AMENDMENTS SUBMITTED

THE WORK OPPORTUNITY ACT OF 1995

BINGAMAN AMENDMENTS NOS. 2483–2485

Mr. BINGAMAN proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence; as follows:

AMENDMENT NO. 2483

Beginning with page 11, line 8, strike all through page 14, line 16, and insert the following:

"SEC. 402. ELIGIBLE STATES; STATE PLANS.

''(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that has submitted to the Secretary a single comprehensive State Family Assistance Program Strategic Plan (hereafter referred to in this section as the 'State Plan') outlining a 5-year strategy for the statewide program.

''(b) FAMILY ASSISTANCE PROGRAM STRATEGIC PLAN PARTS.—Each State plan shall contain 2 parts:

''(1) 5-YEAR PLAN.—The first part of the State plan shall describe a 5-year strategic plan for the statewide program designed to meet the State goals and reach the State benchmarks for each of the essential program activities of the family assistance program.

''(2) ANNUAL CERTIFICATION.—The second part of the State plan shall contain a certification by the chief executive officer of the State that, during the fiscal year, the State family assistance program will include each of the essential program activities specified in subsection (h)(6).

''(c) CONTENTS OF THE STATE PLAN.—The State plan shall include:

''(1) STATE GOALS.—A description of the goals of the 5-year plan, including outcome related goals of and benchmarks for each of the essential program activities of the family assistance program.

''(2) CURRENT YEAR PLAN.—A description of how the goals and benchmarks described in paragraph (1) will be achieved, or how progress toward the goals and benchmarks will be achieved, during the fiscal year in which the plan has been submitted.

''(3) PERFORMANCE INDICATORS.—A description of performance indicators to be used in measuring or assessing the relevant output service levels and outcomes of each of the essential program activities and other relevant program activities.

''(4) EXTERNAL FACTORS.—An identification of those key factors external to the program and beyond the control of the State that could significantly affect the attainment of the goals and benchmarks.

''(5) EVALUATION MECHANISMS.—A description of a mechanism for conducting program evaluation, to be used to compare actual results with the goals and benchmarks and designate the results on a scale ranging from highly successful to failing to reach the goals and benchmarks of the program.

''(6) MINIMUM PARTICIPATION RATES.—A description of how the minimum participation rates specified in section 404 will be satisfied.

''(7) ESTIMATE OF EXPENDITURES.—An estimate of the total amount of State or local expenditures under the program for the fiscal year in which the plan is submitted.

''(d) DETERMINATIONS.—The Secretary shall determine whether a plan submitted pursuant to subsection (a) contains the material required by subsection (b).

''(e) STATE WORK OPPORTUNITY PLANNING BOARDS.—

''(1) IN GENERAL.—A Governor of a State that receives a grant under section 403 may establish a State Work Opportunity Planning Board (referred to in this section as ''the Board'') in accordance with this section.

''(2) MEMBERSHIP.—Membership of the Board shall include—

''(A) persons with leadership experience in private business, industry, and voluntary organizations;

''(B) representatives of State departments or agencies responsible for implementing and overseeing programs funded under this title;

''(C) elected officials representing various jurisdictions included in the State plan;

''(D) representatives of private and nonprofit organizations participating in implementation of the State plan;

''(E) the general public; and

''(F) any other individuals and representatives of community-based organizations that the Governor may designate.

''(3) CHAIRPERSON.—The Board shall select a chairperson from among the members of the Board.

''(4) FUNCTIONS.—The functions of the Board shall include—

''(A) advising the Governor and State legislature on the development of the statewide family assistance program, the State plan described in subsections (a) and (b), and the State goals and State benchmarks;

''(B) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

''(C) serving as a link between business, industry, labor, non-profit and community-based organizations, and the statewide system;

''(D) assisting in preparing annual reports required under this part;

''(E) receiving and commenting on the State plan developed under subsection (a); and

''(F) assisting in the monitoring and continuous improvement of the performance of the State family assistance program, including evaluation of the effectiveness of activities and program funded under this title.

On page 14, line 17, strike ''(b)'' and insert ''(f)''.

On page 15, line 12, strike ''(c)'' and insert ''(g)''.

On page 15, line 20, strike ''(d)'' and insert ''(h)''.

On page 16, between lines 22 and 23, insert the following:

''(6) ESSENTIAL PROGRAM ACTIVITIES.—The term 'essential program activities' includes the following activities:

''(A) Assistance provided to needy families with not less than 1 minor child (or any expectant family).

''(B) Work preparation and work experience activities for parents or caretakers in needy families with not less than 1 minor child, including assistance in finding employment, child care assistance, and other support services that the State considers appropriate to enable such families to become self-sufficient and leave the program.

''(C) The requirement for parents or caretakers receiving assistance under the program to engage in work activities in accordance with section 404 and to enter into a personal responsibility contract in accordance with section 405(a).

''(D) The child protection program operated by the State in accordance with part B.

''(E) The foster care and adoption assistance program operated by the State in accordance with part E.

''(F) The child support enforcement program operated by the State in accordance with part D.

''(G) A teenage pregnancy prevention program, including efforts to reduce and prevent out-of-wedlock pregnancies.

''(H) Participation in the income and eligibility verification system required by section 1137.

''(I) The establishment and operation of a privacy system that restricts the use and disclosure of information about individuals and families receiving assistance under the program.

''(J) A certification identifying the State agencies or entities administering the program.

''(K) The establishment and operation of a reporting system for reports required under this part.

AMENDMENT NO. 2484

At the end of section 201 of the amendment, add the following new subsection:

(d) FUNDING OF CERTAIN PROGRAMS FOR DRUG ADDICTS AND ALCOHOLICS.—

(1) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are hereby appropriated—

(A) for carrying out section 1971 of the Public Health Service Act (as amended by paragraph (2) of this subsection), $95,000,000 for each of the fiscal years 1997 through 2000; and

(B) for carrying out the medication development project to improve drug abuse and drug treatment research (administered through the National Institute on Drug Abuse), $5,000,000 for each of the fiscal years 1997 through 2000.

(2) CAPACITY EXPANSION PROGRAM REGARDING DRUG ABUSE TREATMENT.—Section 1971 of the Public Health Service Act (42 U.S.C. 300y) is amended—

(A) in subsection (a)(1), by adding at the end the following sentence: ''This paragraph is subject to subsection (j).'';

(B) by redesignating subsection (j) as subjection (k);

(C) in subsection (j) (as so redesignated), by inserting before the period the following: ''and for each of the fiscal years 1995 through 2000;'' and

(D) by inserting after subsection (i) the following subsection:

''(j) FORMULA GRANTS FOR CERTAIN FISCAL YEARS.—

''(1) IN GENERAL.—For each of the fiscal years 1997 through 2000, the Director shall, for the purpose described in subsection (a)(1), make a grant to each State that submits to the Director an application in accordance with paragraph (2). Such a grant for a State shall consist of the allotment determined for the State under paragraph (3). For each of the fiscal years 1997 through 2000, grants under this paragraph shall be the exclusive grants under this section.

''(2) REQUIREMENTS.—The Director may make a grant under paragraph (1) only if, by the date specified by the Director, the State submits to the Director an application for the grant that is in such form, is made in such manner, and contain such agreements, assurances, and information as the Director determines to be necessary to carry out this subsection, and if the application contains an agreement by the State in accordance with the following:

''(A) The State will expend the grant in accordance with the priority described in subsection (b)(1).

''(B) The State will comply with the conditions described in each of subsections (c), (d), (g), and (h).

''(3) ALLOTMENT.—

''(A) For purposes of paragraph (1), the allotment under this paragraph for a fiscal

year shall, except as provided in subparagraph (B), be the product of—

''(i) the amount appropriated in section 601(d)(1)(A) of the Work Opportunity Act of 1995 for the fiscal year, together with any additional amounts appropriated to carry out this section for the fiscal year; and

''(ii) the percentage determined for the State under he formula established in section 1933(a).

''(B) Subsections (b) through (d) of section 1933 apply to an allotment under subparagraph (A) to the same extent and in the same manner as such subsections apply to an allotment under subsection (a) of section 1933.''.

AMENDMENT NO. 2485

On page 374, line 2, insert ''and not reserved under paragraph (3)'' after ''734(b)(2)''.

On page 374, between lines 21 and 22, insert the following:

(3) RESERVATION FOR INDIAN VOCATIONAL EDUCATION GRANTS.—From amounts made available under section 734(b)(2) for a fiscal year, the Secretary shall reserve $4,000,000 for such year to award grants, to tribally controlled postsecondary vocational institutions to enable such institutions to carry out activities described in subsection (d), on the basis of a formula that—

(A) takes into consideration—

(i) the costs of basic operational support at such institutions; and

(ii) the availability to such institutions of Federal funds not provided under this paragraph for such costs; and

(B) is consistent with the purpose of section 382 of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2397).

LEVIN AMENDMENT NO. 2486

Mr. LEVIN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 12, between lines 22 and 23, insert the following:

''(G) COMMUNITY SERVICE.—Not later than 3 years after the date of the enactment of the Work Opportunity Act of 1995, should (and not later than 7 years after such date, shall) offer to, and require participation by, a parent or caretaker receiving assistance under the program who, after receiving such assistance for 6 months—

''(i) is not exempt from work requirements; and

''(ii) is not engaged in work as determined under section 404(c),

in community service employment, with minimum hours per week and tasks to be determined by the State.

On page 35, between lines 2 and 3, insert the following:

''(6) CERTAIN COMMUNITY SERVICE EXCLUDED.—An individual performing community service pursuant to the requirement under section 402(a)(1)(G) shall be excluded from the determination of a State's participation rate.

BREAUX AMENDMENTS NOS. 2487–2488

Mr. BREAUX proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2487

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

''(5) WELFARE PARTNERSHIP.—

''(A) IN GENERAL.—the amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less than 100 percent of historic State expenditures.

''(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

''(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

''(I) the grant amount otherwise determined under paragraph (1) of the preceding fiscal year (without regard to section 407), bears to

''(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

''(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

''(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

''(I) cash assistance;

''(II) child care assistance;

''(III) education, job training, and work; and

''(IV) administrative costs.

''(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

''(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

AMENDMENT NO. 2488

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

''(5) WELFARE PARTNERSHIP.—

''(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less than 90 percent of historic State expenditures.

''(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

''(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

''(I) the grant amount otherwise determined under paragraph (1) for the preceding fiscal year (without regard to section 407), bears to

''(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

''(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

''(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

''(I) cash assistance;

''(II) child care assistance;

''(III) education, job training, and work; and

''(IV) administrative costs.

''(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

''(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

BREAUX (AND OTHERS) AMENDMENT NO. 2489

Mr. BREAUX (for himself, Mr. DASCHLE, Mr. KENNEDY, and Mr. PELL) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 703(39), strike ''(8)'' and all that follows and insert ''(9) of section 716(a).''.

In section 714(c)(2)(B), strike clause (vii) and insert the following:

''(vii) the steps the State will take over the 3 years covered by the plan to comply with the requirements specified in section 716(a)(3) relating to the provision of education and training services;''.

In section 716(a)(1)(A), strike ''and (4)'' and insert ''(4), and (5)''.

In section 716(a)(1), strike subparagraph (B) and insert the following:

''(B) may be used to carry out the activities described in paragraphs (6), (7), (8), and (9).''.

In section 716(a), strike paragraph (9).

In section 716(a)(8), strike ''(8)'' and insert ''(9)''.

In section 716(a)(7), strike ''(7)'' and insert ''(8)''.

In section 716(a)(6), strike ''(6)'' and insert ''(7)''.

In section 716(a)(5), strike ''(5)'' and insert ''(6)''.

In section 716(a)(4), strike ''(4)'' and insert ''(5)''.

In section 716(a)(3), strike ''(3)'' and insert ''(4)''.

In section 716(a), insert after paragraph (2) the following:

''(3) EDUCATION AND TRAINING SERVICES.—

''(A) IN GENERAL.—The State shall use a portion of the funds described in paragraph (1) to provide education and training services in accordance with this paragraph to adults, each of whom—

''(i) is unable to obtain employment through core services described in paragraph (2)(B);

''(ii) needs the education and training services in order to obtain employment, as determined through—

''(I) an initial assessment under paragraph (2)(B)(ii); or

''(II) a comprehensive and specialized assessment; and

''(iii) is unable to obtain other grant assistance, such as a Pell Grant provided under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), for such services.

''(B) TYPES OF SERVICES.—Such education and training services may include the following:

''(i) Occupational skills training, including training for nontraditional employment.

''(ii) On-the-job training.

''(iii) Services that combine workplace training with related instruction.

''(iv) Skill upgrading and retraining.

''(v) Entrepreneurial training.

''(vi) Preemployment training to enhance basic workplace competencies, provided to individuals who are determined under guidelines developed by the Federal Partnership to be low-income.

''(vii) Customized training conducted with a commitment by an employer or group of employers to employ an individual on successful completion of the training.

''(C) USE OF VOUCHERS FOR DISLOCATED WORKERS.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), education and training services described in subparagraph (B) shall be provided to dislocated workers through a system of vouchers that is administered through one-stop delivery described in paragraph (2).

''(ii) EXCEPTIONS.—Education and training services described in subparagraph (B) may be provided to dislocated workers in a substate area through a contract for services in lieu of a voucher if—

''(I) the local partnership described in section 728(a), or local workforce development board described in section 728(b), for the substate area determines there are an insufficient number of eligible entities in the substate area to effectively provide the education and training services through a voucher system;

''(II) the local partnership or local workforce development board determines that the eligible entities in the substate area are unable to effectively provide the education and training services to special participant populations; or

''(III) the local partnership or local workforce development board decides that the education and training services shall be provided through a direct contract with a community-based organization serving special participant populations.

''(iii) PROHIBITION ON PROVISION OF ON-THE-JOB TRAINING THROUGH VOUCHERS.—On-the-job training provided under this paragraph shall not be provided through a voucher system.

''(D) ELIGIBILITY OF EDUCATION AND TRAINING SERVICE PROVIDERS.—

''(i) ELIGIBILITY REQUIREMENTS.—An entity shall be eligible to provide the education and training services through a program carried out under this paragraph and receive funds from the portion described in subparagraph (A) through the receipt of vouchers if—

''(I)(aa) the entity is eligible to carry out the program under title IV of the Higher Education Act of 1965; or

''(bb) the entity is eligible to carry out the program under an alternative eligibility procedure established by the Governor of the State that includes criteria for minimum acceptable levels of performance; and

''(II) the entity submits accurate performance-based information required pursuant to clause (ii),

''(ii) PERFORMANCE-BASED INFORMATION.—The State shall identify performance-based information that is to be submitted by an entity for the entity to be eligible to provide the services, and receive the funds, described in clause (i). Such information include information relating to—

''(I) the percentage of students completing the programs, if any, through which the entity provides education and training services described in subparagraph (B), as of the date of the submission;

''(II) the rates of licensure of graduates of the programs;

''(III) the percentage of graduates of the programs meeting skill standards and certification requirements endorsed by the National Skill Standards Board established under the Goals 2000: Educate America Act;

''(IV) the rates of placement and retention in employment, and earnings, of the graduates of the programs;

''(V) the percentage of students in such a program who obtained employment in an occupation related to the program; and

''(VI) the warranties or guarantees provided by such entity relating to the skill levels or employment to be attained by recipients of the education and training services provided by the entity under this paragraph.

''(iii) ADMINISTRATION.—The Governor shall designate a State agency to collect, verify, and disseminate the performance-based information submitted pursuant to clause (ii).

''(iv) ON-THE-JOB TRAINING EXCEPTION.—Entities shall not be subject to the requirements of clauses (i) through (iii) with respect to on-the-job training activities.''.

In section 716(a)(7) (as so redesignated), strike subparagraphs (A), (B), and (C).

In subparagraph (D) of section 716(a)(7) (as so redesignated), strike ''(D)'' and insert ''(A)''.

In section 716(a)(7) (as so redesignated), strike subparagraph (E).

In subparagraph (F) of section 716(a)(7) (as so redesignated), strike ''(F)'' and insert ''(B)''.

In section 716(a)(7) (as so redesignated), strike subparagraph (G).

In subparagraph (H) of section 716(a)(7) (as so redesignated), strike ''(H)'' and insert ''(C)''.

In subparagraph (I) of section 716(a)(7) (as so redesignated), strike ''(I)'' and insert ''(D)''.

In section 716(a)(7) (as so redesignated), strike subparagraph (J).

In subparagraph (K) of section 716(a)(7) (as so redesignated), strike ''(K)'' and insert ''(E)''.

In subparagraph (L) of section 716(a)(7) (as so redesignated), strike ''(L)'' and insert ''(F)''.

In subparagraph (M) of section 716(a)(7) (as so redesignated), strike ''(M)'' and insert ''(G)''.

In subparagraph (N) of section 716(a)(7) (as so redesignated), strike ''(N)'' and insert ''(H)''.

In subparagraph (O) of section 716(a)(7) (as so redesignated), strike ''(O)'' and insert ''(I)''.

In section 716(g)(1)(A), strike ''(a)(6)'' and insert ''(a)(7)''.

In section 716(g)(1)(B), strike ''(a)(6)'' and insert ''(a)(7)''.

In section 716(g)(2)(A), strike ''(a)(6)'' and insert ''(a)(7)''.

In section 716(g)(2)(B)(i), strike ''(a)(6)'' and insert ''(a)(7)''.

In section 7(38) of the Rehabilitation Act of 1973 (as amended by section 804), strike ''(8)'' and all that follows and insert ''(9) of section 716(a) of the Workforce Development Act of 1995.''.

BREAUX (AND OTHERS) AMENDMENT NO. 2490

Mr. BREAUX (for himself, Mr. PELL, Mr. KENNEDY, Mr. LIEBERMAN, Mr. BRADLEY, and Mr. JOHNSTON) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Strikes titles VII and VIII of the amendment.

ROCKEFELLER (AND BAUCUS) AMENDMENT NO. 2491

Mr. ROCKEFELLER (for himself and Mr. BAUCUS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 36, between lines 18 and 19, insert the following:

''(4) AREAS OF HIGH UNEMPLOYMENT.—

''(A) IN GENERAL.—At the State's option, the State may, on a uniform basis, exempt a family from the application of paragraph (1) if—

''(i) such family resides in area of high unemployment designated by the State under subparagraph (B); and

''(ii) the State makes available, and requires an individual in the family to participate in, work activities described in subparagraphs (B), (D), or (F) of section 404(c)(3).

''(B) AREAS OF HIGH UNEMPLOYMENT.—The State may designate a sub-State area as an area of high unemployment if such area—

''(i) is a major political subdivision (or is comprised of 2 or more geographically contiguous political subdivisions);

''(ii) has an average annual unemployment rate (as determined by the Bureau of Labor Statistics) of at least 10 percent; and

''(iii) has at least 25,000 residents.

The State may waive the requirement of clause (iii) in the case of a sub-State area that is an Indian reservation.

ROCKEFELLER AMENDMENT NO. 2492

Mr. ROCKEFELLER proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 35, between lines 2 and 3, insert the following:

''(6) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may opt to not require an individual described in subclause (I) or (II) of section 405(a)(3)(B)(ii) to engage in work activities and may exclude such an individual from the determination of the minimum participation rate specified for such fiscal year in subsection (a).

On page 40, strike lines 6 through 16, and insert the following:

''(B) LIMITATION.—

''(i) 15 PERCENT.—In addition to any families provided with exemptions by the State under clause (ii), the number of families with respect to which an exemption made by a State under subparagraph (A) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which the State is providing assistance under the program operated under this part.

''(ii) CERTAIN FAMILIES.—At the State's option, the State may provide an exemption under subparagraph (A) to a family—

''(I) of an individual who is ill, incapacitated, or of advanced age; and

''(II) of an individual who is providing full-time care for a disabled dependent of the individual.

SNOWE (AND BRADLEY) AMENDMENT NO. 2493

Ms. SNOWE (for herself and Mr. BRADLEY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 582, strike line 3 and all that follows through line 2 on page 583, and insert the following:

''(ii) DISTRIBUTION TO THE FAMILY TO SATISFY ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—From any remainder after the application of clause (i), in

order to satisfy arrearages of support obligations that accrued before the family received assistance from the State, the State—

''(I) may distribute to the family the amount so collected with respect to such arrearages accruing (and assigned to the State as a condition of receiving assistance) before the effective date of this subsection; and

''(II) shall distribute to the family the amount so collected with respect to such arrearages accruing after such effective date.

''(iii) RETENTION BY THE STATE OF A PORTION OF ASSIGNED ARREARAGES TO REPAY ASSISTANCE FURNISHED TO THE FAMILY.—From any remainder after the application of clauses (i) and (ii), the State shall retain (with appropriate distribution to the Federal Government) amounts necessary to reimburse the State and Federal Government for assistance furnished to the family.

''(iv) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—The State shall distribute to the family any remainder after the application of clauses (i), (ii), and (iii).

On page 585, between lines 10 and 11, insert the following:

(c) AMENDMENTS TO INTERNAL REVENUE CODE CONCERNING COLLECTION OF CHILD SUPPORT ARREARAGES THROUGH INCOME TAX REFUND OFFSET.—

(1) Section 6402(c) of the Internal Revenue Code of 1986 is amended by striking the third sentence.

(2) Section 6402(d)(2) of such Code is amended in the first sentence by striking all that follows ''subsection (c)'' and inserting a period.

On page 585, line 11, strike ''(c)'' and insert ''(d)''.

SNOWE AMENDMENT NO. 2494

Ms. SNOWE proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 36, strike lines 14 through 25, and insert the following:

''(d) PENALTIES AGAINST INDIVIDUALS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required under subsection (c)(1) or (c)(2), a State to which a grant is made under section 403 shall—

''(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or

''(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

''(2) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program based on a refusal of an adult to work if such adult is a single custodial parent caring for a child age 5 or under and has a demonstrated inability to obtain needed child care, for one or more of the following reasons:

''(A) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

''(B) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

''(C) Unavailability of appropriate and affordable formal child care arrangements.

PRYOR AMENDMENT NO. 2495

Mr. PRYOR proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place in the bill, insert the following:

On page 52, lines 4 through 6, strike ''so used, plus 5 percent of such grant (determined without regard to this section).'' and insert ''so used. If the Secretary determines that such unlawful expenditure was made by the State in intentional violation of the requirements of this part, then the Secretary shall impose an additional penalty of up to 5 percent of such grant (determined without regard to this section).''.

On page 56, between lines 9 and 10, insert the following:

''(d) COMPLIANCE PLAN.—

''(1) IN GENERAL.—Prior to the deduction from the grant of aggregate penalties under subsection (a) in excess of 5 percent of a State's grant payable under section 403, a State may develop jointly with the Secretary a plan which outlines how the State will correct any violations for which such penalties would be deducted and how the State will insure continuing compliance with the requirements of this part.

''(2) FAILURE TO CORRECT.—If the Secretary determines that a State has not corrected the violations described in paragraph (1) in a timely manner, the Secretary shall deduct some or all of the penalties described in paragraph (1) from the grant.''.

On page 56, strike lines 11 through 14, and insert the following:

''(1) IN GENERAL.—The penalties described in paragraphs (2) through (6) of subsection (a) shall apply—

''(A) with respect to periods beginning 6 months after the Secretary issues final rules with respect to such penalties; or

''(B) with respect to fiscal years beginning on or after October 1, 1996;

whichever is later.''.

BRADLEY AMENDMENTS NOS. 2496–2498

Mr. BRADLEY proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2496

At the end of section 402(a), insert the following:

''(9) ADDITIONAL REQUIREMENTS.—

''(A) ELIGIBILITY.—The terms and conditions under which families are deemed needy and eligible for assistance under the program.

''(B) TERMS AND CONDITIONS.—The terms and conditions described in subparagraph (A) shall include—

''(i) a need standard based on family income and size;

''(ii) a standard for benefits or schedule of benefits for families based on family size and income;

''(iii) explicit rules regarding the treatment of earned and unearned income, resources, and assets; and

''(iv) a description of any variations in the terms and conditions described in clauses (i), (ii), and (iii) that are applicable in—

''(I) regions or localities within the State; or

''(II) particular circumstances.

''(C) IDENTIFICATION OF FAMILIES CATEGORICALLY INELIGIBLE FOR ASSISTANCE—Identification of any categories of families, or individuals within such families, that are deemed by the State to be categorically ineligible for assistance under the program, regardless of family income or other terms and conditions developed under subparagraph (A).

''(D) ASSURANCES REGARDING THE PROVISION OF ASSISTANCE.—Assurances that all families deemed eligible for assistance under the program under subparagraph (A) shall be provided assistance under the standard for benefits or the benefit schedule described in subparagraph (B)(ii), unless—

''(i) the family or an individual member of the family is categorically ineligible for assistance under subparagraph (C); or

''(ii) the family is subject to sanctions or reductions in benefits under terms of another provision of the State plan, this part, Federal or State law, or an agreement between an individual recipient of assistance in such family and the State that may contain terms and conditions applicable only to the individual recipient.

''(E) PROCEDURES FOR ENSURING THE AVAILABILITY OF FUNDS.—The procedures under which the State shall ensure that funds will remain available to provide assistance under the program to all eligible families during a fiscal year if the State exhausts the grant provided to the State for such fiscal year under section 403.

''(F) WAITING LISTS.—Assurances that no family otherwise eligible for assistance under the program shall be placed on a waiting list for assistance or instructed to reapply at such time that additional Federal funds may become available.

AMENDMENT NO. 2497

At the end of section 405, insert the following:

''(f) NO UNFUNDED LOCAL MANDATES.—A State to which a grant is made under section 403 may not, by mandate or policy, shift the costs of providing aid or assistance that, prior to October 1, 1995 (or March 31, 1996, in the case of a State exercising the option described in section 110(b) of the Family Self-Sufficiency Act of 1995) was provided under the aid to families with dependent children or the JOBS programs (as such programs were in effect on September 30, 1995) to—

''(1) counties;

''(2) localities;

''(3) school boards; or

''(4) other units of local government.

AMENDMENT NO. 2498

At the appropriate place at the end of Title I, add the following:

Nothing in this Act shall in interpreted to preempt the enforcement of existing civil rights laws.

BOND AMENDMENT NO. 2499

Mr. BOND proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place in the bill, insert the following: ''Notwithstanding any other provision of law, States shall not be prohibited by the federal government from sanctioning welfare recipients who test positive for use of controlled substances.''

GLENN AMENDMENT NO. 2500

Mr. GLENN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 322, strike lines 8 through 14 and insert the following:

(8) DISPLACED HOMEMAKER.—The term ''displaced homemaker'' means an individual who—

(A) has been dependent

(i) on assistance under part A of title IV of the Social Security Act and whose youngest child is not younger than 16; or

(ii) on the income of another family member, but is no longer supported by such income; and

(B) is unemployed or underemployed, and is experiencing difficulty in obtaining or upgrading employment.

On page 359, line 13, strike ''and''.

On page 359, line 16, strike the period and insert '';and''.

On page 359, between lines 16 and 17, insert the following;

(P) Preemployment training for displaced homemakers.

On page 364, between lines 9 and 10, insert the following:

(6) providing programs for single parents, displaced homemakers, and single pregnant women;

On page 364, line 10, strike ''(6)'' and insert ''(7)''.

On page 364, line 12, strike ''(7)'' and insert ''(8)''.

On page 412, line 4, strike ''and''.

On page 412, line 5, strike the period and insert ''; and''.

On page 412, between lines 5 and 6, insert the following:

(G) displaced homemakers.

PRESSLER AMENDMENT NO. 2501

Mr. GRASSLEY (for Mr. PRESSLER) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 77, line 21, strike the end quotation marks and the end period.

On page 77, between lines 21 and 22, insert the following:

''SEC. 418. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

''(a) IN GENERAL.—Upon receiving notice from the Secretary of Health and Human Services that a State agency administering a plan approved under this part has notified the Secretary that a named individual has been overpaid under the State plan approved under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether such individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

''(b) REGULATIONS.—The Secretary of the Treasury shall issue regulations, after review by the Secretary of Health and Human Services, that provide—

''(1) that a State may only submit under subsection (a) requests for collection of overpayments with respect to individuals—

''(A) who are no longer receiving assistance under the State plan approved under this part;

''(B) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved to collect the past-due legally enforceable debt; and

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

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

''(3) the procedures that the State and the Secretary of the Treasury will follow in carrying out this section which, to the maximum extent feasible and consistent with the specific provisions of this section, will be the same as those issued pursuant to section 464(b) applicable to collection of past-due child support.''.

(c) CONFORMING AMENDMENTS RELATING TO COLLECTION OF OVERPAYMENTS.—

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

(A) in subsection (a), by striking ''(c) and (d)'' and inserting ''(c), (d), and (e)'';

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

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

''(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 418 of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).''.

(2) Paragraph (10) of section 6103(*l*) of such Code is amended—

(A) by striking ''(c) or (d)'' each place it appears and inserting ''(c), (d), or (e)''; and

(B) by adding at the end of subparagraph (B) the following new sentence: ''Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.''.

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

(A) by striking ''(5), (10)'' and inserting ''(5)''; and

(B) by striking ''(9), or (12)'' and inserting ''(9), (10), or (12)''.

(4) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking ''section 464 or 1137 of the Social Security Act'' and inserting ''section 418, 464, or 1137 of the Social Security Act.''

WELLSTONE AMENDMENTS NOS. 2503–2500

Mr. WELLSTONE proposed four amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2503

On page 229, between lines 13 and 14, insert the following:

''(4) SUNSET OF ELECTION UPON INCREASE IN NUMBER OF HUNGRY CHILDREN.—

''(A) FINDINGS.—The Congress finds that—

''(i) on March 29, 1995 the Senate adopted a resolution stating that Congress should not enact or adopt any legislation that will increase the number of children who are hungry;

''(ii) it is not the intent of this bill to cause more children to be hungry;

''(iii) the Food Stamp Program serves to prevent child hunger;

''(iv) a State's election to participate in the optional state food assistance block grant program should not serve to increase the number of hungry children in that State; and

''(v) one indicator of hunger among children is the child poverty rate.

''(B) SUNSET.—If the Secretary of Health and Human Services makes two successive findings that the poverty rate among children in a State is significantly higher in a State that has elected to participate in a program established under subsection (a) than it would have been had there been no such election, 180 days after the second such finding such election shall be permanently and irreversibly revoked and the provisions of paragraphs (1) and (2) shall not be applicable to that State.

''(C) PROCEDURE FOR FINDING BY SECRETARY.—In making the finding described in subparagraph (B), the Secretary shall adhere to the following procedure:

''(i) Every three years, the Secretary shall develop data and report to Congress with respect to each State that has elected to participate in a program established under subsection (a) whether the child poverty rate in such State is significantly higher than it would have been had the State not made such election.

''(ii) The Secretary shall provide the report required under clause (i) to all States that have elected to participate in a program established under subsection (a), and the Secretary shall provide each State for which the Secretary determined that the child poverty rate is significantly higher than it would have been had the State not made such election with an opportunity to respond to such determination.

''(iii) If the response by a State under clause (ii) does not result in the Secretary reversing the determination that the child poverty rate in that State is significantly higher than it would have been had the State not made such election, then the Secretary shall publish a finding as described in subparagraph (B)

AMENDMENT NO. 2504

On page 124, between lines 12 and 13, insert the following:

''SEC. 113. SUNSET UPON OF INCREASE IN NUMBER OF HUNGRY OR HOMELESS CHILDREN.

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

''(1) on March 29, 1995 the Senate adopted a resolution stating that Congress should not enact or adopt any legislation that will increase the number of children who are hungry or homeless;

''(2) it is not the intent of this bill to cause more children to be hungry or homeless;

''(3) the Aid to Families with Dependent Children program, which is repealed by this title, has helped prevent hunger and homelessness among children;

''(4) the operation of block grants for temporary assistance for needy families under this title should not serve to increase significantly the number of hungry or homeless children in any State; and

''(5) one indicator of hunger and homelessness among children is the child poverty rate.

''(b) SUNSET.—If the Secretary of Health and Human Services makes two successive findings that the poverty rate among children in a State is significantly higher in the State than it would have been had this title not been implemented, then all of the provisions of this title shall cease to be effective with regard to that State 180 days after the second such finding, making effective any provisions of law repealed by this title.

''(c) PROCEDURE FOR FINDING BY SECRETARY.—In making the finding described in subsection (b), the Secretary shall adhere to the following procedure:

''(1) Every three years, the Secretary shall develop data and report to Congress with respect to each State whether the child poverty rate in that State is significantly higher than it would have been had this title not been implemented.

''(2) The Secretary shall provide the report required under paragraph (1) to all States, and the Secretary shall provide each State for which the Secretary determined that the child poverty rate is significantly higher than it would have been had this title not been implemented with an opportunity to respond to such determination.

''(3) If the response by a State under paragraph (2) does not result in the Secretary reversing the determination that the child poverty rate in that State is significantly higher than it would have been had this title not been implemented, then the Secretary shall publish a finding as described in subsection (b), and the State must implement a plan to decrease the child poverty rate.''

AMENDMENT NO. 2505

On page 86, between lines 3 and 4, insert the following:

SEC. 104A. SENSE OF THE SENATE REGARDING CONTINUING MEDICAID COVERAGE.

(a) FINDINGS.—The Senate finds that—

(1) the potential loss of medicaid coverage represents a large disincentive for recipients of welfare benefits to accept jobs that offer no health insurance;

(2) thousands of the Nation's employers continue to find the cost of health insurance out of reach;

(3) the percentage of working people who receive health insurance from their employer has dipped to its lowest point since the early 1980s; and

(4) children have accounted for the largest proportion of the increase in the number of uninsured in recent years.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that any medicaid reform enacted by the Senate this year should require that States continue to provide medicaid for 12 months to families who lose eligibility for welfare benefits because of more earnings or hours of employment.

AMENDMENT NO. 2506

On page 86; between lines 3 and 4, insert the following:

SEC. 104A. EXTENSION OF TRANSITIONAL MEDICAID BENEFITS.

(a) FINDINGS.—THE SENATE FINDS THAT—

(1) the potential loss of Medicaid coverage represents a large disincentive for recipients of welfare benefits to accept jobs that offer no health insurance;

(2) thousands of the Nation's employers continue to find the cost of health insurance out of reach;

(3) the percentage of working people who receive health insurance from their employer has dipped to its lowest point since the early 1980s; and

(4) children have accounted for the largest proportion of the increase in the number of uninsured in recent years.

(b) EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TEMPORARY EMPLOYMENT ASSISTANCE RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r–6(b)(1)) is amended by striking the period at the end and inserting the following: '', and shall provide that the State shall offer to each such family the option of extending coverage under this subsection for an additional 2 succeeding 6-month periods in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.''.

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r–6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking ''EXTENSION'' and inserting ''EXTENSIONS'';

(II) in the heading of paragraph (1), by striking ''REQUIREMENT'' and inserting ''IN GENERAL'';

(III) in paragraph (2)(B)(ii)—

(aa) in the heading, by striking ''PERIOD'' and inserting ''PERIODS''; and

(bb) by striking ''in the period'' and inserting ''in each of the 6-month periods'';

(IV) in paragraph (3)(A), by striking ''the 6-month period'' and inserting ''any 6-month period'';

(V) in paragraph (4)(A), by striking ''the extension period'' and inserting ''any extension period''; and

(VI) in paragraph (5)(D)(i), by striking ''is a 3-month period'' and all that follows and inserting the following: ''is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the first or fourth month of such extension period.''; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(i) by striking ''(A)''; and

(ii) by striking subparagraphs (B) and (C).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance furnished for calendar quarters beginning on or after October 1, 1995.

