PERSON.—With respect to notice to withhold in-  
25 come pursuant to subsection (a)(1) or (b) of section 466,  
26 or any other order or process to enforce support obliga-

1 tions against an individual (if the order or process con-  
2 tains or is accompanied by sufficient data to permit  
3 prompt identification of the individual and the moneys in-  
4 volved), each governmental entity specified in subsection  
5 (a) shall be subject to the same requirements as would  
6 apply if the entity were a private person, except as other-  
7 wise provided in this section.

8       “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE  
9 OR PROCESS.—

10           “(1) DESIGNATION OF AGENT.—The head of  
11 each agency subject to this section shall—

12                   “(A) designate an agent or agents to re-  
13 ceive orders and accept service of process in  
14 matters relating to child support or alimony;  
15 and

16                   “(B) annually publish in the Federal Reg-  
17 ister the designation of the agent or agents,  
18 identified by title or position, mailing address,  
19 and telephone number.

20           “(2) RESPONSE TO NOTICE OR PROCESS.—If an  
21 agent designated pursuant to paragraph (1) of this  
22 subsection receives notice pursuant to State proce-  
23 dures in effect pursuant to subsection (a)(1) or (b)  
24 of section 466, or is effectively served with any  
25 order, process, or interrogatory, with respect to an

1 individual's child support or alimony payment obli-  
2 gations, the agent shall—

3 “(A) as soon as possible (but not later  
4 than 15 days) thereafter, send written notice of  
5 the notice or service (together with a copy of  
6 the notice or service) to the individual at the  
7 duty station or last-known home address of the  
8 individual;

9 “(B) within 30 days (or such longer period  
10 as may be prescribed by applicable State law)  
11 after receipt of a notice pursuant to such State  
12 procedures, comply with all applicable provi-  
13 sions of section 466; and

14 “(C) within 30 days (or such longer period  
15 as may be prescribed by applicable State law)  
16 after effective service of any other such order,  
17 process, or interrogatory, respond to the order,  
18 process, or interrogatory.

19 “(d) PRIORITY OF CLAIMS.—If a governmental entity  
20 specified in subsection (a) receives notice or is served with  
21 process, as provided in this section, concerning amounts  
22 owed by an individual to more than 1 person—

23 “(1) support collection under section 466(b)  
24 must be given priority over any other process, as  
25 provided in section 466(b)(7);

1           “(2) allocation of moneys due or payable to an  
2 individual among claimants under section 466(b)  
3 shall be governed by section 466(b) and the regula-  
4 tions prescribed under such section; and

5           “(3) such moneys as remain after compliance  
6 with paragraphs (1) and (2) shall be available to  
7 satisfy any other such processes on a first-come,  
8 first-served basis, with any such process being satis-  
9 fied out of such moneys as remain after the satisfac-  
10 tion of all such processes which have been previously  
11 served.

12           “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A  
13 governmental entity that is affected by legal process  
14 served for the enforcement of an individual’s child support  
15 or alimony payment obligations shall not be required to  
16 vary its normal pay and disbursement cycle in order to  
17 comply with the legal process.

18           “(f) RELIEF FROM LIABILITY.—

19           “(1) Neither the United States, nor the govern-  
20 ment of the District of Columbia, nor any disbursing  
21 officer shall be liable with respect to any payment  
22 made from moneys due or payable from the United  
23 States to any individual pursuant to legal process  
24 regular on its face, if the payment is made in ac-

1 cordance with this section and the regulations issued  
2 to carry out this section.

3 “(2) No Federal employee whose duties include  
4 taking actions necessary to comply with the require-  
5 ments of subsection (a) with regard to any individ-  
6 ual shall be subject under any law to any discipli-  
7 nary action or civil or criminal liability or penalty  
8 for, or on account of, any disclosure of information  
9 made by the employee in connection with the carry-  
10 ing out of such actions.

11 “(g) REGULATIONS.—Authority to promulgate regu-  
12 lations for the implementation of this section shall, insofar  
13 as this section applies to moneys due from (or payable  
14 by)—

15 “(1) the United States (other than the legisla-  
16 tive or judicial branches of the Federal Government)  
17 or the government of the District of Columbia, be  
18 vested in the President (or the designee of the Presi-  
19 dent);

20 “(2) the legislative branch of the Federal Gov-  
21 ernment, be vested jointly in the President pro tem-  
22 pore of the Senate and the Speaker of the House of  
23 Representatives (or their designees), and

1           “(3) the judicial branch of the Federal Govern-  
2           ment, be vested in the Chief Justice of the United  
3           States (or the designee of the Chief Justice).

4           “(h) MONEYS SUBJECT TO PROCESS.—

5           “(1) IN GENERAL.—Subject to paragraph (2),  
6           moneys paid or payable to an individual which are  
7           considered to be based upon remuneration for em-  
8           ployment, for purposes of this section—

9           “(A) consist of—

10           “(i) compensation paid or payable for  
11           personal services of the individual, whether  
12           the compensation is denominated as wages,  
13           salary, commission, bonus, pay, allowances,  
14           or otherwise (including severance pay, sick  
15           pay, and incentive pay);

16           “(ii) periodic benefits (including a  
17           periodic benefit as defined in section  
18           228(h)(3)) or other payments—

19           “(I) under the insurance system  
20           established by title II;

21           “(II) under any other system or  
22           fund established by the United States  
23           which provides for the payment of  
24           pensions, retirement or retired pay,  
25           annuities, dependents’ or survivors’

1 benefits, or similar amounts payable  
2 on account of personal services per-  
3 formed by the individual or any other  
4 individual;

5 “(III) as compensation for death  
6 under any Federal program;

7 “(IV) under any Federal pro-  
8 gram established to provide ‘black  
9 lung’ benefits; or

10 “(V) by the Secretary of Veter-  
11 ans Affairs as compensation for a  
12 service-connected disability paid by  
13 the Secretary to a former member of  
14 the Armed Forces who is in receipt of  
15 retired or retainer pay if the former  
16 member has waived a portion of the  
17 retired or retainer pay in order to re-  
18 ceive such compensation; and

19 “(iii) worker’s compensation benefits  
20 paid under Federal or State law but

21 “(B) do not include any payment—

22 “(i) by way of reimbursement or oth-  
23 erwise, to defray expenses incurred by the  
24 individual in carrying out duties associated  
25 with the employment of the individual; or

1           “(ii) as allowances for members of the  
2           uniformed services payable pursuant to  
3           chapter 7 of title 37, United States Code,  
4           as prescribed by the Secretaries concerned  
5           (defined by section 101(5) of such title) as  
6           necessary for the efficient performance of  
7           duty.

8           “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-  
9           mining the amount of any moneys due from, or pay-  
10          able by, the United States to any individual, there  
11          shall be excluded amounts which—

12           “(A) are owed by the individual to the  
13          United States;

14           “(B) are required by law to be, and are,  
15          deducted from the remuneration or other pay-  
16          ment involved, including Federal employment  
17          taxes, and fines and forfeitures ordered by  
18          court-martial;

19           “(C) are properly withheld for Federal,  
20          State, or local income tax purposes, if the with-  
21          holding of the amounts is authorized or re-  
22          quired by law and if amounts withheld are not  
23          greater than would be the case if the individual  
24          claimed all dependents to which he was entitled  
25          (the withholding of additional amounts pursu-

1 ant to section 3402(i) of the Internal Revenue  
2 Code of 1986 may be permitted only when the  
3 individual presents evidence of a tax obligation  
4 which supports the additional withholding);

5 “(D) are deducted as health insurance pre-  
6 miums;

7 “(E) are deducted as normal retirement  
8 contributions (not including amounts deducted  
9 for supplementary coverage); or

10 “(F) are deducted as normal life insurance  
11 premiums from salary or other remuneration  
12 for employment (not including amounts de-  
13 ducted for supplementary coverage).

14 “(i) DEFINITIONS.—For purposes of this section—

15 “(1) UNITED STATES.—The term ‘United  
16 States’ includes any department, agency, or instru-  
17 mentality of the legislative, judicial, or executive  
18 branch of the Federal Government, the United  
19 States Postal Service, the Postal Rate Commission,  
20 any Federal corporation created by an Act of Con-  
21 gress that is wholly owned by the Federal Govern-  
22 ment, and the governments of the territories and  
23 possessions of the United States.

24 “(2) CHILD SUPPORT.—The term ‘child sup-  
25 port’, when used in reference to the legal obligations

1 of an individual to provide such support, means  
2 amounts required to be paid under a judgment, de-  
3 cree, or order, whether temporary, final, or subject  
4 to modification, issued by a court or an administra-  
5 tive agency of competent jurisdiction, for the sup-  
6 port and maintenance of a child, including a child  
7 who has attained the age of majority under the law  
8 of the issuing State, or a child and the parent with  
9 whom the child is living, which provides for mone-  
10 tary support, health care, arrearages or reimburse-  
11 ment, and which may include other related costs and  
12 fees, interest and penalties, income withholding, at-  
13 torney's fees, and other relief.

14 “(3) ALIMONY.—

15 “(A) IN GENERAL.—The term ‘alimony’,  
16 when used in reference to the legal obligations  
17 of an individual to provide the same, means  
18 periodic payments of funds for the support and  
19 maintenance of the spouse (or former spouse)  
20 of the individual, and (subject to and in accord-  
21 ance with State law) includes separate mainte-  
22 nance, alimony pendente lite, maintenance, and  
23 spousal support, and includes attorney's fees,  
24 interest, and court costs when and to the extent  
25 that the same are expressly made recoverable as

1           such pursuant to a decree, order, or judgment  
2           issued in accordance with applicable State law  
3           by a court of competent jurisdiction.

4           “(B) EXCEPTIONS.—Such term does not  
5           include—

6                   “(i) any child support; or

7                   “(ii) any payment or transfer of prop-  
8                   erty or its value by an individual to the  
9                   spouse or a former spouse of the individual  
10                   in compliance with any community prop-  
11                   erty settlement, equitable distribution of  
12                   property, or other division of property be-  
13                   tween spouses or former spouses.

14           “(4) PRIVATE PERSON.—The term ‘private per-  
15           son’ means a person who does not have sovereign or  
16           other special immunity or privilege which causes the  
17           person not to be subject to legal process.

18           “(5) LEGAL PROCESS.—The term ‘legal proc-  
19           ess’ means any writ, order, summons, or other simi-  
20           lar process in the nature of garnishment—

21                   “(A) which is issued by—

22                           “(i) a court or an administrative  
23                           agency of competent jurisdiction in any  
24                           State, territory, or possession of the Unit-  
25                           ed States;

1           “(ii) a court or an administrative  
2           agency of competent jurisdiction in any  
3           foreign country with which the United  
4           States has entered into an agreement  
5           which requires the United States to honor  
6           the process; or

7           “(iii) an authorized official pursuant  
8           to an order of such a court or an adminis-  
9           trative agency of competent jurisdiction or  
10          pursuant to State or local law; and

11          “(B) which is directed to, and the purpose  
12          of which is to compel, a governmental entity  
13          which holds moneys which are otherwise pay-  
14          able to an individual to make a payment from  
15          the moneys to another party in order to satisfy  
16          a legal obligation of the individual to provide  
17          child support or make alimony payments.”.

18          (b) CONFORMING AMENDMENTS.—

19                (1) TO PART D OF TITLE IV.—Sections 461 and  
20                462 (42 U.S.C. 661 and 662) are repealed.

21                (2) TO TITLE 5, UNITED STATES CODE.—Sec-  
22                tion 5520a of title 5, United States Code, is amend-  
23                ed, in subsections (h)(2) and (i), by striking “sec-  
24                tions 459, 461, and 462 of the Social Security Act  
25                (42 U.S.C. 659, 661, and 662)” and inserting “sec-

1 tion 459 of the Social Security Act. (42 U.S.C.  
2 659)”).

3 (c) MILITARY RETIRED AND RETAINER PAY.—

4 (1) DEFINITION OF COURT.—Section  
5 1408(a)(1) of title 10, United States Code, is  
6 amended—

7 (A) by striking “and” at the end of sub-  
8 paragraph (B);

9 (B) by striking the period at the end of  
10 subparagraph (C) and inserting “; and”; and

11 (C) by adding after subparagraph (C) the  
12 following: new subparagraph:

13 “(D) any administrative or judicial tribu-  
14 nal of a State competent to enter orders for  
15 support or maintenance (including a State  
16 agency administering a program under a State  
17 plan approved under part D of title IV of the  
18 Social Security Act), and, for purposes of this  
19 subparagraph, the term ‘State’ includes the  
20 District of Columbia, the Commonwealth of  
21 Puerto Rico, the Virgin Islands, Guam, and  
22 American Samoa.”.

23 (2) DEFINITION OF COURT ORDER.—Section  
24 1408(a)(2) of such title is amended—

1 (A) by inserting “or a support order, as  
2 defined in section 453(p) of the Social Security  
3 Act (42 U.S.C. 653(p)),” before “which—”;

4 (B) in subparagraph (B)(i), by striking  
5 “(as defined in section 462(b) of the Social Se-  
6 curity Act (42 U.S.C. 662(b)))” and inserting  
7 “(as defined in section 459(i)(2) of the Social  
8 Security Act (42 U.S.C. 662(i)(2)))”; and

9 (C) in subparagraph (B)(ii), by striking  
10 “(as defined in section 462(c) of the Social Se-  
11 curity Act (42 U.S.C. 662(c)))” and inserting  
12 “(as defined in section 459(i)(3) of the Social  
13 Security Act (42 U.S.C. 662(i)(3)))”.

14 (3) PUBLIC PAYEE.—Section 1408(d) of such  
15 title is amended—

16 (A) in the heading, by inserting “(OR FOR  
17 BENEFIT OF)” before “SPOUSE OR”; and

18 (B) in paragraph (1), in the 1st sentence,  
19 by inserting “(or for the benefit of such spouse  
20 or former spouse to a State disbursement unit  
21 established pursuant to section 454B of the So-  
22 cial Security Act or other public payee des-  
23 ignated by a State, in accordance with part D  
24 of title IV of the Social Security Act, as di-  
25 rected by court order, or as otherwise directed

1           in accordance with such part D)” before “in an  
2           amount sufficient”.

3           (4) RELATIONSHIP TO PART D OF TITLE IV.—

4           Section 1408 of such title is amended by adding at  
5           the end the following new subsection:

6           “(j) RELATIONSHIP TO OTHER LAWS.—In any case  
7           involving an order providing for payment of child support  
8           (as defined in section 459(i)(2) of the Social Security Act)  
9           by a member who has never been married to the other  
10          parent of the child, the provisions of this section shall not  
11          apply, and the case shall be subject to the provisions of  
12          section 459 of such Act.”.

13          (d) EFFECTIVE DATE.—The amendments made by  
14          this section become effective 6 months after the date of  
15          the enactment of this Act.

16   **SEC. 263. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**  
17                           **TIONS OF MEMBERS OF THE ARMED FORCES.**

18          (a) AVAILABILITY OF LOCATOR INFORMATION.—

19                  (1) MAINTENANCE OF ADDRESS INFORMA-  
20                  TION.—The Secretary of Defense shall establish a  
21                  centralized personnel locator service that includes  
22                  the address of each member of the Armed Forces  
23                  under the jurisdiction of the Secretary. Upon re-  
24                  quest of the Secretary of Transportation, addresses

1 for members of the Coast Guard shall be included in  
2 the centralized personnel locator service.

3 (2) TYPE OF ADDRESS.—

4 (A) RESIDENTIAL ADDRESS.—Except as  
5 provided in subparagraph (B), the address for  
6 a member of the Armed Forces shown in the  
7 locator service shall be the residential address  
8 of that member.

9 (B) DUTY ADDRESS.—The address for a  
10 member of the Armed Forces shown in the loca-  
11 tor service shall be the duty address of that  
12 member in the case of a member—

13 (i) who is permanently assigned over-  
14 seas, to a vessel, or to a routinely  
15 deployable unit; or

16 (ii) with respect to whom the Sec-  
17 retary concerned makes a determination  
18 that the member's residential address  
19 should not be disclosed due to national se-  
20 curity or safety concerns.

21 (3) UPDATING OF LOCATOR INFORMATION.—

22 Within 30 days after a member listed in the locator  
23 service establishes a new residential address (or a  
24 new duty address, in the case of a member covered  
25 by paragraph (2)(B)), the Secretary concerned shall

1 update the locator service to indicate the new ad-  
2 dress of the member.

3 (4) AVAILABILITY OF INFORMATION.—The Sec-  
4 retary of Defense shall make information regarding  
5 the address of a member of the Armed Forces listed  
6 in the locator service available, on request, to the  
7 Federal Parent Locator Service established under  
8 section 453 of the Social Security Act.

9 (b) FACILITATING GRANTING OF LEAVE FOR AT-  
10 TENDANCE AT HEARINGS.—

11 (1) REGULATIONS.—The Secretary of each  
12 military department, and the Secretary of Transpor-  
13 tation with respect to the Coast Guard when it is  
14 not operating as a service in the Navy, shall pre-  
15 scribe regulations to facilitate the granting of leave  
16 to a member of the Armed Forces under the juris-  
17 diction of that Secretary in a case in which—

18 (A) the leave is needed for the member to  
19 attend a hearing described in paragraph (2);

20 (B) the member is not serving in or with  
21 a unit deployed in a contingency operation (as  
22 defined in section 101 of title 10, United States  
23 Code); and

24 (C) the exigencies of military service (as  
25 determined by the Secretary concerned) do not

1 otherwise require that such leave not be grant-  
2 ed.

3 (2) COVERED HEARINGS.—Paragraph (1) ap-  
4 plies to a hearing that is conducted by a court or  
5 pursuant to an administrative process established  
6 under State law, in connection with a civil action—

7 (A) to determine whether a member of the  
8 Armed Forces is a natural parent of a child; or

9 (B) to determine an obligation of a mem-  
10 ber of the Armed Forces to provide child sup-  
11 port.

12 (3) DEFINITIONS.—For purposes of this sub-  
13 section—

14 (A) The term “court” has the meaning  
15 given that term in section 1408(a) of title 10,  
16 United States Code.

17 (B) The term “child support” has the  
18 meaning given such term in section 459(i) of  
19 the Social Security Act (42 U.S.C. 659(i)).

20 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-  
21 PLIANCE WITH CHILD SUPPORT ORDERS.—

22 (1) DATE OF CERTIFICATION OF COURT  
23 ORDER.—Section 1408 of title 10, United States  
24 Code, as amended by section 262(c)(4) of this Act,  
25 is amended—

1 (A) by redesignating subsections (i) and (j)  
2 as subsections (j) and (k), respectively; and

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

5 “(i) CERTIFICATION DATE.—It is not necessary that  
6 the date of a certification of the authenticity or complete-  
7 ness of a copy of a court order for child support received  
8 by the Secretary concerned for the purposes of this section  
9 be recent in relation to the date of receipt by the Sec-  
10 retary.”.

11 (2) PAYMENTS CONSISTENT WITH ASSIGN-  
12 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)  
13 of such title is amended by inserting after the 1st  
14 sentence the following new sentence: “In the case of  
15 a spouse or former spouse who, pursuant to section  
16 402(a)(2) of the Social Security Act (42 U.S.C.  
17 602(a)(2)), assigns to a State the rights of the  
18 spouse or former spouse to receive support, the Sec-  
19 retary concerned may make the child support pay-  
20 ments referred to in the preceding sentence to that  
21 State in amounts consistent with that assignment of  
22 rights.”.

23 (3) ARREARAGES OWED BY MEMBERS OF THE  
24 UNIFORMED SERVICES.—Section 1408(d) of such

1 title is amended by adding at the end the following  
2 new paragraph:

3 “(6) In the case of a court order for which ef-  
4 fective service is made on the Secretary concerned  
5 on or after the date of the enactment of this para-  
6 graph and which provides for payments from the  
7 disposable retired pay of a member to satisfy the  
8 amount of child support set forth in the order, the  
9 authority provided in paragraph (1) to make pay-  
10 ments from the disposable retired pay of a member  
11 to satisfy the amount of child support set forth in  
12 a court order shall apply to payment of any amount  
13 of child support arrearages set forth in that order as  
14 well as to amounts of child support that currently  
15 become due.”.

16 (4) PAYROLL DEDUCTIONS.—The Secretary of  
17 Defense shall begin payroll deductions within 30  
18 days after receiving notice of withholding, or for the  
19 1st pay period that begins after such 30-day period.

20 **SEC. 264. VOIDING OF FRAUDULENT TRANSFERS.**

21 Section 466 (42 U.S.C. 666), as amended by section  
22 221 of this Act, is amended by adding at the end the fol-  
23 lowing new subsection:

1       “(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In  
2 order to satisfy section 454(20)(A), each State must have  
3 in effect—

4           “(1)(A) the Uniform Fraudulent Conveyance  
5 Act of 1981;

6           “(B) the Uniform Fraudulent Transfer Act of  
7 1984; or

8           “(C) another law, specifying indicia of fraud  
9 which create a prima facie case that a debtor trans-  
10 ferred income or property to avoid payment to a  
11 child support creditor, which the Secretary finds af-  
12 fords comparable rights to child support creditors;  
13 and

14           “(2) procedures under which, in any case in  
15 which the State knows of a transfer by a child sup-  
16 port debtor with respect to which such a prima facie  
17 case is established, the State must—

18           “(A) seek to void such transfer; or

19           “(B) obtain a settlement in the best inter-  
20 ests of the child support creditor.”.

21 **SEC. 265. WORK REQUIREMENT FOR PERSONS OWING**  
22 **PAST-DUE CHILD SUPPORT.**

23       (a) IN GENERAL.—Section 466(a) of the Social Secu-  
24 rity Act (42 U.S.C. 666(a)), as amended by sections 215,

1 217(a), and 223 of this Act, is amended by adding at the  
2 end the following new paragraph:

3           “(15) PROCEDURES TO ENSURE THAT PERSONS  
4           OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN  
5           FOR PAYMENT OF SUCH SUPPORT.—

6           “(A) IN GENERAL.—Procedures under  
7           which the State has the authority, in any case  
8           in which an individual owes past-due support  
9           with respect to a child receiving assistance  
10          under a State program funded under part A,  
11          to seek a court order that requires the individ-  
12          ual to—

13                  “(i) pay such support in accordance  
14                  with a plan approved by the court, or, at  
15                  the option of the State, a plan approved by  
16                  the State agency administering the State  
17                  program under this part; or

18                  “(ii) if the individual is subject to  
19                  such a plan and is not incapacitated, par-  
20                  ticipate in such work activities (as defined  
21                  in section 407(d)) as the court, or, at the  
22                  option of the State, the State agency ad-  
23                  ministering the State program under this  
24                  part, deems appropriate.

1           “(B) PAST-DUE SUPPORT DEFINED.—For  
2           purposes of subparagraph (A), the term ‘past-  
3           due support’ means the amount whose payment  
4           is overdue as determined under a court order,  
5           or an order of an administrative process estab-  
6           lished under State law, for support and mainte-  
7           nance of a child, or of a child and the parent  
8           with whom the child is living.”.

9           (b) CONFORMING AMENDMENT.—The flush para-  
10          graph at the end of section 466(a) (42 U.S.C.666(a)) is  
11          amended by striking “and (7)” and inserting “(7), and  
12          (15)”.

13          **SEC. 266. DEFINITION OF SUPPORT ORDER.**

14          Section 453 (42 U.S.C. 653) as amended by sections  
15          216 and 246(b) of this Act, is amended by adding at the  
16          end the following new subsection:

17          “(p) SUPPORT ORDER DEFINED.—As used in this  
18          part, the term ‘support order’ means a judgment, decree,  
19          or order, whether temporary, final, or subject to modifica-  
20          tion, issued by a court or an administrative agency of com-  
21          petent jurisdiction, for the support and maintenance of a  
22          child, including a child who has attained the age of major-  
23          ity under the law of the issuing State, or a child and the  
24          parent with whom the child is living, which provides for  
25          monetary support, health care, arrearages, or reimburse-

1 ment, and which may include related costs and fees, inter-  
2 est and penalties, income withholding, attorneys' fees, and  
3 other relief.”.

4 **SEC. 267. REPORTING ARREARAGES TO CREDIT BUREAUS.**

5 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended  
6 to read as follows:

7 “(7) REPORTING ARREARAGES TO CREDIT BU-  
8 REAUS.—

9 “(A) IN GENERAL.—Procedures (subject to  
10 safeguards pursuant to subparagraph (B)) re-  
11 quiring the State to report periodically to  
12 consumer reporting agencies (as defined in sec-  
13 tion 603(f) of the Fair Credit Reporting Act  
14 (15 U.S.C. 1681a(f)) the name of any non-  
15 custodial parent who is delinquent in the pay-  
16 ment of support, and the amount of overdue  
17 support owed by such parent.

18 “(B) SAFEGUARDS.—Procedures ensuring  
19 that, in carrying out subparagraph (A), infor-  
20 mation with respect to a noncustodial parent is  
21 reported—

22 “(i) only after such parent has been  
23 afforded all due process required under  
24 State law, including notice and a reason-

1           able opportunity to contest the accuracy of  
2           such information; and

3                   “(ii) only to an entity that has fur-  
4           nished evidence satisfactory to the State  
5           that the entity is a consumer reporting  
6           agency (as so defined).”.

7 **SEC. 268. LIENS.**

8           Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended  
9 to read as follows:

10           “(4) LIENS.—Procedures under which—

11                   “(A) liens arise by operation of law against  
12           real and personal property for amounts of over-  
13           due support owed by a noncustodial parent who  
14           resides or owns property in the State; and

15                   “(B) the State accords full faith and credit  
16           to liens described in subparagraph (A) arising  
17           in another State, without registration of the un-  
18           derlying order.”.

19 **SEC. 269. STATE LAW AUTHORIZING SUSPENSION OF LI-**  
20 **CENSES.**

21           Section 466(a) (42 U.S.C. 666(a)), as amended by  
22 sections 215, 217(a), 223, and 265 of this Act, is amended  
23 by adding at the end the following:

24                   “(16) AUTHORITY TO WITHHOLD OR SUSPEND  
25           LICENSES.—Procedures under which the State has

1 (and uses in appropriate cases) authority to withhold  
2 or suspend, or to restrict the use of, driver's li-  
3 censes, professional and occupational licenses, and  
4 recreational licenses of individuals owing overdue  
5 support or failing, after receiving appropriate notice,  
6 to comply with subpoenas or warrants relating to  
7 paternity or child support proceedings.”.

8 **SEC. 270. DENIAL OF PASSPORTS FOR NONPAYMENT OF**  
9 **CHILD SUPPORT.**

10 (a) HHS CERTIFICATION PROCEDURE.—

11 (1) SECRETARIAL RESPONSIBILITY.—Section  
12 452 (42 U.S.C. 652), as amended by section 246 of  
13 this Act, is amended by adding at the end the fol-  
14 lowing new subsection:

15 “(k)(1) If the Secretary receives a certification by a  
16 State agency in accordance with the requirements of sec-  
17 tion 454(31) that an individual owes arrearages of child  
18 support in an amount exceeding \$5,000, the Secretary  
19 shall transmit such certification to the Secretary of State  
20 for action (with respect to denial, revocation, or limitation  
21 of passports) pursuant to section 270(b) of the Work First  
22 and Personal Responsibility Act of 1996.

23 “(2) The Secretary shall not be liable to an in-  
24 dividual for any action with respect to a certification  
25 by a State agency under this section.”.

1           (2) STATE AGENCY RESPONSIBILITY.—Section  
2     454 (42 U.S.C. 654), as amended by sections  
3     201(b), 203(a), 212(b), 213(a), 233, and 244(b) of  
4     this Act, is amended—

5           (A) by striking “and” at the end of para-  
6     graph (29);

7           (B) by striking the period at the end of  
8     paragraph (30) and inserting “; and”; and

9           (C) by adding after paragraph (30) the fol-  
10    lowing new paragraph:

11           “(31) provide that the State agency will have in  
12    effect a procedure for certifying to the Secretary, for  
13    purposes of the procedure under section 452(k), de-  
14    terminations that individuals owe arrearages of child  
15    support in an amount exceeding \$5,000, under  
16    which procedure—

17           “(A) each individual concerned is afforded  
18    notice of such determination and the con-  
19    sequences thereof, and an opportunity to con-  
20    test the determination; and

21           “(B) the certification by the State agency  
22    is furnished to the Secretary in such format,  
23    and accompanied by such supporting docu-  
24    mentation, as the Secretary may require.”.

1 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL  
2 OF PASSPORTS.—

3 (1) IN GENERAL.—The Secretary of State shall,  
4 upon certification by the Secretary of Health and  
5 Human Services transmitted under section 452(k) of  
6 the Social Security Act, refuse to issue a passport to  
7 such individual, and may revoke, restrict, or limit a  
8 passport issued previously to such individual.

9 (2) LIMIT ON LIABILITY.—The Secretary of  
10 State shall not be liable to an individual for any ac-  
11 tion with respect to a certification by a State agency  
12 under this section.

13 (c) EFFECTIVE DATE.—This section and the amend-  
14 ments made by this section become effective October 1,  
15 1996.

16 **SEC. 271. INTERNATIONAL CHILD SUPPORT ENFORCE-**  
17 **MENT.**

18 (a) AUTHORITY FOR INTERNATIONAL AGREE-  
19 MENTS.—Part D of title IV, as amended by section 262(a)  
20 of this Act, is amended by adding after section 459 the  
21 following new section:

22 **“SEC. 459A. INTERNATIONAL CHILD SUPPORT ENFORCE-**  
23 **MENT.**

24 **“(a) AUTHORITY FOR DECLARATIONS.—**

1           “(1) DECLARATION.—The Secretary of State,  
2 with the concurrence of the Secretary of Health and  
3 Human Services, is authorized to declare any foreign  
4 country (or a political subdivision thereof) to be a  
5 foreign reciprocating country if the foreign country  
6 has established, or undertakes to establish, proce-  
7 dures for the establishment and enforcement of du-  
8 ties of support owed to obligees who are residents of  
9 the United States, and such procedures are substan-  
10 tially in conformity with the standards prescribed  
11 under subsection (b).

12           “(2) REVOCATION.—A declaration with respect  
13 to a foreign country made pursuant to paragraph  
14 (1) may be revoked if the Secretaries of State and  
15 Health and Human Services determine that—

16           “(A) the procedures established by the for-  
17 eign nation regarding the establishment and en-  
18 forcement of duties of support have been so  
19 changed, or the foreign nation’s implementation  
20 of such procedures is so unsatisfactory, that  
21 such procedures do not meet the criteria for  
22 such a declaration; or

23           “(B) continued operation of the declaration  
24 is not consistent with the purposes of this part.

1           “(3) FORM OF DECLARATION.—A declaration  
2           under paragraph (1) may be made in the form of an  
3           international agreement, in connection with an inter-  
4           national agreement or corresponding foreign declara-  
5           tion, or on a unilateral basis.

6           “(b) STANDARDS FOR FOREIGN SUPPORT ENFORCE-  
7           MENT PROCEDURES.—

8           “(1) MANDATORY ELEMENTS.—Child support  
9           enforcement procedures of a foreign country which  
10          may be the subject of a declaration pursuant to sub-  
11          section (a)(1) shall include the following elements:

12                   “(A) The foreign country (or political sub-  
13                   division thereof) has in effect procedures, avail-  
14                   able to residents of the United States—

15                           “(i) for establishment of paternity,  
16                           and for establishment of orders of support  
17                           for children and custodial parents; and

18                           “(ii) for enforcement of orders to pro-  
19                           vide support to children and custodial par-  
20                           ents, including procedures for collection  
21                           and appropriate distribution of support  
22                           payments under such orders.

23                   “(B) The procedures described in subpara-  
24                   graph (A), including legal and administrative

1 assistance, are provided to residents of the  
2 United States at no cost.

3 “(C) An agency of the foreign country is  
4 designated as a Central Authority responsible  
5 for—

6 “(i) facilitating child support enforce-  
7 ment in cases involving residents of the  
8 foreign nation and residents of the United  
9 States; and

10 “(ii) ensuring compliance with the  
11 standards established pursuant to this sub-  
12 section.

13 “(2) ADDITIONAL ELEMENTS.—The Secretary  
14 of Health and Human Services and the Secretary of  
15 State, in consultation with the States, may establish  
16 such additional standards as may be considered nec-  
17 essary to further the purposes of this section.

18 “(c) DESIGNATION OF UNITED STATES CENTRAL  
19 AUTHORITY.—It shall be the responsibility of the Sec-  
20 retary of Health and Human Services to facilitate child  
21 support enforcement in cases involving residents of the  
22 United States and residents of foreign nations that are  
23 the subject of a declaration under this section, by activities  
24 including—

1           “(1) development of uniform forms and proce-  
2           dures for use in such cases;

3           “(2) notification of foreign reciprocating coun-  
4           tries of the State of residence of individuals sought  
5           for support enforcement purposes, on the basis of in-  
6           formation provided by the Federal Parent Locator  
7           Service; and

8           “(3) such other oversight, assistance, and co-  
9           ordination activities as the Secretary may find nec-  
10          essary and appropriate.

11          “(d) EFFECT ON OTHER LAWS.—States may enter  
12          into reciprocal arrangements for the establishment and en-  
13          forcement of child support obligations with foreign coun-  
14          tries that are not the subject of a declaration pursuant  
15          to subsection (a), to the extent consistent with Federal  
16          law.”.

17          (b) STATE PLAN REQUIREMENT.—Section 454 (42  
18          U.S.C. 654), as amended by sections 201(b), 203(a),  
19          212(b), 213(a), 233, 244(b), and 270(a)(2) of this Act,  
20          is amended—

21                 (1) by striking “and” at the end of paragraph  
22                 (30);

23                 (2) by striking the period at the end of para-  
24                 graph (31) and inserting “; and”; and

1 (3) by adding after paragraph (31) the follow-  
2 ing new paragraph:

3 “(32)(A) provide that any request for services  
4 under this part by a foreign reciprocating country or  
5 a foreign country with which the State has an ar-  
6 rangement described in section 459A(d)(2) shall be  
7 treated as a request by a State;

8 “(B) provide, at State option, notwith-  
9 standing paragraph (4) or any other provision  
10 of this part, for services under the plan for en-  
11 forcement of a spousal support order not de-  
12 scribed in paragraph (4)(B) entered by such a  
13 country (or subdivision); and

14 “(C) provide that no applications will be  
15 required from, and no costs will be assessed for  
16 such services against, the foreign reciprocating  
17 country or foreign obligee (but costs may at  
18 State option be assessed against the obligor).”.

19 **SEC. 272. FINANCIAL INSTITUTION DATA MATCHES.**

20 Section 466(a) (42 U.S.C. 666(a)), as amended by  
21 sections 215, 217(a), 223, 265, and 269 of this Act, is  
22 amended by adding at the end the following new para-  
23 graph:

24 “(17) FINANCIAL INSTITUTION DATA  
25 MATCHES.—

1           “(A) IN GENERAL.—Procedures under  
2           which the State agency shall enter into agree-  
3           ments with financial institutions doing business  
4           in the State—

5                   “(i) to develop and operate, in coordi-  
6                   nation with such financial institutions, a  
7                   data match system, using automated data  
8                   exchanges to the maximum extent feasible,  
9                   in which each such financial institution is  
10                  required to provide for each calendar quar-  
11                  ter the name, record address, social secu-  
12                  rity number or other taxpayer identifica-  
13                  tion number, and other identifying infor-  
14                  mation for each noncustodial parent who  
15                  maintains an account at such institution  
16                  and who owes past-due support, as identi-  
17                  fied by the State by name and social secu-  
18                  rity number or other taxpayer identifica-  
19                  tion number; and

20                   “(ii) in response to a notice of lien or  
21                   levy, encumber or surrender, as the case  
22                   may be, assets held by such institution on  
23                   behalf of any noncustodial parent who is  
24                   subject to a child support lien pursuant to  
25                   paragraph (4).

1           “(B) REASONABLE FEES.—The State  
2 agency may pay a reasonable fee to a financial  
3 institution for conducting the data match pro-  
4 vided for in subparagraph (A)(i), not to exceed  
5 the actual costs incurred by such financial insti-  
6 tution.

7           “(C) LIABILITY.—A financial institution  
8 shall not be liable under any Federal or State  
9 law to any person—

10           “(i) for any disclosure of information  
11 to the State agency under subparagraph  
12 (A)(i);

13           “(ii) for encumbering or surrendering  
14 any assets held by such financial institu-  
15 tion in response to a notice of lien or levy  
16 issued by the State agency as provided for  
17 in subparagraph (A)(ii); or

18           “(iii) for any other action taken in  
19 good faith to comply with the requirements  
20 of subparagraph (A).

21           “(D) DEFINITIONS.—For purposes of this  
22 paragraph—

23           “(i) FINANCIAL INSTITUTION.—The  
24 term ‘financial institution’ means any Fed-  
25 eral or State commercial savings bank, in-

1 cluding savings association or cooperative  
2 bank, Federal- or State-chartered credit  
3 union, benefit association, insurance com-  
4 pany, safe deposit company, money-market  
5 mutual fund, or any similar entity author-  
6 ized to do business in the State; and

7 “(ii) ACCOUNT.—The term ‘account’  
8 means a demand deposit account, checking  
9 or negotiable withdrawal order account,  
10 savings account, time deposit account, or  
11 money-market mutual fund account.”.

12 **SEC. 273. ENFORCEMENT OF ORDERS AGAINST PATERNAL**  
13 **OR MATERNAL GRANDPARENTS IN CASES OF**  
14 **MINOR PARENTS.**

15 Section 466(a) (42 U.S.C. 666(a)), as amended by  
16 sections 215, 217(a), 223, 265, 269, and 272 of this Act,  
17 is amended by adding at the end the following new para-  
18 graph:

19 “(18) ENFORCEMENT OF ORDERS AGAINST PA-  
20 TERNAL OR MATERNAL GRANDPARENTS.—Proce-  
21 dures under which, at the State’s option, any child  
22 support order enforced under this part with respect  
23 to a child of minor parents, if the custodial parents  
24 of such child is receiving assistance under the State  
25 program under part A, shall be enforceable, jointly

1 and severally, against the parents of the noncusto-  
2 dial parents of such child.”.

3 **SEC. 274. NONDISCHARGEABILITY IN BANKRUPTCY OF**  
4 **CERTAIN DEBTS FOR THE SUPPORT OF A**  
5 **CHILD.**

6 (a) AMENDMENT TO TITLE 11 OF THE UNITED  
7 STATES CODE.—Section 523(a) of title 11, United States  
8 Code, is amended—

9 (1) in paragraph (16) by striking the period at  
10 the end and inserting “; or”,

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

12 “(17) to a State or municipality for assistance  
13 provided by such State or municipality under a  
14 State program funded under part A of title IV of the  
15 Social Security Act to the extent that such assist-  
16 ance is provided for the support of a child of the  
17 debtor.”, and

18 (3) in paragraph (5), by striking “(26)” and in-  
19 serting “(2)”.

20 (b) AMENDMENT TO THE SOCIAL SECURITY ACT.—  
21 Section 456(b) of the Social Security Act (42 U.S.C.  
22 656(b)) is amended to read as follows:

23 “(b) NONDISCHARGEABILITY.—A debt (as defined in  
24 section 101 of title 11 of the United States Code) to a  
25 State (as defined in such section) or municipality (as de-

1 fined in such section) for assistance provided by such  
2 State or municipality under a State program funded under  
3 part A of title IV is not dischargeable under section 727,  
4 1141, 1228(a), 1228(b), or 1328(b) of title 11 of the Unit-  
5 ed States Code to the extent that such assistance is pro-  
6 vided for the support of a child of the debtor (as defined  
7 in such section).”.

8 (c) APPLICATION OF AMENDMENTS.—The amend-  
9 ments made by this section apply only with respect to  
10 cases commenced under title 11 of the United States Code  
11 after the effective date of this section.

## 12 **Subtitle H—Medical Support**

### 13 **SEC. 276. CORRECTION TO ERISA DEFINITION OF MEDICAL** 14 **CHILD SUPPORT ORDER.**

15 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-  
16 ployee Retirement Income Security Act of 1974 (29  
17 U.S.C. 1169(a)(2)(B)) is amended—

18 (1) by striking “issued by a court of competent  
19 jurisdiction”;

20 (2) by striking the period at the end of clause  
21 (ii) and inserting a comma; and

22 (3) by adding, after and below clause (ii), the  
23 following: “if such judgment, decree, or order (I) is  
24 issued by a court of competent jurisdiction or (II) is  
25 issued through an administrative process established

1 tence, in the case of a State that has a 2-year legislative  
2 session, each year of such session shall be deemed to be  
3 a separate regular session of the State legislature.

4 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL  
5 AMENDMENT.—A State shall not be found out of compli-  
6 ance with any requirement enacted by this title if the State  
7 is unable to so comply without amending the State con-  
8 stitution until the earlier of—

9 (1) 1 year after the effective date of the nec-  
10 essary State constitutional amendment; or

11 (2) 5 years after the date of the enactment of  
12 this Act.