COHEN AMENDMENT NO. 2502

Mr. GRASSLEY (for Mr. COHEN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 78, line 18, insert after ''subsection (a)(2)'' the following:

''so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution''

On page 80, line 13, add '';'' after ''governance'' and delete lines 14–16.

WELLSTONE (AND FEINGOLD) AMENDMENT NO. 2507

Mr. WELLSTONE (for himself and Mr. FEINGOLD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 161, strike line 7 and all that follows through page 163, line 1, and insert the following:

SEC. 308. ENERGY ASSISTANCE.

(a) IN GENERAL.—Section 5(d)(11) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(11)) is amended by striking ''any payments or allowances'' and inserting the following: ''a one-time payment or allowance for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device.''.

(b) CONFORMING AMENDMENT.—Section 5(k)(1)(A) of the Act (7 U.S.C. 2014(k)(1)(A)) is amended by striking ''plan for aid to families with dependent children approved'' and inserting ''program funded''.

BROWN AMENDMENT NO. 2508

Mr. BROWN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 25, strike line 4 and insert the following:

1, 1995;

except that not more than 15 percent of the grant may be used for administrative purposes.

SIMON AMENDMENTS NOS. 2509–2510

Mr. SIMON proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2509

On page 289, lines 2 through 5, strike '', or for a period of 5 years beginning on the day such individual was first lawfully in the United States after the execution of such affidavit or agreement, whichever period is longer''.

AMENDMENT NO. 2510

In title VII, strike chapters 1 and 2 of subtitle C and insert the following:

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term ''at-risk youth'' means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term ''enrollee'' means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term ''Governor'' means the chief executive officer of a State.

(4) JOB CORPS.—The term ''Job Corps'' means the Job Corps described in section 743.

(5) JOB CORPS CENTER.—The term ''Job Corps center'' means a center described in section 743.

(6) OPERATOR.—The term ''operator'' means an individual selected under this chapter to operate a Job Corps center.

(7) SECRETARY.—The term ''Secretary'' means the Secretary of Labor.

CHAPTER 2—JOB CORPS

SEC. 742. PURPOSES.

The purposes of this chapter are—

(1) to maintain a national Job Corps program, carried out in partnership with States and communities, to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of Job Corps centers in which enrollees will participate in intensive programs of workforce development activities; and

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps.

SEC. 743. ESTABLISHMENT.

There shall be established in the Department of Labor a Job Corps program, to carry out activities described in this chapter for individuals enrolled in the Job Corps and assigned to a center.

SEC. 744. INDIVIDUALS ELIGIBLE FOR THE JOB CORPS.

To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 745. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps, after considering recommendations from the Governors, State workforce development boards established under section 715, local partnerships and local workforce development boards established under section 728, and other interested parties.

(2) METHODS.—In prescribing standards and procedures under paragraph (1) for the screening and selection of Job Corps applicants, the Secretary shall—

(A) require enrollees to take drug tests within 30 days of enrollment in the Job Corps;

(B) allocate, where necessary, additional resources to increase the applicant pool;

(C) establish performance standards for outreach to and screening of Job Corps applicants;

(D) where appropriate, take measures to improve the professional capability of the individuals conducting such screening; and

(E) require Job Corps applicants to pass behavorial background checks, conducted in accordance with procedures established by the Secretary.

(3) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(4) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual considered for selection can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

SEC. 746. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—After the Secretary has determined that an enrollee is to be assigned to a Job Corps center, the enrollee shall be assigned to the center that is closest to the residence of the enrollee, except that the Secretary may waive this requirement for good cause, including to ensure an equitable opportunity for at-risk youth from various sections of the Nation to participate in the Job Corps program, to prevent undue delays in assignment of an enrollee, to adequately meet the educational or other needs of an enrollee, and for efficiency and economy in the operation of the program.

(c) PERIOD OF ENROLLMENT.—No individual may be enrolled in the Job Corps for more than 2 years, except—

(1) in a case in which completion of an advanced career training program under section 748(d) would require an individual to participate for more than 2 years; or

(2) as the Secretary may authorize in a special case.

SEC. 747. JOB CORPS CENTERS.

(a) OPERATORS.—

(1) ELIGIBLE ENTITIES.—The Secretary shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the operation of each Job Corps center. The Secretary shall enter into an agreement with an appropriate entity to provide services for a Job Corps center.

(2) SELECTION PROCESS.—Except as provided in subsection (c)(2), the Secretary shall select an entity to operate a Job Corps center on a competitive basis, after reviewing the operating plans described in section 750. In selecting a private organization to serve as an operator, the Secretary may convene and obtain the recommendation of a selection panel described in section 752(b). In selecting an entity to serve as an operator or to provide services for a Job Corps center, the Secretary shall take into consideration the previous performance of the entity, if any, relating to operating or providing services for a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748. In any year, no more than 20 percent of the individuals enrolled in the Job Corps may be nonresidential participants in the Job Corps.

(c) CIVILIAN CONSERVATION CENTERS.—

(1) IN GENERAL.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(2) SELECTION PROCESS.—The Secretary may select an entity to operate a Civilian Conservation Center on a competitive basis, if the center fails to meet such national performance standards as the Secretary shall establish.

SEC. 748. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment, participating successfully in secondary education or postsecondary education programs, enrolling in other suitable training programs, or satisfying Armed Forces requirements, on completion of their enrollment.

(b) ARRANGEMENTS.—The Secretary shall arrange for enrollees assigned to Job Corps centers to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center shall be connected to the job placement accountability system described in section 731(d) in the State in which the center is located.

(d) ADVANCED CAREER TRAINING PROGRAMS.—

(1) IN GENERAL.—The Secretary may arrange for programs of advanced career training for selected enrollees in which the enrollees may continue to participate for a period of not to exceed 1 year in addition to the period of participation to which the enrollees would otherwise be limited.

(2) POSTSECONDARY EDUCATIONAL INSTITUTIONS.—The advanced career training may be provided through a postsecondary educational institution for an enrollee who has obtained a secondary school diploma or its recognized equivalent, has demonstrated commitment and capacity in previous Job Corps participation, and has an identified occupational goal.

(3) COMPANY-SPONSORED TRAINING PROGRAMS.—The Secretary may enter into contracts with private for-profit businesses and labor unions to provide the advanced career training through intensive training in company-sponsored training programs, combined with internships in work settings.

(4) BENEFITS.—

(A) IN GENERAL.—During the period of participation in an advanced career training program, an enrollee shall be eligible for full Job Corps benefits, or a monthly stipend equal to the average value of the residential support, food, allowances, and other benefits provided to enrollees assigned to residential Job Corps centers.

(B) CALCULATION.—The total amount for which an enrollee shall be eligible under subparagraph (A) shall be reduced by the amount of any scholarship or other educational grant assistance received by such enrollee for advanced career training.

(5) DEMONSTRATION.—Each year, any operator seeking to enroll additional enrollees in an advanced career training program shall demonstrate that participants in such program have achieved a reasonable rate of completion and placement in training-related jobs before the operator may carry out such additional enrollment.

SEC. 749. SUPPORT.

The Secretary shall provide enrollees assigned to Job Corps centers with such personal allowances, including readjustment allowances, as the Secretary may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 750. OPERATING PLAN.

(a) IN GENERAL.—To be eligible to operate a Job Corps center, an entity shall prepare and submit an operating plan to the Secretary for approval. Prior to submitting the plan to the Secretary, the entity shall submit the plan to the Governor of the State in which the center is located for review and comment. The entity shall submit any comments prepared by the Governor on the plan to the Secretary with the plan. Such plan shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan submitted under section 714 for the State in which the center is located;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the region in which the center is located;

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State; and

(4) an implementation strategy to ensure that the curricula of all such enrollees is integrated into the school-to-work activities of the State, including work-based learning, work experience, and career-building activities, and that such enrollees have the opportunity to obtain secondary school diplomas or their recognized equivalent.

(b) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities carried out through the statewide system of the State in which the center is located.

SEC. 751. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The Secretary shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding the actions described in subsection (b)(2)(A).

(b) DISCIPLINARY MEASURES.—

(1) IN GENERAL.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Job Corps if the director determines that the retention of the enrollee in the Job Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees.

(2) ZERO TOLERANCE POLICY.—

(A) GUIDELINES.—The director shall adopt guidelines establishing a zero tolerance policy for an act of violence, for use, sale, or possession of a controlled substance, for abuse of alcohol, or for another illegal or disruptive activity, as determined by the Secretary.

(B) DEFINITIONS.—As used in this paragraph:

(i) CONTROLLED SUBSTANCE.—The term ''controlled substance'' has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

(ii) ZERO TOLERANCE POLICY.—The term ''zero tolerance policy'' means a policy under which an enrollee shall be automatically dismissed from the Job Corps after a determination by the director that the enrollee has carried out an action described in subparagraph (A).

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the Secretary.

SEC. 752. COMMUNITY PARTICIPATION.

(a) ACTIVITIES.—The Secretary shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities shall include the use of any local partnerships or local workforce development boards established in the State under section 728 to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

(b) SELECTION PANELS.—The Governor may recommend individuals to serve on a selection panel convened by the Secretary to provide recommendations to the Secretary regarding any competitive selection of a private organization to serve as an operator for a center in the State. In recommending individuals to serve on the panel, the Governor may recommend members of State workforce development boards established under section 715, if any, members of any local partnerships or local workforce development boards established in the State under section 728, or other representatives selected by the Governor.

(c) ACTIVITIES.—Each Job Corps center director shall—

(1) give officials of nearby communities appropriate advance notice of changes in the rules, procedures, or activities of the Job Corps center that may affect or be of interest to the communities;

(2) afford the communities a meaningful voice in the affairs of the Job Corps center that are of direct concern to the communities, including policies governing the issuance and terms of passes to enrollees; and

(3) encourage the participation of enrollees in programs for improvement of the communities, with appropriate advance consultation with business, labor, professional, and other interested groups, in the communities.

SEC. 753. COUNSELING AND PLACEMENT.

The Secretary shall ensure that enrollees assigned to Job Corps centers receive academic and vocational counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

SEC. 754. ADVISORY COMMITTEES.

The Secretary is authorized to make use of advisory committees in connection with the operation of the Job Corps program, and the operation of Job Corps centers, whenever the Secretary determines that the availability of outside advice and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities.

SEC. 755. APPLICATION OF PROVISIONS OF FEDERAL LAW.

(a) ENROLLEES NOT CONSIDERED TO BE FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees shall not be considered to be Federal employees and shall not be subject to the provisions of law relating to Federal employment, including such provisions regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

(2) PROVISIONS RELATING TO TAXES AND SOCIAL SECURITY BENEFITS.—For purposes of the Internal Revenue Code of 1986 and title II of the Social Security Act (42 U.S.C. 401 et seq.), enrollees shall be deemed to be employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

(3) PROVISIONS RELATING TO COMPENSATION TO FEDERAL EMPLOYEES FOR WORK INJURIES.—For purposes of subchapter I of chapter 81 of title 5, United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed to be civil employees of the Government of the United States within the meaning of the term ''employee'' as defined in section 8101 of title 5, United States Code, and the provisions of such subchapter shall apply as specified in section 8143(a) of title 5, United States Code.

(4) FEDERAL TORT CLAIMS PROVISIONS.—For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered to be employees of the Government.

(b) ADJUSTMENTS AND SETTLEMENTS.—Whenever the Secretary finds a claim for damages to a person or property resulting from the operation of the Job Corps to be a proper charge against the United States, and the claim is not cognizable under section 2672 of title 28, United States Code, the Secretary may adjust and settle the claim in an amount not exceeding $1,500.

(c) PERSONNEL OF THE UNIFORMED SERVICES.—Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Job Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade in such services.

SEC. 756. SPECIAL PROVISIONS.

(a) ENROLLMENT OF WOMEN.—The Secretary shall immediately take steps to achieve an enrollment of 50 percent women in the Job Corps program, consistent with the need to—

(1) promote efficiency and economy in the operation of the program;

(2) promote sound administrative practice; and

(3) meet the socioeconomic, educational, and training needs of the population to be served by the program.

(b) STUDIES, EVALUATIONS, PROPOSALS, AND DATA.—The Secretary shall assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of carrying out the Job Corps program shall become the property of the United States.

(c) GROSS RECEIPTS.—Transactions conducted by a private for-profit contractor or a nonprofit contractor in connection with the operation by the contractor of a Job Corps center or the provision of services by the contractor for a Job Corps center shall not be considered to be generating gross receipts. Such a contractor shall not be liable, directly or indirectly, to any State or subdivision of a State (nor to any person acting on behalf of such a State or subdivision) for any gross receipts taxes, business privilege taxes measured by gross receipts, or any similar taxes imposed on, or measured by, gross receipts in connection with any payments made to or by such contractor for operating or providing services for a Job Corps center. Such a contractor shall not be liable to any State or subdivision of a State to collect or pay any sales, excise, use, or similar tax imposed on the sale to or use by such contractor of any property, service, or other item in connection with the operation of or provision of services for a Job Corps center.

(d) MANAGEMENT FEE.—The Secretary shall provide each operator or entity providing services for a Job Corps center with an equitable and negotiated management fee of not less than 1 percent of the contract amount.

(e) DONATIONS.—The Secretary may accept on behalf of the Job Corps or individual Job Corps centers charitable donations of cash or other assistance, including equipment and materials, if such donations are available for appropriate use for the purposes set forth in this chapter.

SEC. 757. REVIEW OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS REVIEW.—Not later than March 31, 1997, an advisory committee established by the Secretary shall conduct a review of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the review, including—

(1) information on the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part, information on the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses;

(5) information on the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report;

(6) a summary of the information described in paragraphs (2) through (5) for all Job Corps centers;

(7) an assessment of the need to serve at-risk youth in the Job Corps program, including—

(A) a cost-benefit analysis of the residential component of the Job Corps program;

(B) the need for residential education and training services for at-risk youth, analyzed for each State and for the United States; and

(C) the distribution of training positions in the Job Corps program, as compared to the need for the services described in subparagraph (B), analyzed for each State;

(8) an overview of the Job Corps program as a whole and an analysis of individual Job Corps centers, including a 5-year performance measurement summary that includes information, analyzed for the program and for each Job Corps center, on—

(A) the number of enrollees served;

(B) the number of former enrollees who entered employment, including the number of former enrollees placed in a position related to the job training received through the program and the number placed in a position not related to the job training received;

(C) the number of former enrollees placed in jobs for 32 hours per week or more;

(D) the number of former enrollees who entered employment and were retained in the employment for more than 13 weeks;

(E) the number of former enrollees who entered the Armed Forces;

(F) the number of former enrollees who completed vocational training, and the rate of such completion, analyzed by vocation;

(G) the number of former enrollees who entered postsecondary education;

(H) the number and percentage of early dropouts from the Job Corps program;

(I) the average wage of former enrollees, including wages from positions described in subparagraph (B);

(J) the number of former enrollees who obtained a secondary school diploma or its recognized equivalent;

(K) the average level of learning gains for former enrollees; and

(L) the number of former enrollees that did not—

(i) enter employment or postsecondary education;

(ii) complete a vocational education program; or

(iii) make identifiable learning gains;

(9) information regarding the performance of all existing Job Corps centers over the 3 years preceding the date of submission of the report; and

(10) job placement rates for each Job Corps center and each entity providing services to a Job Corps center.

(b) RECOMMENDATIONS OF ADVISORY COMMITTEE.—

(1) RECOMMENDATIONS.—The advisory committee shall, based on the results of the review described in subsection (a), make recommendations to the Secretary of Labor, regarding improvements in the operation of the Job Corps program, including—

(A) closing Job Corps centers described in paragraph (2) in cases in which prospects for performance improvement are poor or facility rehabilitation, renovation, or repair is not cost-effective;

(B) relocating Job Corps centers described in paragraph (2)(A)(iii) in cases in which facility rehabilitation, renovation, or repair is not cost-effective; and

(C) taking any other action that would improve the operation of a Job Corps center.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the advisory committee shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the review described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the review described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the advisory committee may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the advisory committee shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the advisory committee shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the advisory committee shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the advisory committee resulting from the review described in subsection (a) together with the recommendations described in paragraph (1).

(c) IMPLEMENTATION OF PERFORMANCE IMPROVEMENTS.—The Secretary shall, after reviewing the report submitted under subsection (b)(3), implement improvements in the operation of the Job Corps program, including the appropriate closings of individual Job Corps centers by September 30, 1997. Funds saved through the implementation of such improvements shall be used to maintain overall Job Corps program service levels, improve facilities at existing Job Corps centers, relocate Job Corps centers, initiate new Job Corps centers, and make other performance improvements in the Job Corps program.

(d) REPORT TO CONGRESS.—The Secretary shall annually report to Congress the information specified in paragraphs (8), (9), and (10) of subsection (a) and such additional information relating to the Job Corps program as the Secretary may determine to be appropriate.

SEC. 758. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) REPORT.—Section 757 shall take effect on the date of enactment of this Act.

In section 759(a), strike ''to States to assist the States in paying for the cost of carrying out'' and insert ''for States, to enable the Secretary of Labor to carry out in the States, and to assist the States in paying for the cost of carrying out,''.

In section 759(b)(1), strike ''The State shall use a portion of the funds made available to the State through an allotment received under subsection (c)'' and insert ''The Secretary of Labor shall use the funds made available for a State through an allotment made under subsection (c)(2), and, at the election of the State, a portion of the funds made available to the State through an allotment received under subsection (c)(3),''.

In section 759(b)(1), strike ''section 755'' and insert ''section 757''.

In section 759(b)(2), strike ''the funds described in paragraph (1)'' and insert ''the funds made available to a State through an allotment received under subsection (c)(3)''.

In section 759(c)(1), in the matter preceding subparagraph (A), strike ''allot to'' and insert ''allot for''.

In section 759(c)(1)(A), strike ''available to'' and insert ''available for''.

In section 759(c)(2), strike ''to each State'' and insert ''for each State''.

In section 759(c)(2), strike ''to carry out'' and insert ''to enable the Secretary of Labor to carry out''.

In section 759(c)(2), strike ''section 755(a)(2)'' and insert ''section 757(a)(2)''.

In section 759(d)(1), strike ''subsection (c)'' and insert ''subsection (c)(3)''.

In section 771(b), strike ''this title'' and insert ''this title (other than subtitle C)''.

In section 772(a)(4)(B), strike ''this title'' and insert ''this title (other than subtitle C)''.

In section 776(c)(2)(H), strike ''this title'' and insert ''this title (other than subtitle C)''.

In the first sentence of section 776(c)(5)(A), strike ''this title'' and insert ''this title (other than subtitle C)''.

In the second sentence of section 776(c)(5)(A), strike ''this title'' and insert ''this title (other than subtitle C)''.

ABRAHAM (AND LIEBERMAN) AMENDMENT NO. 2511

Mr. ABRAHAM (for himself and Mr. LIEBERMAN) proposed an amendment to amendment No. 2280 proposed by Mr.

DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place in the bill, add the following new section:

"SEC. ———. SENSE OF THE SENATE REGARDING ENTERPRISE ZONES.

(a) FINDINGS.—The Senate finds that—

(1) Many of the Nation's urban centers are places with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools, and joblessness;

(2) Federal tax incentives and regulatory reforms can encourage economic growth, job creation and small business formation in many urban centers;

(3) Encouraging private sector investment in America's economically distressed urban and rural areas is essential to breaking the cycle of poverty and the related ills of crime, drug abuse, illiteracy, welfare dependency, and unemployment;

(4) The empowerment zones enacted in 1993 should be enhanced by providing incentives to increase entrepreneurial growth, capital formation, job creation, educational opportunities, and home ownership in the designated communities and zones;

(b) SENSE OF THE SENATE.—Therefore, it is the Sense of the Senate that the Congress should adopt enterprise zone legislation in the 104th Congress, and that such enterprise zone legislation provide the following incentives and provisions:

(1) Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses, and promote commercial revitalization;

(2) Regulatory reforms that allow localities to petition Federal agencies, subject to the relevant agencies' approval, for waivers or modifications of regulations to improve job creation, small business formation and expansion, community development, or economic revitalization objectives of the enterprise zones;

(3) Home ownership incentives and grants to encourage resident management of public housing and home ownership of public housing;

(4) School reform pilot projects in certain designated enterprise zones to provide low-income parents with new and expanded educational options for their children's elementary and secondary schooling.

ABRAHAM AMENDMENT NO. 25121

Mr. ABRAHAM proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 46, after line 24, insert the following:

''(a) GRANT INCREASED TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS.—

''(1) IN GENERAL.—The amount of the grant payable to a State under section 403(a)(1)(A) for fiscal years 1998, 1999, and 2000 shall be increased by—

''(A) 5 percent if—

''(i) the illegitimacy ratio of the State for the fiscal year is at least 1 percentage point lower than the illegitimacy ratio of the State for fiscal year 1995; and

''(ii) the rate of induced pregnancy terminations in the State for the same fiscal year is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995; or

''(B) 10 percent if—

''(i) the illegitimacy ratio of the State for the fiscal year is at least 2 percentage points lower than the illegitimacy ratio of the State for fiscal year 1995; and

''(ii) the rate of induced pregnancy terminations in the State for the same fiscal year is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995.

''(2) DETERMINATION OF THE SECRETARY.—The Secretary shall not increase the grant amount under paragraph (1) if the Secretary determines that the relevant difference between the illegitimacy ratio of a State for an applicable fiscal year and the illegitimacy ratio of such State for fiscal year 1995 is the result of a change in State methods of reporting data used to calculate the illegitimacy ratio or if the Secretary determines that the relevant non-increase in the rate of induced pregnancy terminations for an applicable fiscal year as compared to fiscal year 1995 is the result of a change in State methods of reporting data used to calculate the rate of induced pregnancy terminations.

''(3) ILLEGITIMACY RATIO.—For purposes of this subsection, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

''(A) the number of out-of-wedlock births that occurred in the State during the fiscal year; divided by

''(B) the number of births that occurred in the State during the same fiscal year

''(4) AVAILABILITY OF AMOUNTS.—There are authorized to be appropriated and there are appropriated such sums as may be necessary for fiscal years 1998, 1990, and 2000 for the purpose of increasing the amount of the grant payable to a State under section 403(a)(1) in accordance with this subsection.

FEINSTEIN AMENDMENT NO. 2513

Mrs. FEINSTEIN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 276, line 22, strike ''or''.

On page 276, line 23, insert '', or (VI)'' after ''(V)''.

On page 277, line 10, strike ''and''.

On page 277, line 16, strike the period and insert a semicolon.

On page 277, between lines 16 and 17, insert the following:

(F) assistance or services provided to abused or neglected children and their families; and

(G) assistance or benefits under other Federal non-cash programs.

On page 278, line 22, strike ''or''.

On page 278, line 25, insert ''; or (VI) an alien lawfully admitted to the United States for permanent residence who has been subjected to domestic violence, or whose household members have been subjected to domestic violence, by the alien's sponsor or by members of the sponsor's household'' after ''title II''.

LIEBERMAN (AND OTHERS) AMENDMENT NO. 2514

Mr. MOYNIHAN (for Mr. LIEBERMAN for himself, Mr. BREAUX, and Mr. CONRAD) proposed an amendment to amendment NO. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 17, line 8, insert ''and for each of fiscal years 1998, 1999, and 2000, the amount of the State's job placement performance bonus determined under subsection (f)(1) for the fiscal year'' after ''year''.

On page 17, line 22, insert ''and the applicable percent specified under subsection (f)(2)(B)(ii) for such fiscal year'' after ''(B)''.

On page 29, between lines 15 and 16, insert:

''(f) JOB PLACEMENT PERFORMANCE BONUS.—

''(1) IN GENERAL.—The job placement performance bonus determined with respect to a State and a fiscal year is an amount equal to the amount of the State's allocation of the job placement performance fund determined in accordance with the formula developed under paragraph (2).

''(2) ALLOCATION FORMULA; BONUS FUND.—

''(A) ALLOCATION FORMULA.—

''(i) IN GENERAL.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the job placement performance bonus fund to States based on the number of families that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program as a result of unsubsidized employment during such year.

''(ii) FACTORS TO CONSIDER.—In developing the allocation formula under clause (i), the Secretary shall—

''(I) provide a greater financial bonus for individuals in families described in clause (i) who remain employed for greater periods of time or are at greater risk of long-term welfare dependency; and

''(II) take into account the unemployment conditions of each State or geographic area.

''(B) JOB PLACEMENT PERFORMANCE BONUS FUND.—

''(i) IN GENERAL.—The amount in the job placement performance bonus fund for a fiscal year shall be an amount equal to—

''(I) the applicable percentage of the amount appropriated under section 403(a)(2)(A) for such fiscal year; and

''(II) the amount of the reduction in grants made under this section for the preceding fiscal year resulting from the application of section 407.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i)(I), the applicable percentage shall be determined in accordance with the following table:

''For fiscal year:

	The applicable percentage is:
1998	3
1999	4
2000 and each fiscal year thereafter	5

On page 29, line 16, strike ''(f)'' and insert ''(g)''.

On page 66, line 13, insert ''and a preliminary assessment of the job placement performance bonus established under section 403(f)'' before the end period.

LIEBERMAN AMENDMENT NO. 2515

Mr. MOYNIHAN (for Mr. LIEBERMAN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, insert:

SEC. . NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the ''National Clearinghouse on Teenage Pregnancy Prevention Programs''.

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. —. ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 5 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

''(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

''(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

''(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).''.

SEC. —. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

HATCH (AND KOHL) AMENDMENT NO. 2516

Mr. HATCH (for himself and Mr. KOHL) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 10, strike line 13 and all that follows through line 4 on page 69, and insert the following:

''for such families; and

''(3) prevent and reduce the incidence of out-of-wedlock pregnancies; and

''(4) provide child care assistance to eligible parents and providers.

''SEC. 402. ELIGIBLE STATES; STATE PLAN.

''(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that has submitted to the Secretary a plan that includes the following:

''(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—A written document that outlines how the State intends to do the following:

''(A) Conduct a program designed to serve all political subdivisions in the State to—

''(i) provide assistance to needy families with not less than 1 minor child; and

''(ii) provide a parent or caretaker in such families with work experience, assistance in finding employment, and other work preparation activities and support services that the State considers appropriate to enable such families to leave the program and become self-sufficient.

''(B) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) when the State determines the parent or caretaker is ready to engage in work, or after 24 months (whether or not consecutive) of receiving assistance under the program, whichever is earlier.

''(C) Satisfy the minimum participation rates specified in section 404.

''(D) Treat—

''(i) families with minor children moving into the State from another State; and

''(ii) noncitizens of the United States.

''(E) Safeguard and restrict the use and disclosure of information about individuals and families receiving assistance under the program.

''(F) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies.

''(G) With respect to a State that desires to receive a grant under section 403(b)(6), conduct a program designed to serve all political subdivisions in the State to provide child care assistance to eligible parents and providers and safeguard and restrict the use and disclosure of information about individuals receiving assistance under the program.

''(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

''(3) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD PROTECTION PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child protection program under the State plan approved under part B.

''(4) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E.

''(5) CERTIFICATION THAT THE STATE WILL PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will participate in the income and eligibility verification system required by section 1137.

''(6) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies are responsible for the administration and supervision of the State program for the fiscal year.

''(7) CERTIFICATION THAT REQUIRED REPORTS WILL BE SUBMITTED.—A certification by the chief executive officer of the State that the State shall provide the Secretary with any reports required under this part.

''(8) ESTIMATE OF FISCAL YEAR STATE AND LOCAL EXPENDITURES.—An estimate of the total amount of State and local expenditures under the State program for the fiscal year.

''(b) CERTIFICATION THAT THE STATE WILL PROVIDE ACCESS TO INDIANS.—

''(1) IN GENERAL.—In recognition of the Federal Government's trust responsibility to, and government-to-government relationship with, Indian tribes, the Secretary shall ensure that Indians receive at least their equitable share of services under the State program, by requiring a certification by the chief executive officer of each State described in paragraph (2) that, during the fiscal year, the State shall provide Indians in each Indian tribe that does not have a tribal family assistance plan approved under section 414 for a fiscal year with equitable access to assistance under the State program funded under this part.

''(2) STATE DESCRIBED.—For purposes of paragraph (1), a State described in this paragraph is a State in which there is an Indian tribe that does not have a tribal family assistance plan approved under section 414 for a fiscal year.

''(c) DEFINITIONS.—For purposes of this part, the following definitions shall apply:

''(1) ADULT.—The term 'adult' means an individual who is not a minor child.

''(2) MINOR CHILD.—The term 'minor child' means an individual—

''(A) who—

''(i) has not attained 18 years of age; or

''(ii) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training); and

''(B) who resides with such individual's custodial parent or other caretaker.

''(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

''(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

''(5) STATE.—Except as otherwise specifically provided, the term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.

''(6) CHILD CARE CERTIFICATE.—The term 'child care certificate' means a certificate (that may be a check or other disbursement) that is issued by a State or local government under this title directly to a parent who may use such certificate only as payment for child care services. Nothing in this title shall preclude the use of such certificates for sectarian child care services if freely chosen by the parent. For purposes of this title, child care certificates shall not be considered to be grants or contracts.

''(7) ELIGIBLE CHILD.—The term 'eligible child' means an individual—

''(A) who is less than 13 years of age; and

''(B) who—

''(i) resides with a parent or parents who are working or attending a job training or educational program; or

''(ii) is receiving, or needs to receive, protective services and resides with a parent or parents not described in clause (i).

''(8) ELIGIBLE CHILD CARE PROVIDER.—The term 'eligible child care provider' means—

''(A) a center-based child care provider, a group home child care provider, a family child care provider, or other provider of child care services for compensation that—

''(i) is licensed, regulated, or registered under State law; and

''(ii) satisfies the State and local requirements;

applicable to the child care services it provides; or

''(B) a child care provider that is 18 years of age or older who provides child care services only to eligible children who are, by affinity or consanguinity, or by court decree, the grandchild, niece, or nephew of such provider, if such provider is registered and complies with any State requirements that govern child care provided by the relative involved.

''(9) FAMILY CHILD CARE PROVIDER.—The term 'family child care provider' means one individual who provides child care services for fewer than 24 hours per day, as the sole caregiver, and in a private residence.

''(10) PARENT.—The term 'parent' includes a legal guardian or other person standing in loco parentis.

''SEC. 403. PAYMENTS TO STATES AND INDIAN TRIBES.

''(a) GRANT AMOUNT.—

''(1) IN GENERAL.—Subject to the provisions of paragraph (3), section 407 (relating to penalties), and section 414(g), for each of fiscal years 1996, 1997, 1998, 1999, and 2000, the Secretary shall pay—

''(A) each eligible State a grant in an amount equal to the State family assistance grant for the fiscal year; and

''(B) each Indian tribe with an approved tribal family assistance plan a tribal family assistance grant in accordance with section 414.

''(2) STATE FAMILY ASSISTANCE GRANT.—

''(A) IN GENERAL.—For purposes of paragraph (1)(A), a State family assistance grant for any State for a fiscal year is an amount equal to the total amount of the Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect during such fiscal year and as such payments were reported by the State on February 14, 1995), reduced by the amount (if any) determined under subparagraph (B).

''(B) AMOUNT ATTRIBUTABLE TO CERTAIN INDIAN FAMILIES SERVED BY INDIAN TRIBES.—

''(i) IN GENERAL.—For purposes of subparagraph (A), the amount determined under this subparagraph is an amount equal to the Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year) attributable to expenditures by the State under parts A and F of this title (as so in effect) for Indian families described in clause (ii).

''(ii) INDIAN FAMILIES DESCRIBED.—For purposes of clause (i), Indian families described in this clause are Indian families who reside in a service area or areas of an Indian tribe receiving a tribal family assistance grant under section 414.

''(C) NOTIFICATION.—Not later than 3 months prior to the payment of each quarterly installment of a State grant under subsection (a)(1), the Secretary shall notify the State of the amount of the reduction determined under subparagraph (B) with respect to the State.

''(3) SUPPLEMENTAL GRANT AMOUNT FOR POPULATION INCREASES IN CERTAIN STATES.—

''(A) IN GENERAL.—The amount of the grant payable under paragraph (1) to a qualifying State for each of fiscal years 1997, 1998, 1999, and 2000 shall be increased by an amount equal to 2.5 percent of the amount that the State received under this section in the preceding fiscal year.

''(B) INCREASE TO REMAIN IN EFFECT EVEN IF STATE FAILS TO QUALIFY IN LATER YEARS.—Subject to section 407, in no event shall the amount of a grant payable under paragraph (1) to a State for any fiscal year be less than the amount the State received under this section for the preceding fiscal year.

''(C) QUALIFYING STATE.—

''(i) IN GENERAL.—For purposes of this paragraph, the term 'qualifying State', with respect to any fiscal year, means a State that—

''(I) had an average level of State welfare spending per poor person in the preceding fiscal year that was less than the national average level of State welfare spending per poor person in the preceding fiscal year; and

''(II) had an estimated rate of State population growth as determined by the Bureau of the Census for the most recent fiscal year for which information is available that was greater than the average rate of population growth for all States as determined by the Bureau of the Census for such fiscal year.

''(ii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State shall be deemed to be a qualifying State for fiscal years 1997, 1998, 1999, and 2000 if the level of State welfare spending per poor person in fiscal year 1996 was less than 35 percent of the national average level of State welfare spending per poor person in fiscal year 1996.

''(iii) STATE MUST QUALIFY IN FISCAL YEAR 1997.—A State shall not be eligible to be a qualifying State under clause (i) for fiscal years after 1997 if the State was not a qualifying State under clause (i) in fiscal year 1997.

''(D) DEFINITIONS.—For purposes of this paragraph:

''(i) LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'level of State welfare spending per poor person' means, with respect to a State for any fiscal year—

''(I) the amount of the grant received by the State under this section (prior to the application of section 407); divided by

''(II) the number of the individuals in the State who had an income below the poverty line according to the 1990 decennial census.

''(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'national average level of State welfare spending per poor person' means an amount equal to—

''(I) the amount paid in grants under this section (prior to the application of section 407); divided by

''(II) the number of individuals in all States with an income below the poverty line according to the 1990 decennial census.

''(iii) POVERTY LINE.—The term 'poverty line' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

''(iv) STATE.—The term 'State' means each of the 50 States of the United States.

''(4) APPROPRIATION.—

''(A) STATES.—There are authorized to be appropriated and there are appropriated $16,795,323,000 for each fiscal year described in paragraph (1) for the purpose of paying—

''(i) grants to States under paragraph (1)(A); and

''(ii) tribal family assistance grants under paragraph (1)(B).

''(B) ADJUSTMENT FOR QUALIFYING STATES.—For the purpose of increasing the amount of the grant payable to a State under paragraph (1) in accordance with paragraph (3), there are authorized to be appropriated and there are appropriated—

''(i) for fiscal year 1997, $85,860,000;

''(ii) for fiscal year 1998, $173,276,000;

''(iii) for fiscal year 1999, $263,468,000; and

''(iv) for fiscal year 2000, $355,310,000.

''(5) CHILD CARE GRANT.—

''(A) IN GENERAL.—Subject to the provisions of section 406, the Secretary shall pay to each eligible State submitting a State plan that complies with section 402(a)(1)(G) for each of fiscal years 1996, 1997, 1998, 1999, and 2000 a grant in an amount equal to the State child care grant for the fiscal year.