### 13 **TITLE III—FOOD ASSISTANCE**

#### 14 **Subtitle A—Food Stamps**

##### 15 **SEC. 301. SHORT TITLE.**

16 This subtitle may be cited as “The Food Stamp Act  
17 Amendments of 1996”.

##### 18 **PART 1—BUDGETARY PROPOSALS**

##### 19 **SEC. 311. INCLUDE CHILDREN UNDER 22 YEARS OLD IN** 20 **THEIR PARENTS’ HOUSEHOLDS.**

21 Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C.  
22 2012(i)) is amended by striking the first parenthetical  
23 phrase in the second sentence.

1 **SEC. 312. USE THE COST OF THE THRIFTY FOOD PLAN FOR**  
2 **ALLOTMENT ADJUSTMENTS.**

3 Section 3(o) of the Food Stamp Act of 1977 (7  
4 U.S.C. 2012(o)) is amended—

5 (1) in clause (11), by inserting “until October  
6 1, 1996,” after “thereafter,”; and

7 (2) by adding a new third sentence at the end  
8 as follows: “On October 1, 1996, and each October  
9 1 thereafter, adjust the cost of such diet to reflect  
10 the cost of the thrifty food plan in the preceding  
11 June, and round the result to the nearest lower dol-  
12 lar increment for each household size.”.

13 **SEC. 313. LOWER AGE FOR EXCLUDING STUDENTS’ EARN-**  
14 **INGS.**

15 Section 5(d)(7) of the Food Stamp Act of 1977 (7  
16 U.S.C. 2014(d)(7)) is amended by striking “is 21 years  
17 of age or younger” and inserting “has not reached the  
18 age of 18”.

19 **SEC. 314. COUNT GOVERNMENTAL ENERGY ASSISTANCE AS**  
20 **INCOME.**

21 (a) Section 5(d)(11) of the Food Stamp Act of 1977  
22 (7 U.S.C. 2014(d)) is amended to read as follows—

23 “(11) a 1-time payment or allowance made  
24 under a Federal or State law for the costs of weath-  
25 erization or emergency repair or replacement of an

1 unsafe or inoperative furnace or other heating or  
2 cooling device.”.

3 (b) Section 5(e) of the Food Stamp Act of 1977 (7  
4 U.S.C. 2014(e)) is amended by striking “If a State agency  
5 elects” and all that follows through “season for which it  
6 was provided.”.

7 (c) Section 5(k) of the Food Stamp Act of 1977 (7  
8 U.S.C. 2014(k)) is amended by—

9 (1) striking, in paragraph (1)(B), “, not includ-  
10 ing energy or utility-cost assistance,”;

11 (2) striking paragraph (2)(C); and

12 (3) adding at the end the following—

13 “(4)(A) For purposes of subsection (d)(1), a  
14 payment made under a Federal or State law to pro-  
15 vide energy assistance to a household shall be con-  
16 sidered money payable directly to the household.

17 “(B) For purposes of subsection (e), an ex-  
18 pense paid on behalf of a household under a  
19 Federal or State law to provide energy assist-  
20 ance shall be considered an out-of-pocket ex-  
21 pense incurred and paid by the household.”.

22 (d) Section 2605(f) of the Low-Income Home Energy  
23 Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended  
24 by—

1           (1) striking “(1) Notwithstanding any other  
2           provision of law unless” and inserting “Notwith-  
3           standing any other provision of law except the Food  
4           Stamp Act of 1977 (7 U.S.C. 2011 et seq.), and  
5           any”;

6           (2) striking, in paragraph (1), “food stamps,”;  
7           and

8           (3) striking paragraph (2).

9   **SEC. 315. REDUCE THE STANDARD DEDUCTION.**

10          Section 5(e) of the Food Stamp Act of 1977 (7  
11   U.S.C. 2014(e)) is amended by striking the first two sen-  
12   tences and inserting—“The Secretary shall allow a stand-  
13   ard deduction for each household in the 48 contiguous  
14   States and the District of Columbia, Alaska, Hawaii,  
15   Guam, and the Virgin Islands of the United States of—

16           “(i) for fiscal year 1996, \$130, \$222, \$183,  
17           \$260, and \$114, respectively;

18           “(ii) for fiscal years 1997 through 2000, \$122,  
19           \$208, \$171, \$244, and \$106, respectively; and

20           “(iii) on October 1, 2000, and each October 1  
21   thereafter, the Secretary shall adjust the standard  
22   deduction to the nearest lower dollar increment to  
23   reflect changes in the Consumer Price Index for all  
24   urban consumers published by the Bureau of Labor



- 1 (1) striking subparagraph (F); and
- 2 (2) redesignating subparagraphs (G) and (H)
- 3 as subparagraphs (F) and (G), respectively.

4 **SEC. 319. STRENGTHEN PENALTIES FOR NONCOMPLIANCE**  
5 **WITH WORK REQUIREMENTS.**

6 (a) Section 6(d) of the Food Stamp Act of 1977 (7  
7 U.S.C. 2015(d)) is amended by striking “(d)(1) Unless  
8 otherwise exempted by the provisions” and all that follows  
9 through the end of paragraph (1) and inserting the follow-  
10 ing—

11 “(d)(1)(A) No physically and mentally fit individual  
12 over the age of 15 and under the age of 60 shall be eligible  
13 to participate in the food stamp program if the individ-  
14 ual—

15 “(i) refuses, at the time of application and  
16 every 12 months thereafter, to register for employ-  
17 ment in a manner prescribed by the Secretary;

18 “(ii) refuses without good cause to participate  
19 in an employment and training program under para-  
20 graph (4), to the extent required by the State agen-  
21 cy;

22 “(iii) refuses without good cause to accept an  
23 offer of employment, at a site or plant not subject  
24 to a strike or lockout at the time of the refusal, at  
25 a wage not less than the higher of—

1           “(I) the applicable Federal or State mini-  
2           mum wage; or

3           “(II) 80 percent of the wage that would  
4           have governed had the minimum hourly rate  
5           under section 6(a)(1) of the Fair Labor Stand-  
6           ards Act of 1938 (29 U.S.C. 206(a)(1)) been  
7           applicable to the offer of employment;

8           “(iv) refuses without good cause to provide a  
9           State agency with sufficient information to allow the  
10          State agency to determine the employment status or  
11          the job availability of the individual;

12          “(v) voluntarily and without good cause—

13                  “(I) quits a job; or

14                  “(II) reduces work effort and, after the re-  
15                  duction, the individual is working less than 30  
16                  hours per week; or

17          “(vi) fails to comply with section 20.

18          “(B) If an individual who is the head of a household  
19          becomes ineligible to participate in the food stamp pro-  
20          gram under subparagraph (A), the household shall, at the  
21          option of the State agency, become ineligible to participate  
22          in the food stamp program for a period, determined by  
23          the State agency, that does not exceed the lesser of—

24                  “(i) the duration of the ineligibility of the indi-  
25                  vidual determined under subparagraph (C); or

1           “(ii) 180 days.

2           “(C)(i) The first time that an individual becomes in-  
3 eligible to participate in the food stamp program under  
4 subparagraph (A), the individual shall remain ineligible  
5 until the later of—

6           “(I) the date the individual becomes eligible  
7 under subparagraph (A);

8           “(II) the date that is 1 month after the date  
9 the individual became ineligible; or

10          “(III) a date determined by the State agency  
11 that is not later than 3 months after the date the  
12 individual became ineligible.

13          “(ii) The second time that an individual becomes in-  
14 eligible to participate in the food stamp program under  
15 subparagraph (A), the individual shall remain ineligible  
16 until the later of—

17          “(I) the date the individual becomes eligible  
18 under subparagraph (A);

19          “(II) the date that is 3 months after the date  
20 the individual became ineligible; or

21          “(III) a date determined by the State agency  
22 that is not later than 6 months after the date the  
23 individual became ineligible.

24          “(iii) The third or subsequent time that an individual  
25 becomes ineligible to participate in the food stamp pro-

1 gram under subparagraph (A), the individual shall remain  
2 ineligible until the later of—

3 “(I) the date the individual becomes eligible  
4 under subparagraph (A);

5 “(II) the date that is 6 months after the date  
6 the individual became ineligible;

7 “(III) a date determined by the State agency;  
8 or

9 “(IV) at the option of the State agency, perma-  
10 nently.

11 “(D)(i) The Secretary shall determine the meaning  
12 of ‘good cause’ for the purpose of this paragraph.

13 “(ii) The Secretary shall determine the meaning of  
14 ‘voluntarily quitting’ and ‘reduces work effort’ for the pur-  
15 pose of this paragraph.

16 “(iii)(I) Subject to subclause (II) and clauses (i) and  
17 (ii), a State agency shall determine—

18 “(aa) the meaning of any term in subparagraph  
19 (A);

20 “(bb) the procedures for determining whether  
21 an individual is in compliance with a requirement  
22 under subparagraph (A); and

23 “(cc) whether an individual is in compliance  
24 with a requirement under subparagraph (A).

1           “(II) A State agency may not determine a meaning,  
2 procedure, or determination under subclause (I) to be less  
3 restrictive than a comparable meaning, procedure, or de-  
4 termination under a State program funded under part A  
5 of title IV of the Social Security Act (42 U.S.C. 601 et  
6 seq.).

7           “(iv) For the purpose of subparagraph (A)(v), an em-  
8 ployee of the Federal Government, a State, or a political  
9 subdivision of a State, who is dismissed for participating  
10 in a strike against the Federal Government, the State, or  
11 the political subdivision of the State shall be considered  
12 to have voluntarily quit without good cause.

13           “(v)(I) For the purpose of this paragraph, the State  
14 agency shall allow the household to select any adult parent  
15 of a child in the household as the head of the household  
16 if all adult household members making application under  
17 the food stamp program agree to the selection.

18           “(II) A household may designate the head of the  
19 household under subclause (I) each time the household is  
20 certified for participation in the food stamp program, but  
21 may not change the designation during a certification pe-  
22 riod unless there is a change in the composition of the  
23 household.

24           “(vi) If the head of a household leaves the household  
25 during a period in which the household is ineligible to par-

1 ticipate in the food stamp program under subparagraph  
2 (B)—

3 “(I) the household shall, if otherwise eligible,  
4 become eligible to participate in the food stamp pro-  
5 gram; and

6 “(II) if the head of the household becomes the  
7 head of another household, the household that be-  
8 comes headed by the individual shall become ineli-  
9 gible to participate in the food stamp program for  
10 the remaining period of ineligibility.”.

11 (b)(1) The second sentence of section 17(b)(2) of the  
12 Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is amend-  
13 ed by striking “6(d)(1)(i)” and inserting “6(d)(1)(A)(i)”.

14 (2) Section 20 of the Food Stamp Act of 1977 (7  
15 U.S.C. 2029) is amended by striking subsection (f) and  
16 inserting the following—

17 “(f) An individual or a household may become ineli-  
18 gible under section 6(d)(1) to participate in the food  
19 stamp program for failing to comply with this section.”.

20 **SEC. 320. PROVIDE A STATE OPTION TO REQUIRE CO-**  
21 **OPERATION WITH CHILD SUPPORT ENFORCE-**  
22 **MENT AGENCIES.**

23 (a) Section 6 of the Food Stamp Act of 1977 (7  
24 U.S.C. 2015) is amended by adding new subsections (i)  
25 and (j) at the end as follows:

1           “(i) At the option of the State, no natural or adoptive  
2 parent or other individual who is living with and exercising  
3 parental control over a child under the age of eighteen  
4 who has an absent parent shall be eligible to participate  
5 in the food stamp program unless the natural or adoptive  
6 parent or individual cooperates with the State agency ad-  
7 ministering the program under part D of title IV of the  
8 Social Security Act (or is determined by such State agency  
9 to have good cause not to cooperate) in (1) establishing  
10 the paternity of such child (if born out of wedlock), and  
11 (2) obtaining support for such child or for the parent or  
12 individual and for such child. Notwithstanding any provi-  
13 sion of part D of title IV of the Social Security Act, no  
14 person required under this subsection to cooperate with  
15 the State agency administering the program under part  
16 D of title IV of the Social Security Act may be required  
17 to pay a fee or other costs for services provided under such  
18 program.

19           “(j)(1) At the option of a State agency, subject to  
20 paragraphs (2) and (3), a putative or identified non-custo-  
21 dial parent of a child under the age of 18 (referred to  
22 in this subsection as ‘the individual’) shall not be eligible  
23 to participate in the food stamp program if the individual  
24 refuses to cooperate with the State agency administering

1 the program established under part D of title IV of the  
2 Social Security Act (42 U.S.C. 651 et seq.)—

3 “(A) in establishing the paternity of the child  
4 (if the child is born out of wedlock); and

5 “(B) in providing support for the child.

6 “(2)(A) The Secretary, in consultation with the Sec-  
7 retary of Health and Human Services, shall develop guide-  
8 lines on what constitutes a refusal to cooperate under  
9 paragraph (1).

10 “(B) The State agency shall develop procedures,  
11 using guidelines developed under subparagraph (A), for  
12 determining whether an individual is refusing to cooperate  
13 under paragraph (1).

14 “(3) Paragraph (1) shall not require the payment of  
15 a fee or other cost for services provided under part D of  
16 title IV of the Social Security Act (42 U.S.C. 651 et seq.).

17 “(4) The State agency shall have in effect, with re-  
18 spect to information collected by the State agency admin-  
19 istering the program established under part D of title IV  
20 of the Social Security Act (42 U.S.C. 651 et seq.)—

21 “(A) procedures for obtaining such information  
22 which are compatible with procedures established  
23 under and consistent with the requirements of that  
24 part; and

1           “(B) safeguards on the maintenance, disclosure,  
2           and use of such information which comply with  
3           standards and requirements of that part with re-  
4           spect to such safeguards.”.

5   **SEC. 321. PROVIDE FOR DISQUALIFICATION FOR RECEIPT**  
6                           **OF MULTIPLE FOOD STAMP BENEFITS.**

7           Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
8   2015), as amended by this Act, is further amended by  
9   adding at the end the following new subsection—

10          “(k) An individual shall be ineligible to participate  
11   in the food stamp program as a member of any household  
12   for a 10-year period if the individual is found by a State  
13   agency to have made, or is convicted in Federal or State  
14   court of having made, a fraudulent statement or represen-  
15   tation with respect to the identity or place of residence  
16   of the individual in order to receive multiple benefits si-  
17   multaneously under the food stamp program.”.

18   **SEC. 322. ESTABLISH ADDITIONAL WORK REQUIREMENT.**

19          (a) Section 6 of the Food Stamp Act of 1977 (7  
20   U.S.C. 2015), as amended by this Act, is further amended  
21   by adding at the end the following new subsection—

22          “(l)(1) In this subsection, the term ‘work program’  
23   means—

24               “(A) a program under the Job Training Part-  
25   nership Act (29 U.S.C. 1501 et seq.);

1           “(B) a program under section 236 of the Trade  
2 Act of 1974 (19 U.S.C. 2296); or

3           “(C) a program of employment or training op-  
4 erated or supervised by a State or local government  
5 which meets standards deemed appropriate by the  
6 Governor, including a program under section  
7 6(d)(4).

8           “(2) An individual is not eligible to participate in the  
9 food stamp program as a member of any household if, dur-  
10 ing the preceding 12 months, the individual received food  
11 stamp benefits for not less than 6 months during which  
12 the individual did not—

13           “(A) work 20 hours or more per week, averaged  
14 monthly;

15           “(B) participate in a workfare program under  
16 section 20 or a comparable State or local workfare  
17 program;

18           “(C) participate in and comply with the require-  
19 ments of an approved employment and training pro-  
20 gram under subsection (d)(4); or

21           “(D) participate in and comply with the re-  
22 quirements of a work program for 20 hours or more  
23 per week.

24           “(3) Paragraph (2) shall not apply to an individual  
25 if the individual is—

1           “(A) under 18 or over 50 years of age;

2           “(B) medically certified as physically or men-  
3 tally unfit for employment;

4           “(C) a parent or other member of a household  
5 with a dependent child under 18 years of age;

6           “(D) a pregnant woman;

7           “(E) unable to participate in an employment  
8 and training program because the State in which the  
9 individual resides does not provide sufficient oppor-  
10 tunities for participation in such programs; or

11           “(F) otherwise exempt under section 6(d)(2).

12           “(4)(A) The Secretary may waive the applicability of  
13 paragraph (2) to any group of individuals in the State if  
14 the Secretary makes a determination that the area in  
15 which the individuals reside—

16           “(i) has an unemployment rate of over 7 per-  
17 cent; or

18           “(ii) does not have a sufficient number of jobs  
19 to provide employment for the individuals.

20           “(B) The Secretary shall report the basis for a waiver  
21 under subparagraph (A) to the Committee on Agriculture  
22 of the House of Representatives and the Committee on  
23 Agriculture, Nutrition, and Forestry of the Senate.”.

1 (b) Section 16(h) of the Food Stamp Act of 1977  
2 (7 U.S.C. 2025(h)) is amended by striking paragraph (1)  
3 and inserting the following—

4 “(1)(A) To carry out employment and training  
5 programs, the Secretary shall reserve for allocation  
6 to State agencies from funds made available for each  
7 fiscal year under section 18(a)(1) the amount of—

8 “(i) for fiscal year 1996, \$75,000,000;

9 “(ii) for fiscal year 1997, \$80,000,000;

10 “(iii) for fiscal year 1998, \$90,000,000;

11 “(iv) for fiscal year 1999, \$95,000,000;

12 “(v) for fiscal year 2000, \$95,000,000;

13 “(vi) for fiscal year 2001, \$95,000,000;

14 and

15 “(vii) for fiscal year 2002, \$95,000,000.

16 “(B) A State agency shall not reduce non-Fed-  
17 eral expenditures to carry out employment and  
18 training programs during any fiscal year after fiscal  
19 year 1995 from the level of State agency expendi-  
20 tures to carry out employment and training pro-  
21 grams in fiscal year 1995.

22 “(C) The Secretary shall allocate the amounts  
23 reserved under subparagraph (A) among the State  
24 agencies using a reasonable formula (as determined

1 by the Secretary) that considers the population in  
2 each State affected by section 6(d)(4)(O).

3 “(D)(i) A State agency promptly shall notify  
4 the Secretary if the State agency determines that  
5 the State agency will not expend all of the funds al-  
6 located to the State agency under subparagraph (C).

7 “(ii) On notification under clause (i), the Sec-  
8 retary shall reallocate the funds that the State agen-  
9 cy will not expend as the Secretary considers appro-  
10 priate and equitable.

11 “(E) Notwithstanding subparagraphs (A)  
12 through (D), the Secretary shall ensure that each  
13 State agency operating an employment and training  
14 program shall receive not less than \$50,000 in each  
15 fiscal year.”.

16 (e) Section 16(h)(2) of the Food Stamp Act of 1977  
17 (7 U.S.C. 2025(h)(2)) is amended by inserting before the  
18 period at the end the following—

19 “, including the costs for case management and case-  
20 work to facilitate the transition from economic dependency  
21 to self-sufficiency through work”.

1 **SEC. 323. ESTABLISH COMPARABLE TREATMENT FOR DIS-**  
2 **QUALIFICATION.**

3 (a) Section 6 of the Food Stamp Act of 1977 (7  
4 U.S.C. 2015), as amended by this Act, is further amended  
5 by adding at the end the following new subsection—

6 “(m)(1) If a disqualification is imposed on a member  
7 of a household for a failure of the member to perform an  
8 action required under a Federal, State, or local law relat-  
9 ing to a means tested public assistance program, the State  
10 agency may impose the same disqualification on the mem-  
11 ber of the household under the food stamp program.

12 “(2) If a disqualification is imposed under paragraph  
13 (1) for a failure of an individual to perform an action re-  
14 quired under part A of title IV of the Social Security Act  
15 (42 U.S.C. 601 et seq.), the State agency may use the  
16 rules and procedures that apply under part A of title IV  
17 of the Social Security Act (42 U.S.C. 601 et seq.) to im-  
18 pose the same disqualification under the food stamp pro-  
19 gram.

20 “(3) A member of a household disqualified under  
21 paragraph (1) may, after the disqualification period has  
22 expired, apply for benefits under this Act and shall be  
23 treated as a new applicant, except that a prior disquali-  
24 fication under subsection (d) shall be considered in deter-  
25 mining eligibility.”.

1 (b) Section 11(e) of the Food Stamp Act of 1977 (7  
2 U.S.C. 2020(e)) is amended—

3 (1) in paragraph (24), by striking “and” at the  
4 end;

5 (2) in paragraph (25), by striking the period at  
6 the end and inserting a semicolon; and

7 (3) by adding at the end the following—

8 “(26) the guidelines the State agency uses in  
9 carrying out section 6(m); and”.

10 (c) Section 6(d)(2)(A) of the Food Stamp Act of  
11 1977 (7 U.S.C. 2015(d)(2)(A)) is amended by striking  
12 “that is comparable to a requirement of paragraph (1)”.