''(B) FUNDING.—

''(i) STATES.—Of the amounts appropriated under paragraph (4)(A) for a fiscal year, the Secretary shall make available $979,877,626 for each such fiscal year for the purpose of paying State child care grants to States under subsection (b)(6).

''(ii) INDIAN TRIBES.—The Secretary shall make available ____ percent of the amount made available under clause (i) for each such fiscal year for the purpose of paying State child care grants to Indian tribes under such paragraph.

''(b) USE OF GRANT.—

''(1) IN GENERAL.—Subject to this part, a State to which a grant is made under this section may use the grant—

''(A) in any manner that is reasonably calculated to accomplish the purpose of this part; or

''(B) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

''(2) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State to which a grant is made under this section may apply to a family the rules of the program operated under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

''(3) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program operated under this part.

''(4) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under this section may use a portion of the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

''(5) TRANSFERABILITY OF GRANT AMOUNTS.—A State may use up to 30 percent of amounts received from a grant under this part for a fiscal year to carry out State activities under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) (relating to child care block grants).

''(6) STATE CHILD CARE GRANT.—

''(A) IN GENERAL.—For purposes of subsection (a)(5)(A), a State child care grant for any State for a fiscal year is an amount equal to the total amount of the Federal payments to the State under section—

''(i) 402(g)(3)(A) of the Social Security Act (as such section was in effect before October 1, 1995) for amounts expended for child care pursuant to paragraph (1) of such section;

''(ii) 403(l)(1)(A) of the Social Security Act (as such section was in effect before October 1, 1995) for amounts expended for child care pursuant to section 402(g)(1)(A) of such Act, in the case of a State with respect to which section 1108 of such Act applies; and

''(iii) 403(n) of the Social Security Act (as such section was in effect before October 1, 1995) for child care services pursuant to section 402(i) of such Act.

''(B) USE OF FUNDS.—Subject to this title, a State to which a State child care grant is made under subsection (a)(5)(A), may use the grant in any manner that is reasonably calculated to accomplish the purpose of this title, including making child care services available through—

''(i) the provision of child care certificates to parents on behalf of an eligible child;

''(ii) the reimbursement of, or contracting with, eligible child care providers; and

''(iii) any other activities to increase child care access or affordability as determined appropriate by the State.

''(c) TIMING OF PAYMENTS.—The Secretary shall pay each grant payable to a State under this section in quarterly installments.

''(d) FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—

''(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a revolving loan fund which shall be known as the 'Federal Loan Fund for State Welfare Programs' (hereafter for purposes of this section referred to as the 'fund').

''(2) DEPOSITS INTO FUND.—

''(A) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, $1,700,000,000 are hereby appropriated for fiscal year 1996 for payment to the fund.

''(B) LOAN REPAYMENTS.—The Secretary shall deposit into the fund any principal or interest payment received with respect to a loan made under this subsection.

''(3) AVAILABILITY.—Amounts in the fund are authorized to remain available without fiscal year limitation for the purpose of making loans and receiving payments of principal and interest on such loans, in accordance with this subsection.

''(4) USE OF FUND.—

''(A) LOANS TO STATES.—The Secretary shall make loans from the fund to any loan-eligible State, as defined in subparagraph (D), for a period to maturity of not more than 3 years.

''(B) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under subparagraph (A) at a rate equal to the Federal short-term rate, as defined in section 1274(d) of the Internal Revenue Code of 1986.

''(C) MAXIMUM LOAN.—The cumulative amount of any loans made to a State under subparagraph (A) during fiscal years 1996 through 2000 shall not exceed 10 percent of the State family assistance grant under subsection (a)(2) for a fiscal year.

''(D) LOAN-ELIGIBLE STATE.—For purposes of subparagraph (A), a loan-eligible State is a State which has not had a penalty described in section 407(a)(1) imposed against it at any time prior to the loan being made.

''(5) LIMITATION ON USE OF LOAN.—A State shall use a loan received under this subsection only for any purpose for which grant amounts received by the State under subsection (a) may be used including—

''(A) welfare anti-fraud activities; and

''(B) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 414.

''(e) SPECIAL RULE FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

''(1) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1996, 1997, 1998, 1999, and 2000 a grant in an amount equal to the amount received by such Indian tribe in fiscal year 1995 under section 482(i) (as in effect during such fiscal year) for the purpose of operating a program to make work activities available to members of the Indian tribe.

''(2) ELIGIBLE INDIAN TRIBE.—For purposes of paragraph (1), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during such fiscal year).

''(3) APPROPRIATION.—There are authorized to be appropriated and there are hereby appropriated $7,638,474 for each fiscal year described in paragraph (1) for the purpose of paying grants in accordance with such paragraph.

''(f) SECRETARY.—For purposes of this section, the term 'Secretary' means the Secretary of the Treasury.

''SEC. 404. MANDATORY WORK REQUIREMENTS.

''(a) PARTICIPATION RATE REQUIREMENTS.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following tables for the fiscal year with respect to—

''(1) all families receiving assistance under the State program funded under this part:

''If the fiscal year is:	The minimum participation rate for all families is:
1996	25
1997	30
1998	35
1999	40
2000 or thereafter	50; and

''(2) with respect to 2-parent families receiving such assistance:

"If the fiscal year is:	The minimum participation rate is:
1996	60
1997 or 1998	75
1999 or thereafter	90.

''(b) CALCULATION OF PARTICIPATION RATES.—

''(1) FOR ALL FAMILIES.—

''(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(1), the participation rate for all families of a State for a fiscal year is the average of the participation rates for all families of the State for each month in the fiscal year.

''(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families of the State for a month, expressed as a percentage, is—

''(i) the sum of—

''(I) the number of all families receiving assistance under the State program funded under this part that include an adult who is engaged in work for the month;

''(II) the number of all families receiving assistance under the State program funded under this part that are subject in such month to a penalty described in paragraph (1)(A) or (2)(A) of subsection (d) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive);

''(III) the number of all families receiving assistance under the State program funded under this part that have become ineligible for assistance under the State program within the previous 6-month period because of employment and that include an adult who is employed for the month; and

''(IV) beginning in the first month beginning after the promulgation of the regulations described in paragraph (3) and in accordance with such regulations, the average monthly number of all families that are not receiving assistance under the State program funded under this part as a result of the State's diversion of such families from the State program prior to such families receipt of assistance under the program; divided by

''(ii) the total number of all families receiving assistance under the State program funded under this part during the month that include an adult.

''(2) 2-PARENT FAMILIES.—

''(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-parent families of the State for each month in the fiscal year.

''(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month, expressed as a percentage, is—

''(i) the total number of 2-parent families described in paragraph (1)(B)(i); divided by

''(ii) the total number of 2-parent families receiving assistance under the State program funded under this part during the month that include an adult.

''(3) REGULATIONS RELATING TO CALCULATION OF FAMILIES DIVERTED FROM ASSISTANCE.—

''(A) IN GENERAL.—Not later than 1 year after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall consult with the States and establish, by regulation, a method to measure the number of families diverted by a State from the State program funded under this part prior to such families receipt of assistance under the program.

''(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under such State's plan under the aid to families with dependent children program, as such plan was in effect on the day before the date of the enactment of the Work Opportunity Act of 1995.

''(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families receiving assistance under a tribal family assistance plan approved under section 414. For purposes of the previous sentence, an individual who receives assistance under a tribal family assistance plan approved under section 414 shall be treated as being engaged in work if the individual is participating in work under standards that are comparable to State standards for being engaged in work.

''(c) ENGAGED IN WORK.—

''(1) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i)(I), an adult is engaged in work for a month in a fiscal year if the adult is participating in work for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to a work activity:

"If the month is in fiscal year:	The minimum average number of hours per week is:
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30
2002	35
2003 or thereafter	35.

''(2) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(A), an adult is engaged in work for a month in a fiscal year if the adult is participating in work for at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to work activities described in paragraph (3).

''(3) DEFINITION OF WORK ACTIVITIES.—For purposes of this subsection, the term 'work activities' means—

''(A) unsubsidized employment;

''(B) subsidized employment;

''(C) on-the-job training;

''(D) community service programs; and

''(E) job search (only for the first 4 weeks in which an individual is required to participate in work activities under this section).

''(d) PENALTIES AGAINST INDIVIDUALS.—If an adult in a family receiving assistance

under the State program funded under this part refuses to engage in work required under subsection (c)(1) or (c)(2), a State to which a grant is made under section 403 shall—

''(1) reduce the amount of assistance that would otherwise be payable to the family; or

''(2) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

''(e) NONDISPLACEMENT IN WORK ACTIVITIES.—

''(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under this part may fill a vacant employment position in order to engage in a work activity described in subsection (c)(3).

''(2) NO FILLING OF CERTAIN VACANCIES.—No adult described in paragraph (1) shall be employed, or job opening filled, by such an adult—

''(A) when any other individual is on layoff from the same or any substantially equivalent job; or

''(B) when the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the intention of filling the vacancy so created by hiring an adult described in paragraph (1).

''(f) SENSE OF THE CONGRESS.—It is the sense of the Congress that in complying with this section, each State that operates a program funded under this part is encouraged to assign the highest priority to requiring adults in 2-parent families and adults in single-parent families that include older preschool or school-age children to be engaged in work activities.

''(g) DELIVERY THROUGH STATEWIDE SYSTEM.—

''(1) IN GENERAL.—Each work program carried out by the State to provide work activities in order to comply with this section shall be delivered through the statewide workforce development system established in section 711 of the Work Opportunity Act of 1995 unless a required work activity is not available locally through the statewide workforce development system.

''(2) EFFECTIVE DATE.—The provisions of paragraph (1) shall take effect—

''(A) in a State described in section 815(b)(1) of the Work Opportunity Act of 1995; and

''(B) in any other State, on July 1, 1998.

''SEC. 405. REQUIREMENTS AND LIMITATIONS.

''(a) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY CONTRACT WITH EACH FAMILY RECEIVING ASSISTANCE.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to have entered into a personal responsibility contract (as developed by the State) with the State.

''(b) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

''(1) IN GENERAL.—Except as provided under paragraphs (2) and (3), a State to which a grant is made under section 403 may not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under the program operated under this part for the lesser of—

''(A) the period of time established at the option of the State; or

''(B) 60 months (whether or not consecutive) after September 30, 1995.

''(2) MINOR CHILD EXCEPTION.—If an individual received assistance under the State program operated under this part as a minor child in a needy family, any period during which such individual's family received assistance shall not be counted for purposes of applying the limitation described in paragraph (1) to an application for assistance under such program by such individual as the head of a household of a needy family with minor children.

''(3) HARDSHIP EXCEPTION.—

''(A) IN GENERAL.—The State may exempt a family from the application of paragraph (1) by reason of hardship.

''(B) LIMITATION.—The number of families with respect to which an exemption made by a State under subparagraph (A) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which the State is providing assistance under the program operated under this part.

''(c) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—An individual shall not be considered an eligible individual for the purposes of this part during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

''(d) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

''(1) IN GENERAL.—An individual shall not be considered an eligible individual for the purposes of this part if such individual is—

''(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

''(B) violating a condition of probation or parole imposed under Federal or State law.

''(2) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, a State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under this part, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

''(A) such recipient—

''(i) is described in subparagraph (A) or (B) of paragraph (1); or

''(ii) has information that is necessary for the officer to conduct the officer's official duties; and

''(B) the location or apprehension of the recipient is within such officer's official duties.

''SEC. 406. PROMOTING RESPONSIBLE PARENTING.

''(a) FINDINGS.—The Congress makes the following findings:

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

''(2) Marriage is an essential institution of a successful society which promotes the interests of children.

''(3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the wellbeing of children.

''(4) In 1992, only 54 percent of single-parent families with children had a child support order established and, of that 54 percent, only about one half received the full amount due. Of the cases enforced through the public child support enforcement system, only 18 percent of the caseload has a collection.

''(5) The number of individuals receiving aid to families with dependent children (hereafter in this subsection referred to as 'AFDC') has more than tripled since 1965. More than two-thirds of these recipients are children. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

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

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

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

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

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

''(ii) While the number of children receiving AFDC benefits increased nearly threefold between 1965 and 1992, the total number of children in the United States aged 0 to 18 has declined by 5.5 percent.

''(B) The Department of Health and Human Services has estimated that 12,000,000 children will receive AFDC benefits within 10 years.

''(C) The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women. Between 1970 and 1991, the percentage of live births to unmarried women increased nearly threefold, from 10.7 percent to 29.5 percent.

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

''(A) It is estimated that the rate of nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

''(B) The total of all out-of-wedlock births between 1970 and 1991 has risen from 10.7 percent to 29.5 percent and if the current trend continues, 50 percent of all births by the year 2015 will be out-of-wedlock.

''(7) The negative consequences of an out-of-wedlock birth on the mother, the child, the family, and society are well documented as follows:

''(A) Young women 17 and under who give birth outside of marriage are more likely to go on public assistance and to spend more years on welfare once enrolled. These combined effects of 'younger and longer' increase total AFDC costs per household by 25 percent to 30 percent for 17-year olds.

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

''(C) Children born out-of-wedlock are more likely to experience low verbal cognitive attainment, as well as more child abuse, and neglect.

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

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

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

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

''(A) Only 9 percent of married-couple families with children under 18 years of age have income below the national poverty level. In contrast, 46 percent of female-headed households with children under 18 years of age are below the national poverty level.

''(B) Among single-parent families, nearly ½ of the mothers who never married received AFDC while only ⅛ of divorced mothers received AFDC.

''(C) Children born into families receiving welfare assistance are 3 times more likely to be on welfare when they reach adulthood than children not born into families receiving welfare.

''(D) Mothers under 20 years of age are at the greatest risk of bearing low birth-weight babies.

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

''(F) Young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time.

''(G) Between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000.

''(H) The absence of a father in the life of a child has a negative effect on school performance and peer adjustment.

''(I) Children of teenage single parents have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

''(J) Children of single-parent homes are 3 times more likely to fail and repeat a year in grade school than are children from intact two-parent families.

''(K) Children from single-parent homes are almost 4 times more likely to be expelled or suspended from school.

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

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

''(9) Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in provisions of this title is intended to address the crisis.

''(b) STATE OPTION TO DENY ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—At the option of the State, a State to which a grant is made under section 403 may provide that the grant shall not be used to provide assistance for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

''(c) STATE OPTION TO DENY ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—At the option of the State, a State to which a grant is made under section 403 may provide that the grant shall not be used to provide assistance for a minor child who is born to—

''(1) a recipient of assistance under the program funded under this part; or

''(2) an individual who received such benefits at any time during the 10-month period ending with the birth of the child.

''(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN AN ADULT-SUPERVISED SETTING AND ATTEND SCHOOL.—

''(1) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual described in paragraph (2) if—

''(A) the individual and the minor child of the individual do not reside in—

''(i) a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; or

''(ii) another adult-supervised setting; and

''(B) the individual does not participate in—

''(i) educational activities directed toward the attainment of a high school diploma or its equivalent; or

''(ii) an alternative educational or training program that has been approved by the State.

''(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who—

''(A) is under the age of 18 and is not married; and

''(B) has a minor child in his or her care.

''SEC. 407. STATE PENALTIES.

''(a) IN GENERAL.—Subject to the provisions of subsection (b), the Secretary shall deduct from the grant otherwise payable under section 403 the following penalties:

''(1) FOR USE OF GRANT IN VIOLATION OF THIS PART.—If an audit conducted under section 408 finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, then the Secretary shall reduce the amount of the grant otherwise payable to the State under such section for the immediately succeeding fiscal year quarter by the amount so used, plus 5 percent of such grant (determined without regard to this section).

''(2) FOR FAILURE TO SUBMIT REQUIRED REPORT.—

''(A) IN GENERAL.—If the Secretary determines that a State has not, within 6 months after the end of a fiscal year, submitted the report required by section 409 for the fiscal year, the Secretary shall reduce by 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

''(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal year if the State submits the report before the end of the immediately succeeding fiscal year.

''(3) FOR FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

''(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the minimum participation rates specified in section 404(a) for a fiscal year, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

''(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) on the basis of the degree of noncompliance.

''(4) FOR FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

''(5) FOR FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity in accordance with such part, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

''(6) FOR FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 403(d) within the period of maturity applicable to such loan, plus any interest owed on such loan, then the Secretary shall reduce the amount of the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year quarter by the outstanding loan amount, plus the interest owed on such outstanding amount.

''(b) REQUIREMENTS.—

''(1) LIMITATION ON AMOUNT OF PENALTY.—

''(A) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

''(B) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that subparagraph (A) prevents the Secretary from recovering during a fiscal year the full amount of all penalties imposed on a State under subsection (a) for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year.

''(2) STATE FUNDS TO REPLACE REDUCTIONS IN GRANT.—A State which has a penalty imposed against it under subsection (a) shall expend additional State funds in an amount equal to the amount of the penalty for the purpose of providing assistance under the State program under this part.

''(3) REASONABLE CAUSE FOR NONCOMPLIANCE.—The Secretary may not impose a penalty on a State under subsection (a) if the Secretary determines that the State has reasonable cause for failing to comply with a requirement for which a penalty is imposed under such subsection.

''(c) CERTIFICATION OF AMOUNT OF PENALTIES.—If the Secretary is required to reduce the amount of any grant under this section, the Secretary shall certify the amount of such reduction to the Secretary of the Treasury and the Secretary of the Treasury shall reduce the amount paid to the State under section 403 by such amount.

''(d) EFFECTIVE DATES.—

''(1) IN GENERAL.—The penalties described in paragraphs (2) through (6) of subsection (a) shall apply with respect to fiscal years beginning on or after October 1, 1996.

''(2) MISUSE OF FUNDS.—The penalties described in subsection (a)(1) shall apply with respect to fiscal years beginning on or after October 1, 1995.

''SEC. 408. AUDITS.

''(a) IN GENERAL.—Each State shall, not less than annually, audit the State expenditures from amounts received under this part. Such audit shall—

''(1) determine the extent to which such expenditures were or were not expended in accordance with this part; and

''(2) be conducted by an approved entity (as defined in subsection (b)) in accordance with generally accepted auditing principles.

''(b) APPROVED ENTITY.—For purposes of subsection (a), the term 'approved entity' means an entity that—

''(1) is approved by the Secretary of the Treasury;

''(2) is approved by the chief executive officer of the State; and

''(3) is independent of any agency administering activities funded under this part.

''(c) AUDIT REPORT.—Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature, the Secretary of the Treasury, and the Secretary of Health and Human Services.

''(d) ADDITIONAL ACCOUNTING REQUIREMENTS.—The provisions of chapter 75 of title 31, United States Code, shall apply to the audit requirements of this section.

''SEC. 409. DATA COLLECTION AND REPORTING.

''(a) IN GENERAL.—Each State to which a grant is made under section 403 for a fiscal year shall, not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, transmit to the Secretary the following aggregate information on families to which assistance was provided during the fiscal year under the State program operated under this part:

''(1) The number of adults receiving such assistance.

''(2) The number of children receiving such assistance and the average age of the children.

''(3) The employment status of such adults, and the average earnings of employed adults receiving such assistance.

''(4) The age, race, and educational attainment at the time of application for assistance of the adults receiving such assistance.

''(5) The average amount of cash and other assistance provided to the families under the program.

''(6) The number of months, since the most recent application for assistance under the program, for which such assistance has been provided to the families.

''(7) The total number of months for which assistance has been provided to the families under the program.

''(8) Any other data necessary to indicate whether the State is in compliance with the plan most recently submitted by the State pursuant to section 402.

''(9) The components of any program carried out by the State to provide work activities in order to comply with section 404, and the average monthly number of adults in each such component.

''(10) The number of part-time job placements and the number of full-time job placements made through the program referred to in paragraph (9), the number of cases with reduced assistance, and the number of cases closed due to employment.

''(11) The number of cases closed due to section 405(b).

''(12) The increase or decrease in the number of children born out of wedlock to recipients of assistance under the State program funded under this part and the State's success in meeting its goals established under section 402(a)(1)(F).

''(13) With respect to a State child care grant under section 403(a)(5), information concerning—

''(A) the number of eligible parents and children receiving assistance under such grant;

''(B) the number of individuals described in section 402(a)(19)(C)(iii)(II) of the Social Security Act (as such section was in effect on September 30, 1995) not participating in work activities due to the unavailability of child care; and

''(C) other data described in paragraphs (1) through (12) relevant to the State child care grant.

''(b) AUTHORITY OF STATES TO USE ESTIMATES.—A State may comply with the requirement to provide precise numerical information described in subsection (a) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods.

''(c) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by subsection (a) for a fiscal year shall include a statement of—

''(1) the total amount and percentage of the Federal funds paid to the State under this part for the fiscal year that are used to cover administrative costs or overhead; and

''(2) the total amount of State funds that are used to cover such costs or overhead.

''(d) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by subsection (a) for a fiscal year shall include a statement of the total amount expended by the State during the fiscal year on the program under this part and the purposes for which such amount was spent.

''(e) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by subsection (a) for a fiscal year shall include the number of noncustodial parents in the State who participated in work activities during the fiscal year.

''(f) REPORT ON CHILD SUPPORT COLLECTED.—The report required by subsection (a) for a fiscal year shall include the total amount of child support collected by the State agency administering the State program under part D on behalf of a family receiving assistance under this part.

''(g) REPORT ON CHILD CARE.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for child care under the program under this part, along with a description of the types of child care provided, including child care provided in the case of a family that—

''(1) has ceased to receive assistance under this part because of employment; or

''(2) is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

''(h) REPORT ON TRANSITIONAL SERVICES.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for providing transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

''(i) SECRETARY'S REPORT ON DATA PROCESSING.—

''(1) IN GENERAL.—Not later than 6 months after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall prepare and submit to the Congress a report on—

''(A) the status of the automated data processing systems operated by the States to assist management in the administration of State programs under this part (whether in effect before or after October 1, 1995); and

''(B) what would be required to establish a system capable of—

''(i) tracking participants in public programs over time; and

''(ii) checking case records of the States to determine whether individuals are participating in public programs in 2 or more States.

''(2) PREFERRED CONTENTS.—The report required by paragraph (1) should include—

''(A) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in paragraph (1)(B); and

''(B) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.

''SEC. 410. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

''(a) RESEARCH.—The Secretary may conduct research on the effects and costs of State programs funded under this part.

''(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO EMPLOYING WELFARE RECIPIENTS.—The Secretary may assist States in developing, and shall evaluate, innovative approaches to employing recipients of assistance under programs funded under this part. In performing such evaluations, the Secretary shall, to the maximum extent feasible, use random assignment to experimental and control groups.

''(c) STUDIES OF WELFARE CASELOADS.—The Secretary may conduct studies of the caseloads of States operating programs funded under this part.

''(d) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

''(e) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

''(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in moving recipients of assistance under the State program funded under this part into long-term private sector jobs.

''(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

''(f) STUDY ON ALTERNATIVE OUTCOMES MEASURES.—

''(1) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of a State in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section 404. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis.

''(2) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing the findings of the study described in paragraph (1).

''SEC. 411. STUDY BY THE CENSUS BUREAU.

''(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Work Opportunity Act of 1995 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low-income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock births,

welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

''(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, the Secretary of the Treasury shall pay to the Bureau of the Census $10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 to carry out subsection (a).

''SEC. 412. WAIVERS.

''(a) CONTINUATION OF WAIVERS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part is in effect or approved by the Secretary as of October 1, 1995, the amendments made by the Work Opportunity Act of 1995 shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the terms of the waiver.

''(2) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in paragraph (1) shall receive the payment described for such State for such fiscal year under section 403, in lieu of any other payment provided for in the waiver.

''(b) STATE OPTION TO TERMINATE WAIVER.—

''(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

''(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of such waiver.

''(3) HOLD HARMLESS PROVISION.—

''(A) IN GENERAL.—A State that, not later than the date described in subparagraph (B), submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the terms and conditions of such waiver.

''(B) DATE DESCRIBED.—The date described in this subparagraph is the later of—

''(i) January 1, 1996; or

''(ii) 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

''(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue such waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of such waiver.

''SEC. 413. STATE DEMONSTRATION PROGRAMS.

Nothing in this part shall be construed as limiting a State's ability to conduct demonstration projects for the purpose of identifying innovative or effective program designs in 1 or more political subdivisions of the State.

''SEC. 414. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

''(a) PURPOSE.—The purpose of this section is—

''(1) to strengthen and enhance the control and flexibility of local governments over local programs; and

''(2) in recognition of the principles contained in the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.)—

''(A) to provide direct Federal funding to Indian tribes for the tribal administration of the program funded under this part; or

''(B) to enable Indian tribes to enter into agreements, contracts, or compacts with intertribal consortia, States, or other entities for the administration of such program on behalf of the Indian tribe.

''(b) GRANT AMOUNTS FOR INDIAN TRIBES.—

''(1) IN GENERAL.—For each of fiscal years 1996, 1997, 1998, 1999, and 2000, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under paragraph (2).

''(2) AMOUNT DETERMINED.—

''(A) IN GENERAL.—The amount determined under this paragraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 for fiscal year 1994 (as in effect during such fiscal year) attributable to expenditures by the State or States under part A and part F of this title (as so in effect) in such year for Indian families residing in the service area or areas identified by the Indian tribe in subsection (c)(1)(C).

''(B) USE OF STATE SUBMITTED DATA.—

''(i) IN GENERAL.—The Secretary shall use State submitted data to make each determination under subparagraph (A).

''(ii) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under clause (i), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under subparagraph (A) and the Secretary may consider such information before making such determination.

''(c) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

''(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

''(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with the purposes of this section;

''(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

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

''(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

''(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

''(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

''(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

''(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single plan by the participating Indian tribes of an intertribal consortium.

''(d) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under such grant, and penalties against individuals—

''(1) consistent with the purposes of this section;

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

''(3) similar to comparable provisions in section 404(d).

''(e) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

''(f) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

''(1) generally accepted accounting principles; and

''(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

''(g) TRIBAL PENALTIES.—For the purpose of ensuring the proper use of tribal family assistance grants, the following provisions shall apply to an Indian tribe with an approved tribal assistance plan:

''(1) The provisions of subsections (a)(1), (a)(6), and (b) of section 407, in the same manner as such subsections apply to a State.

''(2) The provisions of section 407(a)(3), except that such subsection shall be applied by substituting 'the minimum requirements established under subsection (d) of section 414' for 'the minimum participation rates specified in section 404'.

''(h) DATA COLLECTION AND REPORTING.—For the purpose of ensuring uniformity in data collection, section 409 shall apply to an Indian tribe with an approved tribal family assistance plan.''.

''SEC. 415. ADMINISTRATION.

''(a) ASSISTANT SECRETARY.—The programs under this part and part D of this title shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.

''(b) STATE CHILD CARE GRANT.—A State may administer the programs under the State child care grant under section 403(a)(5) in conjunction with the programs administered under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9801 et seq.).

''(c) TRANSFER OF FUNDS.—

''(1) AUTHORITY.—Of the aggregate amount of payments received by a State under this part in each fiscal year, the State may transfer not more than 30 percent of the amounts received under any such program under this part for use by the State to carry out State programs under this title, except that such funds may only be transferred if the program out of which such funds will be transferred continues to provide services at a level that is adequate under the requirements applicable under such program.

''(2) REQUIREMENTS.—Funds transferred under paragraph (1) to carry out a State program operated under this part shall be subject to the same requirements that apply to Federal funds provided directly under the program into which such funds are transferred.''.

DEWINE AMENDMENTS NOS. 2517–2519

Mr. HATCH (for Mr. DEWINE) proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2517

On page 712, between lines 9 and 10, insert the following:

SEC. ___. QUARTERLY REPORTS WITH RESPECT TO COMMON TRUST FUNDS.

(a) IN GENERAL.—Section 6032 of the Internal Revenue Code of 1986 (relating to returns of banks with respect to common trust funds) is amended by striking ''each taxable year'' and inserting ''each quarter of the taxable year''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

AMENDMENT NO. 2518

On page 31, line 15, insert ''and'' after the semicolon.

On page 31, line 23, strike ''and'' and insert ''divided by''.

Beginning on page 31, line 24, strike all through page 32, line 10.

Beginning on page 33, line 10, strike all through page 34, line 5, and insert the following:

''(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW.—

''(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

''(i) the number of families receiving assistance during the fiscal year under the State program funded under this part is less than

''(ii) the number of families that received aid under the State plan approved under part A of this title (as in effect before October 1, 1995) during the fiscal year immediately preceding such effective date.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

''(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under such State's plan under the aid to families with dependent children program, as such plan was in effect on the day before the date of the enactment of the Work Opportunity Act of 1995.

AMENDMENT NO. 2519

On page 29, between lines 17 and 18, insert the following:

''(g) RAINY DAY CONTINGENCY FUND.—

''(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Rainy Day Contingency Fund' (hereafter in this section referred to as the 'Rainy Day Fund').

''(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated for fiscal years 1996, 1997, 1998, 1999, and 2000 such sums as are necessary for payment to the Rainy Day Fund in a total amount not to exceed $525,000,000.

''(3) COMPUTATION OF GRANT.—

''(A) IN GENERAL.—The Secretary of the Treasury shall pay to each State for each quarter in a fiscal year following the quarter in which such State becomes an eligible State under this subsection, an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State in such year under the State program funded under this part as exceed the historic State expenditures for such State.

''(B) METHOD OF COMPUTATION, PAYMENT, AND RECONCILIATION.—

''(i) METHOD OF COMPUTATION.—The method of computing and paying such amounts shall be as follows:

''(I) The Secretary of Health and Human Services shall estimate the amount to be paid to the State for such quarter under the provisions of subparagraph (A), such estimate to be based on a report filed by the State containing its estimate of the total sum to be expended in such quarter and such other information as the Secretary may find necessary.

''(II) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services.

''(ii) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

''(iii) METHOD OF RECONCILIATION.—If at the end of each fiscal year, the Secretary of Health and Human Services finds that a State which received amounts from the Rainy Day Fund in such fiscal year did not meet the maintenance of effort requirement under paragraph (5)(B) for such fiscal year, the Secretary shall reduce the State family assistance grant for such State for the succeeding fiscal year by such amounts.

''(4) USE OF GRANT.—

''(A) IN GENERAL.—An eligible State may use the grant—

''(i) in any manner that is reasonably calculated to accomplish the purpose of this part; or

''(ii) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

''(B) REFUND OF UNUSED PORTION.—Any amount of a grant under this subsection not used during the fiscal year shall be returned to the Rainy Day Fund.

''(5) ELIGIBLE STATE.—

''(A) IN GENERAL.—For purposes of this subsection, a State is an eligible State with respect to any quarter in a fiscal year, if such State—

''(i) has an average total unemployment rate for such quarter which exceeds by at least 2 percentage points such average total rate for the same quarter of either the preceding or second preceding fiscal year; and

''(ii) has met the maintenance of effort requirement under subparagraph (B) for the State program funded under this part for the preceding fiscal year.

''(B) MAINTENANCE OF EFFORT.—

''(i) IN GENERAL.—The maintenance of effort requirement for any State under this subparagraph for any fiscal year is the expenditure of an amount at least equal to 100 percent of the level of historic State expenditures for such State.

''(ii) HISTORIC STATE EXPENDITURES.—For purposes of this subparagraph, the term 'historic State expenditures' means payments of cash assistance to recipients of aid to families with dependent children under the State plan under part A of title IV for fiscal year 1994, as in effect during such fiscal year.

''(iii) DETERMINING STATE EXPENDITURES.—For purposes of this subparagraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

BURNS AMENDMENT NO. 2520

Mr. HATCH (for Mr. BURNS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Amend section 105 (a) to read:

(a) IN GENERAL.—The Secretary of Health and Human Services shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that at least 50 percent of the personnel in positions that relate to a covered activity are separated from service. Where possible, reductions should come from headquarters before reductions are made in the field. In the case of a program that is repealed, 100% of the positions shall be eliminated.

Elimination of positions may begin upon passage of this Act but shall be completed no later than six (6) months following the date of implementation.

SIMPSON AMENDMENT NO. 2521

Mr. HATCH (for Mr. SIMPSON) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 287, strike lines 13–17 and insert the following:

''(a) IN GENERAL.—(1) Subject to paragraph (2) and subsection (b), a State may, at its option, limit or restrict the eligibility of noncitizens of the United States for any means-tested public assistance program, whether funded by the Federal Government or by the State.

''(2)(A) The authority under subsection (a) may be exercised only to the extent that any prohibitions, limitations, or restrictions are not more restrictive or of a longer duration than comparable Federal programs.

''(B) For the purposes of this subsection, attribution to a noncitizen of the income or resources of any person who (as a sponsor of such noncitizen's entry into the United States) executed an affidavit of support or similar agreement with respect to such noncitizen, for purposes of determining the eligibility for or amount of benefits of such noncitizen, shall not be considered more restrictive than a prohibition of eligibility.''

KASSEBAUM AMENDMENT NO. 2522

Mr. HATCH (for Mrs. KASSEBAUM) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 313, strike line 13 and all that follows through line 5 on page 314, and insert the following new subsection:

(l) APPLICATION OF SUBCHAPTER.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended by adding at the end thereof the following new section:

''SEC. 658T. APPLICATION TO OTHER PROGRAMS.

''Notwithstanding any other provision of law, a State that uses funding for child care services under any Federal program shall ensure that activities carried out using such funds meet the requirements, standards, and criteria of this subchapter, except for the quality set-aside provisions of section 658G, and the regulations promulgated under this subchapter. Such sums shall be administered through a uniform State plan. To the maximum extent practicable, amounts provided to a State under such programs shall be transferred to the lead agency and integrated into the program established under this subchapter by the State.''.

HELMS (AND OTHERS) AMENDMENT NO. 2523

Mr. HELMS (for himself, Mr. FAIRCLOTH, Mr. SHELBY, and Mr. GRAMS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 195, strike line 22 and all that follows through page 198, line 14, and insert the following:

SEC. 319. WORK REQUIREMENT.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 318) is further amended by inserting after subsection (m) the following:

''(n) WORK REQUIREMENT.—

''(1) IN GENERAL.—Subject to paragraph (3), no individual shall be eligible to participate in the food stamp program as a member of any household if the individual did not work at least 40 hours during the preceding 4-week period.

''(2) WORK PROGRAM.—For purposes of paragraph (1), an individual may perform community service or work for a State or political subdivision of a State through a program established by the State or political subdivision.

''(3) EXEMPTIONS.—Paragraph (1) shall not apply to an individual if the individual is—

''(A) a parent residing with a dependent child under 18 years of age;

''(B) a member of a house with responsibility for the care of an incapacitated person;

''(C) mentally or physically unfit;

''(D) under 18 years of age; or

''(E) 55 years of age or older.''.

CRAIG (AND SHELBY) AMENDMENT NO. 2524

Mr. CRAIG (for himself and Mr. SHELBY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 643, line 16, insert '', subject to such good cause and other exceptions as the State shall establish and taking into account the best interests of the child'' before the end period.

EXON AMENDMENT NO. 2525

Mr. EXON proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 302, between lines 5 and 6, insert the following:

SEC. 506. PROHIBITION ON PAYMENT OF FEDERAL BENEFITS TO CERTAIN PERSONS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), Federal benefits shall not be paid or provided to any person who is not a person lawfully present within the United States.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following benefits:

(1) Emergency medical services under title XIX of the Social Security Act.

(2) Short-term emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations and, if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of a serious communicable disease, for testing and treatment of such disease.