13 **SEC. 324. REPEAL MINIMUM BENEFIT ADJUSTMENTS.**

14 Section 8(a) of the Food Stamp Act of 1977 (7  
15 U.S.C. 2017(a)) is amended by striking in the proviso “,  
16 and shall be adjusted” and all that follows through “\$5”.

17 **SEC. 325. PRORATE BENEFITS ON RECERTIFICATION.**

18 Section 8(c)(2)(B) of the Food Stamp Act of 1977  
19 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more  
20 than one month”.

1 **SEC. 326. PROHIBIT ALLOTMENT INCREASES FOR PEN-**  
2 **ALTIES UNDER OTHER WELFARE AND PUB-**  
3 **LIC ASSISTANCE PROGRAMS.**

4 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.  
5 2017) is amended by striking subsection (d) and inserting  
6 the following—

7 “(d) If the benefits of a household are reduced under  
8 a Federal, State, or local law relating to a welfare or pub-  
9 lic assistance program because of a penalty or for the fail-  
10 ure to perform an action required under the law or pro-  
11 gram, for the duration of the reduction the household may  
12 not receive an increased allotment as the result of a de-  
13 crease in the income of the household to the extent that  
14 the decrease is the result of the reduction. The State agen-  
15 cy may reduce the allotment of the household by not more  
16 than 25 percent.”.

17 **SEC. 327. PERMIT STATES TO DETERMINE MOST USEFUL**  
18 **AND RELIABLE MEANS OF VERIFICATION.**

19 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.  
20 2020) is amended by—

- 21 (1) striking in subsection (e)(3) all that follows  
22 “, and that the State agency shall” through “(E)”;  
23 (2) inserting after the paragraph designation  
24 (19) of subsection (e) “at the option of the State  
25 agency,”; and

1           (3) adding at the end the following new sub-  
2           section—

3           “(p) Notwithstanding any other provision of law,  
4           State agencies (described in section 3(n)(1) of this Act)  
5           shall not be required to use an income and eligibility ver-  
6           ification system established under section 1137 of the So-  
7           cial Security Act (42 U.S.C. 1320b-7) or the immigration  
8           status verification system established under section  
9           1137(d) of the Social Security Act (42 U.S.C. 1320b-  
10          7Id)).”.

11       **SEC. 328. EXPAND CLAIMS COLLECTION METHODS.**

12          (a) Section 13 of the Food Stamp Act of 1977 (7  
13       U.S.C. 2022) is amended by—

14               (1) striking subsection (b) and inserting the fol-  
15               lowing—

16               “(b)(1) Except as otherwise provided in this sub-  
17               section, a State agency shall collect any overissuance of  
18               coupons issued to a household by—

19                       “(A) reducing the allotment of the household;

20                       “(B) withholding amounts from unemployment  
21               compensation from a member of the household  
22               under subsection (c);

23                       “(C) recovering from Federal pay or a Federal  
24               income tax refund under subsection (d); or

25                       “(D) any other means.

1       “(2) Paragraph (1) shall not apply if the State agen-  
2 cy demonstrates to the satisfaction of the Secretary that  
3 all of the means referred to in paragraph (1) are not cost  
4 effective.

5       “(3) If a household received an overissuance of cou-  
6 pons without any member of the household being found  
7 ineligible to participate in the program under section  
8 6(b)(1) and a State agency elects to reduce the allotment  
9 of the household under paragraph (1)(A), the State agen-  
10 cy shall reduce the monthly allotment of the household  
11 under paragraph (1)(A) by the greater of—

12               “(A) 10 percent of the monthly allotment of the  
13 household; or

14               “(B) \$10.

15       “(4) A State agency shall collect an overissuance of  
16 coupons issued to a household under paragraph (1) in ac-  
17 cordance with requirements established by the State agen-  
18 cy for providing notice, electing a means of payment, and  
19 establishing a time schedule for payment.”; and

20               (2) in subsection (d) by—

21                       (A) striking “as determined under sub-  
22 section (b) and except for claims arising from  
23 an error of the State agency,” and inserting “,  
24 as determined under subsection (b)(1),”; and

1 (B) inserting before the period at the end  
2 the following—

3 “or a Federal income tax refund as authorized by sec-  
4 tion 3720A of title 31, United States Code”.

5 (b) Section 11(e)(8) of the Food Stamp Act of 1977  
6 (7 U.S.C. 2020(e)(8)) is amended by—

7 (1) striking “and excluding claims” and all that  
8 follows through “such section”; and

9 (2) inserting before the semicolon at the end  
10 the following—

11 “or a Federal income tax refund as authorized by sec-  
12 tion 3720A of title 31, United States Code”.

13 (c) Section 16(a) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2025(a)) is amended by striking “25 percent dur-  
15 ing the period beginning October 1, 1990” and all that  
16 follows through “error of a State agency” and inserting  
17 the following—

18 “25 percent of the overissuances collected by the  
19 State agency under section 13, except those overissuances  
20 arising from an error of the State agency”.

21 (d) Section 6402(d) of the Internal Revenue Code (26  
22 U.S.C. 6402(d)) is amended by—

23 (1) inserting in paragraph (1) after “any Fed-  
24 eral agency” the following—

1 “(or any State agency that has the responsibility for  
2 the administration of the food stamp program operated  
3 pursuant to the Food Stamp Act of 1977)”; and

4 (2) inserting in the second sentence of para-  
5 graph (2) after “a Federal agency” the following:

6 “(or a State agency that has the responsibility for  
7 the administration of the food stamp program oper-  
8 ated pursuant to the Food Stamp Act of 1977)”.

9 **SEC. 329. AUTHORIZE STATES TO OPERATE SIMPLIFIED**

10 **FOOD STAMP PROGRAMS.**

11 (a) The Food Stamp Act of 1977 (7 U.S.C. 2011 et  
12 seq.) is amended by adding the following new section 24—

13 “SIMPLIFIED FOOD STAMP PROGRAM

14 “SEC. 24. (a) In this section, the term ‘Federal costs’  
15 does not include any Federal costs incurred under section  
16 17.

17 “(b) Subject to subsection (d), a State may elect to  
18 carry out a Simplified Food Stamp Program (referred to  
19 in this section as ‘Simplified Program’) for households de-  
20 scribed in paragraph (c)(1), statewide or in a political sub-  
21 division of the state, in accordance with this section.

22 “(c) If a State elects to carry out a Simplified Pro-  
23 gram, within the State or a political subdivision of the  
24 State—

25 “(1) only households in which all members re-  
26 ceive assistance under a State program funded

1 under part A of title IV of the Social Security Act  
2 (42 U.S.C. 601 et seq.) shall receive benefits under  
3 this section. Such households shall be eligible auto-  
4 matically to participate in the Simplified Program;  
5 and

6 “(2) subject to subsection (f), benefits under  
7 the Simplified Program shall be determined under  
8 rules and procedures established by the State  
9 under—

10 “(A) a State program funded under part A  
11 of title IV of the Social Security Act (42 U.S.C.  
12 601 et seq.);

13 “(B) the food stamp program; or

14 “(C) a combination of a State program  
15 funded under part A of title IV of the Social  
16 Security Act (42 U.S.C. 601 et seq.) and the  
17 food stamp program.

18 “(d)(1) A State agency may not operate a Simplified  
19 Program unless the Secretary approves a State plan for  
20 the operation of the Simplified Program under paragraph  
21 (2).

22 “(2) The Secretary may approve any State plan to  
23 carry out a Simplified Program if the Secretary deter-  
24 mines that the plan—

1           “(A) simplifies program administration while  
2           fulfilling the goals of the food stamp program to  
3           permit low-income households to obtain a more nu-  
4           tritious diet;”

5           “(B) complies with this section;

6           “(C) would not increase Federal costs for any  
7           fiscal year; and

8           “(D) would not substantially alter, as deter-  
9           mined by the Secretary, the appropriate distribution  
10          of benefits according to household need.

11          “(e)(1) During each fiscal year and not later than  
12 90 days after the end of each fiscal year, the Secretary  
13 shall determine, using data provided by the State agency  
14 and which the Secretary considers appropriate, whether  
15 a Simplified Program being carried out by a State agency  
16 is increasing Federal costs under this Act above what the  
17 costs would have been for the same population had they  
18 been subject to the rules of the Food Stamp Program.

19          “(2) If the Secretary determines that the Simplified  
20 Program has increased Federal costs under this Act for  
21 any fiscal year or any portion of any fiscal year, the Sec-  
22 retary shall notify the State not later than 30 days after  
23 the Secretary makes the determination under paragraph  
24 (1).

1           “(3)(A) Not later than 90 days after the date of a  
2 notification under paragraph (2), the State shall submit  
3 a plan for approval by the Secretary for prompt corrective  
4 action that is designed to prevent the Simplified Program  
5 from increasing Federal costs under this Act.

6           “(B) If the State does not submit a plan under sub-  
7 paragraph (A) or carry out a plan approved by the Sec-  
8 retary, the Secretary shall terminate the approval of the  
9 State agency operating the Simplified Program and the  
10 State agency shall be ineligible to operate a future Sim-  
11 plified Program.

12           “(f)(1) In operating a Simplified Program, a State  
13 or political subdivision of a State may follow the rules and  
14 procedures established by the State or political subdivision  
15 under a State program funded part A of title IV of the  
16 Social Security Act (42 U.S.C. 601 et seq.) or under the  
17 food stamp program.

18           “(2) In operating a Simplified Program, a State or  
19 political subdivision shall comply with the requirements  
20 of—

21           “(A) subsection 5(e) to the extent that it re-  
22 quires an excess shelter expense deduction;

23           “(B) section 7(a) through (g);

24           “(C) section 8(a) (except that the income of a  
25 household may be determined under a State pro-

1       gram funded under part A of title IV of the Social  
2       Security Act (42 U.S.C. 601 et seq.);

3           “(D) section 8(b) and (d);

4           “(E) section 11(a), (c), (d), and (n);

5           “(F) section 11(e) (8), (9), (12), (15), (17),  
6       (19), (23), and (24);

7           “(G) section 11(e)(2), to the extent that it re-  
8       quires the State agency to provide an application to  
9       households on the first day they contact a food  
10      stamp office in person during office hours to make  
11      what reasonably may be interpreted as an oral or  
12      written request for food stamp assistance and to  
13      allow those households to file the application on the  
14      same day.

15          “(H) section 11(e)(3), to the extent that it re-  
16      quires the State agency to complete certification of  
17      an eligible household and provide an allotment retro-  
18      active to the period of application to an eligible  
19      household not later than 30 days following the filing  
20      of an application;

21          “(I) section 11(e)(10) (or a comparable require-  
22      ment established by the State under a State pro-  
23      gram funded under part A of title IV of the Social  
24      Security Act (42 U.S.C. 601 et seq.)); and

25          “(J) section 16.

1       “(3) Notwithstanding any other provision of this sec-  
2 tion, a household may not receive benefits under this sec-  
3 tion as a result of the eligibility of the household under  
4 a State program funded under part A of title IV of the  
5 Social Security Act (42 U.S.C. 601 et seq.), unless the  
6 Secretary determines that any household with income  
7 above 130 percent of the poverty guidelines is not eligible  
8 for the Program.”.

9       (b) Section 8 of the Food Stamp Act of 1977 (7  
10 U.S.C. 2017), as amended by this Act, is further amended  
11 by striking subsection (e) and redesignating subsection (f)  
12 as subsection (e).

13       (c) Section 11(e) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2020(e)), as amended by this Act, is further  
15 amended by adding after paragraph (26), as added by sec-  
16 tion 323(b) of this Act, the following new paragraph—

17               “(27) if a State elects to carry out a Simplified  
18 Food Stamp Program under section 24, the plans of  
19 the State agency for operating the Simplified Pro-  
20 gram, including—

21                       “(A) the rules and procedures to be fol-  
22 lowed by the State to determine food stamp  
23 benefits; and

1           “(B) a description of the method by which  
2           the State will carry out a quality control system  
3           under section 16(c).”.

4           (d) Section 17 of the Food Stamp Act of 1977 (7  
5 U.S.C. 2026) is amended by—

6           (1) striking subsection (i); and

7           (2) redesignating subsections (j) through (l) as  
8           subsections (i) through (k), respectively.

9   **SEC. 330. REAUTHORIZE APPROPRIATIONS FOR THE FOOD**  
10                           **STAMP PROGRAM.**

11           The first sentence of section 18(a)(1) of the Food  
12 Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by  
13 striking “1997” and inserting “2002”.

14                   **PART 2—NONBUDGETARY PROPOSALS**

15   **SEC. 341. EXPAND DEFINITION OF COUPON.**

16           Section 3(d) of the Food Stamp Act of 1977 (7  
17 U.S.C. 2012(d)) is amended by striking “or type of certifi-  
18 cate” and inserting “type of certificate, authorization  
19 card, cash or check issued in lieu of a coupon, or an access  
20 device, including an electronic benefits transfer card or a  
21 personal identification number,”.

22   **SEC. 342. CLARIFY DEFINITION OF HOMELESS INDIVIDUAL.**

23           Section 3(s)(2)(C) of the Food Stamp Act of 1977  
24 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not  
25 more than 90 days” after “temporary accommodation”.

1 **SEC. 343. PROVIDE STATE OPTION FOR ELIGIBILITY STAND-**  
2 **ARDS.**

3 Section 5(b) of the Food Stamp Act of 1977 (7  
4 U.S.C. 2014(d)) is amended by striking “(b) The Sec-  
5 retary” and inserting the following—

6 “(b) Except as otherwise provided in this Act, the  
7 Secretary”.

8 **SEC. 344. DOUBLE PENALTIES FOR VIOLATING FOOD**  
9 **STAMP PROGRAM REQUIREMENTS.**

10 Section 6(b)(1) of the Food Stamp Act of 1977 (7  
11 U.S.C. 2015(b)(1)) is amended—

12 (1) in clause (i), by striking “six months upon”  
13 and inserting “1 year on”; and

14 (2) in clause (ii), by striking “1 year” and in-  
15 serting “2 years”.

16 **SEC. 345. PROVIDE STATE OPTION TO LOWER AGE OF**  
17 **CARETAKER EXEMPTION.**

18 Section 6(d)(2) of the Food Stamp Act of 1977 (7  
19 U.S.C. 2015(d)(2)) is amended by striking subparagraph  
20 (B) and inserting the following—

21 “(B) a parent or other member of a house-  
22 hold with responsibility for the care of (i) a de-  
23 pendent child under the age of 6 or any lower  
24 age designated by the State agency that is not  
25 under the age of 1 if adequate child care is not  
26 available, or (ii) an incapacitated person;”.

1 **SEC. 346. REVISE EMPLOYMENT AND TRAINING.**

2 (a) IN GENERAL.—Section 6(d)(4) of the Food  
3 Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

4 (1) in subparagraph (A)—

5 (A) by striking “Not later than April 1,  
6 1987, each” and inserting “Each”;

7 (B) by inserting “work,” after “skills,  
8 training,”; and

9 (C) by adding at the end the following—

10 “Each component of an employment and training  
11 program carried out under this paragraph may be deliv-  
12 ered through a statewide workforce development system,  
13 unless the component is not available locally through the  
14 statewide workforce development system.”;

15 (2) in subparagraph (B)—

16 (A) in the matter preceding clause (i), by  
17 striking the colon at the end and inserting the  
18 following—

19 “, except that the State agency shall retain the option  
20 to apply employment requirements prescribed under this  
21 subparagraph to a program applicant at the time of appli-  
22 cation.”;

23 (B) in clause (i), by striking “with terms  
24 and conditions” and all that follows through  
25 “time of application”; and

26 (C) in clause (iv)—

1 (i) by striking subclauses (I) and (II);

2 and

3 (ii) by redesignating subclauses (III)

4 and (IV) as subclauses (I) and (II), respec-

5 tively;

6 (3) in subparagraph (D)—

7 (A) in clause (i), by striking “to which the

8 application” and all that follows through “30

9 days or less”;

10 (B) in clause (ii), by striking “but with re-

11 spect” and all that follows through “child

12 care”; and

13 (C) in clause (iii), by striking “, on the

14 basis of” and all that follows through “clause

15 (ii)” and inserting “the exemption continues to

16 be valid”;

17 (4) in subparagraph (E), by striking the third

18 sentence;

19 (5) in subparagraph (G)—

20 (A) by striking “(G)(i) The State” and in-

21 serting “(G) The State”; and

22 (B) by striking clause (ii);

23 (6) in subparagraph (H), by striking “(H)(i)

24 The Secretary” and all that follows through “(ii)

25 Federal funds” and inserting “(H) Federal funds”;

1           (7)(A) by striking subparagraphs (K) and (L)  
2           and inserting the following—

3                   “(K) Notwithstanding any other provision  
4                   of this paragraph, the amount of funds a State  
5                   agency uses to carry out this paragraph (includ-  
6                   ing under subparagraph (I)) for participants  
7                   who are receiving benefits under a State pro-  
8                   gram funded under part A of title IV of the So-  
9                   cial Security Act (42 U.S.C. 601 et seq.) shall  
10                  not exceed the amount of funds the State agen-  
11                  cy used in fiscal year 1995 to carry out this  
12                  paragraph for participants who were receiving  
13                  benefits in fiscal year 1995 under a State pro-  
14                  gram funded under part A of title IV of the So-  
15                  cial Security Act (42 U.S.C. 601 et seq.)”; and  
16                  (B) by redesignating subparagraphs (M) and  
17                  (N) as subparagraphs (L) and (M), respectively; and  
18                  (8) in subparagraph (L) (as redesignated by  
19                  paragraph (8)(B))—

20                   (A) by striking “(L)(i) The Secretary” and  
21                   inserting “(L) The Secretary”; and

22                   (B) by striking clause (ii).

23           (b) Section 16(h) of the Food Stamp Act of 1977  
24           (7 U.S.C. 2025(h)) is amended—

25                   (1) in paragraph (5)—

1                   (A) by striking “(5)(A) The Secretary”  
2                   and inserting “(5) The Secretary”; and  
3                   (B) by striking subparagraph (B); and  
4                   (2) by striking paragraph (6).

5 **SEC. 347. DISQUALIFY FLEEING FELONS.**

6           Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
7 2015), as amended by this Act, is further amended by  
8 adding at the end the following new subsection—

9           “(k) No member of a household who is otherwise eli-  
10 gible to participate in the food stamp program shall be  
11 eligible to participate in the program as a member of that  
12 or any other household during any period during which  
13 the individual is—

14                   “(1) fleeing to avoid prosecution, or custody or  
15                   confinement after conviction, under the law of the  
16                   place from which the individual is fleeing, for a  
17                   crime, or attempt to commit a crime, that is a felony  
18                   under the law of the place from which the individual  
19                   fleeing or that, in the case of New Jersey, is a high  
20                   misdemeanor under the law of New Jersey; or

21                   “(2) violating a condition of probation or parole  
22                   imposed under Federal or State law.”.

1 **SEC. 348. ENCOURAGE ELECTRONIC BENEFIT TRANSFER**  
2 **SYSTEMS.**

3 (a) Section 7(g) of the Food Stamp Act of 1977 (7  
4 U.S.C. 2016(g)) is amended by—

5 (1) striking “(1)”;

6 (2) striking paragraph (2); and

7 (3) striking “(A)” and “(B)” and inserting in  
8 lieu thereof “(1)” and “(2)”, respectively.

9 (b) Section 7(i) of the Food Stamp Act of 1977 (7  
10 U.S.C. 2016(i)) is amended by—

11 (1) striking paragraph (1) and inserting the fol-  
12 lowing—

13 “(1)(A) Each State agency shall implement an  
14 electronic benefit transfer system in which household  
15 benefits determined under section 8(a) or 24 are is-  
16 sued from and stored in a central databank before  
17 October 1, 2002, unless the Secretary provides a  
18 waiver for a State agency that faces unusual bar-  
19 riers to implementing an electronic benefit transfer  
20 system.

21 “(B) Subject to paragraph (2), a State agency  
22 may procure and implement an electronic benefit  
23 transfer system under the terms, conditions, and de-  
24 sign that the State agency considers appropriate.

1           “(C) An electronic benefit transfer system  
2 should take into account generally accepted standard  
3 operating rules based on—

4           “(i) commercial electronic funds transfer  
5 technology;

6           “(ii) the need to permit interstate oper-  
7 ation and law enforcement monitoring; and

8           “(iii) the need to permit monitoring and  
9 investigations by authorized law enforcement  
10 agencies.”;

11           (2) striking subparagraph (2)(A) and redesi-  
12 gnating subparagraphs (B) through (H) as (A)  
13 through (G), respectively; and

14           (3) adding at the end the following—

15           “(7) A State agency may collect a charge for  
16 replacement of an electronic benefit transfer card by  
17 reducing the monthly allotment of the household re-  
18 ceiving the replacement card.