(c) DEFINITIONS.—For purposes of this section:

(1) FEDERAL BENEFIT.—The term ''Federal benefit'' means—

(A) the issuance of any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, Social Security, health, disability, veterans benefit, public housing, education, food stamps, unemployment benefit, or any other similar benefit for which payments or assistance are provided by an agency of the United States or by appropriated funds of the United States.

(2) VETERANS BENEFIT.—The term ''veterans benefit'' means all benefits provided to veterans, their families, or survivors by virtue of the service of a veteran in the Armed Forces of the United States.

(3) PERSON LAWFULLY PRESENT WITHIN THE UNITED STATES.—The term ''person lawfully present within the United States'' means a person who, at the time the person applies for, receives, or attempts to receive a Federal benefit, is a United States citizen, a permanent resident alien, an alien whose deportation has been withheld under section 243(h) of the Immigration and Nationality Act (8 U.S.C. 1253(h)), an asylee, a refugee, a parolee who has been paroled for a period of at least 1 year, a national, or a national of the United States for purposes of the immigration laws of the United States (as defined in section 101(a)(17) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(17)).

(d) STATE OBLIGATION.—Notwithstanding any other provision of law, a State that administers a program that provides a Federal benefit (described in section 506(c)(1)) or provides State benefits pursuant to such a program shall not be required to provide such benefit to a person who is not a person lawfully present within the United States (as defined in section 506(c)(3)) through a State agency or with appropriated funds of such State.

(e) VERIFICATION OF ELIGIBILITY.

(1) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal benefit, including a benefit described in section 506(b), is a person lawfully present within the United States and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(2) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (1) are adopted, a State that administers a program that provides a Federal benefit described in such subsection shall have in effect a verification system that complies with the regulations.

(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

(f) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SHELBY (AND OTHERS) AMENDMENT NO. 2526

Mr. SHELBY (for himself, Mr. CRAIG, Mr. HATFIELD, Mr. GRAMS, and Mr. SANTORUM) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, insert:

SEC. ___. REFUNDABLE CREDIT FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

''SEC. 35. ADOPTION EXPENSES.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year the amount of the qualified adoption expenses paid or incurred by the taxpayer during such taxable year.

''(b) LIMITATIONS.—

''(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) with respect to the adoption of a child shall not exceed $5,000.

''(2) INCOME LIMITATION.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

''(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $60,000, bears to

''(B) $40,000.

''(3) DENIAL OF DOUBLE BENEFIT.—

''(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

''(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program.

''(c) QUALIFIED ADOPTION EXPENSES.—For purposes of this section, the term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal and finalized adoption of a child by the taxpayer and which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement. The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

''(d) MARRIED COUPLES MUST FILE JOINT RETURNS.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section.''

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period '', or from section 35 of such Code''.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last item and inserting the following:

''Sec. 35. Adoption expenses.

''Sec. 36. Overpayments of tax.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. ___. EXCLUSION OF ADOPTION ASSISTANCE.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

"SEC. 137. ADOPTION ASSISTANCE.

''(a) IN GENERAL.—Gross income of an employee does not include employee adoption assistance benefits, or military adoption assistance benefits, received by the employee with respect to the employee's adoption of a child.

''(b) DEFINITIONS.—For purposes of this section—

''(1) EMPLOYEE ADOPTION ASSISTANCE BENEFITS.—The term 'employee adoption assistance benefits' means payment by an employer of qualified adoption expenses with respect to an employee's adoption of a child, or reimbursement by the employer of such qualified adoption expenses paid or incurred by the employee in the taxable year.

''(2) EMPLOYER AND EMPLOYEE.—The terms 'employer' and 'employee' have the respective meanings given such terms by section 127(c).

''(3) MILITARY ADOPTION ASSISTANCE BENEFITS.—The term 'military adoption assistance benefits' means benefits provided under section 1052 of title 10, United States Code, or section 514 of title 14, United States Code.

''(4) QUALIFIED ADOPTION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses—

''(i) which are directly related to, and the principal purpose of which is for, the legal and finalized adoption of an eligible child by the taxpayer, and

''(ii) which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement.

''(B) ELIGIBLE CHILD.—The term 'eligible child' means any individual—

''(i) who has not attained age 18 as of the time of the adoption, or

''(ii) who is physically or mentally incapable of caring for himself.

''(c) COORDINATION WITH OTHER PROVISIONS.—The Secretary shall issue regulations to coordinate the application of this section with the application of any other provision of this title which allows a credit or deduction with respect to qualified adoption expenses.''

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 137 and inserting the following new items:

''Sec. 137. Adoption assistance.

''Sec. 138. Cross references to other Acts.''

(c) EFFECTIVE DATE.—The amendments made this section shall apply to taxable years beginning after December 31, 1995.

SEC. ___. WITHDRAWAL FROM IRA FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(8) QUALIFIED ADOPTION EXPENSES.—

''(A) IN GENERAL.—Any amount which is paid or distributed out of an individual retirement plan of the taxpayer, and which would (but for this paragraph) be includible in gross income, shall be excluded from gross income to the extent that—

''(i) such amount exceeds the sum of—

''(I) the amount excludable under section 137, and

''(II) any amount allowable as a credit under this title with respect to qualified adoption expenses; and

''(ii) such amount does not exceed the qualified adoption expenses paid or incurred by the taxpayer during the taxable year.

''(B) QUALIFIED ADOPTION EXPENSES.—For purposes of this paragraph, the term 'qualified adoption expenses' has the meaning given such term by section 137, except that such term shall not include any expense in connection with the adoption by an individual of a child who is the child of such individual's spouse.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

SHELBY AMENDMENT NO. 2527

Mr. SHELBY proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 216, strike lines 4 through 6 and insert the following:

''(3) at the option of a State, funds to—

''(A) operate an employment and training program for needy individuals under the program; or

''(B) operate a work program under section 404 of the Social Security Act;

''(4) at the option of a State, funds to provide benefits to individuals with incomes below 185 percent of the poverty line under subsection (d)(3)(B)(v); and

On page 216, line 7, strike ''(4)'' and insert ''(5)''.

On page 216, strike lines 13 through 17 and insert the following:

''(2) FOUR-YEAR ELECTION.—

''(A) PERIOD.—A State may elect to participate in the program established under subsection (a) for a period of not less than 4 years.

''(B) ELECTION.—At the end of each 4-year period, a State may elect to participate in the program established under subsection (a) or in the food stamp program in accordance with the other sections of this Act.

On page 219, strike lines 11 through 13 and insert the following:

''(iii) at the option of a State—

''(I) to operate an employment and training program for needy individuals under the program; or

''(II) to operate a work program under section 404 of the Social Security Act;

On page 219, line 15, strike the period at the end and insert ''; and''.

On page 219, between lines 15 and 16, insert the following:

''(v) to provide other forms of benefits to individuals with incomes below 185 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), except that not more than 20 percent of the amount allotted to a State under subsection (l)(2) may be used under this clause.

On page 220, strike line 14 and insert the following:

''(E) NOTICE AND HEARINGS.—

''(i) IN GENERAL.—The State

On page 220, between lines 20 and 21, insert the following:

''(ii) LIMITATION.—Clause (i) shall not impede the ability of the State to promptly and efficiently alter or reduce benefits in response to a failure by a recipient to perform work or other required activities.

On page 223, strike lines 7 and 8 and insert the following:

''(g) EMPLOYMENT AND TRAINING.—No individual or

On page 223, strike lines 14 through 17.

On page 227, strike line 8 and insert the following:

''(5) PROVISION OF FOOD ASSISTANCE.—

''(A) IN GENERAL.—A

On page 227, strike lines 14 and 15 and insert the following:

to food purchases, direct provision of commodities or cash aid in lieu of coupons under subparagraph (B).

''(B) CASH AID IN LIEU OF COUPONS.—

''(i) ELIGIBLE INDIVIDUALS.—An individual shall be eligible under this subparagraph if the individual is—

''(I) receiving benefits under this Act;

''(II) receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

''(III) participating in unsubsidized employment, subsidized employment, on-the-job training, or a community service program under section 404 of the Social Security Act.

''(ii) STATE OPTION.—In the case of an individual described in clause (i), a State may—

''(I) convert the food stamp benefits of the household in which the individual is a member to cash, and provide the cash in a single integrated payment with cash aid under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

''(II) sanction an individual, or a household that contains an individual, or reduce the benefits of the individual or household under the same rules and procedures as the State uses under part A of title IV of the Act (42 U.S.C. 601 et seq.).

On page 229, strike line 24 and all that follows through page 231, line 2, and insert the following:

97 percent of the federal funds the Director of the Office of Management and Budget estimates would have been expended under the food stamp program in the State for the fiscal year if the State had not elected to participate in the program under this section.

CONRAD (AND LIBERMAN) AMENDMENT NO. 2528

Mr. MOYNIHAN (for Mr. CONRAD for himself and Mr. LIEBERMAN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 50, strike line 6 and all that follows through page 51, line 11, and insert the following:

''(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN ADULT-SUPERVISED SETTINGS.—

''(1) IN GENERAL.—

''(A) REQUIREMENT.—Except as provided in paragraph (2), if a State provides assistance under the State program funded under this part to an individual described in subparagraph (B), such individual may only receive assistance under the program if such individual and the child of the individual reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home.

''(B) INDIVIDUAL DESCRIBED.— For purposes of subparagraph (A), an individual described in this subparagraph is an individual who is—

''(i) under the age of 18; and

''(ii) not married and has a minor child in his or her care.

''(2) EXCEPTION.—

''(A) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in subparagraph (B), the State agency shall provide, or assist such individual in locating, an appropriate adult-supervised supportive living arrangement, including a second chance home, another responsible adult, or a foster home, taking into consideration the needs and concerns of the such individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that such parent and the child of such parent reside in such living arrangement as a condition of the continued receipt

of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

''(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual is described in this subparagraph if the individual is described in paragraph (1)(B) and—

''(ii) such individual has no parent or legal guardian of his or her own who is living or whose whereabouts are known;

''(iii) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

''(iv) the State agency determines that the physical or emotional health of such individual or any minor child of the individual would be jeopardized if such individual and such minor child lived in the same residence with such individual's own parent or legal guardian; or

''(v) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of paragraph (1) with respect to such individual.

''(C) SECOND-CHANCE HOME.—For purposes of this paragraph, the term 'second-chance home' means an entity that provides individuals described in subparagraph (B) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

''(3) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—

''(A) IN GENERAL.—For each of fiscal years 1998 through 2002, each State that provides assistance under the State program to individuals described in paragraph (1)(B) shall be entitled to receive a grant in an amount determined under subparagraph (B) for the purpose of providing or locating adult-supervised supportive living arrangements for individuals described in paragraph (1)(B) in accordance with this subsection.

''(B) AMOUNT DETERMINED.—

''(i) IN GENERAL.—The amount determined under this subparagraph is an amount that bears the same ratio to the amount specified under clause (ii) as the amount of the State family assistance grant for the State for such fiscal year (described in section 403(a)(2)) bears to the amount appropriated for such fiscal year in accordance with section 403(a)(4)(A).

''(ii) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

''(I) for fiscal year 1998, $20,000,000;

''(II) for fiscal year 1999, $40,000,000; and

''(III) for each of fiscal years 2000, 2001, and 2002, $80,000,000.

''(C) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—There are authorized to be appropriated and there are appropriated for fiscal years 1998, 1999, and 2000 such sums as may be necessary for the purpose of paying grants to States in accordance with the provisions of this paragraph.

''(e) REQUIREMENT THAT TEENAGE PARENTS ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—If a State provides assistance under the State program funded under this part to an individual described in subsection (d)(1)(B) who has not successfully completed a high-school education (or its equivalent) and whose minor child is at least 12 weeks of age, the State shall not provide such individual with assistance under the program (or, at the option of the State, shall provide a reduced level of such assistance) if the individual does not participate in—

''(1) educational activities directed toward the attainment of a high school diploma or its equivalent; or

''(2) an alternative educational or training program that has been approved by the State.

On page 51, strike ''(e)'' and insert ''(f)''.

At the appropriate place, insert the following:

SEC. ___. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the ''National Clearinghouse on Teenage Pregnancy Prevention Programs''.

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. ___. ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 2 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 of the Social Security Act (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

''(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

''(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

''(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).''.

SEC. ___. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

CONRAD (AND BRADLEY) AMENDMENT NO. 2529

Mr. MOYNIHAN (for Mr. CONRAD, for himself and Mr. BRADLEY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 9, between lines 9 and 10, insert the following:

SEC. 100A. ELECTION OF STATE PROGRAM.

(a) INITIAL ELECTION.—Not later than the effective date under section 112, and prior to the expiration of any election under this section thereafter, each State shall elect whether it chooses to participate in—

(1) the State program funded under part A of title IV of the Social Security Act, as amended by title I of this Act; or

(2) the transitional aid program and the work and gainful employment program under the Work and Gainful Employment Act, as added by title XIII of this Act.

A State may receive Federal funds for operating either the program described in paragraph (1) or the programs described in paragraph (2), but not both.

(b) EFFECT OF ELECTION.—An election made under subsection (a) shall remain in effect for a period of 4 years beginning on the date that the State begins participation in the programs elected by the State.

(c) INFORMATION AND ADMINISTRATION.—The Secretary shall—

(1) provide the States with information about the programs described in subsection (a); and

(2) coordinate and administer the election process described under subsection (a).

(d) ELECTING TO PARTICIPATE IN TAP AND WAGE.—If, after having elected under this section to participate in the program described in subsection (a)(1) during the preceding 4-year period, a State elects under subsection (a) to participate in the programs described in subsection (a)(2), the State shall provide that total State and Federal expenditures in each fiscal year under the programs described in subsection (a)(2) shall not be less than the grant amount that the State received under section 403 of the Social Security Act for operating the program described in subsection (a)(1).

On page 792, after line 22, add the following:

TITLE XIII—TRANSITIONAL AID PROGRAM AND WAGE PROGRAM

SEC. 1300. SHORT TITLE.

This title may be cited as the ''Work and Gainful Employment Act''.

Subtitle A—Transitional Aid Program

SEC. 1301. PURPOSE AND APPROPRIATION.

(a) PURPOSE.—It is the purpose of this subtitle to provide a program of transitional aid to families with needy children to enhance the well-being of such needy children, and to enable parents of children in such families to obtain and retain work and to become self-sufficient.

(b) APPROPRIATIONS.—There is hereby authorized to be appropriated and are appropriated for each fiscal year such sums as may be necessary to carry out the purposes of this subtitle. The sums made available under this subsection shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for providing a program of transitional aid.

SEC. 1302. STATE PLANS FOR, AND GENERAL REQUIREMENTS OF, TRANSITIONAL AID PROGRAM.

(a) STATE PLANS.—A State plan for a transitional aid program shall meet the requirements of the following paragraphs:

(1) ELECTION OF OPTIONS IN PROGRAM DESIGN.—The State plan shall describe the State's policies regarding eligibility, services, assistance amounts, and program requirements, including a description of:

(A) The support and benefits (including benefit levels) provided to individuals eligible to participate and whether such support is in the form of wages in subsidized public or nonprofit employment or direct subsidies to employers.

(B) The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

(C) The State's policy for determining the extent to which child support received on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

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

(E) The State's resource limit, including a description of the policy determined by the State regarding any exclusion allowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

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

(G) The criteria for participating in the program including requirements that a family must comply with as a condition of receiving aid, such as school attendance, participation in appropriate preemployment activities, and receipt of appropriate childhood immunizations. The plan shall specify whether the State elects to provide incentives for compliance with the requirements, sanctions for noncompliance, or a combination of incentives and sanctions that the State determines appropriate.

(H) The sanctions imposed on individuals who fail to comply with the State's program requirements without good cause, including the amount and length of time of such sanctions, provided that if the sanction results in complete elimination of aid to the family, the State plan shall describe the procedures used to ensure the well-being of children.

(I) Whether payment is made or denied for a child conceived during a period in which such child's parent was receiving aid under the program.

(J) Whether the State elects to establish a time limit after which an individual must comply with continuous or additional work requirements under subtitle B as a condition for receiving aid under the State plan approved under this subtitle.

(2) PARENTAL RESPONSIBILITY AGREEMENTS AND WAGE PLANS.—

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

(i) a Parental Responsibility Agreement in accordance with subparagraph (B), or

(ii) a Parental Responsibility Agreement in accordance with subparagraph (B) and a Wage Plan in accordance with section 1391(b) if such parent or caretaker relative is required to participate in the WAGE program.

(B) DESCRIPTION OF PARENTAL RESPONSIBILITY AGREEMENT.—A Parental Responsibility Agreement is a statement signed by the applicant for aid that—

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

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

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

(3) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State. If such plan is not administered uniformly throughout the State, the plan shall describe the variations.

(4) GENERAL ELIGIBILITY REQUIREMENT.—

(A) IN GENERAL.—The State plan shall ensure that transitional aid is provided to all families with needy children and that such aid is furnished with reasonable promptness to individuals found eligible under the State plan. In providing such assistance, States will take into account the income and needs of a parent of a needy child if the parent is living in the same home as the child.

(B) NEEDY CHILD.—For purposes of subparagraph (A), a needy child shall be determined by the State, but shall be a child who—

(i) is under the age of 18, or

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

(C) PREGNANT WOMAN.—At the option of the State, the State may provide transitional aid to an individual who does not have a needy child if such individual is pregnant, and such transitional aid is provided—

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

(ii) not more than 3 months before and after the date the woman's child is expected to be born.

(D) PERSONS OTHER THAN PARENTS.—For purposes of this paragraph, a State may provide that the following individuals shall constitute a family with a needy child if such individuals are living in the same home as the child:

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

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

(iii) Any other person who provides—

(I) care for an incapacitated family member (which, for purposes of this subparagraph only, may include a child receiving supplemental security income benefits under title XVI of the Social Security Act; or

(II) child care to enable a caretaker relative to work outside the home or to participate in the WAGE program.

(5) CHILD CARE SERVICES.—The State plan shall provide that no individual shall be sanctioned for failure to comply with the State's WAGE program requirements if such individual needs child care assistance in order to participate, and the State fails to provide such assistance.

(6) VERIFICATION SYSTEM.—The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137 of the Social Security Act, unless the State has established an alternative system under section 1310 of this Act to prevent fraud and abuse.

(7) ALIEN ELIGIBILITY.—The State plan shall provide that in order for an individual to be eligible for transitional aid under this subtitle, the individual shall be—

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

(B) an individual described in subclause (II), (III), (IV), or (V) of section 1614(a)(1)(B)(i) of the Social Security Act (42 U.S.C. 1382c(a)(1)(B)(i)).

(8) DETECTION OF FRAUD.—

(A) IN GENERAL.—The State plan shall provide (in accordance with regulations issued by the Secretary) for appropriate measures to detect fraudulent applications for transitional aid to families with needy children before establishing eligibility for such aid.

(B) DESCRIPTION OF FRAUD CONTROL PROGRAM.—If the State has elected to establish and operate a fraud control program under section 1310, the State shall submit to the Secretary (with such revisions as may from time to time be necessary) a description of such program and will operate such program in full compliance with such section 1310.

(9) PARTICIPATION IN CHILD SUPPORT ENFORCEMENT.—The State plan shall provide—

(A) that the State has in effect a plan approved under part D of title IV of the Social Security Act and operates a child support enforcement program in substantial compliance with such plan, and

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

(i) to assign the State any rights to support from any other person such applicant may have in such applicant's own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid; and

(ii) to cooperate with the State—

(I) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and

(II) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed;

(C) that the State agency will immediately refer each applicant requiring paternity establishment, award establishment, or child support enforcement services to the State agency administering the program under part D of title IV of the Social Security Act;

(D) that an individual shall be required to cooperate with the State, as provided under subparagraph (B), unless the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf aid is claimed to the satisfaction of the State agency administering the program under part D of title IV of the Social Security Act, as determined in accordance with section 454(29) of such Act;

(E) that—

(i) (except as provided in clause (ii)) an applicant requiring services provided under part D of title IV of the Social Security Act shall not be eligible for any aid under this subtitle until such applicant—

(I) has furnished to the agency administering the State plan under part D of such title the information specified in section 454(29) of such Act; or

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

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

(I) if the agency specified in clause (i) has not within 10 days after such individual was

referred to such agency, provided the notification required by section 454(29)(D)(iii) of such Act, until such notification is received; and

(II) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing; and

(F) that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of subparagraph (B), the State may authorize protective payments as provided for in section 1305.

(10) AUTOMATED DATA PROCESSING SYSTEM.—The State plan may, at the option of the State, provide for the establishment and operation, in accordance with an (initial and annually updated) advance automated data processing planning document approved under subsection (c), of an automated statewide management information system designed effectively and efficiently to assist management in the administration of the State plan for transitional aid to families with needy children approved under this subtitle, so as—

(A) to control and account for—

(i) all the factors in the total eligibility determination process under such plan for aid (including but not limited to (I) identifiable correlation factors (such as social security numbers, names, dates of birth, home addresses, and mailing addresses (including postal ZIP codes) of all applicants and recipients of such aid and the relative with whom any child who is such an applicant or recipient is living) to assure sufficient compatibility among the systems of different jurisdictions to permit periodic screening to determine whether an individual is or has been receiving benefits from more than one jurisdiction, (II) checking records of applicants and recipients of such aid on a periodic basis with other agencies, both intra- and inter-State, for determination and verification of eligibility and payment pursuant to requirements imposed by other provisions of this title or title IV of the Social Security Act),

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

(B) to notify the appropriate officials of child support, food stamp, social service, and medical assistance programs approved under title XIX of the Social Security Act whenever the recipient becomes ineligible or the amount of aid or services is changed; and

(C) to provide for security against unauthorized access to, or use of, the data in such system.

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

(A) that the State operate a WAGE program in accordance with subtitle B, and

(B) a description of individuals required to participate in the WAGE program in the State; such individuals may not include the following:

(i) Parents of children under 12 weeks of age or, at the State's option, up to 1 year.

(ii) Individuals who are ill or incapacitated, as defined by the State.

(iii) Individuals who are needed in the home on a full-time basis to care for a disabled child or other household member.

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

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

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

(A) report to an appropriate agency or official, known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving aid under this subtitle under circumstances which indicate that the child's health or welfare is threatened thereby; and

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

(b) APPROVAL OF STATE PLANS.—

(1) IN GENERAL.—Not later than 60 days after the date a State submits to the Secretary a plan that provides for the establishment and operation of a program or an amendment to such plan that meets the requirements of subsection (a), the Secretary shall approve the plan.

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

(c) APPROVAL OF AUTOMATIC DATA PROCESSING PLANNING DOCUMENT; REVIEW OF MANAGEMENT INFORMATION SYSTEMS; FAILURE TO COMPLY; REDUCTION OF PAYMENTS.—

(1) APPROVAL OF AUTOMATED DATA PROCESSING PLANNING DOCUMENT.—The Secretary shall not approve the initial and annually updated advance automated data processing planning document, referred to in paragraph (2), unless the Secretary finds that such document, when implemented, will generally carry out the objectives of the statewide management system referred to in such paragraph, and such document—

(A) provides for the conduct of, and reflects the results of, requirements analysis studies, which include consideration of the program mission, functions, organization, services, constraints, and current support, of, in, or relating to, such system,

(B) contains a description of the proposed statewide management system, including a description of information flows, input data, and output reports and uses,

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

(D) describes the projected resource requirements for staff and other needs, and the resources available or expected to be available to meet such requirements,

(E) includes cost-benefit analyses of each alternative management system, data processing services and equipment, and a cost allocation plan containing the basis for rates, both direct and indirect, to be in effect under such statewide management system,

(F) contains an implementation plan with charts of development events, testing descriptions, proposed acceptance criteria, and backup and fallback procedures to handle possible failure of contingencies, and

(G) contains a summary of proposed improvements of such statewide management system in terms of qualitative and quantitative benefits.

(2) SECRETARIAL REVIEW.—

(A) IN GENERAL.—The Secretary shall, on a continuing basis, review, assess, and inspect the planning, design, and operation of, statewide management information systems referred to in section 1303(a)(2), with a view to determining whether, and to what extent, such systems meet and continue to meet requirements imposed under such section and the conditions specified under paragraph (10) of subsection (a).

(B) SUSPENSION OF APPROVAL.—If the Secretary finds with respect to any statewide management information system referred to in section 1303(a)(2) that there is a failure substantially to comply with criteria, requirements, and other undertakings, prescribed by the advance automated data processing planning document previously approved by the Secretary with respect to such system, then the Secretary shall suspend his approval of such document until there is no longer any such failure of such system to comply with such criteria, requirements, and other undertakings so prescribed.

(C) REDUCTION OF PAYMENTS UNDER SECTION 1303.—If the Secretary determines that such a system has not been implemented by the State by the date specified for implementation in the State's advance automated data processing planning document, then the Secretary shall reduce payments to such State, in accordance with section 1303(b), in an amount equal to 40 percent of the expenditures referred to in section 1303(a)(2) with respect to which payments were made to the State under section 1303(a)(2). The Secretary may extend the deadline for implementation if the State demonstrates to the satisfaction of the Secretary that the State cannot implement such system by the date specified in such planning document due to circumstances beyond the State's control.

(d) IMPACT ON MEDICAID BENEFITS OF NONCOMPLIANCE WITH CERTAIN TAP AND WAGE REQUIREMENTS.—If a family becomes ineligible to receive transitional aid under the State transitional aid program because an individual in such family fails to comply with the requirements of this subtitle—

(1) a needy child of such family shall remain eligible for medical assistance under the State's plan approved under title XIX of the Social Security Act, and

(2) the family shall be appropriately notified of such extension (in the State agency's notice to the family of the termination of its eligibility for such aid) as required by section 1925(a)(2) of the Social Security Act.

SEC. 1303. PAYMENTS TO STATES.

(a) COMPUTATION OF AMOUNTS.—From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for a transitional aid program, for each quarter, beginning with the quarter commencing October 1, 1995, an amount equal to—

(1) the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act) of the expenditures by the State for benefits and assistance under such plan, and

(2) 50 percent of so much of the sums expended during such quarter as are attributable to the planning, design, development, or installation of such statewide mechanized claims processing and information retrieval systems as—

(A) meet the conditions of section 1302(a)(10), and

(B) the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of State plans approved under title XIX of the Social Security Act, and State programs with respect to which there is Federal financial participation under title XX of the Social Security Act.

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

(1) ESTIMATES.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a) of this section, such estimate to be based on—

(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources

from which the difference is expected to be derived,

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

(C) such other information as the Secretary may find necessary.

(2) ADJUSTMENTS FOR PRIOR QUARTERS.—The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services—

(A) reduced or increased, as the case may be, by any sum by which the Secretary finds that the Secretary's estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter,

(B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to transitional aid to families with needy children furnished under the State plan, and

(C) reduced by such amount as is necessary to provide the ''appropriate reimbursement of the Federal Government'' that the State is required to make under section 457 of the Social Security Act out of that portion of child support collections retained by the State pursuant to such section,

except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

(3) PAYMENT OF THE AMOUNT CERTIFIED.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

(c) UNIFORM REPORTING REQUIREMENTS.—In order to assist in obtaining the information needed to carry out subsection (b)(1) and otherwise to perform the Secretary's duties under this subtitle, the Secretary shall establish uniform reporting requirements under which each State will be required to furnish data regarding—

(1) the monthly number of families assisted under this subtitle;

(2) the types of such families;

(3) the monthly number of children assisted under this subtitle;

(4) the amounts expended to serve such families and children;

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

(6) the number of families and children receiving child care assistance;

(7) the number of families receiving transitional medicaid assistance; and

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

(d) BONUS AMOUNT.—

(1) IN GENERAL.—For fiscal year 1997 and each fiscal year thereafter, a State operating a transitional aid program under subtitle A in the preceding fiscal year meeting the requirements of paragraph (2) shall receive a bonus amount equal to 10 percent of the base payment amount determined for such State under section 1381(b).

(2) REQUIREMENTS.—A transitional aid program meets the requirements of this paragraph if the program—

(A) provides for disregards of earned income for families receiving transitional aid to ensure that a family in which a family member worked part-time in a minimum wage job did not have a lower monthly income after calculation of reasonable work-related expenses than a family of the same size in which a family member did not work;

(B) provides that calculation of the level of transitional aid under the program for a family is based only on the needs of needy children and the caretaker relatives of such children; and

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

SEC. 1304. DEVIATION FROM PLAN.

(a) STOPPAGE OF PAYMENTS.—In the case of any State plan for transitional aid to families with needy children which has been approved by the Secretary, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 1302(a) to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

(b) MISUSE OF FUNDS.—In any case in which the Secretary finds that a State has misappropriated or misused funds appropriated pursuant to section 1303, the Secretary shall reduce the payment to which the State would otherwise be entitled under this subtitle for the fiscal year following the fiscal year in which such finding is made by an amount equal to two times the amount of funds found to be misused or misappropriated.

SEC. 1305. USE OF PAYMENTS FOR BENEFIT OF CHILDREN.

Whenever the State agency has reason to believe that any payments of transitional aid to families with needy children made with respect to a child are not being or may not be used in the best interests of the child, the State agency may provide for such counseling and guidance services with respect to the use of such payments and the management of other funds by the relative receiving such payments as it deems advisable in order to assure use of such payments in the best interests of such child, and may provide for advising such relative that continued failure to so use such payments will result in substitution therefor of such protective payments as the State may authorize, or in seeking appointment of a guardian or legal representative as provided in section 1111 of the Social Security Act, or in the imposition of criminal or civil penalties authorized under State law if it is determined by a court of competent jurisdiction that such relative is not using or has not used for the benefit of the child any such payments made for that purpose; and the provision of such services or advice by the State agency (or the taking of the action specified in such advice) shall not serve as a basis for withholding funds from such State under section 1304 and shall not prevent such payments with respect to such child from being considered transitional aid to families with needy children.

SEC. 1306. SPECIAL RULE.

Each needy child, and each relative with whom such a child is living (including the spouse of such relative), who becomes ineligible for transitional aid to families with needy children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of title IV of the Social Security Act, and who has received such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of transitional aid to families with needy children for purposes of title XIX of such Act for an additional 4 calendar months beginning with the month in which such ineligibility begins.

SEC. 1307. PERFORMANCE MEASUREMENT SYSTEM.

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

(b) DETAILS OF RECOMMENDATIONS.—The recommendations required by subsection (a) shall—

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

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

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

SEC. 1308. EXCLUSION FROM TRANSITIONAL AID PROGRAM UNIT OF INDIVIDUALS FOR WHOM CERTAIN PAYMENTS ARE MADE.

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

(1) a child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E of title IV of the Social Security Act or under State or local law, or a child or parent receiving benefits under title XVI of such Act, shall not, for the period for which such payments are made, be regarded as a member of a family for purposes of determining the amount of benefits of the family under this subtitle; and

(2) the income and resources of such child or parent shall be excluded from the income and resources of a family under this subtitle.

(b) LIMITATION.—Subsection (a) of this section shall not apply in the case of a child with respect to whom adoption assistance payments are made under part E of title IV of the Social Security Act or under State or local law, if application of such subsection would reduce the benefits under this subtitle of the family of which the child would otherwise be regarded as a member.

SEC. 1309. TECHNICAL ASSISTANCE FOR DEVELOPING MANAGEMENT INFORMATION SYSTEMS.

The Secretary shall provide such technical assistance to States as the Secretary determines necessary to assist States to plan, design, develop, or install and provide for the security of, the management information systems referred to in section 1303(a)(2).

SEC. 1310. FRAUD CONTROL.

(a) ELECTION FOR FRAUD CONTROL PROGRAM.—Any State, in the administration of its State plan approved under section 1302,

may elect to establish and operate a fraud control program in accordance with this section.

(b) PENALTY FOR FALSE OR MISLEADING STATEMENT OR MISREPRESENTATION OF FACT.—Under any such program, if an individual who is a member of a family applying for or receiving aid under the State plan approved under section 1302 is found by a Federal or State court or pursuant to an administrative hearing meeting requirements determined in regulations of the Secretary, on the basis of a plea of guilty or nolo contendere or otherwise, to have intentionally—

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

(2) committed any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity, for the purpose of establishing or maintaining the family's eligibility for aid under such State plan or of increasing (or preventing a reduction in) the amount of such aid, then the needs of such individual shall not be taken into account by the State in determining eligibility for transitional aid under this subtitle with respect to his or her family—

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

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

(C) permanently upon the third or a subsequent occasion of any such offense.

(c) PROCEEDINGS AGAINST VIOLATORS BY STATE AGENCY.—The State agency involved shall proceed against any individual alleged to have committed an offense described in subsection (b) either by way of administrative hearing or by referring the matter to the appropriate authorities for civil or criminal action in a court of law. The State agency shall coordinate its actions under this section with any corresponding actions being taken under the food stamp program in any case where the factual issues involved arise from the same or related circumstances.

(d) DURATION OF PERIOD OF SANCTIONS; REVIEW.—Any period for which sanctions are imposed under subsection (b) shall remain in effect, without possibility of administrative stay, unless and until the finding upon which the sanctions were imposed is subsequently reversed by a court of appropriate jurisdiction; but in no event shall the duration of the period for which such sanctions are imposed be subject to review.

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

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

SEC. 1311. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

The programs under this title and part D of title IV of the Social Security Act shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.

SEC. 1312. TRANSITION FROM AFDC TO TRANSITIONAL AID PROGRAM.

In the case of any individual who is an applicant for or recipient of aid to families with dependent children under part A of title IV of the Social Security Act, as in effect on the day before the effective date of this title, the State may, at the State's option, provide that—

(1) such individual be treated as an applicant for or recipient of (as the case may be) transitional aid to families with needy children under this subtitle as in effect on such effective date, or

(2) such individual submit an application for transitional aid in accordance with the provisions of the State plan approved under this subtitle as so in effect.

Subtitle B—Work And Gainful Employment (Wage) Program

SEC. 1380. PURPOSE.

It is the purpose of this subtitle to provide States with flexibility to design programs to ensure that needy families with children obtain employment and avoid long-term welfare dependence.

PART 1—BLOCK GRANT

SEC. 1381. BLOCK GRANT.

(a) BLOCK GRANT AMOUNT.—Subject to section 1382, each State that operates a WAGE program in accordance with part 2 shall be entitled to receive for each fiscal year a block grant amount equal to—

(1) the base payment amount determined under subsection (b) and the additional amount described in subsection (b)(3); plus

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

(b) BASE PAYMENT AMOUNT.—

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

(A) for fiscal year 1996, an amount equal to the base amount determined under paragraph (2); and

(B) for fiscal year 1997 and each subsequent fiscal year, an amount equal to 103 percent of the base payment amount determined under this subsection for the prior fiscal year.

(2) BASE AMOUNT.—The base amount determined under this paragraph with respect to each State is an amount equal to the greater of—

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

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

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

(iii) under section 403(a)(5) (relating to emergency assistance); or

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

(3) ADDITIONAL PAYMENTS.—

(A) IN GENERAL.—In addition to the amounts specified in paragraph (2), each State operating a program under the subtitle shall be entitled to receive an amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the average monthly number of families with needy children receiving transitional aid in the State in the preceding fiscal year bears to the average monthly number of families receiving transitional aid or cash assistance under the State program funded under part A of title IV of the Social Security Act in all the States for such preceding year.

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

(i) for fiscal year 1996, $1,200,000,000;

(ii) for fiscal year 1997, $1,700,000,000;

(iii) for fiscal year 1998, $2,100,000,000;

(iv) for fiscal year 1999, $2,700,000,000; and

(v) for fiscal year 2000, $3,200,000,000.

(c) PERFORMANCE AWARD.—

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

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

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

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

(A) IN GENERAL.—The full-time employment savings of a State for any fiscal year is an amount equal to the product of—

(i) the total number of full-time performance award employees, and

(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid paid to individuals in accordance with the State plan under subtitle A for the preceding fiscal year.

(B) FULL-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'full-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average monthly number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under subtitle A.

(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

(i) the percentage which—

(I) the average monthly number of individuals who became ineligible during the preceding fiscal year to receive transitional aid under the program operated in accordance with the State plan under subtitle A by reason of earnings from employment, bears to

(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under subtitle A for such preceding fiscal year, exceeds

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

(D) SPECIAL RULE FOR SHORT-TERM EMPLOYEES.—An individual shall not be taken into account under subclause (I) of subparagraph (C)(i) unless the employment described in such subclause has continued for 6 consecutive months. If an individual is not taken into account for a fiscal year by reason of this subparagraph, such individual shall be taken into account in the following fiscal year if such 6-month period ends in such following fiscal year.

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

(A) IN GENERAL.—The part-time employment savings of a State for any fiscal year is an amount equal to the product of—

(i) the total number of part-time performance award employees, and

(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid (weighted for family size) which would otherwise be paid to individuals described in subparagraph (C)(i)(I) in accordance with the State plan under subtitle A for the preceding fiscal year but for the fact the individual worked at least 20 hours per week.

(B) PART-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'part-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average

monthly number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under subtitle A.

(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

(i) the percentage which—

(I) the average monthly number of individuals who were eligible to receive transitional aid under the program operated in accordance with the State plan under subtitle A during the preceding fiscal year, and worked at least 20 hours a week in a position which was not subsidized by the State, bears to

(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under subtitle A for such preceding fiscal year, exceeds

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

(D) SPECIAL RULE FOR AREAS OF HIGH UNEMPLOYMENT.—In the case of any State (or any area of a State) which has an average monthly unemployment rate which is more than 6.5 percent (as determined by the Secretary of Labor) for the fiscal year for which the percentage described in subparagraph (C)(i) is being determined, such State may, in applying subparagraph (C)(i)(I), include individuals residing in such State (or area) who worked at least 20 hours a week in positions fully subsidized by the State.

(4) LIMITATION.—

(A) IN GENERAL.—The performance award under paragraph (1) for a State for any fiscal year shall not exceed the amount that bears the same ratio to the amount specified in clause (ii) for such fiscal year as the amount of full-time and part-time performance award employees of the State for a fiscal year bears to the amount of such employees for all States participating in the program under this subtitle for such fiscal year.

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

(i) for fiscal year 1998, $200,000,000;

(ii) for fiscal year 1999, $400,000,000; and

(iii) for fiscal year 2000 and each fiscal year thereafter, $600,000,000.

(5) AWARD BEGINNING WITH FISCAL YEAR 1998.—No amount shall be paid to a State as a performance award determined under this subsection before October 1, 1997.

(d) PAYMENTS TO INDIAN TRIBES.—The Secretary shall reserve for payment to Indian tribes and Alaska Native organizations with an application approved under section 1392(a)(1)(A) an amount equal to not more than 2 percent of the amount appropriated under subsection (a). Such amounts shall be distributed to each tribe and Alaska Native organization in an amount that bears the same ratio to the total amount reserved under this subsection as the number of the participants required to be served in the preceding fiscal year in the tribe's or Alaska Native organization's service area bears to the number of participants to be served by all tribes and Alaska Native organizations in such preceding year. In making such distributions, the Secretary shall take into account such other factors as the Secretary deems appropriate, including unique geographic, economic, demographic, and administrative conditions of individual Indian tribes and Alaska Native organizations.

SEC. 1382. PARTICIPATION RATES.

(a) PARTICIPATION RATE REQUIREMENT.—

(1) IN GENERAL.—Notwithstanding section 1381, the Secretary shall pay to a State an amount equal to 95 percent of the base payment amount determined for the State for a fiscal year if the State's participation rate determined under subsection (c) for the preceding fiscal year does not exceed or equal the following percentage:

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

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

(b) ELECTION BY THE STATE.—In lieu of the reduction described in subsection (a), a State that does not meet the participation rate requirements described in subsection (a), may elect to receive the full amount of the payments described in section 1381(a)(1) to which the State is otherwise entitled for the fiscal year if the State makes available non-Federal contributions for the fiscal year in an amount equal to not less than 5 percent of the State's non-Federal contributions for the preceding fiscal year.

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

(1) the sum of—

(A) the average monthly number of individuals in the State who have participated in work activities or work preparation activities under the WAGE program under part 2 for an average of at least 20 hours a week,

(B) the average monthly number of individuals who within the previous 6-month period have become ineligible for transitional aid under subtitle A or the WAGE program because the individuals are employed, and

(C) the average monthly number of individuals under sanctions for failing to comply with a WAGE Plan, divided by

(2) the average monthly number of families with an adult recipient, not including those who are exempt under section 1302(a)(11).

(d) DEFINITION OF WORK ACTIVITIES.—For purposes of this section, the term 'work activities' means—

(1) unsubsidized employment;

(2) subsidized private sector employment;

(3) subsidized public sector employment or work experience (including work associated with the refurbishing of publicly assisted housing) only if sufficient private sector employment is not available;

(4) on-the-job training; and

(5) microenterprise employment.

(e) TWO-YEAR LIMIT.—For purposes of subsection (c)(1)(A), an individual who has participated in the WAGE program for 2 years may not be counted in determining the State's participation rate unless such individual is engaged in a work activity.

PART 2—ESTABLISHMENT AND OPERATION OF WAGE PROGRAM

SEC. 1390. REQUIREMENT TO ESTABLISH A WAGE PROGRAM.

A State shall establish a work and gainful employment program (hereafter in this part referred to as the 'WAGE program') in accordance with section 1391.

SEC. 1391. ESTABLISHMENT AND OPERATION OF FLEXIBLE STATE PROGRAMS.

(a) PROGRAM REQUIREMENTS.—Any State with a State plan approved under subsection (c) shall establish and operate a program that meets the following requirements:

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

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

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

(4) ASSISTANCE.—The State may provide assistance to participants in the program in the following forms:

(A) State job placement services, which may include employment opportunity centers that act as one-stop placement entities through which the State makes available to each program participant services under programs carried out under one or more of the following provisions of law:

(i) Part A of title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.) (relating to the adult training program).

(ii) Part B of title II of such Act (29 U.S.C. 1630 et seq.) (relating to the summer youth employment and training programs).

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

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

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

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

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

(viii) Part B of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2741 et seq.) (relating to Even Start family literacy programs).

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

(x) Subtitle B of title VII of such Act (42 U.S.C. 11431 et seq.) (relating to education for homeless children and youth).

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

(xii) The School-to-Work Opportunities Act of 1994.

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

(xiv) The National Skill Standards Act of 1994.

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

(C) Microenterprise programs, including programs under which the State makes grants and loans to public and private organizations, agencies, and other entities (whether operated for profit or not for profit) to enable such entities to facilitate economic development by—

(i) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to business planning, financing, marketing, and other microenterprise development activities) to owners of microenterprises and persons developing microenterprises; and

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

(D) Work supplementation programs, under which the State may use part or all of the sums that would otherwise be payable to participants in the program as transitional aid under subtitle A for the purpose of providing and subsidizing jobs for such participants as an alternative to the transitional aid that would otherwise be so payable to them.

(E) Innovative JOBS programs, including programs similar to—

(i) the program known as the 'GAIN Program' that has been operated by Riverside County, California, under Federal law in effect immediately before the date this section first applies to the State of California;

(ii) the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law in effect immediately before the date this section first applies to the State of Oregon; and

(iii) the program known as 'JOBS' that has been operated by Kenosha County, Wisconsin, under Federal law in effect immediately before the date this section first applies to the State of Wisconsin.

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

(G) Education or training services.

(H) Any other service which provides individuals with the support and skills necessary to obtain and keep employment in the private sector.

For purposes of subparagraph (C), the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, one or more of whom owns the enterprise.

(5) WAGE PLAN.—The State agency shall develop a WAGE Plan in accordance with subsection (b) with each program participant.

(6) HOURS OF PARTICIPATION REQUIREMENT.—The State shall provide that each participant in the program under this section shall participate in activities in accordance with this section for at least 20 hours per week (or, at the State's option, a greater number of hours per week), including job search in cases where the individual is not employed in an unsubsidized job in the private sector.

(7) TIME LIMIT.—A State may establish a time limit of any duration for participation by an individual in the WAGE program. A State shall not terminate any participant subject to such time limit if the participant has complied with the requirements set forth in the WAGE Plan established in accordance with paragraph (5).

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

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

(10) NONCUSTODIAL PARENTS.—

(A) IN GENERAL.—The State may provide services under the program, on a voluntary or mandatory basis, to noncustodial parents of needy children who are recipients of transitional aid.

(B) PARTICIPATION RATE.—Noncustodial parents who participate in the WAGE program shall be treated as participants for purposes of determining the participation rate under section 1382.

(b) WAGE PLAN.—

(1) IN GENERAL.—On the basis of an initial assessment of the skills, prior work experience, and employability of each individual who the State requires to participate in the WAGE program, the State agency shall, together with the individual, develop a WAGE Plan, which—

(A) sets forth an employment goal for the individual and contains an individualized comprehensive plan developed by the State agency with the participant for moving the individual into the workforce;

(B) provides that the participant shall spend at least 20 hours per week (or, at the option of the State, a greater number of hours per week) in activities provided for in the WAGE Plan, including job search in cases where the individual is not employed in an unsubsidized job in the private sector;

(C) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

(D) provides that the participant shall accept any bona fide offer of unsubsidized full-time employment, unless the participant has good cause for not doing so;

(E) describes the child care and other social services and assistance which the State will provide in order to allow the individual to take full advantage of the activities under the program operated in accordance with this section;

(F) at the option of the State, provides that aid under the transitional aid program is to be paid to the participant based on the number of hours that the participant spends in activities provided for in the agreement; and

(G) at the option of the State, requires the participant to undergo appropriate substance abuse treatment.

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

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

(B) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such aid, in the case of any other individual.

(c) STATE PLANS.—

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

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

(d) ANNUAL REPORTS.—

(1) COMPLIANCE WITH PERFORMANCE MEASURES.—Each State that operates a program under this section shall submit to the Secretary annual reports that compare the achievements of the program with the performance-based measures established under subsection (e).

(2) COMPLIANCE WITH PARTICIPATION RATES.—Each State that operates a program under this section for a fiscal year shall submit to the Secretary a report on the participation rate determined under section 1382 of the State for the fiscal year.

(e) PERFORMANCE-BASED MEASURES.—The Secretary shall, by regulation, establish measures of the effectiveness of the State's program established under this section in moving recipients of transitional aid under the State plan approved under subtitle A into full-time unsubsidized employment, based on the performance of such programs.

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

(1) IN GENERAL.—If a State fails to achieve the participation rate required by section 1382(a) for the fiscal year, the Secretary may make recommendations for changes in the program. The State may elect to follow such recommendations, and shall demonstrate to the Secretary how the State will achieve the required participation rates.

(2) SECOND CONSECUTIVE FAILURE.—Notwithstanding paragraph (1), if the State has failed to achieve the participation rates required by section 1382(a) for 2 consecutive fiscal years, the Secretary may require the State to make changes in the State program established under this section.

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

(1) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits), or result in the impairment of existing contracts for services or collective bargaining agreements;

(2) the employment or assignment of a participant of the filling of a position when—

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

(B) the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with a participant subsidized under the program; or

(3) any infringement of the promotional opportunities of any currently employed individual.

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

SEC. 1392. SPECIAL PROVISIONS RELATING TO INDIAN TRIBES AND ALASKA NATIVE ORGANIZATIONS.

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

(1) IN GENERAL.—

(A) WAGE PROGRAMS.—An Indian tribe or Alaska Native organization may apply to the Secretary to conduct a WAGE program under this part. An application to conduct a WAGE program in a fiscal year shall be submitted not later than July 1 of the preceding fiscal year. Upon approval of the application, payment in the amount determined in accordance with section 1382(d) shall be made directly to the tribe or organization involved.

(B) WAIVER OF CERTAIN REQUIREMENTS.—The Secretary may waive any requirements of this part with respect to a WAGE program conducted under this part by an Indian tribe or Alaska Native organization as the Secretary determines to be appropriate.

(C) TERMINATION.—The WAGE program conducted by any Indian tribe or Alaska Native organization may be terminated voluntarily by such tribe or organization or may be terminated by the Secretary upon a finding that such program is not being conducted in substantial conformity with the terms of the application approved under subparagraph (A). If a WAGE program of an Indian tribe or Alaska Native organization is terminated, such tribe or organization shall not be eligible to submit a new application under subparagraph (A) with respect to any year before the 6th year following such termination.

(D) CONSORTIUM OF TRIBES.—An Indian tribe may enter into an agreement with other Indian tribes for the provision of WAGE program services by a tribal consortium providing for centralized administration of WAGE program services for the region served by the Indian tribes so agreeing. In the case of such an agreement, a single application under this part may be submitted by the tribal consortium and the consortium shall be entitled to receive an amount equal to the aggregate amount that all of the tribes in the consortium would have been entitled to receive if each tribe applied separately. In any case in which an application is submitted by a tribal consortium, the approval of each Indian tribe included in the consortium shall be a prerequisite to the distribution of funds to the tribal consortium.

(2) DETERMINATION OF EXEMPT INDIVIDUAL.—An application under this section shall provide that upon approval the Indian tribe or Alaska Native organization, as the case may be, will be responsible for determining whether an individual (within the service area of the tribe or organization) is exempt under section 1302(a)(11).

(b) OTHER REQUIREMENTS.—

(1) CHILD CARE.—Each Indian tribe and Alaska Native organization submitting an application under this section may also submit to the Secretary (as a part of the application) a description of the program that the tribe or organization will implement to meet the child care needs of WAGE program participants and may request funds to provide such child care. The Secretary may waive any other requirement of this part with respect to child care services as the Secretary determines inappropriate for such child care program, other than the requirement described in section 1391(a)(8).

(2) PAYMENT FOR CHILD CARE.—The Secretary shall adjust the payment for a fiscal year under section 1381(d) to reflect the cost of child care for the number of required participants in need of such care in the preceding fiscal year (and other recipients in need of such care) in the tribe's or Alaska Native organization's service area, subject to the limitation on total funding for tribes and Alaska Native organizations.

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

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

(1) TRIBAL CONSORTIUM.—The term 'tribal consortium' means any group, association, partnership, corporation, or other legal entity which is controlled, sanctioned, or chartered by the governing body of more than 1 Indian tribe.

(2) INDIAN TRIBE.—The term 'Indian tribe' means any tribe, band, nation, or other organized group or community of Indians that—

(A) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; and

(B) for which a reservation exists.

For purposes of subparagraph (B), a reservation includes Indian reservations, public domain Indian allotments, and former Indian reservations in Oklahoma.

(3) ALASKA NATIVE ORGANIZATION.—

(A) IN GENERAL.—The term 'Alaska Native organization' means any organized group of Alaska Natives eligible to operate a Federal program under Public Law 93–638 or such group's designee.

(B) BOUNDARIES.—The boundaries of an Alaska Native organization shall be those of the geographical region, established pursuant to section 7(a) of the Alaska Native Claims Settlement Act, within which the Alaska Native organization is located (without regard to the ownership of the land within the boundaries).

(C) LIMITS ON APPLICATIONS.—The Secretary may approve only one application from an Alaska Native organization for each of the 12 geographical regions established pursuant to section 7(a) of the Alaska Native Claims Settlement Act.

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

Subtitle C—Miscellaneous Provisions

SEC. 1395. DEFINITIONS.

For purposes of this title:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(2) STATE.—the term ''State'' has the meaning given such term by section 402(c)(4) of the Social Security Act.

SEC. 1396. REGULATIONS.

The Secretary shall prescribe such regulations as may be necessary to implement this title.

SEC. 1397. APPLICABILITY TO STATES.

(a) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary that the State desires to accelerate the applicability to the State of this title, this title shall apply to the State on and after such earlier date as the State may select.

(b) STATE OPTION TO DELAY APPLICABILITY UNTIL WAIVERS EXPIRE.—This title shall not apply to a State with respect to which there is in effect a waiver issued under section 1115 of the Social Security Act for the State program established under part F of title IV of such Act until the waiver expires, if the State formally notifies the Secretary that the State desires to so delay such effective date.

(c) AUTHORITY OF THE SECRETARY OF HEALTH AND HUMAN SERVICES TO DELAY APPLICABILITY TO A STATE.—If a State formally notifies the Secretary that the State desires to delay the applicability to the State of this title, this title shall apply to the State on and after any later date agreed upon by the Secretary and the State.

CONRAD AMENDMENT NO. 2530

Mr. MOYNIHAN (for Mr. CONRAD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 50, strike line 6 and all that follows through page 51, line 11, and insert the following:

''(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN ADULT-SUPERVISED SETTINGS.—

''(1) IN GENERAL.—

''(A) REQUIREMENT.—Except as provided in paragraph (2), if a State provides assistance under the State program funded under this part to an individual described in subparagraph (B), such individual may only receive assistance under the program if such individual and the child of the individual reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home.

''(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual described in this subparagraph is an individual who is—

''(i) under the age of 18; and

''(ii) not married and has a minor child in his or her care.

''(2) EXCEPTION.—

''(A) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in subparagraph (B), the State agency shall provide, or assist such individual in locating, an appropriate adult-supervised supportive living arrangement, including a second chance home, another responsible adult, or a foster home, taking into consideration the needs and concerns of the such individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that such parent and the child of such parent reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

''(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual is described in this subparagraph if the individual is described in paragraph (1)(B) and—

''(ii) such individual has no parent or legal guardian of his or her own who is living or whose whereabouts are known;

''(iii) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

''(iv) the State agency determines that the physical or emotional health of such individual or any minor child of the individual would be jeopardized if such individual and such minor child lived in the same residence with such individual's own parent or legal guardian; or

''(v) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of paragraph (1) with respect to such individual.

''(C) SECOND-CHANCE HOME.—For purposes of this paragraph, the term 'second-chance home' means an entity that provides individuals described in subparagraph (B) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

''(3) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—

''(A) IN GENERAL.—For each of fiscal years 1998 through 2002, each State that provides assistance under the State program to individuals described in paragraph (1)(B) shall be entitled to receive a grant in an amount determined under subparagraph (B) for the purpose of providing or locating adult-supervised supportive living arrangements for individuals described in paragraph (1)(B) in accordance with this subsection.

''(B) AMOUNT DETERMINED.—

''(i) IN GENERAL.—The amount determined under this subparagraph is an amount that bears the same ratio to the amount specified under clause (ii) as the amount of the State family assistance grant for the State for such fiscal year (described in section 403(a)(2)) bears to the amount appropriated for such fiscal year in accordance with section 403(a)(4)(A).

''(ii) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

''(I) for fiscal year 1998, $20,000,000;

''(II) for fiscal year 1999, $40,000,000; and

''(III) for each of fiscal years 2000, 2001, and 2002, $80,000,000.

''(C) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—There are authorized to be appropriated and there are appropriated for fiscal years 1998, 1999, and 2000 such sums as may be necessary for the purpose of paying grants

to States in accordance with the provisions of this paragraph.

''(e) REQUIREMENT THAT TEENAGE PARENTS ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—If a State provides assistance under the State program funded under this part to an individual described in subsection (d)(1)(B) who has not successfully completed a high-school education (or its equivalent) and whose minor child is at least 12 weeks of age, the State shall not provide such individual with assistance under the program (or, at the option of the State, shall provide a reduced level of such assistance) if the individual does not participate in—

''(1) educational activities directed toward the attainment of a high school diploma or its equivalent; or

''(2) an alternative educational or training program that has been approved by the State.

On page 51, strike ''(e)'' and insert ''(f)''.

CONRAD AMENDMENT NO. 2531

Mr. MOYNIHAN (for Mr. CONRAD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 31, line 23, strike ''and''.

On page 32, line 10, strike ''divided by'' and insert ''and''.

On page 32, between lines 10 and 11, insert the following:

''(V) the number of all families that became ineligible to receive assistance under the State program during the previous 6-month period as a result of section 405(b) that include an adult who is engaged in work (in accordance with subsection (c)) for the month; divided by

On page 32, strike lines 11 through 15, and insert the following:

''(ii) the sum of—

''(I) the total number of all families receiving assistance under the State program funded under this part during the month that include an adult; and

''(II) the number of all families that became ineligible to receive assistance under the State program during the previous 6-month period as a result of section 405(b) that do not include an adult who is engaged in work (in accordance with subsection (c)) for the month.

CONRAD AMENDMENT NO. 2532

Mr. MOYNIHAN (for Mr. CONRAD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. 1. SHORT TITLE; REFERENCE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Work and Gainful Employment Act''.

(b) REFERENCE.—Except as otherwise specifically provided, wherever in this Act an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

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

TITLE I—TRANSITIONAL AID PROGRAM

SEC. 101. TRANSITIONAL AID PROGRAM.

(a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part A and inserting the following:

"PART A—TRANSITIONAL AID PROGRAM

"SEC. 401. PURPOSE AND APPROPRIATION.

''(a) PURPOSE.—It is the purpose of this part to provide a program of transitional aid to families with needy children to enhance the well-being of such needy children, and to enable parents of children in such families to obtain and retain work and to become self-sufficient.

''(b) APPROPRIATIONS.—There is hereby authorized to be appropriated and are appropriated for each fiscal year such sums as may be necessary to carry out the purposes of this part. The sums made available under this subsection shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for providing a program of transitional aid.

"SEC. 402. STATE PLANS FOR, AND GENERAL REQUIREMENTS OF, TRANSITIONAL AID PROGRAM.

''(a) STATE PLANS.—A State plan for a transitional aid program shall meet the requirements of the following paragraphs:

''(1) ELECTION OF OPTIONS IN PROGRAM DESIGN.—The State plan shall describe the State's policies regarding eligibility, services, assistance amounts, and program requirements, including a description of:

''(A) The support and benefits (including benefit levels) provided to individuals eligible to participate and whether such support is in the form of wages in subsidized public or nonprofit employment or direct subsidies to employers.

''(B) The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

''(C) The State's policy for determining the extent to which child support received on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

''(D) The treatment of earnings of a child living in the home.

''(E) The State's resource limit, including a description of the policy determined by the State regarding any exclusion allowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

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

''(G) The criteria for participating in the program including requirements that a family must comply with as a condition of receiving aid, such as school attendance, participation in appropriate preemployment activities, and receipt of appropriate childhood immunizations. The plan shall specify whether the State elects to provide incentives for compliance with the requirements, sanctions for noncompliance, or a combination of incentives and sanctions that the State determines appropriate.

''(H) The sanctions imposed on individuals who fail to comply with the State's program requirements without good cause, including the amount and length of time of such sanctions, provided that if the sanction results in complete elimination of aid to the family, the State plan shall describe the procedures used to ensure the well-being of children.

''(I) Whether payment is made or denied for a child conceived during a period in which such child's parent was receiving aid under the program.

''(J) Whether the State elects to establish a time limit after which an individual must comply with continuous or additional work requirements under part F as a condition for receiving aid under the State plan approved under this part.

''(2) PARENTAL RESPONSIBILITY AGREEMENTS AND WAGE PLANS.—

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

''(i) a Parental Responsibility Agreement in accordance with subparagraph (B), or

''(ii) a Parental Responsibility Agreement in accordance with subparagraph (B) and a Wage Plan in accordance with section 491(b) if such parent or caretaker relative is required to participate in the WAGE program.

''(B) DESCRIPTION OF PARENTAL RESPONSIBILITY AGREEMENT.—A Parental Responsibility Agreement is a statement signed by the applicant for aid that—

''(i) specifies that the transitional aid program is a privilege,

''(ii) the transitional aid program is a transitional program to move recipients into work and self-sufficiency, and

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

''(3) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State. If such plan is not administered uniformly throughout the State, the plan shall describe the variations.

''(4) GENERAL ELIGIBILITY REQUIREMENT.—

''(A) IN GENERAL.—The State plan shall ensure that transitional aid is provided to all families with needy children and that such aid is furnished with reasonable promptness to individuals found eligible under the State plan. In providing such assistance, States will take into account the income and needs of a parent of a needy child if the parent is living in the same home as the child.

''(B) NEEDY CHILD.—For purposes of subparagraph (A), a needy child shall be determined by the State, but shall be a child who—

''(i) is under the age of 18, or

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

''(C) PREGNANT WOMAN.—At the option of the State, the State may provide transitional aid to an individual who does not have a needy child if such individual is pregnant, and such transitional aid is provided—

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

''(ii) not more than 3 months before and after the date the woman's child is expected to be born.

''(D) PERSONS OTHER THAN PARENTS.—For purposes of this paragraph, a State may provide that the following individuals shall constitute a family with a needy child if such individuals are living in the same home as the child:

''(i) Any relative or legal guardian of the child.

''(ii) Any person who participates in the Food Stamp program with the child.

''(iii) Any other person who provides—

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

''(II) child care to enable a caretaker relative to work outside the home or to participate in the WAGE program.

''(5) CHILD CARE SERVICES.—The State plan shall provide that no individual shall be sanctioned for failure to comply with the State's WAGE program requirements if such individual needs child care assistance in order to participate, and the State fails to provide such assistance.

''(6) VERIFICATION SYSTEM.—The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137, unless the State has established an alternative system under section 411 to prevent fraud and abuse.

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

''(A) a citizen or national of the United States, or

''(B) a qualified alien (as defined in section 1101(a)(10)), provided that such alien is not disqualified from receiving aid under this part by reason of section 210(f) or 245A(h) of the Immigration and Nationality Act (8 U.S.C. 1160(f) or 1255a(h)) or any other provision of law.

''(8) DETECTION OF FRAUD.—

''(A) IN GENERAL.—The State plan shall provide (in accordance with regulations issued by the Secretary) for appropriate measures to detect fraudulent applications for transitional aid to families with needy children before establishing eligibility for such aid.

''(B) DESCRIPTION OF FRAUD CONTROL PROGRAM.—If the State has elected to establish and operate a fraud control program under section 411, the State shall submit to the

Secretary (with such revisions as may from time to time be necessary) a description of such program and will operate such program in full compliance with such section 411.

''(9) PARTICIPATION IN CHILD SUPPORT ENFORCEMENT.—The State plan shall provide—

''(A) that the State has in effect a plan approved under part D and operates a child support enforcement program in substantial compliance with such plan, and

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

''(i) to assign the State any rights to support from any other person such applicant may have in such applicant's own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid; and

''(ii) to cooperate with the State—

''(I) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and

''(II) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed;

''(C) that the State agency will immediately refer each applicant requiring paternity establishment, award establishment, or child support enforcement services to the State agency administering the program under part D;

''(D) that an individual shall be required to cooperate with the State, as provided under subparagraph (B), unless the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf aid is claimed to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(26);

''(E) that—

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

''(I) has furnished to the agency administering the State plan under part D the information specified in section 454(26)(E); or

''(II) has been determined by such agency to have good cause not to cooperate; and

''(ii) that the provisions of clause (i) shall not apply—

''(I) if the agency specified in clause (i) has not within 10 days after such individual was referred to such agency, provided the notification required by section 454(26)(D)(iii), until such notification is received; and

''(II) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing; and

''(F) that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of subparagraph (B), the State may authorize protective payments as provided for in section 405.

''(10) AUTOMATED DATA PROCESSING SYSTEM.—The State plan may, at the option of the State, provide for the establishment and operation, in accordance with an (initial and annually updated) advance automated data processing planning document approved under subsection (c) of an automated statewide management information system designed effectively and efficiently, to assist management in the administration of the State plan for transitional aid to families with needy children approved under this part, so as—

''(A) to control and account for—

''(i) all the factors in the total eligibility determination process under such plan for aid (including but not limited to (I) identifiable correlation factors (such as social security numbers, names, dates of birth, home addresses, and mailing addresses (including postal ZIP codes) of all applicants and recipients of such aid and the relative with whom any child who is such an applicant or recipient is living) to assure sufficient compatibility among the systems of different jurisdictions to permit periodic screening to determine whether an individual is or has been receiving benefits from more than one jurisdiction, (II) checking records of applicants and recipients of such aid on a periodic basis with other agencies, both intra- and inter-State, for determination and verification of eligibility and payment pursuant to requirements imposed by other provisions of this title),

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

''(B) to notify the appropriate officials of child support, food stamp, social service, and medical assistance programs approved under title XIX whenever the recipient becomes ineligible or the amount of aid or services is changed; and

''(C) to provide for security against unauthorized access to, or use of, the data in such system.

''(11) PARTICIPATION IN WAGE.—The State plan shall provide—

''(A) that the State operate a WAGE program in accordance with part F, and

''(B) a description of individuals required to participate in the WAGE program in the State; such individuals may not include the following:

''(i) Parents of children under 12 weeks of age or, at the State's option, up to 1 year.

''(ii) Individuals who are ill or incapacitated, as defined by the State.

''(iii) Individuals who are needed in the home on a full-time basis to care for a disabled child or other household member.

''(iv) Individuals who are over 60 years of age.

''(v) Individuals under age 16 other than teenage parents.

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

''(A) report to an appropriate agency or official, known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving aid under this part under circumstances which indicate that the child's health or welfare is threatened thereby; and

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

''(b) APPROVAL OF STATE PLANS.—

''(1) IN GENERAL.—Not later than 60 days after the date a State submits to the Secretary a plan that provides for the establishment and operation of a program or an amendment to such plan that meets the requirements of subsection (a), the Secretary shall approve the plan.

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

''(c) APPROVAL OF AUTOMATIC DATA PROCESSING PLANNING DOCUMENT; REVIEW OF MANAGEMENT INFORMATION SYSTEMS; FAILURE TO COMPLY; REDUCTION OF PAYMENTS.—

''(1) APPROVAL OF AUTOMATED DATA PROCESSING PLANNING DOCUMENT.—The Secretary shall not approve the initial and annually updated advance automated data processing planning document, referred to in paragraph (2), unless the Secretary finds that such document, when implemented, will generally carry out the objectives of the statewide management system referred to in such paragraph, and such document—

''(A) provides for the conduct of, and reflects the results of, requirements analysis studies, which include consideration of the program mission, functions, organization, services, constraints, and current support, of, in, or relating to, such system,

''(B) contains a description of the proposed statewide management system, including a description of information flows, input data, and output reports and uses,

''(C) sets forth the security and interface requirements to be employed in such statewide management system,

''(D) describes the projected resource requirements for staff and other needs, and the resources available or expected to be available to meet such requirements,

''(E) includes cost-benefit analyses of each alternative management system, data processing services and equipment, and a cost allocation plan containing the basis for rates, both direct and indirect, to be in effect under such statewide management system,

''(F) contains an implementation plan with charts of development events, testing descriptions, proposed acceptance criteria, and backup and fallback procedures to handle possible failure of contingencies, and

''(G) contains a summary of proposed improvements of such statewide management system in terms of qualitative and quantitative benefits.

''(2) SECRETARIAL REVIEW.—

''(A) IN GENERAL.—The Secretary shall, on a continuing basis, review, assess, and inspect the planning, design, and operation of, statewide management information systems referred to in section 403(a)(2), with a view to determining whether, and to what extent, such systems meet and continue to meet requirements imposed under such section and the conditions specified under paragraph (10) of subsection (a).

''(B) SUSPENSION OF APPROVAL.—If the Secretary finds with respect to any statewide management information system referred to in section 403(a)(2) that there is a failure substantially to comply with criteria, requirements, and other undertakings, prescribed by the advance automated data processing planning document previously approved by the Secretary with respect to such system, then the Secretary shall suspend his approval of such document until there is no longer any such failure of such system to comply with such criteria, requirements, and other undertakings so prescribed.

''(C) REDUCTION OF PAYMENTS UNDER SECTION 403.—If the Secretary determines that such a system has not been implemented by the State by the date specified for implementation in the State's advance automated data processing planning document, then the Secretary shall reduce payments to such State, in accordance with section 403(b), in an amount equal to 40 percent of the expenditures referred to in section 403(a)(2) with respect to which payments were made to the State under section 403(a)(2). The Secretary may extend the deadline for implementation if the State demonstrates to the satisfaction of the Secretary that the State cannot implement such system by the date specified in such planning document due to circumstances beyond the State's control.

''(d) TEMPORARY DISQUALIFICATION OF CERTAIN NEWLY LEGALIZED ALIENS.—For temporary disqualification of certain newly legalized aliens from receiving transitional aid to families with needy children, see subsection (h) of section 245A of the Immigration and Nationality Act (8 U.S.C. 1255a), subsection (f) of section 210 of such Act (8 U.S.C. 1160), and subsection (d)(7) of section 210A of such Act (8 U.S.C. 1161).

''(e) IMPACT ON MEDICAID BENEFITS OF NONCOMPLIANCE WITH CERTAIN TAP AND WAGE REQUIREMENTS.—If a family becomes ineligible to receive transitional aid under the State transitional aid program because an individual in such family fails to comply with the requirements of this part—

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

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

''SEC. 403. PAYMENTS TO STATES.

''(a) COMPUTATION OF AMOUNTS.—From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for a transitional aid program, for each quarter, beginning with the quarter commencing October 1, 1995, an amount equal to—

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

''(2) 50 percent of so much of the sums expended during such quarter as are attributable to the planning, design, development, or installation of such statewide mechanized claims processing and information retrieval systems as—

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

''(B) the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of State plans approved under title XIX, and State programs with respect to which there is Federal financial participation under title XX.

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

''(1) ESTIMATES.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a) of this section, such estimate to be based on—

''(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived,

''(B) records showing the number of needy children in the State, and

''(C) such other information as the Secretary may find necessary.

''(2) ADJUSTMENTS FOR PRIOR QUARTERS.—The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services—

''(A) reduced or increased, as the case may be, by any sum by which the Secretary finds that the Secretary's estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter,

''(B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to transitional aid to families with needy children furnished under the State plan, and

''(C) reduced by such amount as is necessary to provide the 'appropriate reimbursement of the Federal Government' that the State is required to make under section 457 out of that portion of child support collections retained by the State pursuant to such section,

except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

''(3) PAYMENT OF THE AMOUNT CERTIFIED.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

''(c) UNIFORM REPORTING REQUIREMENTS.—In order to assist in obtaining the information needed to carry out subsection (b)(1) and otherwise to perform the Secretary's duties under this part, the Secretary shall establish uniform reporting requirements under which each State will be required to furnish data regarding—

''(1) the monthly number of families assisted under this part;

''(2) the types of such families;

''(3) the monthly number of children assisted under this part;

''(4) the amounts expended to serve such families and children;

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

''(6) the number of families and children receiving child care assistance;

''(7) the number of families receiving transitional medicaid assistance; and

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

''(d) BONUS AMOUNT.—

''(1) IN GENERAL.—For fiscal year 1997 and each fiscal year thereafter, a State operating a transitional aid program under part A in the preceding fiscal year meeting the requirements of paragraph (2) shall receive a bonus amount equal to 10 percent of the base payment amount determined for such State under section 481(b).