19           “(8)(A) A State agency may require that an  
20 electronic benefit card contain a photograph of 1 or  
21 more members of a household.

22           “(B) If a State agency requires a photograph  
23 on an electronic benefit card under subparagraph  
24 (A), the State agency shall establish procedures to  
25 ensure that any other appropriate member of the

1 household or any authorized representative of the  
2 household may utilize the card.”; and

3 (c) Section 10 of the Food Stamp Act of 1977 (7  
4 U.S.C. 2019) is amended by inserting before the period  
5 at the end of the first sentence the following: “unless such  
6 centers, organizations, institutions, shelters, group living  
7 arrangements, and establishments are equipped with  
8 point-of-sale devices for the purpose of participating in  
9 electronic benefit transfer delivery systems”.

10 **SEC. 349. AUTHORIZE EXCHANGE OF LAW ENFORCEMENT**  
11 **INFORMATION.**

12 Section 11(e)(8) of the Food Stamp Act of 1977 (7  
13 U.S.C. 2020(e)(8)), as amended by this Act, is further  
14 amended as follows—

15 (1) by striking “and” before “(C)”; and

16 (2) by adding at the end the following: “and  
17 (D) notwithstanding any other law, the address, so-  
18 cial security number, and, if available, photograph of  
19 any member of a household shall be made available,  
20 on request, to any Federal, State, or local law en-  
21 forcement officer if the officer furnishes the State  
22 agency with the name of the member and notifies  
23 the agency that—

24 “(i) the member—

1           “(I) is fleeing to avoid prosecu-  
2           tion, or custody or confinement after  
3           conviction, for a crime (or attempt to  
4           commit a crime) that, under the law  
5           of the place the member is fleeing, is  
6           a felony (or, in the case of New Jer-  
7           sey, a high misdemeanor), or is violat-  
8           ing a condition of probation or parole  
9           imposed under Federal or State law;  
10          or

11           “(II) has information that is nec-  
12          essary for the officer to conduct an of-  
13          ficial duty related to subclause (I);

14           “(ii) locating or apprehending the  
15          member is an official duty; and

16           “(iii) the request is being made in the  
17          proper exercise of an official duty; and

18           “(E) the safeguards shall not prevent com-  
19          pliance with paragraph (16);”.

20 **SEC. 350. SIMPLIFY ADMINISTRATION OF EXPEDITED SERV-**  
21 **ICE.**

22          Section 11(e)(9) of the Food Stamp Act of 1977 (7  
23 U.S.C. 2020(e)(9)) is amended—

24           (1) in subparagraph (A)—

1 (A) by striking “five days” and inserting  
2 “7 days”; and

3 (B) by inserting “and” at the end;

4 (2) by striking subparagraphs (B) and (C);

5 (3) by redesignating subparagraph (D) as sub-  
6 paragraph (B); and

7 (4) in subparagraph (B), as redesignated by  
8 paragraph (3), by striking “, (B), or (C)”.

9 **PART 3—ADMINISTRATIVE FLEXIBILITY**

10 **PROPOSALS**

11 **SEC. 361. EXPAND STATE AUTHORITY TO DEFINE CERTIFI-**  
12 **CATION PERIOD.**

13 Section 3(e) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2012(e)) is amended by striking “Except as pro-  
15 vided” and all that follows and inserting the following—

16 “The certification period shall not exceed 12 months,  
17 except that the certification period may be up to 24  
18 months if all adult household members are elderly or dis-  
19 abled. A State agency shall have at least 1 contact with  
20 each certified household every 12 months.”.

1 **SEC. 362. PROVIDE STATE OPTION TO COMBINE ALLOT-**  
2 **MENTS FOR EXPEDITED SERVICE HOUSE-**  
3 **HOLDS.**

4 Section 8(c) of the Food Stamp Act of 1977 (7  
5 U.S.C. 2017(c)) is amended by striking paragraph (3) and  
6 inserting the following:

7 “(3) A State agency may provide to an eligible  
8 household applying after the 15th day of a month,  
9 in lieu of the initial allotment of the household and  
10 the regular allotment of the household for the follow-  
11 ing month, an allotment that is equal to the total  
12 amount of the initial allotment and the first regular  
13 allotment. The allotment shall be provided in accord-  
14 ance with section 11(e)(3) in the case of a household  
15 that is not entitled to expedited service and in ac-  
16 cordance with paragraphs (3) and (9) of section  
17 11(e) in the case of a household that is entitled to  
18 expedited service.”.

19 **SEC. 363. REVISE TREATMENT OF ALLOTMENTS FOR**  
20 **HOUSEHOLDS RESIDING IN CENTERS.**

21 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.  
22 2017) is amended by adding at the end the following:

23 “(f)(1) In the case of an individual who resides in  
24 a center for the purpose of a drug or alcoholic treatment  
25 program described in the last sentence of section 3(i), a

1 State agency may provide an allotment for the individual  
2 to—

3 “(A) the center as an authorized representative  
4 of the individual for a period that is less than 1  
5 month; and

6 “(B) the individual, if the individual leaves the  
7 center.

8 “(2) A State agency may require an individual re-  
9 ferred to in paragraph (1) to designate the center in which  
10 the individual resides as the authorized representative of  
11 the individual for the purpose of receiving an allotment.”.

12 **SEC. 364. IMPROVE OPERATION OF FOOD STAMP OFFICES.**

13 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.  
14 2020) is amended—

15 (1) in subsection (e)—

16 (A) by striking paragraph (2) and insert-  
17 ing the following—

18 “(2)(A) that the State agency shall establish  
19 procedures governing the operation of food stamp of-  
20 fices that the State agency determines best serve  
21 households in the State, including households with  
22 special needs, such as households with elderly or dis-  
23 abled members, households with low-income mem-  
24 bers who reside in rural areas, homeless individuals,  
25 households residing on reservations, and households

1 in which a substantial number of members speak a  
2 language other than English.

3 “(B) In carrying out subparagraph (A), a State  
4 agency—

5 “(i) shall provide timely, accurate, and fair  
6 service to applicants for, and participants in,  
7 the food stamp program;

8 “(ii) shall develop an application contain-  
9 ing the information necessary to comply with  
10 this Act;

11 “(iii) shall permit an applicant household  
12 to apply to participate in the program on the  
13 same day that the household first contacts a  
14 food stamp office in person during office hours;

15 “(iv) shall consider an application that  
16 contains the name, address, and signature of  
17 the applicant filed on the date the applicant  
18 submits the application;

19 “(v) shall require that an adult representa-  
20 tive of each applicant household certify in writ-  
21 ing, under penalty of perjury, that—

22 “(I) the information contained in the  
23 application is true; and

1                   “(II) all members of the household  
2                   are citizens or are aliens eligible to receive  
3                   food stamps under section 6(f);

4                   “(vi) shall provide a method of certifying  
5                   and issuing coupons to eligible homeless individ-  
6                   uals, to ensure that participation in the food  
7                   stamp program is limited to eligible households;  
8                   and

9                   “(vii) may establish operating procedures  
10                  that vary for local food stamp offices to reflect  
11                  regional and local differences within the  
12                  State.”;

13                  “(C) Nothing in this Act shall prohibit the use  
14                  of signatures provided and maintained electronically,  
15                  storage of records using automated retrieval systems  
16                  only, or any other features of a State agency’s appli-  
17                  cation system that does not rely exclusively on the  
18                  collection and retention of paper applications or  
19                  other records.

20                  “(D) The signature of any adult under this  
21                  paragraph shall be sufficient to comply with any  
22                  provision of Federal law requiring a household mem-  
23                  ber to sign an application or statement.”;

24                  (B) in paragraph (3) by striking “and that  
25                  the State agency shall provide the household”

1 and all that follows through “representative of  
2 the State agency.”;

3 (C) by striking paragraphs (14) and (25);  
4 and

5 (D) by redesignating paragraphs (15)  
6 through (27) as paragraphs (14) through (25),  
7 respectively; and

8 (2) in subsection (i)—

9 (A) by striking “(i) Notwithstanding” and  
10 all that follows through “(2)” and inserting the  
11 following—

12 “(i)(1) Notwithstanding any other provision of law,”;

13 and

14 (B) by striking “; (3) households” and all  
15 that follows through “title IV of the Social Se-  
16 curity Act. No” and inserting a period and the  
17 following—

18 “(2) Other than in a case of disqualification as a pen-  
19 alty for failure to comply with a public assistance program  
20 rule or regulation, no”.

21 **SEC. 365. DELETE FEDERAL REQUIREMENT FOR STATE EM-**  
22 **PLOYEE TRAINING.**

23 Section 11(e)(6) of the Food Stamp Act of 1977 (7  
24 U.S.C. 2020(e)(6)) is amended by—

1 (1) inserting “and” at the end of subparagraph  
2 (B);

3 (2) striking in subparagraph (B), “United  
4 States Civil Service Commission” and inserting “Of-  
5 fice of Personnel Management”; and

6 (3) striking subparagraphs (C) through (E).

7 **SEC. 366. AUTHORIZE ORAL WITHDRAWAL OF FAIR HEAR-**  
8 **ING REQUESTS.**

9 Section 11(e)(10) of the Food Stamp Act of 1977 (7  
10 U.S.C. 2020(e)(10)) is amended by inserting before the  
11 semicolon at the end a period and the following:

12 “At the option of a State, at any time prior to a fair  
13 hearing determination under this paragraph, a household  
14 may withdraw, orally or in writing, a request by the house-  
15 hold for a fair hearing. If the withdrawal request is an  
16 oral request, the State agency shall provide a written no-  
17 tice to the household confirming the withdrawal request  
18 and providing the household with an opportunity to re-  
19 quest a hearing”.

20 **SEC. 367. DELETE REDUNDANT FEDERAL STANDARDS FOR**  
21 **ADMINISTRATION.**

22 (a) Section 16 of the Food Stamp Act of 1977 (7  
23 U.S.C. 2025) is amended by striking subsection (b).

24 (b) The first sentence of section 11(g) of the Food  
25 Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by

1 striking “the Secretary’s standards for the efficient and  
2 effective administration of the program established under  
3 section 16(b)(1) or”.

4 (c) Section 16(c)(1)(B) of the Food Stamp Act of  
5 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by striking  
6 “pursuant to subsection (b)”.

7 **PART 4—PROPOSALS FOR STRENGTHENING**  
8 **RETAILER MANAGEMENT**

9 **SEC. 371. PROVIDE AUTHORITY TO ESTABLISH AUTHORIZA-**  
10 **TION PERIODS.**

11 Section 9(a) of the Food Stamp Act of 1977 (7  
12 U.S.C. 2018(a)) is amended by adding at the end the fol-  
13 lowing—

14 “(3) The Secretary shall establish specific time  
15 periods during which authorization to accept and re-  
16 deem coupons or to redeem benefits through an elec-  
17 tronic benefit transfer system shall be valid under  
18 the food stamp program.”.

19 **SEC. 372. PROVIDE AUTHORITY TO REQUIRE INFORMATION**  
20 **FOR VERIFYING ELIGIBILITY FOR AUTHOR-**  
21 **IZATION.**

22 Section 9(c) of the Food Stamp Act of 1977 (7  
23 U.S.C. 2018(c)) is amended—

1           “(2) All property subject to forfeiture under  
2 this subsection, any seizure and disposition thereof,  
3 and any proceeding relating thereto, shall be gov-  
4 erned by section 413 of the Comprehensive Drug  
5 Abuse Prevention and Control Act of 1970 (21  
6 U.S.C. 853), with the exception of section 413(d),  
7 insofar as applicable and not inconsistent with the  
8 provisions of this subsection.

9           “(3) Restraining orders available under section  
10 413(e) of the Comprehensive Drug Abuse Prevention  
11 and Control Act of 1970 (21 U.S.C. 853(e)) shall  
12 apply to assets otherwise subject to forfeiture under  
13 section 413(p) of that Act (21 U.S.C. 853(p)), as in-  
14 corporated in this subsection.”.

15 **SEC. 378. EXPAND AUTHORITY FOR SHARING INFORMA-**  
16 **TION PROVIDED BY RETAIL FOOD STORES**  
17 **AND WHOLESALE FOOD CONCERNS.**

18           (a) Section 205(c)(2)(C)(iii) of the Social Security  
19 Act (42 U.S.C. 405(c)(2)(C)(iii)), as amended by section  
20 316(a) of the Social Security Administrative Reform Act  
21 of 1994 (Public Law 103–296; 108 Stat. 1464), is amend-  
22 ed by—

23           (1) inserting in the first sentence of subclause  
24 (II) after “instrumentality of the United States” the  
25 following: “, or State government officers and em-

1 employees with law enforcement or investigative respon-  
2 sibilities, or State agencies that have the responsibil-  
3 ity for administering the Special Supplemental Nu-  
4 trition Program for Women, Infants and Children  
5 (WIC)”;

6 (2) inserting in the last sentence of subclause  
7 (II) “or State” after “other Federal”; and

8 (3) inserting in subclause (III) “or a State”  
9 after “United States”.

10 (b) Section 6109(f)(2) of the Internal Revenue Code  
11 of 1986 (26 U.S.C. 6109(f)(2)) (as added by section  
12 316(b) of the Social Security Administrative Reform Act  
13 of 1994 (Public Law 103–296; 108 Stat. 1464)) is amend-  
14 ed by—

15 (1) inserting in subparagraph (A) after “instru-  
16 mentality of the United States” the following: “, or  
17 State government officers and employees with law  
18 enforcement or investigative responsibilities, or State  
19 agencies that have the responsibility for administer-  
20 ing the Special Supplemental Nutrition Program for  
21 Women, Infants and Children (WIC)”;

22 (2) inserting in the last sentence of subpara-  
23 graph (A) “or State” after “other Federal”; and

24 (3) inserting in subparagraph (B) “or a State”  
25 after “United States”.

1           **PART 5—CONFORMING AMENDMENTS AND**  
2                                   **EFFECTIVE DATES**

3   **SEC. 381. CONFORMING AMENDMENTS.**

4           (a) Section 5(k)(1)(A) of the Food Stamp Act of  
5 1977 (7 U.S.C. 2014(k)(1)(A)) is amended by striking  
6 “for aid to families with dependent children”.

7           (b) Section 6(e)(6) of the Food Stamp Act of 1977  
8 (7 U.S.C. 2015(e)(6)) is amended by striking “aid to fam-  
9 ilies with dependent children” and inserting “assistance”.

10          (c) Section 11 of the Food Stamp Act of 1977 (7  
11 U.S.C. 2020) is amended by—

12                 (1) striking in the first complete sentence of  
13 subsection (e)(2) “aid to families with dependent  
14 children”; and

15                 (2) striking in subsection (i) “aid to families  
16 with dependent children”.

17          (d) Section 16(g) of the Food Stamp Act of 1977  
18 (7 U.S.C. 2025(g)) is amended in item (4) by striking  
19 “Aid to Families with Dependent Children Program” and  
20 inserting “program”.

21          (e) Section 17(b) of the Food Stamp Act of 1977 (7  
22 U.S.C. 2026(b)) is amended by—

23                 (1) striking in the first sentence of paragraph  
24 (1)(A) “aid to families with dependent children” and  
25 inserting “assistance”;

1 (2) striking in paragraph (3)(B) “for recipients  
2 of aid to families with dependent children”;

3 (3) inserting before the period at the end of the  
4 first sentence in paragraph (3)(B) the following:

5 “for recipients of assistance under part A of title IV  
6 of the Social Security Act (42 U.S.C. 601 et seq.)”; and

7 (4) striking in paragraph (3)(C) “aid to fami-  
8 lies with dependent children” and inserting the fol-  
9 lowing:

10 “assistance under part A of title IV of the Social Se-  
11 curity Act (42 U.S.C. 601 et seq.)”.

12 **SEC. 382. EFFECTIVE DATES.**

13 Except as otherwise provided in this subtitle, the pro-  
14 visions of this subtitle become effective on the first day  
15 of the second month after the month of enactment.

16 **Subtitle B—Child Nutrition**

17 **SEC. 391. FAMILY OR GROUP DAY CARE HOMES.**

18 (a) **RESTRUCTURED DAY CARE HOME REIMBURSE-**  
19 **MENTS.**—Section 17(f)(3) of the National School Lunch  
20 Act (42 U.S.C. 1766(f)(3)) is amended by striking “(3)(A)  
21 Institutions” and all that follows through the end of sub-  
22 paragraph (A) and inserting the following:

23 “(3) **REIMBURSEMENT OF FAMILY OR GROUP**  
24 **DAY CARE HOME SPONSORING ORGANIZATIONS.**—

25 “(A) **REIMBURSEMENT FACTOR.**—

1                   “(ii) INSUFFICIENT FUNDS.—If an  
2                   amount made available for any fiscal year  
3                   is insufficient to pay the amount to which  
4                   each State is entitled under clause (i), the  
5                   amount of each grant, including minimum  
6                   grants, shall be ratably reduced.”.

7 **SEC. 395. DIRECT FEDERAL EXPENDITURES.**

8           (a) COMMODITY ASSISTANCE.—Section 6(g) of the  
9 National School Lunch Act (42 U.S.C. 1755(g)) is amend-  
10 ed by striking “12 percent” and inserting “8 percent”.

11           (b) The amendment made by this section becomes ef-  
12 fective on July 1, 1996.

13                   **TITLE D—TREATMENT OF**  
14                   **ALIENS**

15 **SEC. 401. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUB-**  
16 **LIC ASSISTANCE PROGRAMS.**

17           (a) FEDERAL AND FEDERALLY-ASSISTED PRO-  
18 GRAMS.—

19                   (1) PROGRAM ELIGIBILITY CRITERIA.—

20                           (A) TEMPORARY EMPLOYMENT ASSIST-  
21 ANCE.—Section 402(c), as amended by sections  
22 101(a) and 112 of this Act, is further amended  
23 by adding at the end the following paragraph:

24                   “(9) RESTRICTION OF ELIGIBILITY TO CITIZENS  
25 AND LEGAL IMMIGRANTS.—The State plan shall pro-

1       vide that, in order to be eligible for assistance under  
2       the State plan, an individual must be either—

3               “(A) a citizen or national of the United  
4       States, or

5               “(B) a qualified alien (as defined in section  
6       1145(a)), provided that such alien is not dis-  
7       qualified from receiving assistance under a  
8       State plan approved under this part by or pur-  
9       suant to section 210(f) or 245A(h) of the Immi-  
10      gration and Nationality Act or any other provi-  
11      sion of law;”.

12              (B) SUPPLEMENTAL SECURITY INCOME.—  
13      Section 1614(a)(1)(B)(i) is amended to read as  
14      follows:

15              “(B)(i) is a resident of the United States,  
16      and is either (I) a citizen or national of the  
17      United States, or (II) a qualified alien (as de-  
18      fined in section 1145(a)), or”.

19              (C) MEDICAID.—

20              (i) Section 1903(v)(1) is amended to  
21      read as follows:

22              “(v)(1) Notwithstanding the preceding provisions of  
23      this section—

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 or pursuant to section 210(f) or 245A(h)  
3 of the Immigration and Nationality Act or any other  
4 provision of law, and

5 “(B) except as provided in paragraph (2), no  
6 such payment may be made for medical assistance  
7 furnished to an individual who is not—

8 “(i) a citizen or national of the United  
9 States, or

10 “(ii) a qualified alien (as defined in section  
11 1145(a)).”.

12 (ii) Section 1903(v)(2) is amended—

13 (I) by striking “paragraph (1)”  
14 and inserting “paragraph (1)(B)”;  
15 and

16 (II) by striking “alien” each  
17 place it appears and inserting “indi-  
18 vidual”.

19 (iii) Section 1902(a) is amended in  
20 the last sentence by striking “alien” and  
21 all that follows 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 1145(a)) only in accord-  
25 ance with section 1903(v).”.

1 (iv) Section 1902(b)(3) is amended by  
2 inserting “or national” after “citizen”.

3 (2) DEFINITION OF “QUALIFIED ALIEN”.—Title  
4 XI is amended by adding at the end the following  
5 new section:

6 “UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC  
7 ASSISTANCE PROGRAMS

8 “SEC. 1145. (a) DEFINITIONS.—For purposes of the  
9 programs under part A of title IV and titles XVI and XIX  
10 of this Act—

11 “(1) QUALIFIED ALIEN.—The term ‘qualified  
12 alien’ means an alien—

13 “(A) who is lawfully admitted for perma-  
14 nent residence within the meaning of section  
15 101(a)(20) of the Immigration and Nationality  
16 Act;

17 “(B) who is admitted as a refugee pursu-  
18 ant to section 207 of such Act;

19 “(C) who is granted asylum pursuant to  
20 section 208 of such Act;

21 “(D) who is a Cuban or Haitian entrant,  
22 as defined in section 501(e) of the Refugee  
23 Education Assistance Act of 1980 (Public Law  
24 96-422);

1           “(E) whose deportation is withheld pursu-  
2           ant to section 243(h) of the Immigration and  
3           Nationality Act;

4           “(F) whose deportation is suspended pur-  
5           suant to section 244 of such Act;

6           “(G) who is granted conditional entry pur-  
7           suant to section 203(a)(7) of such Act as in ef-  
8           fect prior to April 1, 1980;

9           “(H) who is lawfully admitted for tem-  
10          porary residence pursuant to section 210 or  
11          245A of such Act;

12          “(I) who is paroled into the United States  
13          under section 212(d)(5) of such Act for a pe-  
14          riod of at least one year;

15          “(J) who is within a class of aliens lawfully  
16          present within the United States pursuant to  
17          any other provision of such Act, provided  
18          that—

19                 “(i) the Attorney General determines  
20                 (and such determination shall not be judi-  
21                 cially reviewable) that the continued pres-  
22                 ence of such class of aliens serves a hu-  
23                 manitarian or other compelling public in-  
24                 terest, and

1                   “(ii) the Secretary of Health and  
2                   Human Services and the Commissioner of  
3                   Social Security determine (and such deter-  
4                   mination shall not be judicially reviewable)  
5                   that such interest would be further served  
6                   by treating each alien within such class as  
7                   a ‘qualified alien’ for purposes of this Act;  
8                   or

9                   “(K) who is the spouse or unmarried child  
10                  under 21 years of age of a citizen of the United  
11                  States, or the parent of such a citizen if the cit-  
12                  izen is 21 years of age or older, and with re-  
13                  spect to whom an application for adjustment to  
14                  lawful permanent residence is pending;  
15                  such status not having changed.

16                  “(2) SPONSOR.—The term ‘sponsor’ means,  
17                  with respect to a qualified alien, an individual who—

18                         “(A) is a citizen or national of the United  
19                         States or an alien who is lawfully admitted to  
20                         the United States for permanent residence;

21                         “(B) is 18 years of age or over;

22                         “(C) is domiciled in any State, the District  
23                         of Columbia, or any territory or possession of  
24                         the United States; and

1           “(D) has executed an affidavit of support  
2           for such alien in accordance with section 213 of  
3           the Immigration and Nationality Act.”.

4           (3) CONFORMING AMENDMENT.—Section  
5           244A(f)(1) of the Immigration and Nationality Act  
6           is amended by inserting “and shall not be considered  
7           to be a ‘qualified alien’ within the meaning of sec-  
8           tion 1145(a) of the Social Security Act” immediately  
9           before the semicolon.

10          (b) STATE AND LOCAL PROGRAMS.—A State, or a  
11          political subdivision of a State, may provide that an alien  
12          is not eligible for any program of cash assistance (other  
13          than assistance related to pre-school, elementary, or sec-  
14          ondary education) or medical assistance (other than emer-  
15          gency medical assistance) based on need that is furnished  
16          by such State or political subdivision unless such alien is  
17          a “qualified alien” within the meaning of section 1145(a)  
18          of the Social Security Act (as added by subsection (a)(2)  
19          of this section).

20          (c) EFFECTIVE DATE.—The amendments made by  
21          this section are effective with respect to benefits furnished  
22          on the basis of any application filed after the date of en-  
23          actment of this Act.

1 **SEC. 402. DEEMING OF SPONSOR'S INCOME AND RE-**  
2 **SOURCES TO ALIEN UNDER TEA, SSI, AND**  
3 **FOOD STAMP PROGRAMS.**

4 (a) **EXTENSION OF DEEMING PERIOD TO DATE OF**  
5 **NATURALIZED CITIZENSHIP.**—Section 1145 of the Social  
6 Security Act, as added by section 401 of this Act, is  
7 amended by adding at the end the following new sub-  
8 section:

9 “(b) **DEEMING OF INCOME TO SPONSORED ALIEN**  
10 **UNTIL NATURALIZATION FOR PURPOSES OF CERTAIN AS-**  
11 **SISTANCE PROGRAMS.**—

12 “(1) **IN GENERAL.**—Except as otherwise pro-  
13 vided in this subsection, for purposes of the pro-  
14 grams under titles IV–A and XVI and the program  
15 under the Food Stamp Act of 1977, the income and  
16 resources of the sponsor of a qualified alien, and of  
17 the sponsor's spouse, shall be deemed to be available  
18 to such alien, in accordance with the applicable pro-  
19 visions of each such program, until the date on  
20 which the alien achieves United States citizenship  
21 through naturalization pursuant to the Immigration  
22 and Nationality Act.

23 “(2) **EXCEPTIONS.**—The income and resources  
24 of a sponsor shall not be deemed available to a  
25 qualified alien in the following circumstances:

1           “(A) ELDERLY ALIEN AFTER 5 YEARS’  
2 RESIDENCE.—The alien has been lawfully ad-  
3 mitted to the United States for permanent resi-  
4 dence, has attained 75 years of age, and has re-  
5 sided in the United States for at least 5 years.

6           “(B) ALIEN A VETERAN.—The alien—

7           “(i) is a veteran (as defined in section  
8 101 of title 38, United States Code) with  
9 a discharge characterized as an honorable  
10 discharge,

11           “(ii) is on active duty (other than ac-  
12 tive duty for training) in the Armed Forces  
13 of the United States, or

14           “(iii) is the spouse (other than a di-  
15 vorced spouse), surviving spouse, or un-  
16 married minor dependent child of an indi-  
17 vidual described in clause (i) or (ii).

18           “(C) Alien a taxpayer.—

19           “(i) Taxes have been paid (as deter-  
20 mined in accordance with clause (ii)) under  
21 chapter 2 or chapter 21 of the Internal  
22 Revenue Code of 1986 for each of 20 dif-  
23 ferent calendar quarters with respect to  
24 the self-employment income or employment  
25 of the alien, or spouse of the alien, or par-

1 ent of the alien (in the case of an alien  
2 under age 25).

3 “(ii) For purposes of clause (i), the  
4 taxes described in such clause shall, in the  
5 absence of any evidence to the contrary, be  
6 assumed to have been paid with respect to  
7 any wages and self-employment income for  
8 which such alien, parent, or spouse has  
9 been credited in the records maintained by  
10 the Commissioner of Social Security for  
11 purposes of the administration of the Fed-  
12 eral Old-Age, Survivors, and Disability In-  
13 surance program authorized by title II of  
14 this Act.

15 “(iii) The Social Security Administra-  
16 tion, by regulation, shall provide a sim-  
17 plified method for assigning an individual’s  
18 annual earnings in a year to a given cal-  
19 endar quarter. Earnings assigned to a  
20 given calendar quarter are considered to be  
21 acquired as of the first day of that quarter.

22 “(D) ALIEN WHOSE SPONSOR RECEIVES  
23 TEA OR SSI BENEFITS.—The provisions of para-  
24 graph (1) shall not apply to any alien for any

1 month for which such alien's sponsor receives  
2 any of the following benefits—

3 “(i) temporary employment assistance  
4 under part A of title IV;

5 “(ii) supplemental security income  
6 under title XVI; or

7 “(iii) federally administered State  
8 supplementary payments pursuant to sec-  
9 tion 1616(a) of this Act or to section  
10 212(b) of Public Law 93-66.

11 “(E) FOOD STAMPS EXEMPTION FOR  
12 BLIND OR DISABLED ALIEN.—The provisions of  
13 paragraph (1) shall not apply to the program  
14 under the Food Stamp Act of 1977 with respect  
15 to an alien for any month for which such alien  
16 receives supplemental security income under  
17 title XVI by reason of blindness (as determined  
18 under section 1614(a)(2)) or disability (as de-  
19 termined under section 1614(a)(3)), provided  
20 that such blindness or disability commenced  
21 after the date of such individual's admission  
22 into the United States for permanent residence.

23 “(3) REGULATIONS PROVIDING FOR HARDSHIP  
24 EXCEPTIONS.—The Secretary of Health and Human  
25 Services, the Commissioner of Social Security, and

1 the Secretary of Agriculture, after consultation to-  
2 gether, may each promulgate regulations providing  
3 for alteration or suspension of the application of  
4 paragraph (1) in cases (including cases in which the  
5 sponsored alien is the subject of domestic violence or  
6 other abuse by the sponsor) where such application  
7 to a qualified alien, for purposes of determining eli-  
8 gibility for a program administered by such official,  
9 would be inequitable in the circumstances.

10 “(4) INAPPLICABILITY TO MEDICAID.—The pro-  
11 visions of paragraph (1) shall be inapplicable to the  
12 determination of the eligibility of a qualified alien  
13 for benefits under title XIX.”.

14 (b) AMENDMENTS TO PROGRAM STATUTES.—

15 (1) TEMPORARY EMPLOYMENT ASSISTANCE.—  
16 Section 415 of the Social Security Act is redesign-  
17 nated as section 407, and is amended—

18 (A) in subsection (a)—

19 (i) by striking “an alien described in  
20 clause (B) of section 402(a)(33)” and in-  
21 sserting “a qualified alien (as defined in  
22 section 1145(a))”; and

23 (ii) by striking “for a period of three  
24 years after the individual’s entry into the  
25 United States” and inserting “, subject to

1 the exceptions in subsection (f), during the  
2 period (if any) determined pursuant to sec-  
3 tion 1145(b) with respect to such alien”;

4 (B) in subsection (b)—

5 (i) in paragraph (1)(B)(ii), by striking  
6 “section 402(a)(7)” and inserting “section  
7 402(d)”;

8 (ii) in paragraph (2)(A), by striking  
9 “aid” and inserting “assistance”; and

10 (iii) in paragraph (2)(B), by striking  
11 “\$1,500” and inserting “\$2,000”; and

12 (C) in subsection (c)(1), in the first and  
13 second sentences, and in subsection (d)—

14 (i) by striking “aid” each place it ap-  
15 pears and inserting “assistance”; and

16 (ii) by striking “during the period of  
17 three years after his or her entry into the  
18 United States” and inserting “during the  
19 period (if any) determined pursuant to sec-  
20 tion 1145(b) with respect to such alien”.

21 (2) SUPPLEMENTAL SECURITY INCOME.—

22 (A) Section 1621(a) of the Social Security  
23 Act is amended by striking “for a period of 5  
24 years after the individual’s entry into the Unit-  
25 ed States” and inserting “during the period (if

1 any) determined pursuant to section 1145(b)  
2 with respect to such alien”.

3 (B) Section 1621(c) of the Social Security  
4 Act is amended by striking “during the period  
5 of 5 years after such alien’s entry into the  
6 United States” and inserting “during the pe-  
7 riod (if any) determined pursuant to section  
8 1145 with respect to such alien”.

9 (C) Section 1621(d) of the Social Security  
10 Act is amended by striking “during the period  
11 of 5 years after entry into the United States”  
12 and inserting “during the period (if any) deter-  
13 mined pursuant to section 1145(b) with respect  
14 to such alien”.

15 (D) Section 1621(e) of the Social Security  
16 Act is amended by striking “during the period  
17 of 5 years after such alien’s entry into the  
18 United States” and inserting “during the pe-  
19 riod (if any) determined pursuant to section  
20 1145(b) with respect to such alien”.

21 (3) FOOD STAMPS.—Section 5(i) of the Food  
22 Stamp Act of 1977 is amended—

23 (A) in paragraph (1), by striking “for a  
24 period of three years after the individual’s entry  
25 into the United States” and inserting “for the

1 period (if any) determined pursuant to section  
2 1145(b) of the Social Security Act with respect  
3 to such alien”;

4 (B) in paragraph (2)(B)(ii), by striking  
5 “\$1,500” and inserting “\$2,000”;

6 (C) in paragraph (2)(C), by striking “dur-  
7 ing the period of three years after entry into  
8 the United States” and inserting “during the  
9 period (if any) determined pursuant to section  
10 1145(b) of the Social Security Act with respect  
11 to such alien”; and

12 (D) in paragraph (2)(D), by striking “dur-  
13 ing the period of three years after such alien’s  
14 entry into the United States” and inserting  
15 “during the period (if any) determined pursu-  
16 ant to section 1145(b) of the Social Security  
17 Act with respect to such alien”.

18 (e) STATE AND LOCAL PROGRAMS.—A State, or a po-  
19 litical subdivision of a State, may provide that an alien  
20 is not eligible for any program of cash assistance (other  
21 than assistance related to pre-school, elementary, or sec-  
22 ondary education) based on need that is furnished by such  
23 State or political subdivision for any month if such alien  
24 has been determined to be ineligible for such month for  
25 benefits under—

1           (1) the program of temporary employment as-  
2           sistance under part A of title IV of the Social Secu-  
3           rity Act, as a result of the application of section 407  
4           of such Act;

5           (2) the program of supplemental security in-  
6           come under title XVI of the Social Security Act, as  
7           a result of the application of section 1611(e)(4) or  
8           1621 of such Act; or

9           (3) the Food Stamp Act of 1977, as a result of  
10          the application of section 5(i) or 6(i) of such Act.

11          (d) EFFECTIVE DATE.—

12           (1) The amendments made by this section are  
13          effective with respect to benefits under the program  
14          of temporary employment assistance authorized by  
15          part A of title IV of the Social Security Act, the pro-  
16          gram of supplemental security income authorized by  
17          title XVI of the Social Security Act, and the pro-  
18          gram authorized by the Food Stamp Act of 1977,  
19          payable for months beginning on or after the date  
20          60 days after enactment of this Act, on the basis  
21          of—

22                   (A) an application filed after such date, or

23                   (B) an application filed on or before such  
24          date by or on behalf of an individual subject to  
25          the provisions of section 1621(a) or section 415

1 (which is renumbered as section 407 by sub-  
2 section (b) of this section and section 102 of  
3 this Act, effective as of October 1, 1996) of the  
4 Social Security Act or section 5(i)(1) of the  
5 Food Stamp Act of 1977 (as the case may be)  
6 on such date.

7 **SEC. 403. CONTINUED LIABILITY OF ALIEN AND SPONSOR**  
8 **FOR OVERPAYMENTS.**

9 (a) **TEMPORARY EMPLOYMENT ASSISTANCE.**—Sec-  
10 tion 407(d) (as redesignated and amended by section  
11 402(b) of this Act) is amended by adding at the end the  
12 following sentence: “If an individual who is an alien sub-  
13 ject to this subsection is naturalized as a citizen of the  
14 United States, such naturalization shall have no effect  
15 upon the continued application of this subsection to such  
16 individual or to such individual’s sponsor.”.

17 (b) **SUPPLEMENTAL SECURITY INCOME.**—Section  
18 1621(e) is amended by adding at the end the following  
19 sentence: “If an individual who is an alien subject to this  
20 subsection is naturalized as a citizen of the United States,  
21 such naturalization shall have no effect upon the contin-  
22 ued application of this subsection to such individual or to  
23 such individual’s sponsor.”.

24 (c) **FOOD STAMPS.**—Section 5(i)(2)(D) of the Food  
25 Stamp Act of 1977 is amended by adding at the end the

1 following sentence: "If an individual who is an alien sub-  
2 ject to this subsection is naturalized as a citizen of the  
3 United States, such naturalization shall have no effect  
4 upon the continued application of this subsection to such  
5 individual or to such individual's sponsor."

6 **SEC. 404. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF**  
7 **SUPPORT.**

8 (a) SPONSOR'S AFFIDAVIT OF SUPPORT.—Section  
9 213 of the Immigration and Nationality Act (8 U.S.C.  
10 1183) is amended—

11 (1) in the heading, by striking "ON GIVING  
12 BOND" and inserting "UPON PROVISION OF  
13 BOND OR GUARANTEE OF FINANCIAL RE-  
14 SPONSIBILITY";

15 (2) by designating the existing matter as sub-  
16 section (a); and

17 (3) by adding at the end a new subsection as  
18 follows:

19 "(b)(1) ATTORNEY GENERAL'S DISCRETION TO  
20 ADMIT ALIEN.—An alien excludable under paragraph (4)  
21 of section 212(a) may, if otherwise admissible, be admitted  
22 in the discretion of the Attorney General upon a finding  
23 by the Attorney General that—

24 "(A) the alien has received a guarantee of fi-  
25 nancial responsibility in such form as may be pre-

1 scribed pursuant to paragraph (4) and meeting the  
2 conditions described in paragraph (2); and

3 “(B) taking into consideration all relevant cir-  
4 cumstances, it is reasonable to expect that the spon-  
5 sor has the financial capacity to meet the obligations  
6 of the guarantee.”

7 “(2) SUBSTANCE OF GUARANTEE OF SUPPORT.—A  
8 guarantee of financial responsibility for an alien must—

9 “(A) be signed in the presence of an immigra-  
10 tion officer or consular officer (or in the presence of  
11 a notary public) by an individual (referred to in this  
12 subsection as the ‘sponsor’) who is 18 years of age  
13 or older, is of good moral character, and is a citizen  
14 or national of the United States or an alien lawfully  
15 admitted for permanent residence domiciled in any  
16 of the several States of the United States, the Dis-  
17 trict of Columbia, or any territory or possession of  
18 the United States; and

19 “(B) provide that the sponsor enters into a le-  
20 gally binding commitment to furnish to or on behalf  
21 of the alien financial support sufficient to meet the  
22 alien’s basic subsistence needs until the alien  
23 achieves United States citizenship through natu-  
24 ralization pursuant to the Immigration and Nation-  
25 ality Act.

1           “(3) ENFORCEABILITY OF GUARANTEE OF SUP-  
2 PORT.—Any guarantee of financial support executed on  
3 behalf of an alien pursuant to this subsection must be en-  
4 forceable against the sponsor and may be enforced against  
5 the sponsor in a civil suit brought by the sponsored alien  
6 or by the Federal Government, any State, district, terri-  
7 tory, or possession of the United States (or any subdivi-  
8 sion of such State, district, territory, or possession of the  
9 United States) which provides benefits to the alien in any  
10 court of competent jurisdiction, except that no action may  
11 be brought against a sponsor if the sponsor is receiving  
12 cash or food stamp benefits (as defined in paragraph (7)).

13           “(4) FORM OF GUARANTEE OF SUPPORT.—Not later  
14 than 90 days after the date of enactment of this section,  
15 the Secretary of State, the Attorney General, the Sec-  
16 retary of Health and Human Services, the Secretary of  
17 Agriculture, and the Commissioner of Social Security shall  
18 jointly establish the form of the guarantee of financial  
19 support described in this section.

20           “(5) LIMITATION OF LIABILITY.—The guarantee of  
21 financial support established pursuant to this section shall  
22 only apply with respect to cash or food stamp benefits (as  
23 defined in paragraph (7)) provided to an alien before the  
24 earliest of the following:

1           “(A) CITIZENSHIP.—The date the alien be-  
2 comes a citizen of the United States.

3           “(B) VETERAN.—The first date the alien is de-  
4 scribed in section 1145(b)(2)(B) of the Social Secu-  
5 rity Act.

6           “(C) PAYMENT OF SOCIAL SECURITY TAXES.—  
7 The first date as of which the condition described in  
8 section 1145(b)(2)(C) of the Social Security Act is  
9 met with respect to the alien.

10           “(D) ELDERLY ALIEN.—The first date the  
11 alien is described in section 1145(b)(2)(A) of the So-  
12 cial Security Act.

13           “(6) NONAPPLICATION DURING CERTAIN PERIODS.—  
14 The contract established by this section shall not apply  
15 with respect to cash or food stamp benefits (as defined  
16 in paragraph (7)) provided to an alien during any period  
17 in which the sponsor is receiving such benefits.

18           “(7) DEFINITION OF CASH OR FOOD STAMP BENE-  
19 FITS.—For the purposes of this section the term ‘cash or  
20 food stamp benefits’ means Federal assistance provided  
21 under title IV–A or XVI of the Social Security Act, under  
22 the Food Stamp Act of 1977, or under similar programs  
23 of a State or a political subdivision of a State that provides  
24 direct cash (or cash equivalent) assistance for the purpose  
25 of income maintenance and in which the eligibility of an

1 individual, household, or family unit for such benefits  
2 under the program, or the amount of such benefits, or  
3 both, are determined on the basis of income, resources,  
4 or financial need of the individual, household, or unit.  
5 Such term does not include any program insofar as it pro-  
6 vides medical, housing, education, job training, food, or  
7 in-kind assistance or social services.”.

8 (b) EFFECTIVE DATE.—The amendments made by  
9 this section apply to affidavits of support executed on or  
10 after the date 90 days after the date of establishment of  
11 the form for such affidavits under section 213(b)(4) of the  
12 Immigration and Nationality Act, as added by this section.