''(2) REQUIREMENTS.—A transitional aid program meets the requirements of this paragraph if the program—

''(A) provides for disregards of earned income for families receiving transitional aid to ensure that a family in which a family member worked part-time in a minimum wage job did not have a lower monthly income after calculation of reasonable work-related expenses than a family of the same size in which a family member did not work;

''(B) provides that calculation of the level of transitional aid under the program for a family is based only on the needs of needy children and the caretaker relatives of such children; and

''(C) provides for equal treatment of one-parent and two-parent families.

''SEC. 404. DEVIATION FROM PLAN.

''(a) STOPPAGE OF PAYMENTS.—In the case of any State plan for transitional aid to families with needy children which has been approved by the Secretary, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 402(a) to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

''(b) MISUSE OF FUNDS.—In any case in which the Secretary finds that a State has misappropriated or misused funds appropriated pursuant to section 403, the Secretary shall reduce the payment to which the State would otherwise be entitled under this part for the fiscal year following the fiscal year in which such finding is made by an amount equal to two times the amount of funds found to be misused or misappropriated.

''SEC. 405. USE OF PAYMENTS FOR BENEFIT OF CHILDREN.

''Whenever the State agency has reason to believe that any payments of transitional aid to families with needy children made with respect to a child are not being or may not be used in the best interests of the child, the State agency may provide for such counseling and guidance services with respect to the use of such payments and the management of other funds by the relative receiving such payments as it deems advisable in order to assure use of such payments in the best interests of such child, and may provide for advising such relative that continued failure to so use such payments will result in substitution therefor of such protective payments as the State may authorize, or in seeking appointment of a guardian or legal representative as provided in section 1111, or in the imposition of criminal or civil penalties authorized under State law if it is determined by a court of competent jurisdiction that such relative is not using or has not used for the benefit of the child any such payments made for that purpose; and the provision of such services or advice by the State agency (or the taking of the action specified in such advice) shall not serve as a basis for withholding funds from such State under section 404 and shall not prevent such payments with respect to such child from being considered transitional aid to families with needy children.

''SEC. 406. SPECIAL RULE.

''Each needy child, and each relative with whom such a child is living (including the spouse of such relative), who becomes ineligible for transitional aid to families with needy children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title, and who has received such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of transitional aid to families with needy children for purposes of title XIX for an additional 4 calendar months beginning with the month in which such ineligibility begins.

''SEC. 407. PERFORMANCE MEASUREMENT SYSTEM.

''(a) IN GENERAL.—Not later than July 1, 1996, the Secretary, in consultation with the States, shall submit recommendations to Congress to streamline the system for monitoring the accuracy of payments made for transitional aid to families with needy children and for transforming the transitional aid program into a system that measures a

State's performance in moving recipients of such aid into permanent employment.

''(b) DETAILS OF RECOMMENDATIONS.—The recommendations required by subsection (a) shall—

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

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

''(3) integrate the performance measurements under the WAGE program and any other applicable performance measurements that are designed to measure the effectiveness of States in promoting work.

''SEC. 408. EXCLUSION FROM TRANSITIONAL AID PROGRAM UNIT OF INDIVIDUALS FOR WHOM CERTAIN PAYMENTS ARE MADE.

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

''(1) a child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E of this title or under State or local law, or a child or parent receiving benefits under title XVI of this Act, shall not, for the period for which such payments are made, be regarded as a member of a family for purposes of determining the amount of benefits of the family under this part; and

''(2) the income and resources of such child or parent shall be excluded from the income and resources of a family under this part.

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

''SEC. 409. TECHNICAL ASSISTANCE FOR DEVELOPING MANAGEMENT INFORMATION SYSTEMS.

''The Secretary shall provide such technical assistance to States as the Secretary determines necessary to assist States to plan, design, develop, or install and provide for the security of, the management information systems referred to in section 403(a)(2).

''SEC. 410. ATTRIBUTION OF INCOME AND RESOURCES OF SPONSOR AND SPOUSE TO ALIEN.

''(a) APPLICABILITY; TIME PERIOD.—For purposes of determining eligibility for and the amount of benefits under a State plan approved under this part for an individual who is a qualified alien described in section 402(a)(7), the income and resources of any person who (as a sponsor of such individual's entry into the United States) executed an affidavit of support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse, shall be deemed to be the unearned income and resources of such individual (in accordance with subsections (b) and (c) of this section) for a period determined under section 802 of the Work and Gainful Employment Act, except that this section is not applicable if such individual is a needy child and such sponsor (or such sponsor's spouse) is the parent of such child.

''(b) COMPUTATION.—

''(1) AMOUNT DEEMED UNEARNED INCOME.—The amount of income of a sponsor (and his spouse) which shall be deemed to be the unearned income of a qualified alien for any month shall be determined as follows:

''(A) The total amount of earned and unearned income of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined for such month.

''(B) The amount determined under subparagraph (A) shall be reduced by an amount equal to the sum of—

''(i) the lesser of—

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

''(II) $175;

''(ii) the cash needs standard established by the State under its plan for a family of the same size and composition as the sponsor and those other individuals living in the same household as the sponsor who are claimed by him as dependents for purposes of determining his Federal personal income tax liability but whose needs are not taken into account by the State for the purpose of determining eligibility for transitional aid under this part;

''(iii) any amounts paid by the sponsor (or his spouse) to individuals not living in such household who are claimed by him as dependents for purposes of determining his Federal personal income tax liability; and

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

''(2) AMOUNT DEEMED RESOURCES.—The amount of resources of a sponsor (and his spouse) which shall be deemed to be the resources of a qualified alien for any month shall be determined as follows:

''(A) The total amount of the resources (determined as if the sponsor were applying for aid under the State plan approved under this part) of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined.

''(B) The amount determined under subparagraph (A) shall be reduced by $1,500.

''(c) PROVISION OF INFORMATION BY ALIEN CONCERNING THE ALIEN'S SPONSOR; RECEIPT OF INFORMATION FROM DEPARTMENTS OF STATE AND JUSTICE.—

''(1) INFORMATION REQUIRED.—Any individual who is an alien and whose sponsor was a public or private agency shall be ineligible for aid under a State plan approved under this part during the period determined under section 802 of the Work and Gainful Employment Act, unless the State agency administering such plan determines that such sponsor either no longer exists or has become unable to meet such individual's needs; and such determination shall be made by the State agency based upon such criteria as it may specify in the State plan, and upon such documentary evidence as it may therein require. Any such individual, and any other individual who is a qualified alien (as a condition of his or her eligibility for aid under a State plan approved under this part during the period determined under section 802 of the Work and Gainful Employment Act, shall be required to provide to the State agency administering such plan such information and documentation with respect to his sponsor as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from such sponsor necessary for any such determination. Such alien shall also be required to provide to the State agency such information and documentation as it may request and which such alien or his sponsor provided in support of such alien's immigration application.

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

''(d) JOINT AND SEVERAL LIABILITY OF ALIEN AND SPONSOR FOR OVERPAYMENT OF AID DURING SPECIFIED PERIOD FOLLOWING ENTRY.—Any sponsor of a qualified alien, and such alien, shall be jointly and severally liable for an amount equal to any overpayment of aid under the State plan made to such alien during the period determined under section 802 of the Work and Gainful Employment Act, on account of such sponsor's failure to provide correct information under the provisions of this section, except where such sponsor was without fault, or where good cause of such failure existed. Any such overpayment which is not repaid to the State or recovered in accordance with the procedures generally applicable under the State plan to the recoupment of overpayments shall be withheld from any subsequent payment to which such alien or such sponsor is entitled under any provision of this Act.

''(e) DIVISION OF INCOME AND RESOURCES OF INDIVIDUAL SPONSORING TWO OR MORE ALIENS LIVING IN SAME HOME.—

''(1) IN GENERAL.—In any case where a person is the sponsor of two or more alien individuals who are living in the same home, the income and resources of such sponsor (and his spouse), to the extent they would be deemed the income and resources of any one of such individuals under the preceding provisions of this section, shall be divided into two or more equal shares (the number of shares being the same as the number of such alien individuals) and the income and resources of each such individual shall be deemed to include one such share.

''(2) DEEMED INCOME AND RESOURCES.—Income and resources of a sponsor (and his spouse) which are deemed under this section to be the income and resources of any alien individual in a family shall not be considered in determining the need of other family members except to the extent such income or resources are actually available to such other members.

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

''(1) admitted to the United States as a result of the application, prior to April 1, 1980, of the provisions of section 203(a)(7) of the Immigration and Nationality Act (8 U.S.C. 1153(a)(7));

''(2) admitted to the United States as a result of the application, after March 31, 1980, of the provisions of section 207(c) of such Act;

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

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

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

''SEC. 411. FRAUD CONTROL.

''(a) ELECTION FOR FRAUD CONTROL PROGRAM.—Any State, in the administration of its State plan approved under section 402, may elect to establish and operate a fraud control program in accordance with this section.

''(b) PENALTY FOR FALSE OR MISLEADING STATEMENT OR MISREPRESENTATION OF

FACT.—Under any such program, if an individual who is a member of a family applying for or receiving aid under the State plan approved under section 402 is found by a Federal or State court or pursuant to an administrative hearing meeting requirements determined in regulations of the Secretary, on the basis of a plea of guilty or nolo contendere or otherwise, to have intentionally—

''(1) made a false or misleading statement or misrepresented, concealed, or withheld facts, or

''(2) committed any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity, for the purpose of establishing or maintaining the family's eligibility for aid under such State plan or of increasing (or preventing a reduction in) the amount of such aid, then the needs of such individual shall not be taken into account by the State in determining eligibility for transitional aid under this part with respect to his or her family—

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

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

''(C) permanently upon the third or a subsequent occasion of any such offense.

''(c) PROCEEDINGS AGAINST VIOLATORS BY STATE AGENCY.—The State agency involved shall proceed against any individual alleged to have committed an offense described in subsection (b) either by way of administrative hearing or by referring the matter to the appropriate authorities for civil or criminal action in a court of law. The State agency shall coordinate its actions under this section with any corresponding actions being taken under the food stamp program in any case where the factual issues involved arise from the same or related circumstances.

''(d) DURATION OF PERIOD OF SANCTIONS; REVIEW.—Any period for which sanctions are imposed under subsection (b) shall remain in effect, without possibility of administrative stay, unless and until the finding upon which the sanctions were imposed is subsequently reversed by a court of appropriate jurisdiction; but in no event shall the duration of the period for which such sanctions are imposed be subject to review.

''(e) ADDITIONAL SANCTIONS PROVIDED BY LAW.—The sanctions provided under subsection (b) shall be in addition to, and not in substitution for, any other sanctions which may be provided for by law with respect to the offenses involved.

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

''SEC. 412. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

''The programs under this part, part D, and part F of this title shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.''.

(b) TRANSITION FROM AFDC TO TRANSITIONAL AID PROGRAM.—In the case of any individual who is an applicant for or recipient of aid to families with dependent children under part A of title IV of the Social Security Act, as in effect on the day before the effective date of this title, the State may, at the State's option, provide that—

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

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

TITLE II—WORK AND GAINFUL EMPLOYMENT (WAGE) PROGRAM

SEC. 201. WAGE PROGRAM.

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

''PART F—WAGE PROGRAM

''SEC. 480. PURPOSE.

''It is the purpose of this part to provide States with flexibility to design programs to ensure that needy families with children obtain employment and avoid long-term welfare dependence.

''Subpart 1—Block Grant

''SEC. 481. BLOCK GRANT.

''(a) BLOCK GRANT AMOUNT.—Subject to section 482, each State that operates a WAGE program in accordance with subpart 2 shall be entitled to receive for each fiscal year a block grant amount equal to—

''(1) the base payment amount determined under subsection (b) and the additional amount described in subsection (b)(3); plus

''(2) the performance award amount (if any) determined under subsection (c).

''(b) BASE PAYMENT AMOUNT.—

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

''(A) for fiscal year 1996, an amount equal to the base amount determined under paragraph (2); and

''(B) for fiscal year 1997 and each subsequent fiscal year, an amount equal to 103 percent of the base payment amount determined under this subsection for the prior fiscal year.

''(2) BASE AMOUNT.—The base amount determined under this paragraph with respect to each State is an amount equal to the greater of—

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

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

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

''(iii) under section 403(a)(5) (relating to emergency assistance); or

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

''(3) ADDITIONAL PAYMENTS.—

''(A) IN GENERAL.—In addition to the amounts specified in paragraph (2), each State shall be entitled to receive an amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the average monthly number of families with needy children receiving transitional aid in the State in the preceding fiscal year bears to the average monthly number of such families in all the States for such preceding year.

''(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

''(i) for fiscal year 1996, $1,200,000,000;

''(ii) for fiscal year 1997, $1,700,000,000;

''(iii) for fiscal year 1998, $2,100,000,000;

''(iv) for fiscal year 1999, $2,700,000,000; and

''(v) for fiscal year 2000, $3,200,000,000.

''(c) PERFORMANCE AWARD.—

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

''(A) the full-time employment savings of the State, plus

''(B) the part-time employment savings of the State.

''(2) FULL-TIME EMPLOYMENT SAVINGS.—For purposes of this subsection—

''(A) IN GENERAL.—The full-time employment savings of a State for any fiscal year is an amount equal to the product of—

''(i) the total number of full-time performance award employees, and

''(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid paid to individuals in accordance with the State plan under part A for the preceding fiscal year.

''(B) FULL-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'full-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average monthly number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under part A.

''(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

''(i) the percentage which—

''(I) the average monthly number of individuals who became ineligible during the preceding fiscal year to receive transitional aid under the program operated in accordance with the State plan under part A by reason of earnings from employment, bears to

''(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under part A for such preceding fiscal year, exceeds

''(ii) the percentage determined under clause (i) for fiscal year 1996.

''(D) SPECIAL RULE FOR SHORT-TERM EMPLOYEES.—An individual shall not be taken into account under subclause (I) of subparagraph (C)(i) unless the employment described in such subclause has continued for 6 consecutive months. If an individual is not taken into account for a fiscal year by reason of this subparagraph, such individual shall be taken into account in the following fiscal year if such 6-month period ends in such following fiscal year.

''(3) PART-TIME EMPLOYMENT SAVINGS.—For purposes of this subsection—

''(A) IN GENERAL.—The part-time employment savings of a State for any fiscal year is an amount equal to the product of—

''(i) the total number of part-time performance award employees, and

''(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid (weighted for family size) which would otherwise be paid to individuals described in subparagraph (C)(i)(I) in accordance with the State plan under part A for the preceding fiscal year but for the fact the individual worked at least 20 hours per week.

''(B) PART-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'part-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average monthly number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under part A.

''(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

''(i) the percentage which—

''(I) the average monthly number of individuals who were eligible to receive transitional aid under the program operated in accordance with the State plan under part A during the preceding fiscal year, and worked at least 20 hours a week in a position which was not subsidized by the State, bears to

''(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under part A for such preceding fiscal year, exceeds

''(ii) the percentage determined under clause (i) for fiscal year 1996.

''(D) SPECIAL RULE FOR AREAS OF HIGH UNEMPLOYMENT.—In the case of any State (or any area of a State) which has an average monthly unemployment rate which is more than 6.5 percent (as determined by the Secretary of Labor) for the fiscal year for which the percentage described in subparagraph (C)(i) is being determined, such State may, in applying subparagraph (C)(i)(I), include individuals residing in such State (or area) who worked at least 20 hours a week in positions fully subsidized by the State.

''(4) LIMITATION.—

''(A) IN GENERAL.—The performance award under paragraph (1) for a State for any fiscal year shall not exceed the amount that bears the same ratio to the amount specified in clause (ii) for such fiscal year as the amount of full-time and part-time performance award employees of the State for a fiscal year bears to the amount of such employees for all States for such fiscal year.

''(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

''(i) for fiscal year 1998, $200,000,000;

''(ii) for fiscal year 1999, $400,000,000; and

''(iii) for fiscal year 2000 and each fiscal year thereafter, $600,000,000.

''(5) AWARD BEGINNING WITH FISCAL YEAR 1998.—No amount shall be paid to a State as a performance award determined under this subsection before October 1, 1997.

''(d) PAYMENTS TO INDIAN TRIBES.—The Secretary shall reserve for payment to Indian tribes and Alaska Native organizations with an application approved under section 492(a)(1)(A) an amount equal to not more than 2 percent of the amount appropriated under subsection (a). Such amounts shall be distributed to each tribe and Alaska Native organization in an amount that bears the same ratio to the total amount reserved under this subsection as the number of the participants required to be served in the preceding fiscal year in the tribe's or Alaska Native organization's service area bears to the number of participants to be served by all tribes and Alaska Native organizations in such preceding year. In making such distributions, the Secretary shall take into account such other factors as the Secretary deems appropriate, including unique geographic, economic, demographic, and administrative conditions of individual Indian tribes and Alaska Native organizations.

''SEC. 482. PARTICIPATION RATES.

''(a) PARTICIPATION RATE REQUIREMENT.—

''(1) IN GENERAL.—Notwithstanding section 481, the Secretary shall pay to a State an amount equal to 95 percent of the base payment amount determined for the State for a fiscal year if the State's participation rate determined under subsection (c) for the preceding fiscal year does not exceed or equal the following percentage:

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

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

''(b) ELECTION BY THE STATE.—In lieu of the reduction described in subsection (a), a State that does not meet the participation rate requirements described in subsection (a), may elect to receive the full amount of the payments described in section 481(a)(1) to which the State is otherwise entitled for the fiscal year if the State makes available non-Federal contributions for the fiscal year in an amount equal to not less than 5 percent of the State's non-Federal contributions for the preceding fiscal year.

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

''(1) the sum of—

''(A) the average monthly number of individuals in the State who have participated in work activities or work preparation activities under the WAGE program under subpart 2 for an average of at least 20 hours a week,

''(B) the average monthly number of individuals who within the previous 6-month period have become ineligible for transitional aid under part A or the WAGE program because the individuals are employed, and

''(C) the average monthly number of individuals under sanctions for failing to comply with a WAGE Plan, divided by

''(2) the average monthly number of families with an adult recipient, not including those who are exempt under section 402(a)(11).

''(d) DEFINITION OF WORK ACTIVITIES.—For purposes of this section, the term 'work activities' means—

''(1) unsubsidized employment;

''(2) subsidized private sector employment;

''(3) subsidized public sector employment or work experience (including work associated with the refurbishing of publicly assisted housing) only if sufficient private sector employment is not available;

''(4) on-the-job training; and

''(5) microenterprise employment.

''(e) TWO-YEAR LIMIT.—For purposes of subsection (c)(1)(A), an individual who has participated in the WAGE program for 2 years may not be counted in determining the State's participation rate unless such individual is engaged in a work activity.

''Subpart 2—Establishment and Operation of WAGE Program

''SEC. 490. REQUIREMENT TO ESTABLISH A WAGE PROGRAM.

''A State shall establish a work and gainful employment program (hereafter in this part referred to as the 'WAGE program') in accordance with section 491.

''SEC. 491. ESTABLISHMENT AND OPERATION OF FLEXIBLE STATE PROGRAMS.

''(a) PROGRAM REQUIREMENTS.—Any State with a State plan approved under subsection (c) shall establish and operate a program that meets the following requirements:

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

''(2) METHODS OF OBTAINING OBJECTIVE.—The objective of the program under paragraph (1) shall be achieved by connecting recipients of transitional aid with the private sector labor market as soon as possible and offering them the support and skills necessary to remain in the labor market. Each component of the program should seek to attain the objective by emphasizing employment and conveying an understanding that minimum wage jobs are a stepping stone to more highly paid employment. The program is intended to provide recipients with job search and placement, education, training, wage supplementation, temporary subsidized jobs, or such other services as the State deems necessary to help a recipient obtain private sector employment.

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

''(4) ASSISTANCE.—The State may provide assistance to participants in the program in the following forms:

''(A) State job placement services, which may include employment opportunity centers that act as one-stop placement entities through which the State makes available to each program participant services under programs carried out under one or more of the following provisions of law:

''(i) Part A of title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.) (relating to the adult training program).

''(ii) Part B of title II of such Act (29 U.S.C. 1630 et seq.) (relating to the summer youth employment and training programs).

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

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

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

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

''(vii) The Adult Education Act (20 U.S.C. 1201 et seq.).

''(viii) Part B of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2741 et seq.) (relating to Even Start family literacy programs).

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

''(x) Subtitle B of title VII of such Act (42 U.S.C. 11431 et seq.) (relating to education for homeless children and youth).

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

''(xii) The School-to-Work Opportunities Act of 1994.

''(xiii) The National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.).

''(xiv) The National Skill Standards Act of 1994.

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

''(C) Microenterprise programs, including programs under which the State makes grants and loans to public and private organizations, agencies, and other entities (whether operated for profit or not for profit) to enable such entities to facilitate economic development by—

''(i) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to

business planning, financing, marketing, and other microenterprise development activities) to owners of microenterprises and persons developing microenterprises; and

''(ii) providing general support (such as peer support and self-esteem programs) to owners of microenterprises and persons developing microenterprises.

''(D) Work supplementation programs, under which the State may use part or all of the sums that would otherwise be payable to participants in the program as transitional aid under part A for the purpose of providing and subsidizing jobs for such participants as an alternative to the transitional aid that would otherwise be so payable to them.

''(E) Innovative JOBS programs, including programs similar to—

''(i) the program known as the 'GAIN Program' that has been operated by Riverside County, California, under Federal law in effect immediately before the date this section first applies to the State of California;

''(ii) the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law in effect immediately before the date this section first applies to the State of Oregon; and

''(iii) the program known as 'JOBS' that has been operated by Kenosha County, Wisconsin, under Federal law in effect immediately before the date this section first applies to the State of Wisconsin.

''(F) Temporary subsidized job creation, which may include workfare programs.

''(G) Education or training services.

''(H) Any other service which provides individuals with the support and skills necessary to obtain and keep employment in the private sector.

For purposes of subparagraph (C), the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, one or more of whom owns the enterprise.

''(5) WAGE PLAN.—The State agency shall develop a WAGE Plan in accordance with subsection (b) with each program participant.

''(6) HOURS OF PARTICIPATION REQUIREMENT.—The State shall provide that each participant in the program under this section shall participate in activities in accordance with this section for at least 20 hours per week (or, at the State's option, a greater number of hours per week), including job search in cases where the individual is not employed in an unsubsidized job in the private sector.

''(7) TIME LIMIT.—A State may establish a time limit of any duration for participation by an individual in the WAGE program. A State shall not terminate any participant subject to such time limit if the participant has complied with the requirements set forth in the WAGE Plan established in accordance with paragraph (5).

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

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

''(10) NONCUSTODIAL PARENTS.—

''(A) IN GENERAL.—The State may provide services under the program, on a voluntary or mandatory basis, to noncustodial parents of needy children who are recipients of transitional aid.

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

''(b) WAGE PLAN.—

''(1) IN GENERAL.—On the basis of an initial assessment of the skills, prior work experience, and employability of each individual who the State requires to participate in the WAGE program, the State agency shall, together with the individual, develop a WAGE Plan, which—

''(A) sets forth an employment goal for the individual and contains an individualized comprehensive plan developed by the State agency with the participant for moving the individual into the workforce;

''(B) provides that the participant shall spend at least 20 hours per week (or, at the option of the State, a greater number of hours per week) in activities provided for in the WAGE Plan, including job search in cases where the individual is not employed in an unsubsidized job in the private sector;

''(C) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

''(D) provides that the participant shall accept any bona fide offer of unsubsidized full-time employment, unless the participant has good cause for not doing so;

''(E) describes the child care and other social services and assistance which the State will provide in order to allow the individual to take full advantage of the activities under the program operated in accordance with this section;

''(F) at the option of the State, provides that aid under the transitional aid program is to be paid to the participant based on the number of hours that the participant spends in activities provided for in the agreement; and

''(G) at the option of the State, requires the participant to undergo appropriate substance abuse treatment.

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

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

''(B) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such aid, in the case of any other individual.

''(c) STATE PLANS.—

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

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

''(d) ANNUAL REPORTS.—

''(1) COMPLIANCE WITH PERFORMANCE MEASURES.—Each State that operates a program under this section shall submit to the Secretary annual reports that compare the achievements of the program with the performance-based measures established under subsection (e).

''(2) COMPLIANCE WITH PARTICIPATION RATES.—Each State that operates a program under this section for a fiscal year shall submit to the Secretary a report on the participation rate determined under section 482 of the State for the fiscal year.

''(e) PERFORMANCE-BASED MEASURES.—The Secretary shall, by regulation, establish measures of the effectiveness of the State's program established under this section in moving recipients of transitional aid under the State plan approved under part A into full-time unsubsidized employment, based on the performance of such programs.

''(f) EFFECT OF FAILURE TO MEET PARTICIPATION RATES.—

''(1) IN GENERAL.—If a State fails to achieve the participation rate required by section 482(a) for the fiscal year, the Secretary may make recommendations for changes in the program. The State may elect to follow such recommendations, and shall demonstrate to the Secretary how the State will achieve the required participation rates.

''(2) SECOND CONSECUTIVE FAILURE.—Notwithstanding paragraph (1), if the State has failed to achieve the participation rates required by section 482(a) for 2 consecutive fiscal years, the Secretary may require the State to make changes in the State program established under this section.

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

''(1) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits), or result in the impairment of existing contracts for services or collective bargaining agreements;

''(2) the employment or assignment of a participant of the filling of a position when—

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

''(B) the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with a participant subsidized under the program; or

''(3) any infringement of the promotional opportunities of any currently employed individual.

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

''SEC. 492. SPECIAL PROVISIONS RELATING TO INDIAN TRIBES AND ALASKA NATIVE ORGANIZATIONS.

''(a) SPECIAL PROVISIONS RELATING TO TRIBES AND NATIVE ORGANIZATIONS.—

''(1) IN GENERAL.—

''(A) WAGE PROGRAMS.—An Indian tribe or Alaska Native organization may apply to the Secretary to conduct a WAGE program under this part. An application to conduct a WAGE program in a fiscal year shall be submitted not later than July 1 of the preceding fiscal year. Upon approval of the application, payment in the amount determined in accordance with section 482(d) shall be made directly to the tribe or organization involved.

''(B) WAIVER OF CERTAIN REQUIREMENTS.—The Secretary may waive any requirements of this part with respect to a WAGE program conducted under this part by an Indian tribe or Alaska Native organization as the Secretary determines to be appropriate.

''(C) TERMINATION.—The WAGE program conducted by any Indian tribe or Alaska Native organization may be terminated voluntarily by such tribe or organization or may be terminated by the Secretary upon a finding that such program is not being conducted in substantial conformity with the terms of the application approved under subparagraph (A). If a WAGE program of an Indian tribe or Alaska Native organization is terminated, such tribe or organization shall not be eligible to submit a new application under subparagraph (A) with respect to any year before the 6th year following such termination.

''(D) CONSORTIUM OF TRIBES.—An Indian tribe may enter into an agreement with other Indian tribes for the provision of

WAGE program services by a tribal consortium providing for centralized administration of WAGE program services for the region served by the Indian tribes so agreeing. In the case of such an agreement, a single application under this part may be submitted by the tribal consortium and the consortium shall be entitled to receive an amount equal to the aggregate amount that all of the tribes in the consortium would have been entitled to receive if each tribe applied separately. In any case in which an application is submitted by a tribal consortium, the approval of each Indian tribe included in the consortium shall be a prerequisite to the distribution of funds to the tribal consortium.

''(2) DETERMINATION OF EXEMPT INDIVIDUAL.—An application under this section shall provide that upon approval the Indian tribe or Alaska Native organization, as the case may be, will be responsible for determining whether an individual (within the service area of the tribe or organization) is exempt under section 402(a)(11).

''(b) OTHER REQUIREMENTS.—

''(1) CHILD CARE.—Each Indian tribe and Alaska Native organization submitting an application under this section may also submit to the Secretary (as a part of the application) a description of the program that the tribe or organization will implement to meet the child care needs of WAGE program participants and may request funds to provide such child care. The Secretary may waive any other requirement of this part with respect to child care services as the Secretary determines inappropriate for such child care program, other than the requirement described in section 491(a)(8).

''(2) PAYMENT FOR CHILD CARE.—The Secretary shall adjust the payment for a fiscal year under section 481(d) to reflect the cost of child care for the number of required participants in need of such care in the preceding fiscal year (and other recipients in need of such care) in the tribe's or Alaska Native organization's service area, subject to the limitation on total funding for tribes and Alaska Native organizations.

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

''(c) DEFINITIONS.—For purposes of this section—

''(1) TRIBAL CONSORTIUM.—The term 'tribal consortium' means any group, association, partnership, corporation, or other legal entity which is controlled, sanctioned, or chartered by the governing body of more than 1 Indian tribe.

''(2) INDIAN TRIBE.—The term 'Indian tribe' means any tribe, band, nation, or other organized group or community of Indians that—

''(A) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; and

''(B) for which a reservation exists.

For purposes of subparagraph (B), a reservation includes Indian reservations, public domain Indian allotments, and former Indian reservations in Oklahoma.

''(3) ALASKA NATIVE ORGANIZATION.—

''(A) IN GENERAL.—The term 'Alaska Native organization' means any organized group of Alaska Natives eligible to operate a Federal program under Public Law 93–638 or such group's designee.

''(B) BOUNDARIES.—The boundaries of an Alaska Native organization shall be those of the geographical region, established pursuant to section 7(a) of the Alaska Native Claims Settlement Act, within which the Alaska Native organization is located (without regard to the ownership of the land within the boundaries).

''(C) LIMITS ON APPLICATIONS.—The Secretary may approve only one application from an Alaska Native organization for each of the 12 geographical regions established pursuant to section 7(a) of the Alaska Native Claims Settlement Act.

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

SEC. 202. REGULATIONS.

The Secretary of Health and Human Services shall prescribe such regulations as may be necessary to implement the amendments made by this title.

SEC. 203. APPLICABILITY TO STATES.

(a) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendments made by this title, the amendments shall apply to the State on and after such earlier date as the State may select.

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

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

TITLE III—CHILD CARE FOR WORKING PARENTS

SEC. 301. PURPOSE.

It is the purpose of this title to—

(1) eliminate fragmentation of child care programs; and

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

Subtitle A—Amendments to the Child Care and Development Block Grant Act of 1990

SEC. 311. AMENDMENTS TO THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.

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

''SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this subchapter $1,000,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.''.

(b) LEAD AGENCY.—Section 658D(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking ''State'' and inserting ''governmental or nongovernmental''; and

(B) in subparagraph (C), by inserting ''with sufficient time and Statewide distribution of the notice of such hearing,'' after ''hearing in the State''; and

(2) in paragraph (2), by striking the second sentence.

(c) APPLICATION AND PLAN.—Section 658E of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c) is amended—

(1) in subsection (b), by striking ''implemented—'' and all that follows through ''plans.'' and inserting ''implemented during a 2-year period.'';

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (iii) by striking the semicolon and inserting a period; and

(II) by striking ''except'' and all that follows through ''1992.''; and

(ii) in subparagraph (E)—

(I) by striking clause (ii) and inserting the following new clause:

''(ii) the State will implement mechanisms to ensure that appropriate payment mechanisms exist so that proper payments under this subchapter will be made to providers within the State and to permit the State to furnish information to such providers.''; and

(II) by adding at the end thereof the following new sentence: ''In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter.''; and

(iii) by striking subparagraphs (H) and (I); and

(B) in paragraph (3)—

(i) in subparagraph (C)—

(I) in the subparagraph heading, by striking ''AND TO INCREASE'' and all that follows through ''CARE SERVICES'';

(II) by striking ''25 percent'' and inserting ''15 percent''; and

(III) by striking ''and to provide before-'' and all that follows through ''658H)''; and

(ii) by adding at the end thereof the following new subparagraph:

''(D) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of payments received under this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all its functions and duties under this subchapter.''.

(d) SLIDING FEE SCALE.—

(1) IN GENERAL.—Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)) is amended by inserting before the period the following: ''and that ensures a representative distribution of funding among the working poor and recipients of Federal welfare assistance''.

(2) ELIGIBILITY.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended by striking ''75 percent'' and inserting ''100 percent''.

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

(1) in the matter preceding paragraph (1)—

(A) by striking ''A State'' and inserting ''(a) IN GENERAL.—A State'';

(B) by striking ''not less than 20 percent of''; and

(C) by striking ''one or more of the following'' and inserting ''carrying out the resource and referral activities described in subsection (b), and for one or more of the activities described in subsection (c).'';

(2) in paragraph (1), by inserting before the period the following: '', including providing comprehensive consumer education to parents and the public, referrals that honor parental choice, and activities designed to improve the quality and availability of child care'';

(3) by striking ''(1) RESOURCE AND REFERRAL PROGRAMS.—Operating'' and inserting the following:

''(b) RESOURCE AND REFERRAL PROGRAMS.—The activities described in this subsection are operating'';

(4) by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively;

(5) by inserting before paragraph (1) (as so redesignated) the following:

''(c) OTHER ACTIVITIES.—The activities described in this section are the following:''; and

(6) by adding at the end thereof the following:

''(5) BEFORE- AND AFTER-SCHOOL ACTIVITIES.—Increasing the availability of before- and after-school care.

''(6) INFANT CARE.—Increasing the availability of child care for infants under the age of 18 months.

''(7) NONTRADITIONAL WORK HOURS.—Increasing the availability of child care between the hours of 5:00 p.m. and 8:00 a.m.

''(d) NONDISCRIMINATION.—With respect to child care providers that comply with applicable State law but which are otherwise not required to be licensed by the State, the State, in carrying out this section, may not discriminate against such a provider if such provider desires to participate in resource and referral activities carried out under subsection (b).''.

(f) REPEAL.—Section 658H of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858f) is repealed.

(g) ENFORCEMENT.—Section 658I(b)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858g(b)(2)) is amended—

(1) in the matter following clause (ii) of subparagraph (A), by striking ''finding and that'' and all that follows through the period and inserting ''finding and may impose additional program requirements on the State, including a requirement that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.''; and

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

(h) REPORTS.—Section 658K of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858i) is amended—

(1) in the section heading, by striking ''ANNUAL REPORT'' and inserting ''REPORTS''; and

(2) in subsection (a)—

(A) in the subsection heading, by striking ''ANNUAL REPORT'' and inserting ''REPORTS'';

(B) by striking ''December 31, 1992, and annually thereafter'' and inserting ''December 31, 1996, and every 2 years thereafter'';

(C) in paragraph (2)—

(i) in subparagraph (A), by inserting before the semicolon ''and the types of child care programs under which such assistance is provided'';

(ii) by striking subparagraph (B); and

(iii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(D) by striking paragraph (4);

(E) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively;

(F) in paragraph (4), as so redesignated, by striking ''and'' at the end thereof;

(G) in paragraph (5), as so redesignated, by adding ''and'' at the end thereof; and

(H) by inserting after paragraph (5), as so redesignated, the following new paragraph:

''(6) describing the extent and manner to which the resource and referral activities are being carried out by the State;''.

(i) REPORT BY SECRETARY.—Section 658L of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended—

(1) by striking ''1993'' and inserting ''1997'';

(2) by striking ''annually'' and inserting ''bi-annually''; and

(3) by striking ''Education and Labor'' and inserting ''Economic and Educational Opportunities''.

(j) ALLOTMENTS.—Section 658O of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended—

(1) in subsection (c), by adding at the end thereof the following new paragraph:

''(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

''(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

''(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

''(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

''(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph.''; and

(2) in subsection (e)—

(A) in paragraph (1), by striking ''Any'' and inserting ''Except as provided in paragraph (4), any''; and

(B) by adding at the end thereof the following new paragraph:

''(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for with the grant or contract is made available, shall be reallocated by the Secretary to other tribes or organization that have submitted applications under subsection (c) in proportion to the original allocations to such tribes or organization.''.

(k) DEFINITIONS.—Section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting ''or as a deposit for child care services if such a deposit is required of other children being cared for by the provider'' after ''child care services''; and

(2) in paragraph (5)(B)—

(A) by inserting ''great grandchild, sibling (if the provider lives in a separate residence),'' after ''grandchild,'';

(B) by striking ''is registered and''; and

(C) by striking ''State'' and inserting ''applicable''.

(l) APPLICATION OF SUBCHAPTER.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended by adding at the end thereof the following new section:

''SEC. 658T. APPLICATION TO OTHER PROGRAMS.

''Notwithstanding any other provision of law, a State that uses funding for child care services under any Federal program shall ensure that activities carried out using such funds meet the requirements, standards, and criteria of this subchapter and the regulations promulgated under this subchapter. Such sums shall be administered through a uniform State plan. To the maximum extent practicable, amounts provided to a State under such programs shall be transferred to the lead agency and integrated into the program established under this subchapter by the State.''.

SEC. 312. SENSE OF THE SENATE.

(a) FINDINGS.—The Senate finds that—

(1) the availability and accessibility of quality child care will be critical to any welfare reform effort;

(2) as parents move from welfare into the workforce or into job preparation and education, child care must be affordable and safe;

(3) whether parents are pursuing job training, transitioning off welfare, or are already in the work force and attempting to remain employed, no parent can be expected to leave his or her child in a dangerous situation;

(4) affordable and accessible child care is a prerequisite for job training and for entering the workforce; and

(5) studies have shown that the lack of quality child care is the most frequently cited barrier to employment and self-sufficiency.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Federal Government has a responsibility to provide funding and leadership with respect to child care.

SEC. 313. REPEALS AND TECHNICAL AND CONFORMING AMENDMENTS.

(a) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—The State Dependent Care Development Grants Act (42 U.S.C. 9871 et seq.) is repealed.

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

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of the Congress and the Director of the Office of Management and Budget, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the amendments and repeals made by this Act.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services shall submit the implementing bill referred to under paragraph (1).

Subtitle B—At-Risk Child Care

SEC. 321. PROVISION OF CHILD CARE TO CERTAIN LOW-INCOME FAMILIES.

(a) IN GENERAL.—Each State agency administering the State plan approved under part A of title IV of the Social Security Act may, to the extent that it determines that resources are available, provide child care in accordance with the requirements of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) to any low-income family that the State determines—

(1) is not receiving transitional aid under the State plan approved under part A of title IV of the Social Security Act;

(2) needs such care in order to work; and

(3) would be at risk of becoming eligible for transitional aid under the State plan approved under such part if such care were not provided.

SEC. 322. USE OF FUNDS.

Amounts expended by the State agency for child care under section 321 shall be treated as amounts for which payment may be made to a State under section 323 only to the extent that such amounts are expended to provide child care in accordance with the requirements of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

SEC. 323. PAYMENTS TO STATES.

(a) PAYMENT AMOUNT.—Each State shall be entitled to payment from the Secretary in an amount equal to the lesser of—

(1) the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) of the expenditures by the State in providing child care services pursuant to this section, and in administering the provision of such child care services, for any fiscal year; or

(2) the limitation determined under subsection (b) with respect to the State for the fiscal year.

(b) LIMITATION.—

(1) LIMITATION DESCRIBED.—The limitation determined under this subsection with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (2) for such fiscal year as the number of children residing in the State in the second year preceding such fiscal year bears to the number of children residing in the United States in such second preceding fiscal year.

(2) AMOUNT SPECIFIED.—The amount specified in this subparagraph is $300,000,000 for fiscal year 1996, and each fiscal year thereafter.

(3) CARRYFORWARD OF STATE LIMITATION.—If the limitation determined under paragraph (1) with respect to a State for a fiscal year exceeds the amount paid to the State under this section for the fiscal year, the limitation determined under this subsection with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

SEC. 324. STATE DEFINED.

For purposes of this subtitle, the term ''State'' shall have the meaning given such term in section 1101(1) of the Social Security Act (42 U.S.C. 1301(1)) with respect to the use of such term in title IV of such Act (42 U.S.C. 601 et seq.).

SEC. 325. APPROPRIATIONS.

For fiscal year 1996 and each succeeding fiscal year, there are authorized to be appropriated and there are appropriated $300,000,000 for the purpose of carrying out the provisions of this title.

TITLE IV—CHILD SUPPORT RESPONSIBILITY

SEC. 400. SHORT TITLE.

This title may be cited as the ''Child Support Responsibility Act of 1995''.

Subtitle A—Improvements to the Child Support Collection System

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

SEC. 401. STATE OBLIGATION TO PROVIDE PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT SERVICES.

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

''(12) Procedures under which—

''(A) every child support order established or modified in the State on or after October 1, 1998, is recorded in the central case registry established in accordance with section 454A(e); and

''(B) child support payments are collected through the centralized collections unit established in accordance with section 454B—

''(i) on and after October 1, 1998, under each order subject to wage withholding under section 466(b); and

''(ii) on and after October 1, 1999, under each other order required to be recorded in such central case registry under this paragraph or section 454A(e), if requested by either party subject to such order.''.

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

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

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

''(A) each child with respect to whom an assignment is effective under section 402(a)(9), 471(a)(17), or 1912 (except in cases in which the State agency determines, in accordance with paragraph (25), that it is against the best interests of the child to do so); and

''(B) each child not described in subparagraph (A)—

''(i) with respect to whom an individual applies for such services; or

''(ii) on and after October 1, 1998, with respect to whom a support order is recorded in the central State case registry established under section 454A, if application is made for services under this part;''; and

(2) in paragraph (6)—

(A) by striking ''(6) provide that'' and all that follows through subparagraph (A) and inserting the following:

''(6) provide that—

''(A) services under the State plan shall be made available to nonresidents on the same terms as to residents;'';

(B) in subparagraph (B)—

(i) by inserting ''on individuals not receiving assistance under part A'' after ''such services shall be imposed''; and

(ii) by inserting ''but no fees or costs shall be imposed on any absent or custodial parent or other individual for inclusion in the central State registry maintained pursuant to section 454A(e)'';

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

(D) in each of subparagraphs (B), (C), and (D), by striking the final comma and inserting a semicolon.

(c) CONFORMING AMENDMENTS.—

(1) PATERNITY ESTABLISHMENT PERCENTAGE.—Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking ''454(6)'' each place it appears and inserting ''454(4)(A)(ii)''.

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

(3) PROCEDURES TO IMPROVE ENFORCEMENT.—Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking ''in the case of overdue support which a State has agreed to collect under section 454(6)'' and inserting ''in any other case''.

(4) DEFINITION OF OVERDUE SUPPORT.—Section 466(e) (42 U.S.C. 666(e)) is amended by striking ''or (6)''.

SEC. 402. DISTRIBUTION OF PAYMENTS.

(a) DISTRIBUTIONS THROUGH STATE CHILD SUPPORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is amended—

(1) in subparagraph (A)—

(A) by inserting ''except as otherwise specifically provided in section 464 or 466(a)(3),'' after ''is effective,''; and

(B) by striking ''except that'' and all that follows through the semicolon; and

(2) in subparagraph (B), by striking '', except'' and all that follows through ''medical assistance''.

(b) DISTRIBUTION TO A FAMILY CURRENTLY RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 457 (42 U.S.C. 657) is amended—

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

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

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

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

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

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

''(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;'';

(B) in paragraph (4), by striking ''or (B)'' and all that follows through the period and inserting ''; then (B) from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and then (C) any remainder shall be paid to the family.''; and

(3) by inserting after subsection (a), as redesignated, the following new subsection:

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

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

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

''(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;

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

''(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to the State making the collection shall be retained and used by such State to pay any

such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

''(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

''(5) fifth, any remainder shall be paid to the family.''.

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

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

''(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—Amounts collected by a State agency under this part during any month as support of a child who is not receiving assistance under part A (or of a parent or caretaker relative of such a child) shall (subject to the remaining provisions of this section) be distributed as follows:

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

''(2) second, from any remainder, amounts equal to arrearages of such support obligations for months during which such child did not receive assistance under part A shall be paid to the family;

''(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned to the State making the collection pursuant to part A shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

''(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned to any other State pursuant to part A shall be paid to such other State or States, and used to pay such arrearages, in the order in which such arrearages accrued (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing).''.

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

(d) DISTRIBUTION TO A CHILD RECEIVING ASSISTANCE UNDER TITLE IV–E.—Section 457(d) (42 U.S.C. 657(d)) is amended, in the matter preceding paragraph (1), by striking ''Notwithstanding the preceding provisions of this section, amounts'' and inserting the following:

''(d) DISTRIBUTIONS IN CASE OF A CHILD RECEIVING ASSISTANCE UNDER TITLE IV–E.—Amounts''.

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

(1) under part D of title IV of the Social Security Act, establishing a uniform nationwide standard for allocation of child support collections from an obligor owing support to more than 1 family; and

(2) under part A of such title, establishing standards applicable to States electing the alternative formula under section 457(b) of such Act for distribution of collections on behalf of families receiving transitional aid, designed to minimize irregular monthly payments to such families.

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

(1) in paragraph (11)—

(A) by striking ''(11)'' and inserting ''(11)(A)''; and

(B) by inserting after the semicolon ''and''; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

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

SEC. 403. RIGHTS TO NOTIFICATION AND HEARINGS.

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

''(12) establish procedures to provide that—

''(A) individuals who are applying for or receiving services under this part, or are parties to cases in which services are being provided under this part—

''(i) receive notice of all proceedings in which support obligations might be established or modified; and

''(ii) receive a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;

''(B) individuals applying for or receiving services under this part have access to a fair hearing or other formal complaint procedure that meets standards established by the Secretary and ensures prompt consideration and resolution of complaints (but the resort to such procedure shall not stay the enforcement of any support order); and

''(C) the State may not provide to any noncustodial parent of a child representation relating to the establishment or modification of an order for the payment of child support with respect to that child, unless the State makes provision for such representation outside the State agency;''.

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

SEC. 404. PRIVACY SAFEGUARDS.

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

(1) by striking ''and'' at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting ''; and''; and

(3) by adding after paragraph (24) the following:

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

''(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

''(B) prohibitions on the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

''(C) prohibitions on the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.''.

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

SEC. 405. COOPERATION REQUIREMENTS AND GOOD CAUSE EXCEPTIONS.

(a) CHILD SUPPORT ENFORCEMENT REQUIREMENTS.—Section 454, as amended by section 405, is amended—

(1) by striking ''and'' at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting ''; and''; and

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

''(26) provide that the State agency administering the plan under this part—

''(A) will make the determination specified under paragraph (4), as to whether an individual is cooperating with efforts to establish paternity and secure support (or has good cause not to cooperate with such efforts) for purposes of the requirements of part A of this title and section 1912;

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

''(C) will take the best interests of the child into consideration in making the determination whether such individual has good cause not to cooperate with such efforts;

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

''(ii) will make redeterminations as to cooperation or good cause at appropriate intervals; and

''(iii) will promptly notify the individual, and the State agencies administering such programs, of each such determination and redetermination;

''(E) with respect to any child born on or after the date 10 months after the enactment of this provision, will not determine (or redetermine) the mother (or other custodial relative) of such child to be cooperating with efforts to establish paternity unless such individual furnishes—

''(i) the name of the putative father (or fathers); and

''(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such information as the putative father's present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, and names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process on such person), and

''(F)(i) (where a custodial parent who was initially determined not to be cooperating (or to have good cause not to cooperate) is later determined to be cooperating or to have good cause not to cooperate) will immediately notify the State agencies administering the programs under part A or section 1912 that this eligibility condition has been met; and

''(ii) (where a custodial parent was initially determined to be cooperating (or to have good cause not to cooperate) will not later determine such individual not to be cooperating (or not to have good cause not to cooperate)) until such individual has been afforded an opportunity for a hearing.''.

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

(1) in paragraph (1)(B), by inserting ''(except as provided in paragraph (2))'' after ''to cooperate with the State'';

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

(3) by redesignating paragraph (2) as paragraph (5), and inserting after paragraph (1) the following new paragraphs:

''(2) provide that the State agency will immediately refer each applicant or recipient requiring paternity establishment services to the State agency administering the program under part D of title IV;

''(3) provide that an individual will not be required to cooperate with the State, as provided under paragraph (1), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the individuals involved—

''(A) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(26), with respect to the requirements to cooperate with efforts to establish paternity and to obtain support (including medical support) from a parent; and

''(B) to the satisfaction of the State agency administering the program under this title, with respect to other requirements to cooperate under paragraph (1);

''(4) provide that (except as provided in paragraph (5)) an applicant requiring paternity establishment services other than an individual who is presumptively eligible pursuant to section 1920) shall not be eligible for medical assistance under this title until such applicant—

''(A) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(26)(E); or

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

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

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

''(B) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to applications filed in or after the first calendar quarter beginning 10 months or more after the date of the enactment of this amendment (or such earlier quarter as the State may select) for transitional aid under part A of title IV of the Social Security Act or for medical assistance under title XIX of such Act.

PART II—PROGRAM ADMINISTRATION AND FUNDING

SEC. 411. FEDERAL MATCHING PAYMENTS.

(a) INCREASED BASE MATCHING RATE.—Section 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as follows:

''(2) The applicable percent for a quarter for purposes of paragraph (1)(A) is—

''(A) for fiscal year 1997, 69 percent,

''(B) for fiscal year 1998, 72 percent, and

''(C) for fiscal year 1999 and succeeding fiscal years, 75 percent.''.

(b) MAINTENANCE OF EFFORT.—Section 455 (42 U.S.C. 655) is amended—

(1) in subsection (a)(1), in the matter preceding subparagraph (A), by striking ''From'' and inserting ''Subject to subsection (c), from''; and

(2) by inserting after subsection (b) the following new subsection:

''(c) Notwithstanding the provisions of subsection (a), total expenditures for the State program under this part for fiscal year 1997 and each succeeding fiscal year (excluding 1-time capital expenditures for automation), reduced by the percentage specified for such fiscal year under subsection (a)(2) shall not be less than such total expenditures for fiscal year 1996, reduced by 66 percent.''.

SEC. 412. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCHING RATE.—Section 458 (42 U.S.C. 658) is amended to read as follows:

''INCENTIVE ADJUSTMENTS TO MATCHING RATE

''SEC. 458. (a) INCENTIVE ADJUSTMENT.—

''(1) IN GENERAL.—In order to encourage and reward State child support enforcement programs which perform in an effective manner, the Federal matching rate for payments to a State under section 455(a)(1)(A), for each fiscal year beginning on or after October 1, 1998, shall be increased by a factor reflecting the sum of the applicable incentive adjustments (if any) determined in accordance with regulations under this section with respect to Statewide paternity establishment and to overall performance in child support enforcement.

''(2) STANDARDS.—

''(A) IN GENERAL.—The Secretary shall specify in regulations—

''(i) the levels of accomplishment, and rates of improvement as alternatives to such levels, which States must attain to qualify for incentive adjustments under this section; and

''(ii) the amounts of incentive adjustment that shall be awarded to States achieving specified accomplishment or improvement levels, which amounts shall be graduated, ranging up to—

''(I) 5 percentage points, in connection with Statewide paternity establishment; and

''(II) 10 percentage points, in connection with overall performance in child support enforcement.

''(B) LIMITATION.—In setting performance standards pursuant to subparagraph (A)(i) and adjustment amounts pursuant to subparagraph (A)(ii), the Secretary shall ensure that the aggregate number of percentage point increases as incentive adjustments to all States do not exceed such aggregate increases as assumed by the Secretary in estimates of the cost of this section as of June 1995, unless the aggregate performance of all States exceeds the projected aggregate performance of all States in such cost estimates.

''(3) DETERMINATION OF INCENTIVE ADJUSTMENT.—The Secretary shall determine the amount (if any) of incentive adjustment due each State on the basis of the data submitted by the State pursuant to section 454(15)(B) concerning the levels of accomplishment (and rates of improvement) with respect to performance indicators specified by the Secretary pursuant to this section.

''(4) FISCAL YEAR SUBJECT TO INCENTIVE ADJUSTMENT.—The total percentage point increase determined pursuant to this section with respect to a State program in a fiscal year shall apply as an adjustment to the applicable percent under section 455(a)(2) for payments to such State for the succeeding fiscal year.

''(5) RECYCLING OF INCENTIVE ADJUSTMENT.—A State shall expend in the State program under this part all funds paid to the State by the Federal Government as a result of an incentive adjustment under this section.

''(b) MEANING OF TERMS.—

''(1) STATEWIDE PATERNITY ESTABLISHMENT PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this section, the term 'Statewide paternity establishment percentage' means, with respect to a fiscal year, the ratio (expressed as a percentage) of—

''(i) the total number of out-of-wedlock children in the State under 1 year of age for whom paternity is established or acknowledged during the fiscal year, to

''(ii) the total number of children requiring paternity establishment born in the State during such fiscal year.

''(B) ALTERNATIVE MEASUREMENT.—The Secretary shall develop an alternate method of measurement for the Statewide paternity establishment percentage for any State that does not record the out-of-wedlock status of children on birth certificates.

''(2) OVERALL PERFORMANCE IN CHILD SUPPORT ENFORCEMENT.—The term 'overall performance in child support enforcement' means a measure or measures of the effectiveness of the State agency in a fiscal year which takes into account factors including—

''(A) the percentage of cases requiring a child support order in which such an order was established;

''(B) the percentage of cases in which child support is being paid;

''(C) the ratio of child support collected to child support due; and

''(D) the cost-effectiveness of the State program, as determined in accordance with standards established by the Secretary in regulations.''.

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

(1) by striking the period at the end of subparagraph (C) and inserting a comma; and

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

''increased by the incentive adjustment factor (if any) determined by the Secretary pursuant to section 458.''.

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

(1) by striking ''incentive payments'' the first place it appears and inserting ''incentive adjustments''; and

(2) by striking ''any such incentive payments made to the State for such period'' and inserting ''any increases in Federal payments to the State resulting from such incentive adjustments''.

(d) CALCULATION OF IV–D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) OVERALL PERFORMANCE.—Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended in the matter preceding subparagraph (A) by inserting ''its overall performance in child support enforcement is satisfactory (as defined in section 458(b) and regulations of the Secretary), and'' after ''1994,''.

(2) DEFINITION.—Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended, in the matter preceding clause (i)—

(A) by striking ''paternity establishment percentage'' and inserting ''IV–D paternity establishment percentage''; and

(B) by striking ''(or all States, as the case may be)''.

(3) MODIFICATION OF REQUIREMENTS.—Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A), as redesignated, by striking ''the percentage of children born out-of-wedlock in the State'' and inserting ''the percentage of children in the State who are born out of wedlock or for whom support has not been established''; and

(C) in subparagraph (B), as redesignated—

(i) by inserting ''and overall performance in child support enforcement'' after ''paternity establishment percentages''; and

(ii) by inserting ''and securing support'' before the period.

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

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

(A) by redesignating subsection (e) as subsection (f); and

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

''(e)(1) Notwithstanding any other provision of law, if the Secretary finds, with respect to a State program under this part in a fiscal year beginning on or after October 1, 1997—

''(A)(i) on the basis of data submitted by a State pursuant to section 454(15)(B), that the State program in such fiscal year failed to achieve the IV–D paternity establishment percentage (as defined in section 452(g)(2)(A)) or the appropriate level of overall performance in child support enforcement (as defined in section 458(b)(2)), or to meet other performance measures that may be established by the Secretary, or

''(ii) on the basis of an audit or audits of such State data conducted pursuant to section 452(a)(4)(C), that the State data submitted pursuant to section 454(15)(B) is incomplete or unreliable; and

''(B) that, with respect to the succeeding fiscal year—

''(i) the State failed to take sufficient corrective action to achieve the appropriate performance levels as described in subparagraph (A)(i) of this paragraph, or

''(ii) the data submitted by the State pursuant to section 454(15)(B) is incomplete or unreliable,

the amounts otherwise payable to the State under this part for quarters following the end of such succeeding fiscal year, prior to quarters following the end of the first quarter throughout which the State program is in compliance with such performance requirement, shall be reduced by the percentage specified in paragraph (2).

''(2) The reductions required under paragraph (1) shall be—

''(A) not less than 3 nor more than 5 percent, or

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

''(C) not less than 7 nor more than 10 percent, if the finding is the third or a subsequent consecutive such finding.

''(3) For purposes of this subsection, section 402(a)(9), and section 452(a)(4), a State which is determined as a result of an audit to have submitted incomplete or unreliable data pursuant to section 454(15)(B), shall be determined to have submitted adequate data if the Secretary determines that the extent of the incompleteness or unreliability of the data is of a technical nature which does not adversely affect the determination of the level of the State's performance.''.

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

(f) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) EXCEPTION.—Section 458 of the Social Security Act, as in effect prior to the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years prior to fiscal year 1999.

(2) PENALTY REDUCTIONS.—

(A) IN GENERAL.—The amendments made by subsection (d) shall become effective with respect to calendar quarters beginning on and after the date of the enactment of this Act.

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

SEC. 413. FEDERAL AND STATE REVIEWS AND AUDITS.

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

(1) in paragraph (14)—

(A) by striking ''(14)'' and inserting ''(14)(A)''; and

(B) by inserting after the semicolon ''and'';

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

''(15) provide for—

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

''(i) which shall include such information as may be necessary to measure State compliance with Federal requirements for expedited procedures and timely case processing, using such standards and procedures as are required by the Secretary; and

''(ii) under which the State agency will determine the extent to which such program is in conformity with applicable requirements with respect to the operation of State programs under this part (including the status of complaints filed under the procedure required under paragraph (12)(B)); and

''(B) a process of extracting from the State automated data processing system and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV–D paternity establishment percentages and overall performance in child support enforcement) to the extent necessary for purposes of sections 452(g) and 458.''.

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

''(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of section 452(g) and 458, and determine the amount (if any) of penalty reductions pursuant to section 455(e) to be applied to the State;

''(B) review annual reports by State agencies pursuant to section 454(15)(A) on State program conformity with Federal requirements; evaluate any elements of a State program in which significant deficiencies are indicated by such report on the status of complaints under the State procedure under section 454(12)(B); and, as appropriate, provide to the State agency comments, recommendations for additional or alternative corrective actions, and technical assistance; and

''(C) conduct audits, in accordance with the government auditing standards of the United States Comptroller General—

''(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet requirements of this part, or of regulations implementing such requirements, concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used for the calculations of performance indicators specified in subsection (g) and section 458;

''(ii) of the adequacy of financial management of the State program, including assessments of—

''(I) whether Federal and other funds made available to carry out the State program under this part are being appropriately expended, and are properly and fully accounted for; and

''(II) whether collections and disbursements of support payments and program income are carried out correctly and are properly and fully accounted for; and

''(iii) for such other purposes as the Secretary may find necessary;''.

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

SEC. 414. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting '', and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes and timely case processing) to be applied in following such procedures'' before the semicolon.

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

(1) by striking ''and'' at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting ''; and''; and

(3) by adding after paragraph (26) the following:

''(27) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.''.

SEC. 415. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

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

(A) by striking '', at the option of the State,'';

(B) by inserting ''and operation by the State agency'' after ''for the establishment'';

(C) by inserting ''meeting the requirements of section 454A'' after ''information retrieval system'';

(D) by striking ''in the State and localities thereof, so as (A)'' and inserting ''so as'';

(E) by striking ''(i)''; and

(F) by striking ''(including, but not limited to,'' and all that follows and to the semicolon.

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

''AUTOMATED DATA PROCESSING

''SEC. 454A. (a) IN GENERAL.—In order to meet the requirements of this section, for purposes of the requirement of section 454(16), a State agency shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section, and performs such tasks with the frequency and in the manner specified in this part or in regulations or guidelines of the Secretary.

''(b) PROGRAM MANAGEMENT.—The automated system required under this section shall perform such functions as the Secretary may specify relating to management of the program under this part, including—

''(1) controlling and accounting for use of Federal, State, and local funds to carry out such program; and

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

''(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive and penalty adjustments required by sections 452(g) and 458, the State agency shall—

''(1) use the automated system—

''(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

''(B) to calculate the IV–D paternity establishment percentage and overall performance in child support enforcement for the State for each fiscal year; and

''(2) have in place systems controls to ensure the completeness, and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

''(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required under this section, which shall include the following (in addition to such other safeguards as the Secretary specifies in regulations):

''(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

''(A) permit access to and use of data only to the extent necessary to carry out program responsibilities;

''(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data; and

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

''(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies specified under paragraph (1).

''(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

''(4) TRAINING AND INFORMATION.—The State agency shall have in effect procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use sensitive or confidential program data are fully informed of applicable requirements and penalties, and are adequately trained in security procedures.

''(5) PENALTIES.—The State agency shall have in effect administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.''.

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

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

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by sections 404(a)(2) and 414(b)(1), is amended to read as follows:

''(24) provide that the State will have in effect an automated data processing and information retrieval system—

''(A) by October 1, 1996, meeting all requirements of this part which were enacted on or before the date of the enactment of the Family Support Act of 1988; and

''(B) by October 1, 1999, meeting all requirements of this part enacted on or before the date of the enactment of the Interstate Child Support Responsibility Act of 1995 (but this provision shall not be construed to alter earlier deadlines specified for elements of such system), except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 452(j);''.

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(1) in paragraph (1)(B)—

(A) by striking ''90 percent'' and inserting ''the percent specified in paragraph (3)'';

(B) by striking ''so much of''; and

(C) by striking ''which the Secretary'' and all that follows through ''thereof''; and

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

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

''(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1997 through 2001, the percentage specified in clause (ii) of so much of State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) and 454A.

''(ii) The percentage specified in this clause, for purposes of clause (i), is the higher of—

''(I) 80 percent, or

''(II) the percentage otherwise applicable to Federal payments to the State under paragraph (1)(A) (as adjusted pursuant to section 458).''.

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

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

(a) REPORTING TO SECRETARY.—Section 452(a) (42 U.S.C. 652(a)) is amended in the matter preceding paragraph (1) by striking ''directly''.

(b) STAFFING STUDIES.—

(1) SCOPE.—The Secretary of Health and Human Services (in this subsection referred to as the ''Secretary'') shall, directly or by contract, conduct studies of the staffing of each State child support enforcement program under part D of title IV of the Social Security Act. Such studies shall—

(A) include a review of the staffing needs created by requirements for automated data processing, maintenance of a central case registry and centralized collections of child support, and of changes in these needs resulting from changes in such requirements; and

(B) examine and report on effective staffing practices used by the States and on recommended staffing procedures.

(2) FREQUENCY OF STUDIES.—The Secretary shall complete the first staffing study required under paragraph (1) not later than October 1, 1998, and may conduct additional studies subsequently at appropriate intervals.

(3) REPORT TO THE CONGRESS.—The Secretary shall submit a report to the Congress stating the findings and conclusions of each study conducted under this subsection.

SEC. 417. FUNDING FOR SECRETARIAL ASSISTANCE TO STATE PROGRAMS.

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

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

''(A) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs (including technical assistance concerning State automated systems);

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

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

''(2) The amount specified in this paragraph for a fiscal year is the amount equal to a percentage of the reduction in Federal payments to States under part A on account of child support (including arrearages) collected in the preceding fiscal year on behalf of children receiving aid under such part A in such preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year), equal to 2 percent, for the activities specified in subparagraphs (A), (B), and (C) of paragraph (1).''.

SEC. 418. DATA COLLECTION AND REPORTS BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

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

(A) by striking ''this part;'' and inserting ''this part, including—''; and

(B) by adding at the end the following indented clauses:

''(i) the total amount of child support payments collected as a result of services furnished during such fiscal year to individuals receiving services under this part;

''(ii) the cost to the States and to the Federal Government of furnishing such services to those individuals; and

''(iii) the number of cases involving families—

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

''(II) with respect to whom a child support payment was received in the same month;''.

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

(A) in the matter preceding clause (i), by striking ''with the data required under each clause being separately stated for cases'' and all that follows through ''part:'' and inserting ''separately stated for cases where the child is receiving aid to families with dependent children (or foster care maintenance payments under part E), or formerly received such aid or payments and the State is continuing to collect support assigned to it under section 402(a)(9), 471(a)(17), or 1912, and all other cases under this part—'';

(B) in each of clauses (i) and (ii), by striking '', and the total amount of such obligations'';

(C) in clause (iii), by striking ''described in'' and all that follows through the semicolon and inserting ''in which support was collected during the fiscal year;'';

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

''(iv) the total amount of support collected during such fiscal year and distributed as current support;

''(v) the total amount of support collected during such fiscal year and distributed as arrearages;

''(vi) the total amount of support due and unpaid for all fiscal years; and''.

(3) USE OF FEDERAL COURTS.—Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking ''on the use of Federal courts and''.

(4) ADDITIONAL INFORMATION NOT NECESSARY.—Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (I).

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

(1) by striking subsections (a) and (b) and inserting the following:

''(a) The Secretary shall collect and maintain, on a fiscal year basis, up-to-date statistics, by State, with respect to services to establish paternity and services to establish child support obligations, the data specified in subsection (b), separately stated, in the case of each such service, with respect to—

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

''(2) families not receiving such aid.

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

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

''(2) the number of such cases in which the service has been provided.''; and

(2) in subsection (c), by striking ''(a)(2)'' and inserting ''(b)(2)''.

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

PART III—LOCATE AND CASE TRACKING

SEC. 421. CENTRAL STATE AND CASE REGISTRY.

Section 454A, as added by section 415(a)(2), is amended by adding at the end the following new subsections:

''(e) CENTRAL CASE REGISTRY.—

''(1) IN GENERAL.—The automated system required under this section shall perform the functions, in accordance with the provisions of this subsection, of a single central registry containing records with respect to each case in which services are being provided by the State agency (including, on and after October 1, 1998, each order specified in section 466(a)(12)), using such standardized data elements (such as names, social security numbers or other uniform identification numbers, dates of birth, and case identification numbers), and containing such other information (such as information on case status) as the Secretary may require.

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

''(A) the amount of monthly (or other periodic) support owed under the support order, and other amounts due or overdue (including arrearages, interest or late payment penalties, and fees);

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

''(C) the distribution of such amounts collected; and

''(D) the birth date of the child for whom the child support order is entered.

''(3) UPDATING AND MONITORING.—The State agency shall promptly establish and maintain, and regularly monitor, case records in the registry required by this subsection, on the basis of—

''(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

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

''(C) information on support collections and distributions; and

''(D) any other relevant information.

''(f) DATA MATCHES AND OTHER DISCLOSURES OF INFORMATION.—The automated system required under this section shall have the capacity, and be used by the State agency, to extract data at such times, and in such standardized format or formats, as may be required by the Secretary, and to share and match data with, and receive data from, other data bases and data matching services, in order to obtain (or provide) information necessary to enable the State agency (or Secretary or other State or Federal agencies) to carry out responsibilities under this part. Data matching activities of the State agency shall include at least the following:

''(1) DATA BANK OF CHILD SUPPORT ORDERS.—Furnishing to the Data Bank of Child Support Orders established under section 453(h) (and updating as necessary, with information, including notice of expiration of orders) minimal information specified by the Secretary on each child support case in the central case registry.

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

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

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

SEC. 422. CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

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

(1) by striking ''and'' at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting ''; and''; and

(3) by adding after paragraph (27) the following new paragraph:

''(28) provide that the State agency, on and after October 1, 1998—

''(A) will operate a centralized, automated unit for the collection and disbursement of child support under orders being enforced under this part, in accordance with section 454B; and

''(B) will have sufficient State staff (consisting of State employees), and, at State option, contractors reporting directly to the State agency to monitor and enforce support collections through such centralized unit, including carrying out the automated data processing responsibilities specified in section 454A(g) and to impose, as appropriate in particular cases, the administrative enforcement remedies specified in section 466(c)(1).''.

(b) ESTABLISHMENT OF CENTRALIZED COLLECTION UNIT.—Part D of title IV (42 U.S.C. 651–669) is amended by adding after section 454A the following new section:

''CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS

''SEC. 454B. (a) IN GENERAL.—In order to meet the requirement of section 454(28), the State agency must operate a single, centralized, automated unit for the collection and disbursement of support payments, coordinated with the automated data system required under section 454A, in accordance with the provisions of this section, which shall be—

''(1) operated directly by the State agency (or by 2 or more State agencies under a regional cooperative agreement), or by a single contractor responsible directly to the State agency; and

''(2) used for the collection and disbursement (including interstate collection and disbursement) of payments under support orders in all cases being enforced by the State pursuant to section 454(4).

''(b) REQUIRED PROCEDURES.—The centralized collections unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

''(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the State agencies of other States;

''(2) for accurate identification of payments;

''(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

''(4) to furnish to either parent, upon request, timely information on the current status of support payments.''.

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

''(g) CENTRALIZED COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—The automated system required under this section shall be used, to the maximum extent feasible, to assist and facilitate collections and disbursement of support payments through the centralized collections unit operated pursuant to section 454B, through the performance of functions including at a minimum—

''(1) generation of orders and notices to employers (and other debtors) for the withholding of wages (and other income)—

''(A) within 2 working days after receipt (from the directory of New Hires established under section 453(i) or any other source) of notice of and the income source subject to such withholding; and

''(B) using uniform formats directed by the Secretary;

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

''(3) automatic use of enforcement mechanisms (including mechanisms authorized pursuant to section 466(c)) where payments are not timely made.''.

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

SEC. 423. STATE DIRECTORY OF NEW HIRES.

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

(1) by striking ''and'' at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting ''; and''; and

(3) by adding after paragraph (28) the following:

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

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

''SEC. 453A. STATE DIRECTORY OF NEW HIRES.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—Not later than October 1, 1998, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers and labor organizations on each newly hired employee.

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

''(A) EMPLOYEE.—The term 'employee'—

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

''(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the

safety of the employee or compromise an ongoing investigation or intelligence mission.

''(B) GOVERNMENTAL EMPLOYERS.—The term 'employer' includes any governmental entity.

''(C) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

''(b) EMPLOYER INFORMATION.—

''(1) REPORTING REQUIREMENT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), each employer (or labor organization) shall furnish to the Directory of New Hires of the State in which a newly hired employee works a report that contains the name, address, and social security number of the employee, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(B) MULTISTATE EMPLOYERS.—An employer who has employees who are employed in 2 or more States may comply with subparagraph (A) by transmitting the report described in subparagraph (A) magnetically or electronically to the State in which the greatest number of employees of the employer are employed.

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

''(A) 15 days after the date the employer hires the employee;

''(B) the date the employee first receives wages or other compensation from the employer; or

''(C) in the case of a payroll processing service or an employer that processes more than one payroll and reports by electronic or magnetic means, the first business day of the week following the date on which the employee first receives wages or other compensation from the employer.

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

''(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—

''(1) IN GENERAL.—An employer that fails to comply with subsection (b) with respect to an employee shall be subject to a civil money penalty of—

''(A) $25; or

''(B) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

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

''(e) INFORMATION COMPARISONS.—

''(1) IN GENERAL.—Not later than October 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

''(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(f) TRANSMISSION OF INFORMATION.—

''(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

''(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

''(A) NEW HIRE INFORMATION.—Within 4 business days after the State Directory of New Hires receives information from employers pursuant to this section, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

''(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

''(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

''(g) OTHER USES OF NEW HIRE INFORMATION.—

''(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (e)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

''(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

''(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.''.