## 13 **TITLE V—SUPPLEMENTAL** 14 **SECURITY INCOME REFORMS**

### 15 **SEC. 501. DEFINITION AND ELIGIBILITY RULES.**

16 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-  
17 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

18 (1) in subparagraph (A), by striking “An indi-  
19 vidual” and inserting “Except as provided in sub-  
20 paragraph (C), an individual”;

21 (2) in subparagraph (A), by striking “(or, in  
22 the case of an individual under the age of 18, if he  
23 suffers from any medically determinable physical or  
24 mental impairment of comparable severity)”;

1           (3) by redesignating subparagraphs (C) through  
2           (H) as subparagraphs (D) through (I), respectively;  
3           (4) by inserting after subparagraph (B) the fol-  
4           lowing new subparagraph:

5                   “(C) An individual under the age of 18  
6           shall be considered disabled for the purposes of  
7           this title if that individual has a medically de-  
8           terminable physical or mental impairment,  
9           which results in marked and severe functional  
10          limitations, and which can be expected to result  
11          in death or which has lasted or can be expected  
12          to last for a continuous period of not less than  
13          12 months. Notwithstanding the preceding sen-  
14          tence, no individual under the age of 18 who  
15          engages in substantial gainful activity (deter-  
16          mined in accordance with regulations prescribed  
17          pursuant to subparagraph (E)) may be consid-  
18          ered to be disabled.”; and

19          (5) in subparagraph (F), as so redesignated by  
20          paragraph (3) of this subsection, by striking “(D)”  
21          and inserting “(E)”.

22          (b) CHANGES RESPECTING CHILDHOOD SSI REGU-  
23          LATIONS.—

24                  (1) MODIFICATION TO MEDICAL CRITERIA FOR  
25          EVALUATION OF MENTAL AND EMOTIONAL DIS-

1       ORDERS.—The Commissioner of Social Security  
2       shall modify sections 112.00C.2. and  
3       112.02B.2.c.(2) of appendix 1 to subpart P of part  
4       404 of title 20, Code of Federal Regulations, to  
5       eliminate references to maladaptive behavior in the  
6       domain of personal/behavioral function.

7           (2) DISCONTINUANCE OF INDIVIDUALIZED  
8       FUNCTIONAL ASSESSMENT.—The Commissioner of  
9       Social Security shall discontinue the individualized  
10      functional assessment for children set forth in sec-  
11      tions 416.924d and 416.924e of title 20, Code of  
12      Federal Regulations.

13      (c) CONFORMING AMENDMENT TO MEDICAL IM-  
14      PROVEMENT REVIEW STANDARD AS IT APPLIES TO INDI-  
15      VIDUALS UNDER THE AGE OF 18.—

16           (1) IN GENERAL.—Section 1614(a)(4) (42  
17      U.S.C. 1382c(a)(4)) is amended—

18           (A) by redesignating subclauses (I) and  
19           (II) of clauses (i) and (ii) of subparagraph (B)  
20           as subclauses (aa) and (bb), respectively;

21           (B) by redesignating clauses (i) and (ii) of  
22           subparagraphs (A) and (B) as subclauses (I)  
23           and (II), respectively;

24           (C) by redesignating subparagraphs (A)  
25           through (D) as clauses (i) through (iv), respec-

1 tively, and by moving their left hand margin 2  
2 ems to the right;

3 (D) by inserting before clause (i) (as redese-  
4 gnated by subparagraph (C)) the following:

5 “(A) in the case of an individual who is  
6 age 18 or older—”;

7 (E) at the end of subparagraph (A)(iv) (as  
8 redesignated by subparagraphs (C) and (D)),  
9 by striking the period and inserting “; or”;

10 (F) by inserting after and below subpara-  
11 graph (A)(iv) (as so redesignated) the following:

12 “(B) in the case of an individual who is  
13 under the age of 18—

14 “(i) substantial evidence which dem-  
15 onstrates that there has been any medical  
16 improvement in the individual’s impair-  
17 ment or combination of impairments, and  
18 that such impairment or combination of  
19 impairments no longer results in marked  
20 and severe functional limitations; or

21 “(ii) substantial evidence which dem-  
22 onstrates that, as determined on the basis  
23 of new or improved diagnostic techniques  
24 or evaluations, the individual’s impairment  
25 or combination of impairments is not as

1           disabling as it was considered to be at the  
2           time of the most recent prior decision that  
3           he or she was under a disability or contin-  
4           ued to be under a disability, and such im-  
5           pairment or combination of impairments  
6           does not result in marked and severe func-  
7           tional limitations; or

8                       “(iii) substantial evidence (which may  
9           be evidence on the record at the time any  
10          prior determination of eligibility for bene-  
11          fits based on disability was made, or newly  
12          obtained evidence which relates to that de-  
13          termination) which demonstrates that a  
14          prior determination was in error.”; and

15                       (G) in the first sentence following subpara-  
16          graph (B) (as added by subparagraph (F)),  
17          by—

18                               (i) inserting “(i)” before “to restore”;  
19                               and

20                               (ii) inserting “, or

21                               (ii) in the case of an individual under  
22          the age of 18, to eliminate or improve the  
23          individual’s impairment or combination of  
24          impairments so that it no longer results in

1                   marked and severe functional limitations”  
2                   before the period.

3                   (2) EFFECTIVE DATE.—The amendments made  
4                   by this subsection are effective upon enactment.

5                   (d) EFFECTIVE DATE; REGULATIONS; APPLICATION  
6 TO CURRENT RECIPIENTS.—

7                   (1) IN GENERAL.—Except where otherwise  
8                   specified, subsections (a) and (b) apply to applica-  
9                   tions filed on or after the date of the enactment of  
10                  this Act, without regard to whether implementing  
11                  regulations have been issued.

12                  (2) REGULATIONS.—The Commissioner of So-  
13                  cial Security shall issue regulations implementing  
14                  subsections (a), (b), and (c).

15                  (3) APPLICATION TO CURRENT RECIPIENTS.—

16                  (A) ELIGIBILITY DETERMINATIONS.—Be-  
17                  ginning on January 1, 1997, and ending not  
18                  later than January 1, 1998, the Commissioner  
19                  of Social Security shall redetermine the eligi-  
20                  bility of any individual under age 18 who is eli-  
21                  gible for supplemental security income benefits  
22                  based on a disability under title XVI of the So-  
23                  cial Security Act as of the date of the enact-  
24                  ment of this Act and whose eligibility for such  
25                  benefits may terminate by reason of subsections

1 (a) or (b) of this section. With respect to any  
2 redetermination under this subparagraph—

3 (i) section 1614(a)(4) of the Social  
4 Security Act (42 U.S.C. 1382c(a)(4)) shall  
5 not apply;

6 (ii) the Commissioner of Social Secu-  
7 rity shall apply the eligibility criteria for  
8 new applicants for benefits under title XVI  
9 of such Act ;

10 (iii) the Commissioner shall give such  
11 redetermination priority over all continuing  
12 eligibility reviews and other reviews under  
13 such title; and

14 (iv) such redetermination shall be  
15 counted as a review or redetermination  
16 otherwise required to be made under sec-  
17 tion 208 of the Social Security Independ-  
18 ence and Program Improvements Act of  
19 1994 or any other provision of title XVI of  
20 the Social Security Act.

21 (B) GRANDFATHER PROVISION.—Sub-  
22 sections (a) and (b) of this section and the re-  
23 determination under subparagraph (A) of this  
24 paragraph only apply with respect to the bene-  
25 fits of an individual described in subparagraph

1 (A) for months beginning on or after January  
2 1, 1998.

3 (C) NOTICE.—Not later than January 1,  
4 1997, the Commissioner of Social Security shall  
5 notify an individual described in subparagraph  
6 (A) of the provisions of this paragraph.

7 **SEC. 502. ELIGIBILITY REDETERMINATIONS AND CONTINU-**  
8 **ING DISABILITY REVIEWS.**

9 (a) CONTINUING DISABILITY REVIEWS RELATING TO  
10 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.  
11 1382c(a)(3)(H)), as so redesignated by section 501(a)(3)  
12 of this Act, is amended—

13 (1) by inserting “(i)” after “(H)”; and

14 (2) by adding at the end the following new  
15 clause:

16 “(ii)(I) Not less frequently than once  
17 every 3 years, the Commissioner shall re-  
18 view in accordance with paragraph (4) the  
19 continued eligibility for benefits under this  
20 title of each individual who has not at-  
21 tained 18 years of age and is eligible for  
22 such benefits by reason of an impairment  
23 (or combination of impairments) which  
24 may improve (or, which is unlikely to im-  
25 prove, at the option of the Commissioner).

1           “(II) A parent or guardian of a recipi-  
2           ent whose case is reviewed under this  
3           clause shall present, at the time of review,  
4           evidence demonstrating that the recipient  
5           is, and has been, receiving treatment, to  
6           the extent considered medically necessary  
7           and available, of the condition which was  
8           the basis for providing benefits under this  
9           title.”.

10           (b) DISABILITY ELIGIBILITY REDETERMINATIONS  
11   REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS  
12   OF AGE.—

13           (1) IN GENERAL.—Section 1614(a)(3)(H) (42  
14           U.S.C. 1382c(a)(3)(H)), as so redesignated by sec-  
15           tion 501(a)(3) of this Act and as amended by sub-  
16           section (a) of this section, is amended by adding at  
17           the end the following new clause:

18                   “(iii) If an individual is eligible for  
19                   benefits under this title by reason of dis-  
20                   ability for the month preceding the month  
21                   in which the individual attains the age of  
22                   18 years, the Commissioner shall redeter-  
23                   mine such eligibility—

1                   “(I) during the 1-year period be-  
2                   ginning on the individual’s 18th birth-  
3                   day; and

4                   “(II) by applying the criteria  
5                   used in determining the initial eligi-  
6                   bility for applicants who have attained  
7                   the age of 18 years.

8                   With respect to a redetermination under  
9                   this clause, paragraph (4) shall not apply  
10                  and such redetermination shall be consid-  
11                  ered a substitute for a review or redeter-  
12                  mination otherwise required under any  
13                  other provision of this subparagraph dur-  
14                  ing that 1-year period.”.

15                  (2) CONFORMING REPEAL.—Section 207 of the  
16                  Social Security Independence and Program Improve-  
17                  ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.  
18                  1516) is repealed.

19                  (c) CONTINUING DISABILITY REVIEW REQUIRED FOR  
20                  LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)  
21                  (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section  
22                  501(a)(3) of this Act and as amended by subsections (a)  
23                  and (b) of this section, is amended by adding at the end  
24                  the following new clause:

1           “(iv)(I) Not later than 12 months  
2 after the first month of eligibility based on  
3 an application of an individual for benefits  
4 under this title, the Commissioner shall re-  
5 view in accordance with paragraph (4) the  
6 continuing eligibility for benefits by reason  
7 of disability of such individual whose low  
8 birth weight is a contributing factor mate-  
9 rial to the Commissioner’s determination  
10 that the individual is disabled.

11           “(II) A review under subclause (I)  
12 shall be considered a substitute for a re-  
13 view otherwise required under any other  
14 provision of this subparagraph during that  
15 12-month period.

16           “(III) A parent or guardian of a re-  
17 cipient whose case is reviewed under this  
18 clause shall present, at the time of review,  
19 evidence demonstrating that the recipient  
20 is, and has been, receiving treatment, to  
21 the extent considered medically necessary  
22 and available, for the condition which was  
23 the basis for providing benefits under this  
24 title.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section apply to benefits for months beginning on or  
3 after the date of the enactment of this Act, without regard  
4 to whether regulations have been issued to implement such  
5 amendments.

6 **SEC. 503. DEDICATED SAVINGS ACCOUNTS.**

7 (a) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C.  
8 1383(a)(2)(B)) is amended by adding at the end the fol-  
9 lowing:

10 “(xiv) A representative payee may pay  
11 any lump sum payment equal to or greater  
12 than 6 times the Federal benefit rate for  
13 the benefit of a child into a dedicated sav-  
14 ings account that must only be used to  
15 purchase for such child, or an individual  
16 for whom such an account was established  
17 prior to his attainment of age 18,—

18 “(I) education and job skills  
19 training;

20 “(II) special equipment or hous-  
21 ing modifications or both specifically  
22 related to, and required by the nature  
23 of, the child’s disability; and

24 “(III) appropriate therapy and  
25 rehabilitation.”

1 (b) EXCLUSION OF DEDICATED SAVINGS AC-  
2 COUNTS.—

3 (1) Section 1613(a) (42 U.S.C. 1382b(a)) is  
4 amended—

5 (A) by striking “and” at the end of para-  
6 graph (10),

7 (B) by striking the period at the end of  
8 paragraph (11) and inserting “; and”, and

9 (C) by inserting after paragraph (11) the  
10 following:

11 “(12) the initial and any subsequent lump sum  
12 payment deposited in, or interest credited to, a dedi-  
13 cated savings account described in section  
14 1631(a)(2)(B)(xiv), so long as such monies are being  
15 used for a purpose listed in that section.”.

16 (2) Section 1612(b) (42 U.S.C. 1382a(b)) is  
17 amended:

18 (A) by striking “and” at the end of para-  
19 graph (19),

20 (B) by striking the period at the end of  
21 paragraph (20) and inserting thereafter “and”,  
22 and

23 (C) by inserting after paragraph (20) the  
24 following new paragraph:



1           (1) Section 1611(e) (42 U.S.C. 1382(e)) is  
2 amended by striking paragraph (3).

3           (2) Section 1631(a)(2)(A)(ii) (42 U.S.C.  
4 1383(a)(2)(A)(ii)) is amended—

5                   (A) by striking “(I)”; and

6                   (B) by striking subclause (II).

7           (3) Section 1631(a)(2)(B) (42 U.S.C.  
8 1383(a)(2)(B)) is amended—

9                   (A) by striking clause (vii);

10                   (B) in clause (viii), by striking “(ix)” and  
11 inserting “(viii)”;

12                   (C) in clause (ix)—

13                           (i) in subclause (I), by striking  
14 “(viii)” and inserting “(vii)”; and

15                           (ii) in subclause (II),

16                                   (I) by striking the comma after  
17 “incompetent” and inserting “or”;

18                                   and

19                                   (II) by striking all that follows  
20 “15 years” and inserting a period;

21                   (D) in clause (xiii)—

22                           (i) by striking “(xii)” and inserting  
23 “(xi)”; and

24                           (ii) by striking “(xi)” and inserting  
25 “(x)”; and

1           (E) by redesignating clauses (viii) through  
2           (xiv) as clauses (vii) through (xiii), respectively.

3           (4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.  
4           1383(a)(2)(D)(i)(II)) is amended by striking all that  
5           follows “\$25.00 per month” and inserting a period.

6           (5) Section 1634 (42 U.S.C. 1383c) is amended  
7           by striking subsection (e).

8           (6) Section 201(c)(1) of the Social Security  
9           Independence and Program Improvements Act of  
10          1994 (42 U.S.C. 425 note) is amended—

11           (A) by striking “—” and all that follows  
12           through “(A)” the 1st place such term appears;

13           (B) by striking “and” the 3rd place such  
14           term appears;

15           (C) by striking subparagraph (B);

16           (D) by striking “either subparagraph (A)  
17           or subparagraph (B)” and inserting “the pre-  
18           ceding sentence”; and

19           (E) by striking “subparagraph (A) or (B)”  
20           and inserting “the preceding sentence”.

21          (c) EFFECTIVE DATE.—

22           (1) The amendments made by this section apply  
23           to applications filed on or after the date of the en-  
24           actment of this Act, without regard to whether regu-

1 lations have been issued to implement such amend-  
2 ments.

3 (2) APPLICATION AND NOTICE TO CURRENT RE-  
4 CIPIENTS.—Notwithstanding any other provision of  
5 law, in the case of an individual who is eligible for  
6 supplemental security income benefits under title  
7 XVI of the Social Security Act as of the date of the  
8 enactment of this Act and whose eligibility for such  
9 benefits would terminate by reason of the amend-  
10 ments made by this section, such amendments shall  
11 apply with respect to the benefits of such individual  
12 for months beginning on or after January 1, 1997,  
13 and the Commissioner of Social Security shall so no-  
14 tify the individual not later than 90 days after the  
15 date of the enactment of this Act. As used in the  
16 preceding sentence, the phrase “supplemental secu-  
17 rity income benefits under title XVI” includes sup-  
18plementary payments pursuant to an agreement for  
19 Federal administration under section 1616(a) of the  
20 Social Security Act and payments pursuant to an  
21 agreement for Federal administration under section  
22 212(b) of Public Law 93–66.

23 (d) SUPPLEMENTAL FUNDING FOR ALCOHOL AND  
24 SUBSTANCE ABUSE TREATMENT PROGRAMS.—

1           (1) IN GENERAL.—Out of any money in the  
2 Treasury not otherwise appropriated, there are here-  
3 by appropriated to supplement State and Tribal pro-  
4 grams funded under section 1933 of the Public  
5 Health Service Act (42 U.S.C. 300x-33),  
6 \$50,000,000 for each of the fiscal years 1997 and  
7 1998.

8           (2) ADDITIONAL FUNDS.—Amounts appro-  
9 priated under paragraph (1) shall be in addition to  
10 any funds otherwise appropriated for allotments  
11 under section 1933 of the Public Health Service Act  
12 (42 U.S.C. 300x-33) and shall be allocated pursuant  
13 to that section.

14           (3) USE OF FUNDS.—A State or Tribal govern-  
15 ment receiving an allotment under this subsection  
16 shall consider as priorities, for purposes of expend-  
17 ing funds allotted under this subsection, activities  
18 relating to the treatment of the abuse of alcohol and  
19 other drugs.

1 **SEC. 505. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**  
2 **VIDUALS FOUND TO HAVE FRAUDULENTLY**  
3 **MISREPRESENTED RESIDENCE IN ORDER TO**  
4 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**  
5 **MORE STATES.**

6 Section 1632 (42 U.S.C. 1383a) is amended by add-  
7 ing at the end the following:

8 “(c)(1) If any individual is convicted of fraudulently  
9 misrepresenting residence in order to obtain benefits si-  
10 multaneously in two or more States, then the court may,  
11 in addition to all other penalties provided by law, impose  
12 a penalty that an individual shall not be considered an  
13 eligible individual for purposes of this title during the 10-  
14 year period beginning on the date the individual is found  
15 by a State to have made, or is convicted in Federal or  
16 State court of having made, a fraudulent statement or rep-  
17 resentation with respect to the place of residence of the  
18 individual in order to receive benefits simultaneously from  
19 2 or more States under programs that are funded under  
20 part A of title IV, or title XIX of this Act, the consolidated  
21 program of food assistance under title III of the Work  
22 First and Personal Responsibility Act of 1996, or the  
23 Food Stamp Act of 1977 (as in effect before the effective  
24 date of title III of the Work First and Personal Respon-  
25 sibility Act of 1996), or benefits in 2 or more States under

1 the supplemental security income program under title XVI  
2 of this Act.

3 “(2) As soon as practicable after an additional pen-  
4 alty has, pursuant to paragraph (1), been imposed with  
5 respect to any individual, an official of a court making  
6 such imposition shall notify the Commissioner of such im-  
7 position.

8 “(3) If any individual with respect to whom an addi-  
9 tional penalty has been imposed pursuant to paragraph  
10 (1) is granted a pardon by the President of the United  
11 States, such additional penalty shall not apply for any  
12 month beginning after the date on which such pardon was  
13 granted.”.

14 **SEC. 506. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**  
15 **AND PROBATION AND PAROLE VIOLATORS.**

16 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.  
17 1382(e)), as amended by section 504(b)(1) of this Act,  
18 is amended by inserting after paragraph (2) the following:

19 “(3) A court of law may, in addition to all other  
20 penalties provided by law, impose on the individual  
21 ineligibility for benefits under this title with respect  
22 to any month if, throughout the month, the person  
23 is—

24 “(A) fleeing custody or confinement after  
25 conviction, under the laws of the place from

1           which the person flees, for a crime which is a  
2           felony under the laws of the place from which  
3           the person flees, or which, in the case of the  
4           State of New Jersey, is a high misdemeanor  
5           under the laws of such State; or

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

8                   “(4) As soon as practicable after the additional  
9           penalty has been imposed pursuant to paragraph (3)  
10          with respect to any individual, an official of the  
11          court making such imposition shall notify the Com-  
12          missioner of such imposition.”.

13          (b) EXCHANGE OF INFORMATION WITH LAW EN-  
14          FORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C.  
15          1383(e)) is amended by inserting after paragraph (3) the  
16          following:

17                   “(4) Notwithstanding any other provision of  
18          law (other than section 6103 of the Internal Reve-  
19          nue Code of 1986), the Commissioner shall furnish  
20          any Federal, State, or local law enforcement agency,  
21          upon the written request of the head of the agency,  
22          with the current address of any recipient of benefits  
23          under this title, if the agency furnishes the Commis-  
24          sioner with the name of the recipient, and other  
25          identifying information as required by the Commis-

1 sioner reasonably to establish the unique identity of  
2 the recipient, and a statement from a court of com-  
3 petent jurisdiction and notifies the Commissioner  
4 that the recipient—

5 “(A) has been found by a court of com-  
6 petent jurisdiction to be fleeing to avoid pros-  
7 ecution, or custody or confinement after convic-  
8 tion, under the laws of the place from which the  
9 person flees, for a crime, or an attempt to com-  
10 mit a crime, which is a felony under the laws  
11 of the place from which the person flees, or  
12 which, in the case of the State of New Jersey,  
13 is a high misdemeanor under the laws of such  
14 State; or

15 “(B) has been found by a court of com-  
16 petent jurisdiction to be violating a condition of  
17 probation or parole imposed for a crime as in  
18 (A) above under Federal or State law.”.

1 **SEC. 507. ALLOWANCE UNDER THE DISCRETIONARY**  
2 **SPENDING LIMITS FOR INCREASED EXPENDI-**  
3 **TURES FOR CONTINUING DISABILITY RE-**  
4 **VIEWS AND DISABILITY ELIGIBILITY RE-**  
5 **DETERMINATIONS.**

6 (a) Section 251(b)(2) of the Balanced Budget and  
7 Emergency Deficit Control Act of 1985 is amended by  
8 adding the following new subparagraph:

9 “(H) CONTINUING DISABILITY REVIEWS  
10 AND DISABILITY ELIGIBILITY REDETERMINA-  
11 TIONS.—

12 “(i) When an appropriations Act is  
13 enacted for fiscal year 1996, 1997, 1998,  
14 1999, 2000, 2001, or 2002 that specifies,  
15 under the heading “Limitation on Admin-  
16 istrative Expenses” for the Social Security  
17 Administration, an amount for expenses  
18 for continuing disability reviews or disabil-  
19 ity eligibility redeterminations conducted  
20 pursuant to section 221(i) of the Social Se-  
21 curity Act (42 U.S.C. 421(i)), section  
22 1614(a)(3)(H) of the Social Security Act  
23 (42 U.S.C. 1382c(a)(3)(H)), section 1633  
24 of the Social Security Act (42 U.S.C.  
25 1383b), or section 208 of the Social Secu-  
26 rity Independence and Program Improve-

1           ments Act of 1994 (Public Law 103–296),  
2           to the extent that appropriations are en-  
3           acted that provide new budget authority,  
4           provide additional obligations limitation, or  
5           result in additional outlays, the discre-  
6           tionary spending limits for that fiscal year  
7           under section 601(a)(2) of the Congres-  
8           sional Budget Act of 1974 shall be ad-  
9           justed by the new budget authority and the  
10          additional outlays for that purpose, but  
11          shall not exceed the amounts set forth  
12          below—

13                   “(I) for fiscal year 1996,  
14                   \$60,000,000 in new budget authority  
15                   and additional obligations limitation  
16                   and \$60,000,000 in additional out-  
17                   lays;

18                   “(II) for fiscal year 1997,  
19                   \$260,000,000 in new budget authority  
20                   and additional obligations limitation  
21                   and \$250,000,000 in additional out-  
22                   lays;

23                   “(III) for fiscal year 1998,  
24                   \$475,000,000 in new budget authority  
25                   and additional obligations limitation

1 and \$460,000,000 in additional out-  
2 lays;

3 “(IV) for fiscal year 1999,  
4 \$715,000,000 in new budget authority  
5 and additional obligations limitation  
6 and \$700,000,000 in additional out-  
7 lays;

8 “(V) for fiscal year 2000,  
9 \$760,000,000 in new budget authority  
10 and additional obligations limitation  
11 and \$760,000,000 in outlays;

12 “(VI) for fiscal year 2001,  
13 \$715,000,000 in new budget authority  
14 and additional obligations limitation  
15 and \$715,000,000 in outlays;

16 “(VII) for fiscal year 2002,  
17 \$665,000,000 in new budget authority  
18 and additional obligations limitation  
19 and \$665,000,000 in outlays;

20 “(ii) As used in this subparagraph—

21 “(I) the term ‘new budget au-  
22 thority’ shall mean budget authority,  
23 in any fiscal year, in excess of \$100  
24 million;

1                   “(II) the term ‘additional obliga-  
2                   tions limitation’ shall mean obliga-  
3                   tions limitation, in any fiscal year, in  
4                   excess of \$100 million; and

5                   “(III) the term ‘additional out-  
6                   lays’ shall mean outlays, in any fiscal  
7                   year, in excess of \$200 million.”.

8           (b) Section 606 of the Congressional Budget and Im-  
9           poundment Control Act of 1974 is amended by adding the  
10          following new subsection:

11          “(e) DISABILITY REVIEW AND ELIGIBILITY REDE-  
12          TERMINATION ADJUSTMENT.—

13               “(1) For purposes of points of order under this  
14          Act and concurrent resolutions on the budget, when  
15          the Appropriations Committee reports an appropria-  
16          tions measure for fiscal year 1996, 1997, 1998,  
17          1999, 2000, 2001, or 2002 that specifies, under the  
18          heading ‘Limitation on Administrative Expenses’ for  
19          the Social Security Administration, an amount for  
20          expenses for continuing disability reviews or disabili-  
21          ty eligibility redeterminations pursuant to section  
22          221(i) of the Social Security Act (42 U.S.C. 421(i)),  
23          section 1614(a)(3)(H) of the Social Security Act (42  
24          U.S.C. 1382c(a)(3)(H)), section 1633 of the Social  
25          Security Act (42 U.S.C. 1383b), or section 208 of

1 the Social Security Independence and Program Im-  
2 provements Act of 1994 (Public Law 103-296), or  
3 when a conference committee submits a conference  
4 report thereon—

5 “(A) the discretionary spending limits for  
6 that fiscal year—

7 “(i) under section 601(a)(2), or

8 “(ii) as set forth in the most recently  
9 adopted concurrent resolution on the bud-  
10 et;

11 “(B) the allocations to the Committee on  
12 Appropriations of the Senate and the House for  
13 that fiscal year under sections 302(a) and  
14 602(a); and

15 “(C) the appropriate budgetary aggregates  
16 for that fiscal year in the most recently adopted  
17 concurrent resolution on the budget shall be ad-  
18 justed in accordance with paragraph (2).

19 “(2) ADJUSTMENT OF BUDGETARY LEVELS.—

20 The adjustments required by paragraph (1) shall be  
21 made by the Chairman of the Committee on the  
22 Budget of the Senate or the House of Representa-  
23 tives (as the case may be) and shall reflect the new  
24 budget authority and the additional outlays for con-  
25 tinuing disability reviews and disability eligibility re-

1       determinations provided in that measure or con-  
2       ference report, but shall not exceed the levels set  
3       forth in section 251(b)(2)(H) of the Balanced Budg-  
4       et and Emergency Deficit Control Act of 1985, for  
5       any year. These adjusted discretionary spending lim-  
6       its, allocations, and aggregates shall be considered  
7       the appropriate limits, allocations, and aggregates  
8       for purposes of congressional enforcement of this  
9       Act and concurrent budget resolutions under this  
10      Act.

11           “(3) REPORTING REVISED SUBALLOCATIONS.—  
12      Following the adjustments made under paragraph  
13      (2), the Committees on Appropriations of the Senate  
14      and the House of Representatives may report appro-  
15      priately revised suballocations pursuant to sections  
16      302(b) and 602(b) of this Act to carry out this sub-  
17      section.

18           “(4) ADDITIONAL AMOUNTS.—As used in this  
19      section, the term ‘new budget authority’ shall mean  
20      budget authority for a fiscal year in excess of \$100  
21      million, and the term ‘additional outlays’ shall mean  
22      outlays for a fiscal year in excess of \$200 million.”.

1 **SEC. 508. INSTALLMENT PAYMENT OF LARGE PAST-DUE**  
2 **SUPPLEMENTAL SECURITY INCOME BENE-**  
3 **FITS.**

4 (a) **IN GENERAL.**—Section 1631(a) is amended by  
5 adding at the end a new paragraph as follows:

6 “(10)(A) If an individual is eligible for past-due  
7 monthly benefits under this title (which includes, for  
8 purposes of this paragraph, State supplementary  
9 payments made by the Commissioner pursuant to an  
10 agreement under section 1616 (a) of this title or sec-  
11 tion 212(b) of Public Law 93–66) in an amount that  
12 (after any withholding for reimbursement to a State  
13 for interim assistance under subsection (g)) equals  
14 or exceeds the product of—

15 “(i) twelve, and

16 “(ii) the maximum monthly benefit payable  
17 under this title to an eligible individual (or, if  
18 appropriate, to an eligible individual and eligible  
19 spouse), then the payment of such past-due  
20 benefits (after any such reimbursement to a  
21 State) shall be made in installments as provided  
22 in subparagraph (B).

23 “(B)(i) The payment of past-due benefits sub-  
24 ject to this subparagraph shall be made in not to ex-  
25 ceed three installments that are made at six-month  
26 intervals.

1           “(ii) Except as provided in clause (iii), the  
2 amount of each of the first and second installments  
3 may not exceed an amount equal to the product of  
4 clauses (i) and (ii) of subparagraph (A).

5           “(iii) In the case of an individual who has—

6                 “(I) outstanding debt attributable to—

7                         “(aa) food,

8                         “(bb) clothing,

9                         “(cc) shelter, or

10                        “(dd) medically necessary services,  
11 supplies or equipment, or medicine; or

12                 “(II) current expenses or expenses antici-  
13 pated in the near term attributable to—

14                         “(aa) medically necessary services,  
15 supplies or equipment, or medicine, or

16                         “(bb) the purchase of a home, and  
17 such debt or expenses are not subject to  
18 reimbursement by a public assistance pro-  
19 gram, the Secretary of Health and Human  
20 Services under title XVIII, a State plan  
21 approved under title XIX, or any private  
22 entity legally liable to provide payment  
23 pursuant to an insurance policy, pre-paid  
24 plan, or other arrangement, the limitation  
25 specified in clause (ii) may be exceeded by

1           an amount equal to the total of such debt  
2           and expenses.

3           “(C) This paragraph shall not apply to any in-  
4           dividual who, at the time of the Commissioner’s de-  
5           termination that such individual is eligible for the  
6           payment of past-due monthly benefits under this  
7           title—

8                   “(i) is afflicted with a medically determina-  
9           ble impairment that is expected to result in  
10          death within twelve months; or

11                   “(ii) is ineligible for benefits under this  
12          title and the Commissioner determines that  
13          such individual is likely to remain ineligible for  
14          the next 12 months.”.

15          (b) CONFORMING AMENDMENT.—Section 1631(a)(1)  
16          is amended by inserting “(subject to paragraph (10))” be-  
17          fore “in such installments”.

18          (c) EFFECTIVE DATE.—The amendments made by  
19          this section are effective with respect to past-due benefits  
20          payable under title XVI of the Social Security Act (includ-  
21          ing State supplementary payments made by the Commis-  
22          sioner of Social Security pursuant to an agreement under  
23          section 1616(a) of such Act or section 212(b) of Public  
24          Law 93–66) after the third month following the month  
25          in which this Act is enacted.

1 **SEC. 509. RECOVERY OF SUPPLEMENTAL SECURITY IN-**  
2 **COME OVERPAYMENTS FROM SOCIAL SECU-**  
3 **RITY BENEFITS.**

4 (a) IN GENERAL.—Title XI is amended by adding  
5 after section 1145 (as added by section 401 and amended  
6 by section 402 of this Act) a new section as follows:

7 **“SEC. 1146. RECOVERY OF SSI OVERPAYMENTS FROM SO-**  
8 **CIAL SECURITY BENEFITS.**

9 “(a) IN GENERAL.—Whenever the Commissioner of  
10 Social Security determines that more than the correct  
11 amount of any payment has been made to any person  
12 under the supplemental security income program author-  
13 ized by title XVI of this Act (which includes, for purposes  
14 of this section, State supplementary payments which are  
15 made by the Commissioner under an agreement pursuant  
16 to section 1616(a) of this Act or section 212(b) of Public  
17 Law 93-66), and the Commissioner is unable to make  
18 proper adjustment or recovery of the amount so incor-  
19 rectly paid as provided in section 1631(b) of this Act, the  
20 Commissioner (notwithstanding section 207 of this Act)  
21 may recover the amount incorrectly paid by decreasing any  
22 amount which is payable under the Federal Old-Age and  
23 Survivors Insurance program or the Federal Disability In-  
24 surance program authorized by title II of this Act to that  
25 person or his estate.

1       “(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR  
2 AMOUNT.—Notwithstanding sections 1611 (a) and (b) of  
3 this Act, in any case in which the Commissioner takes ac-  
4 tion in accordance with subsection (a) to recover an over-  
5 payment from any person, neither that person, nor any  
6 individual whose eligibility or benefit amount is deter-  
7 mined by considering any part of that person’s income,  
8 shall, as a result of such action—

9               “(1) become eligible under the program of sup-  
10       plemental security income benefits under title XVI  
11       of this Act, or

12               “(2) if such person or individual is already so  
13       eligible, become eligible for increased benefits there-  
14       under.”.

15       (b) CONFORMING CHANGES.—

16               (1) Section 204 is amended by adding at the  
17       end a new subsection as follows:

18               “(g) For payments which are adjusted or withheld  
19       to recover an overpayment of supplemental security in-  
20       come benefits paid under title XVI of this Act (including  
21       State supplementary payments which were paid under an  
22       agreement pursuant to section 1616(a) of this Act or sec-  
23       tion 212(b) of Public Law 93–66), see section 1146.”.

24               (2) Section 1631(b) is amended by adding at  
25       the end a new paragraph as follows:

1           “(5) For the recovery of overpayments of bene-  
2           fits under this title from benefits payable under title  
3           II, see section 1146.”.

4           (c) EFFECTIVE DATE.—The amendments made by  
5           this section take effect upon the date of the enactment  
6           of this Act and shall apply to overpayments outstanding  
7           on or after such date.

8           **SEC. 510. ALLOWANCE UNDER THE DISCRETIONARY**  
9                           **SPENDING LIMITS FOR ADMINISTRATIVE EX-**  
10                           **PENSES TO IMPLEMENT CHANGES TO SUP-**  
11                           **PLEMENTAL SECURITY INCOME PROGRAM.**

12           (a) Section 251(b)(2) of the Balanced Budget and  
13           Emergency Deficit Control Act of 1985, as amended by  
14           section 507 of this Act, is further amended by adding at  
15           the end the following new subparagraph:

16                           “(I) ADMINISTRATIVE EXPENSES TO IM-  
17                           PLEMENT REFORMS TO SUPPLEMENTAL SECU-  
18                           RITY INCOME PROGRAM MADE BY THE WORK  
19                           FIRST AND PERSONAL RESPONSIBILITY ACT OF  
20                           1996.—When an appropriations Act is enacted  
21                           for fiscal year 1996, 1997, or 1998 that speci-  
22                           fies, under the heading ‘Limitation on Adminis-  
23                           trative Expenses’ for the Social Security Ad-  
24                           ministration, an amount for expenses to imple-  
25                           ment reforms to the supplemental security in-

1           come program made by the Work First and  
2           Personal Responsibility Act of 1996, to the ex-  
3           tent that appropriations are enacted that pro-  
4           vide budget authority and result in outlays, the  
5           discretionary spending limits for that fiscal year  
6           under section 601(a)(2) of the Congressional  
7           Budget Act of 1974 shall be adjusted by the  
8           budget authority and the outlays for that pur-  
9           pose, but shall not exceed the amounts set forth  
10          below—

11                   “(i) for fiscal year 1996, \$50,000,000  
12                   in budget authority and \$47,000,000 in  
13                   outlays;

14                   “(ii) for fiscal year 1997,  
15                   \$250,000,000 in budget authority and  
16                   \$238,000,000 in outlays;

17                   “(iii) for fiscal year 1998, \$0 in budg-  
18                   et authority and \$15,000,000 in outlays.”.

19          (b) Section 606 of the Congressional Budget and Im-  
20          poundment Control Act of 1974 is amended by adding the  
21          following new subsection:

22                   “(f) ADMINISTRATIVE EXPENSES TO IMPLEMENT  
23          REFORMS TO SUPPLEMENTAL SECURITY INCOME PRO-  
24          GRAM ADJUSTMENT.—

1           “(1) For purposes of points of order under this  
2 Act and concurrent resolutions on the budget, when  
3 the Appropriations Committee reports an appropria-  
4 tions measure for fiscal year 1996, 1997, or 1998  
5 that specifies, under the heading ‘Limitation on Ad-  
6 ministrative Expenses’ for the Social Security Ad-  
7 ministration, an amount for expenses to implement  
8 reforms to the supplemental security income pro-  
9 gram made by the Work First and Personal Respon-  
10 sibility Act of 1996, or when a conference committee  
11 submits a conference report thereon,—

12                   “(A) the discretionary spending limits for  
13 that fiscal year—

14                           “(i) under section 601(a)(2), or

15                           “(ii) as set forth in the most recently  
16 adopted concurrent resolution on the budg-  
17 et;

18                   “(B) the allocations to the Committee on  
19 Appropriations of the Senate and the House for  
20 that fiscal year under sections 302(a) and  
21 602(a); and

22                   “(C) the appropriate budgetary aggregates  
23 for that fiscal year in the most recently adopted  
24 concurrent resolution on the budget shall be ad-  
25 justed in accordance with paragraph (2).

1           “(2) ADJUSTMENT OF BUDGETARY LEVELS.—

2           The adjustments required by paragraph (1) shall be  
3           made by the Chairman of the Committee on the  
4           Budget of the Senate or the House of Representa-  
5           tives (as the case may be) and shall reflect the budg-  
6           et authority and the outlays for expenses to imple-  
7           ment reforms to the supplemental security income  
8           program made by the Work First and Personal Re-  
9           sponsibility Act of 1996 provided in that measure or  
10          conference report, but shall not exceed the levels set  
11          forth in section 251(b)(2)(I) of the Balanced Budget  
12          and Emergency Deficit Control Act of 1985, for any  
13          year. These adjusted discretionary spending limits,  
14          allocations, and aggregates shall be considered the  
15          appropriate limits, allocations, and aggregates for  
16          purposes of congressional enforcement of this Act  
17          and concurrent budget resolutions under this Act.

18          “(3) REPORTING REVISED SUBALLOCATIONS.—

19          Following the adjustments made under paragraph  
20          (2), the Committees on Appropriations of the Senate  
21          and the House of Representatives may report appro-  
22          priately revised suballocations pursuant to sections  
23          302(b) and 602(b) of this Act to carry out this sub-  
24          section.”.

1 **SEC. 511. REDUCTION IN CASH BENEFITS PAYABLE TO IN-**  
2 **STITUTIONALIZED INDIVIDUALS WHOSE MED-**  
3 **ICAL COSTS ARE COVERED BY PRIVATE IN-**  
4 **SURANCE.**

5 (a) **IN GENERAL.**—Section 1611(e)(1)(B) (42 U.S.C.  
6 1382(e)(1)(B)) is amended—

7 (1) by striking “or” after “XIX,”; and

8 (2) by inserting “or, in the case of an eligible  
9 individual under the age of 18 receiving payments  
10 (with respect to such individual) under any health  
11 insurance policy issued by a private provider of such  
12 insurance” after “section 1614(f)(2)(B),”.

13 (b) **EFFECTIVE DATE.**—The amendments made by  
14 this section apply to benefits for months beginning 90 or  
15 more days after the date of the enactment of this Act,  
16 without regard to whether regulations have been issued  
17 to implement such amendments.

18 **TITLE F—SOCIAL SERVICES**  
19 **BLOCK GRANTS**

20 **SEC. 601. REDUCTION IN TITLE XX BLOCK GRANTS TO**  
21 **STATES FOR SOCIAL SERVICES.**

22 Section 2003(c) of the Social Security Act (42 U.S.C.  
23 1397b(c)) is amended—

24 (1) by striking “and” at the end of paragraph  
25 (4);

1           (2) in paragraph (5), by striking “fiscal year  
2           after fiscal year 1989.” and inserting “of fiscal  
3           years 1990 through 1995;”; and

4           (3) by adding at the end the following:

5           “(6) \$2,730,000,000 for fiscal year 1996; and

6           (7) \$2,520,000,000 for fiscal year 1997 and  
7           each succeeding fiscal year.”.

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