SEC. 424. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) FROM WAGES.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

''(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

''(B) Procedures under which all child support orders issued (or modified) before October 1, 1996, and which are not otherwise subject to withholding under subsection (b), shall become subject to withholding from wages as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.''.

(2) REPEAL OF CERTAIN PROVISIONS CONCERNING ARREARAGES.—Section 466(a)(8) (42 U.S.C. 666(a)(8)) is repealed.

(3) PROCEDURES DESCRIBED.—Section 466(b) (42 U.S.C. 666(b)) is amended—

(A) in the matter preceding paragraph (1), by striking ''subsection (a)(1)'' and inserting ''subsection (a)(1)(A)'';

(B) in paragraph (5), by striking ''a public agency'' and all that follows through the period and inserting ''the State through the centralized collections unit established pursuant to section 454B, in accordance with the requirements of such section 454B.'';

(C) in paragraph (6)(A)(i)—

(i) by inserting '', in accordance with timetables established by the Secretary,'' after ''must be required''; and

(ii) by striking ''to the appropriate agency'' and all that follows through the period and inserting ''to the State centralized collections unit within 5 working days after the date such amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.'';

(D) in paragraph (6)(A)(ii), by inserting ''be in a standard format prescribed by the Secretary, and'' after ''shall''; and

(E) in paragraph (6)(D) to read as follows:

''(D) Provision must be made for the imposition of a fine against any employer who—

''(i) discharges from employment, refuses to employ, or takes disciplinary action against any absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

''(ii) fails to withhold support from wages, or to pay such amounts to the State centralized collections unit in accordance with this subsection.''.

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

(c) DEFINITION OF TERMS.—The Secretary of Health and Human Services shall promulgate regulations providing definitions, for purposes of part D of title IV of the Social Security Act, for the term ''income'' and for such other terms relating to income withholding under section 466(b) of such Act as the Secretary may find it necessary or advisable to define.

SEC. 425. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)), as amended by section 424(a)(2), is amended by inserting after paragraph (7) the following new paragraph:

''(8) Procedures ensuring that the State will neither provide funding for, nor use for any purpose (including any purpose unrelated to the purposes of this part), any automated interstate network or system used to locate individuals—

''(A) for purposes relating to the use of motor vehicles; or

''(B) providing information for law enforcement purposes (where child support enforcement agencies are otherwise allowed access by State and Federal law),

unless all Federal and State agencies administering programs under this part (including the entities established under section 453) have access to information in such system or network to the same extent as any other user of such system or network.''.

SEC. 426. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows ''subsection (c))'' and inserting '', for

the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations—

''(1) information on, or facilitating the discovery of, the location of any individual—

''(A) who is under an obligation to pay child support;

''(B) against whom such an obligation is sought; or

''(C) to whom such an obligation is owed,

including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

''(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

''(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual.'';

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''social security'' and all that follows through ''absent parent'' and inserting ''information described in subsection (a)''; and

(B) in paragraph (2), by inserting before the period '', or from any consumer reporting agency (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))''; and

(3) in subsection (e)(1), by inserting before the period '', or by consumer reporting agencies''.

(b) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting before the period ''in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)''.

(c) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following:

''(g) The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).''.

(d) TECHNICAL AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting ''Federal'' before ''Parent'' each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding ''FEDERAL'' before ''PARENT''.

(e) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (c) of this section, is amended by adding at the end the following:

''(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

''(1) IN GENERAL.—Not later than October 1, 1999, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

''(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

''(i) NATIONAL DIRECTORY OF NEW HIRES.—

''(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1999, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(f)(2).

''(2) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the Federal Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

''(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

''(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

''(A) The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

''(B) The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

''(i) The name, social security number, and birth date of each such individual.

''(ii) The employer identification number of each such employer.

''(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

''(A) compare information in the National Directory of New Hires against information in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

''(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

''(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

''(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

''(B) disclose information in such registries to such State agencies.

''(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

''(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

''(k) FEES.—

''(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

''(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

''(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

''(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

''(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

''(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

''(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.''.

(f) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting ''(including any governmental entity)'' after ''employers'',

(2) by striking ''except that'' and inserting ''except that—'',

(3) by inserting ''(A)'' before ''the Secretary of Labor'',

(4) by striking ''paragraph (2)'' and inserting ''paragraph (2), and'',

(5) by indenting the text so as to align it with new subparagraph (B) (as added by paragraph (6) of this subsection); and

(6) by adding at the end the following new subparagraph:

''(B) no report shall be filed with respect to an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing a report with respect to the employee could endanger the

safety of the employee or compromise an ongoing investigation or intelligence mission;''.

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

''(B) the Federal Parent Locator Service established under section 453;''.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''Secretary of Health, Education, and Welfare'' each place such term appears and inserting ''Secretary of Health and Human Services'';

(B) in subparagraph (B), by striking ''such information'' and all that follows and inserting ''information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;'';

(C) by striking ''and'' at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

''(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and''.

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Section 303(a) (42 U.S.C. 503(a)) is amended—

(A) by striking ''and'' at the end of paragraph (8);

(B) by striking ''and'' at the end of paragraph (9);

(C) by striking the period at the end of paragraph (10) and inserting ''; and''; and

(D) by adding after paragraph (10) the following:

''(11) The making of quarterly electronic reports, at such dates, in such format, and containing such information, as required by the Secretary of Health and Human Services under section 453(i)(3), and compliance with such provisions as such Secretary may find necessary to ensure the correctness and verification of such reports.''.

SEC. 427. USE OF SOCIAL SECURITY NUMBERS.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 401(a), is amended by adding at the end the following new paragraph:

''(13) Procedures requiring the recording of social security numbers—

''(A) of both parties on marriage licenses and divorce decrees;

''(B) of both parents, on birth records and child support and paternity orders and acknowledgements;

''(C) on all applications for motor vehicle licenses and professional licenses; and

''(D) of decedents on death certificates.''.

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)) is amended—

(1) in clause (i), by striking ''may require'' and inserting ''shall require'';

(2) in clause (ii)—

(A) by inserting after the first sentence the following: ''In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof) or any State agency having administrative responsibility for the law involved, the social security number of the party.''; and

(B) by striking ''Such numbers shall not be recorded on the birth certificate.'' and inserting ''This clause shall not be considered to authorize disclosure of such numbers except as provided in the preceding sentence.'';

(3) in clause (vi), by striking ''may'' and inserting ''shall''; and

(4) by adding at the end the following:

''(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

''(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgement in the records relating to the matter.''.

PART IV—STREAMLINING AND UNIFORMITY OF PROCEDURES

SEC. 431. ADOPTION OF UNIFORM STATE LAWS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a) and 427(a), is amended by adding at the end the following new paragraph:

''(14)(A) Procedures under which the State adopts in its entirety (with the modifications and additions specified in this paragraph) not later than January 1, 1997, and uses on and after such date, the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August 1992.

''(B) The State law adopted pursuant to subparagraph (A) shall be applied to any case—

''(i) involving an order established or modified in one State and for which a subsequent modification is sought in another State; or

''(ii) in which interstate activity is required to enforce an order.

''(C) The State law adopted pursuant to subparagraph (A) of this paragraph shall contain the following provision in lieu of section 611(a)(1) of the Uniform Interstate Family Support Act described in such subparagraph (A):

'' `(1) the following requirements are met:

'' `(i) the child, the individual obligee, and the obligor—

'' `(I) do not reside in the issuing State; and

'' `(II) either reside in this State or are subject to the jurisdiction of this State pursuant to section 201; and

'' `(ii) in any case where another State is exercising or seeks to exercise jurisdiction to modify the order, the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or'.

''(D) The State law adopted pursuant to subparagraph (A) shall recognize as valid, for purposes of any proceeding subject to such State law, service of process upon persons in the State (and proof of such service) by any means acceptable in another State which is the initiating or responding State in such proceeding.''.

SEC. 432. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking ''subsection (e)'' and inserting ''subsections (e), (f), and (i)'';

(2) in subsection (b), by inserting after the first undesignated paragraph the following:

'' `child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.'';

(3) in subsection (c), by inserting ''by a court of a State'' before ''is made'';

(4) in subsection (c)(1), by inserting ''and subsections (e), (f), and (g)'' after ''located'';

(5) in subsection (d)—

(A) by inserting ''individual'' before ''contestant''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(6) in subsection (e), by striking ''make a modification of a child support order with respect to a child that is made'' and inserting ''modify a child support order issued'';

(7) in subsection (e)(1), by inserting ''pursuant to subsection (i)'' before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting ''individual'' before ''contestant'' each place such term appears; and

(B) by striking ''to that court's making the modification and assuming'' and inserting ''with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume'';

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

''(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

''(1) If only 1 court has issued a child support order, the order of that court must be recognized.

''(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

''(3) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

''(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

''(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.'';

(11) in subsection (g) (as so redesignated)—

(A) by striking ''PRIOR'' and inserting ''MODIFIED''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting ''including the duration of current payments and other obligations of support'' before the comma; and

(B) in paragraph (3), by inserting ''arrears under'' after ''enforce''; and

(13) by adding at the end the following new subsection:

''(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.''.

SEC. 433. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 424(b), is amended—

(1) in subsection (a)(2), in the first sentence, to read as follows: ''Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations.''; and

(2) by adding after subsection (b) the following new subsection:

''(c) The procedures specified in this subsection are the following:

''(1) Procedures which give the State agency the authority (and recognize and enforce the authority of State agencies of other States), without the necessity of obtaining an order from any other judicial or administrative tribunal (but subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal), to take the following actions relating to establishment or enforcement of orders:

''(A) To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

''(B) To enter a default order, upon a showing of service of process and any additional showing required by State law—

''(i) establishing paternity, in the case of any putative father who refuses to submit to genetic testing; and

''(ii) establishing or modifying a support obligation, in the case of a parent (or other obligor or obligee) who fails to respond to notice to appear at a proceeding for such purpose.

''(C) To subpoena any financial or other information needed to establish, modify, or enforce an order, and to sanction failure to respond to any such subpoena.

''(D) To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

''(E) To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

''(i) Records of other State and local government agencies, including—

''(I) vital statistics (including records of marriage, birth, and divorce);

''(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

''(III) records concerning real and titled personal property;

''(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

''(V) employment security records;

''(VI) records of agencies administering public assistance programs;

''(VII) records of the motor vehicle department; and

''(VIII) corrections records.

''(ii) Certain records held by private entities, including—

''(I) customer records of public utilities and cable television companies; and

''(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

''(F) To order income withholding in accordance with subsection (a)(1) and (b) of section 466.

''(G) In cases where support is subject to an assignment under section 402(a)(9), 471(a)(17), or 1912, or to a requirement to pay through the centralized collections unit under section 454B) upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

''(H) For the purpose of securing overdue support—

''(i) to intercept and seize any periodic or lump-sum payment to the obligor by or through a State or local government agency, including—

''(I) unemployment compensation, workers' compensation, and other benefits;

''(II) judgments and settlements in cases under the jurisdiction of the State or local government; and

''(III) lottery winnings;

''(ii) to attach and seize assets of the obligor held by financial institutions;

''(iii) to attach public and private retirement funds in appropriate cases, as determined by the Secretary; and

''(iv) to impose liens in accordance with paragraph (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

''(I) For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages (subject to such conditions or restrictions as the State may provide).

''(J) To suspend drivers' licenses of individuals owing past-due support, in accordance with subsection (a)(16).

''(2) The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

''(A) Procedures under which—

''(i) the parties to any paternity or child support proceedings are required (subject to privacy safeguards) to file with the tribunal before entry of an order, and to update as appropriate, information on location and identity (including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer); and

''(ii) in any subsequent child support enforcement action between the same parties, the tribunal shall be authorized, upon sufficient showing that diligent effort has been made to ascertain such party's current location, to deem due process requirements for notice and service of process to be met, with respect to such party, by delivery to the most recent residential or employer address so filed pursuant to clause (i).

''(B) Procedures under which—

''(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties, and orders issued in such cases have statewide effect; and

''(ii) in the case of a State in which orders in such cases are issued by local jurisdictions, a case may be transferred between jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.''.

(b) EXCEPTIONS FROM STATE LAW REQUIREMENTS.—Section 466(d) (42 U.S.C. 666(d)) is amended—

(1) by striking ''(d) If'' and inserting ''(d)(1) Subject to paragraph (2), if''; and

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

''(2) The Secretary shall not grant an exemption from the requirements of—

''(A) subsection (a)(5) (concerning procedures for paternity establishment);

''(B) subsection (a)(10) (concerning modification of orders);

''(C) subsection (a)(12) (concerning recording of orders in the central State case registry);

''(D) subsection (a)(13) (concerning recording of social security numbers);

''(E) subsection (a)(14) (concerning interstate enforcement); or

''(F) subsection (c) (concerning expedited procedures), other than paragraph (1)(A) thereof (concerning establishment or modification of support amount).''.

(c) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 415(a)(2) and as amended by sections 421 and 422(c), is amended by adding at the end the following new subsection:

''(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required under this section shall be used, to the maximum extent feasible, to implement any expedited administrative procedures required under section 466(c).''.

SEC. 434. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427, and 431, is amended by adding at the end the following:

''(15) Procedures under which—

''(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

''(ii) the term 'business day' means a day on which State offices are open for regular business;

''(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

''(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

''(ii) shall constitute a certification by the requesting State—

''(I) of the amount of support under the order the payment of which is in arrears; and

''(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

''(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

''(D) the State shall maintain records of—

''(i) the number of such requests for assistance received by the State;

''(ii) the number of cases for which the State collected support in response to such a request; and

''(iii) the amount of such collected support.''.

SEC. 435. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking ''and'' at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting ''; and''; and

(3) by adding at the end the following:

''(11) not later than June 30, 1996, promulgate forms to be used by States in interstate cases for—

''(A) collection of child support through income withholding;

''(B) imposition of liens; and

''(C) administrative subpoenas.''.

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking ''and'' at the end of subparagraph (C);

(2) by inserting ''and'' at the end of subparagraph (D); and

(3) by adding at the end the following:

''(E) no later than October 1, 1996, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;''.

PART V—PATERNITY ESTABLISHMENT

SEC. 441. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended—

(1) in subparagraph (B)—

(A) by striking ''(B)'' and inserting ''(B)(i)'';

(B) in clause (i), as redesignated, by inserting before the period '', where such request is supported by a sworn statement—

''(I) by such party alleging paternity setting forth facts establishing a reasonable possibility of the requisite sexual contact of the parties; or

''(II) by such party denying paternity setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact of the parties;''; and

(C) by inserting after clause (i) (as redesignated) the following new clause:

''(ii) Procedures which require the State agency, in any case in which such agency orders genetic testing—

''(I) to pay the costs of such tests, subject to recoupment (where the State so elects) from the putative father if paternity is established; and

''(II) to obtain additional testing in any case where an original test result is disputed, upon request and advance payment by the disputing party.'';

(2) by striking subparagraphs (C), (D), (E), and (F) and inserting the following:

''(C)(i) Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the putative father and the mother must be given notice, orally, in writing, and in a language that each can understand, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

''(ii) Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

''(iii) Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

''(iv) The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies. The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as, voluntary paternity establishment programs of hospitals and birth record agencies.

''(D)(i) Procedures under which a signed acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within 60 days.

''(ii)(I) Procedures under which, after the 60-day period referred to in clause (i), a signed acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

''(II) Procedures under which, after the 60-day period referred to in clause (i), a minor who signs an acknowledgment of paternity other than in the presence of a parent or court-appointed guardian ad litem may rescind the acknowledgment in a judicial or administrative proceeding, until the earlier of—

''(aa) attaining the age of majority; or

''(bb) the date of the first judicial or administrative proceeding brought (after the signing) to establish a child support obligation, visitation rights, or custody rights with respect to the child whose paternity is the subject of the acknowledgment, and at which the minor is represented by a parent, guardian ad litem, or attorney.

''(E) Procedures under which no judicial or administrative proceedings are required or permitted to ratify an unchallenged acknowledgment of paternity.

''(F) Procedures requiring—

''(i) that the State admit into evidence, for purposes of establishing paternity, results of any genetic test that is—

''(I) of a type generally acknowledged, by accreditation bodies designated by the Secretary, as reliable evidence of paternity; and

''(II) performed by a laboratory approved by such an accreditation body;

''(ii) that any objection to genetic testing results must be made in writing not later than a specified number of days before any hearing at which such results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of such results); and

''(iii) that, if no objection is made, the test results are admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy.''; and

(3) by adding after subparagraph (H) the following new subparagraphs:

''(I) Procedures providing that the parties to an action to establish paternity are not entitled to a jury trial.

''(J) Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

''(K) Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services and testing on behalf of the child.

''(L) At the option of the State, procedures under which the tribunal establishing paternity and support has discretion to waive rights to all or part of amounts owed to the State (but not to the mother) for costs related to pregnancy, childbirth, and genetic testing and for public assistance paid to the family where the father cooperates or acknowledges paternity before or after genetic testing.

''(M) Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

''(N) Procedures under which voluntary acknowledgements and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the central case registry.''.

(b) STATE PLANS.—Section 454(a)(7) (42 U.S.C. 654(a)(7)) is amended to read as follows:

''(7) provide for entering into cooperative arrangements with—

''(A) appropriate courts and law enforcement officials to—

''(i) assist the agency administering the plan, and

''(ii) to assist such courts and officials and such agency with respect to matters of common concern; and

''(B) the State registry of birth records to record voluntary acknowledgments and adjudications of paternity and to make such records available for data matches and other purposes required by the agency administering the plan;''.

(c) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting '', and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent'' before the semicolon.

(d) TECHNICAL AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking ''a simple civil process for voluntarily acknowledging paternity and''.

SEC. 442. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

(a) STATE PLAN REQUIREMENT.—Section 454(23) (42 U.S.C. 654(23)) is amended—

(1) by striking ''(23)'' and inserting ''(23)(A)'';

(2) by inserting ''and'' after the semicolon; and

(3) by adding at the end the following new subparagraph:

''(B) publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support through a variety of means, which—

''(i) include distribution of written materials at health care facilities (including hospitals and clinics), and other locations such as schools;

''(ii) may include pre-natal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity (and may require all expectant recipients of assistance under part A to participate in such pre-natal programs, as an element of cooperation with efforts to establish paternity and child support);

''(iii) include, with respect to each child discharged from a hospital after birth for whom paternity or child support has not been established, reasonable followup efforts, providing—

''(I) in the case of a child for whom paternity has not been established, information on the benefits of and procedures for establishing paternity; and

''(II) in the case of a child for whom paternity has been established but child support has not been established, information on the benefits of and procedures for establishing a

child support order, and an application for child support services;''.

(b) ENHANCED FEDERAL MATCHING.—Section 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

(1) by inserting ''(i)'' before ''laboratory costs'', and

(2) by inserting before the semicolon '', and (ii) costs of outreach programs designed to encourage voluntary acknowledgment of paternity''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsection (a) shall become effective October 1, 1997.

(2) EXCEPTION.—The amendments made by subsection (b) shall be effective with respect to calendar quarters beginning on and after October 1, 1996.

PART VI—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

SEC. 451. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the ''National Child Support Guidelines Commission'' (in this section referred to as the ''Commission'').

(b) GENERAL DUTIES.—

(1) IN GENERAL.—The Commission shall determine—

(A) whether it is appropriate to develop a national child support guideline for consideration by the Congress or for adoption by individual States; or

(B) based on a study of various guideline models, the benefits and deficiencies of such models, and any needed improvements.

(2) DEVELOPMENT OF MODELS.—If the Commission determines under paragraph (1)(A) that a national child support guideline is needed or under paragraph (1)(B) that improvements to guideline models are needed, the Commission shall develop such national guideline or improvements.

(c) MATTERS FOR CONSIDERATION BY THE COMMISSION.—In making the recommendations concerning guidelines required under subsection (b), the Commission shall consider—

(1) the adequacy of State child support guidelines established pursuant to section 467 of the Social Security Act;

(2) matters generally applicable to all support orders, including—

(A) the feasibility of adopting uniform terms in all child support orders;

(B) how to define income and under what circumstances income should be imputed; and

(C) tax treatment of child support payments;

(3) the appropriate treatment of cases in which either or both parents have financial obligations to more than 1 family, including the effect (if any) to be given to—

(A) the income of either parent's spouse; and

(B) the financial responsibilities of either parent for other children or stepchildren;

(4) the appropriate treatment of expenses for child care (including care of the children of either parent, and work-related or job-training-related child care);

(5) the appropriate treatment of expenses for health care (including uninsured health care) and other extraordinary expenses for children with special needs;

(6) the appropriate duration of support by 1 or both parents, including

(A) support (including shared support) for post-secondary or vocational education; and

(B) support for disabled adult children;

(7) procedures to automatically adjust child support orders periodically to address changed economic circumstances, including changes in the consumer price index or either parent's income and expenses in particular cases;

(8) procedures to help non-custodial parents address grievances regarding visitation and custody orders to prevent such parents from withholding child support payments until such grievances are resolved; and

(9) whether, or to what extent, support levels should be adjusted in cases in which custody is shared or in which the noncustodial parent has extended visitation rights.

(d) MEMBERSHIP.—

(1) NUMBER; APPOINTMENT.—

(A) IN GENERAL.—The Commission shall be composed of 12 individuals appointed jointly by the Secretary of Health and Human Services and the Congress, not later than January 15, 1997, of which—

(i) 2 shall be appointed by the Chairman of the Committee on Finance of the Senate, and 1 shall be appointed by the ranking minority member of the Committee;

(ii) 2 shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives, and 1 shall be appointed by the ranking minority member of the Committee; and

(iii) 6 shall be appointed by the Secretary of Health and Human Services.

(B) QUALIFICATIONS OF MEMBERS.—Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least 1member shall represent advocacy groups for custodial parents, at least 1 member shall represent advocacy groups for noncustodial parents, and at least 1 member shall be the director of a State program under part D of title IV of the Social Security Act.

(2) TERMS OF OFFICE.—Each member shall be appointed for a term of 2 years. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) COMMISSION POWERS, COMPENSATION, ACCESS TO INFORMATION, AND SUPERVISION.—The first sentence of subparagraph (C), the first and third sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses (ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission.

(f) REPORT.—Not later than 2 years after the appointment of members, the Commission shall submit to the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a recommended national child support guideline and a final assessment of issues relating to such a proposed national child support guideline.

(g) TERMINATION.—The Commission shall terminate 6 months after the submission of the report described in subsection (e).

SEC. 452. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

''(10)(A)(i) Procedures under which—

''(I) every 3 years, at the request of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with such guidelines, without a requirement for any other change in circumstances; and

''(II) upon request at any time of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) based on a substantial change in the circumstances of either such parent.

''(ii) Such procedures shall require both parents subject to a child support order to be notified of their rights and responsibilities provided for under clause (i) at the time the order is issued and in the annual information exchange form provided under subparagraph (B).

''(B) Procedures under which each child support order issued or modified in the State after the effective date of this subparagraph shall require the parents subject to the order to provide each other with a complete statement of their respective financial condition annually on a form which shall be provided by the State. The Secretary shall establish regulations for the enforcement of such exchange of information.''.

PART VII—ENFORCEMENT OF SUPPORT ORDERS

SEC. 461. FEDERAL INCOME TAX REFUND OFFSET.

(a) CHANGED ORDER OF REFUND DISTRIBUTION UNDER INTERNAL REVENUE CODE.—Section 6402(c) of the Internal Revenue Code of 1986 (relating to offset of past-due support against overpayments) is amended by striking the third sentence.

(b) ELIMINATION OF DISPARITIES IN TREATMENT OF ASSIGNED AND NONASSIGNED ARREARAGES.—

(1) IN GENERAL.—Section 464(a) (42 U.S.C. 664(a)) is amended—

(A) in paragraph (1)—

(i) in the first sentence, by striking ''which has been assigned to such State pursuant to section 402(a)(9) or section 471(a)(17)''; and

(ii) in the second sentence, by striking ''in accordance with section 457 (b)(4) or (d)(3)'' and inserting ''as provided in paragraph (2)'';

(B) in paragraph (2), to read as follows:

''(2) The State agency shall distribute amounts paid by the Secretary of the Treasury pursuant to paragraph (1)—

''(A) in accordance with subsection (a)(4) or (d)(3) of section 457, in the case of past-due support assigned to a State pursuant to section 402(a)(9) or section 471(a)(17); and

''(B) to or on behalf of the child to whom the support was owed, in the case of past-due support not so assigned.'';

(C) in paragraph (3)—

(i) by striking ''or (2)'' each place it appears; and

(ii) in subparagraph (B), by striking ''under paragraph (2)'' and inserting ''on account of past-due support described in paragraph (2)(B)''.

(2) NOTICES OF PAST-DUE SUPPORT.—Section 464(b) (42 U.S.C. 664(b)) is amended—

(A) by striking ''(b)(1)'' and inserting ''(b)''; and

(B) by striking paragraph (2).

(3) DEFINITION OF PAST-DUE SUPPORT.—Section 464(c) (42 U.S.C. 664(c)) is amended—

(A) by striking ''(c)(1) Except as provided in paragraph (2), as'' and inserting ''(c) As''; and

(B) by striking paragraphs (2) and (3).

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1999.

SEC. 462. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) in paragraph (1), by inserting ''except as provided in paragraph (5)'' after ''collected'';

(2) by striking ''and'' at the end of paragraph (3);

(3) by striking the period at the end of paragraph (4) and inserting '', and'';

(4) by adding at the end the following new paragraph:

''(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.''; and

(5) by striking ''Secretary of Health, Education, and Welfare'' each place it appears and inserting ''Secretary of Health and Human Services''.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 463. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended—

(1) in the heading, by inserting ''INCOME WITHHOLDING,'' before ''GARNISHMENT'';

(2) in subsection (a)—

(A) by striking ''section 207'' and inserting ''section 207 and section 5301 of title 38, United States Code''; and

(B) by striking ''to legal process'' and all that follows through the period and inserting ''to withholding in accordance with State law pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary thereunder, and to any other legal process brought, by a State agency administering a program under this part or by an individual obligee, to enforce the legal obligation of such individual to provide child support or alimony.'';

(3) by striking subsection (b) and inserting the following new subsection:

''(b) Except as otherwise provided herein, each entity specified in subsection (a) shall be subject, with respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or to any other order or process to enforce support obligations against an individual (if such order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), to the same requirements as would apply if such entity were a private person.'';

(4) by striking subsections (c) and (d) and inserting the following new subsections:

''(c)(1) The head of each agency subject to the requirements of this section shall—

''(A) designate an agent or agents to receive orders and accept service of process; and

''(B) publish—

''(i) in the appendix of such regulations;

''(ii) in each subsequent republication of such regulations; and

''(iii) annually in the Federal Register,

the designation of such agent or agents, identified by title of position, mailing address, and telephone number.

''(2) Whenever an agent designated pursuant to paragraph (1) receives notice pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatories, with respect to an individual's child support or alimony payment obligations, such agent shall—

''(A) as soon as possible (but not later than 15 days) thereafter, send written notice of such notice or service (together with a copy thereof) to such individual at his duty station or last-known home address;

''(B) not later than 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to subsection (a)(1) or (b) of section 466, comply with all applicable provisions of such section 466; and

''(C) not later than 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatories, respond thereto.

''(d) In the event that a governmental entity receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

''(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

''(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by the provisions of such section 466(b) and regulations thereunder; and

''(3) such moneys as remain after compliance with subparagraphs (A) and (B) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.'';

(5) in subsection (f)—

(A) by striking ''(f)'' and inserting ''(f)(1)''; and

(B) by adding at the end the following new paragraph:

''(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by him in connection with the carrying out of such duties.''; and

(6) by adding at the end the following new subsections:

''(g) Authority to promulgate regulations for the implementation of the provisions of this section shall, insofar as the provisions of this section are applicable to moneys due from (or payable by)—

''(1) the executive branch of the Federal Government (including in such branch, for the purposes of this subsection, the territories and possessions of the United States, the United States Postal Service, the Postal Rate Commission, any wholly owned Federal corporation created by an Act of Congress, and the government of the District of Columbia), be vested in the President (or the President's designee);

''(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees); and

''(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the Chief Justice's designee).

''(h) Subject to subsection (i), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

''(1) consist of—

''(A) compensation paid or payable for personal services of such individual, whether such compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

''(B) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

''(i) under the insurance system established by title II;

''(ii) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

''(iii) as compensation for death under any Federal program;

''(iv) under any Federal program established to provide 'black lung' benefits; or

''(v) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by such Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if such former member has waived a portion of his retired pay in order to receive such compensation); and

''(C) worker's compensation benefits paid under Federal or State law; but

''(2) do not include any payment—

''(A) by way of reimbursement or otherwise, to defray expenses incurred by such individual in carrying out duties associated with his employment; or

''(B) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

''(i) In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

''(1) are owed by such individual to the United States;

''(2) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

''(3) are properly withheld for Federal, State, or local income tax purposes, if the withholding of such amounts is authorized or required by law and if amounts withheld are not greater than would be the case if such individual claimed all the dependents that the individual was entitled to (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when such individual presents evidence of a tax obligation which supports the additional withholding);

''(4) are deducted as health insurance premiums;

''(5) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

''(6) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

''(j) For purposes of this section—''.

(b) TRANSFER OF SUBSECTIONS.—Subsections (a) through (d) of section 462 (42 U.S.C. 662), are transferred and redesignated as paragraphs (1) through (4), respectively, of section 459(j) (as added by subsection (a)(6)), and the left margin of each of such paragraphs (1) through (4) is indented 2 ems to the right of the left margin of subsection (j) (as added by subsection (a)(6)).

(c) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking ''sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)'' each place it appears and inserting ''section 459 of the Social Security Act (42 U.S.C. 659)''.

(d) MILITARY RETIRED AND RETAINER PAY.—Section 1408 of title 10, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking ''and'';

(ii) in subparagraph (C), by striking the period and inserting ''; and''; and

(iii) by adding at the end the following new subparagraph:

''(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a State program under part D of title IV of the Social Security Act).'';

(B) in paragraph (2), by inserting ''or a court order for the payment of child support not included in or accompanied by such a decree or settlement,'' before ''which—'';

(2) in subsection (d)—

(A) in the heading, by inserting ''(OR FOR BENEFIT OF)'' after ''CONCERNED''; and

(B) in paragraph (1), in the first sentence, by inserting ''(or for the benefit of such spouse or former spouse to a State central collections unit or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)'' before ''in an amount sufficient''; and

(3) by adding at the end the following new subsection:

''(j) RELATIONSHIP TO OTHER LAWS.—In any case involving a child support order against a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of the Social Security Act.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 464. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Not later than 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term ''court'' has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term ''child support'' has the meaning given such term in section 462 of the Social Security Act (42 U.S.C. 662).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—Section 1408 of title 10, United States Code, as amended by section 463(d)(3), is amended—

(1) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively;

(2) by inserting after subsection (h) the following new subsection:

''(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order or an order of an administrative process established under State law for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.''; and

(3) in subsection (d)—

(A) in paragraph (1), by inserting after the first sentence the following: ''In the case of a spouse or former spouse who, pursuant to section 402(a)(9) of the Social Security Act (42 U.S.C. 602(26)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.''; and

(B) by adding at the end the following new paragraph:

''(6) In the case of a court order or an order of an administrative process established under State law for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order or an order of an administrative process established under State law shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.''.

SEC. 465. MOTOR VEHICLE LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended—

(1) by striking ''(4)'' and inserting ''(4)(A)''; and

(2) by adding at the end the following new subparagraphs:

''(B) Procedures for placing liens for arrearages of child support on motor vehicle titles of individuals owing such arrearages equal to or exceeding 1 month of support (or other minimum amount set by the State), under which—

''(i) any person owed such arrearages may place such a lien;

''(ii) the State agency administering the program under this part shall systematically place such liens;

''(iii) expedited methods are provided for—

''(I) ascertaining the amount of arrears;

''(II) affording the person owing the arrears or other titleholder to contest the amount of arrears or to obtain a release upon fulfilling the support obligation;

''(iv) such a lien has precedence over all other encumbrances on a vehicle title other than a purchase money security interest; and

''(v) the individual or State agency owed the arrears may execute on, seize, and sell the property in accordance with State law.

''(C) Procedures under which—

''(i) liens arise by operation of law against real and personal property for amounts of overdue support owed by an absent parent who resides or owns property in the State; and

''(ii) the State accords full faith and credit to such liens which arise in another State, without registration of the underlying order which is the basis for such lien.''.

SEC. 466. VOIDING OF FRAUDULENT TRANSFERS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427(a), 431, and 434, is amended by adding at the end the following new paragraph:

''(16) Procedures under which—

''(A) the State has in effect—

''(i) the Uniform Fraudulent Conveyance Act of 1981,

''(ii) the Uniform Fraudulent Transfer Act of 1984, or

''(iii) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

''(B) in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

''(i) seek to void such transfer; or

''(ii) obtain a settlement in the best interests of the child support creditor.''.

SEC. 467. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427(a), 431, 434, and 466, is amended by adding at the end the following new paragraph:

''(17) Procedures under which the State has (and uses in appropriate cases) authority (subject to appropriate due process safeguards) to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue child support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.''.

SEC. 468. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

''(7)(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

''(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported—

''(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

''(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency.''.

SEC. 469. EXTENDED STATUTE OF LIMITATION FOR COLLECTION OF ARREARAGES.

(a) IN GENERAL.—Section 466(a)(9) (42 U.S.C. 666(a)(9)) is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

(2) by striking ''(9)'' and inserting ''(9)(A)''; and

(3) by adding at the end the following new subparagraph:

''(B) Procedures under which the statute of limitations on any arrearages of child support extends at least until the child owed such support is 30 years of age.''.

(b) APPLICATION OF REQUIREMENT.—The amendment made by this section shall not be interpreted to require any State law to revive any payment obligation which had lapsed prior to the effective date of such State law.

SEC. 470. CHARGES FOR ARREARAGES.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427(a), 431, 434, 466, and 467, is amended by adding at the end the following new paragraph:

''(18) Procedures providing for the calculation and collection of interest or penalties for arrearages of child support, and for distribution of such interest or penalties collected for the benefit of the child (except where the right to support has been assigned to the State).''.

(b) REGULATIONS.—The Secretary of Health and Human Services shall establish by regulation a rule to resolve choice of law conflicts arising in the implementation of the amendment made by subsection (a).

(c) CONFORMING AMENDMENT.—Section 454(21) (42 U.S.C. 654(21)) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to arrearages accruing on or after October 1, 1998.

SEC. 471. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by sections 415(a)(3) and 417, is amended by adding at the end the following new subsection:

''(l)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(29) that an individual owes arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 471(b) of the Interstate Child Support Responsibility Act of 1995.

''(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.''.

(2) STATE CHILD SUPPORT ENFORCEMENT AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, 414(b), 422(a), and 423(a) is amended—

(A) by striking ''and'' at the end of paragraph (28);

(B) by striking the period at the end of paragraph (29) and inserting ''; and''; and

(C) by adding after paragraph (29) the following new paragraph:

''(30) provide that the State agency will have in effect a procedure (which may be combined with the procedure for tax refund offset under section 464) for certifying to the Secretary, for purposes of the procedure under section 452(l) (concerning denial of passports) determinations that individuals owe arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, under which procedure—

''(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

''(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.''.

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State, upon certification by the Secretary of Health and Human Services, in accordance with section 452(l) of the Social Security Act, that an individual owes arrearages of child support in excess of $5,000 or in an amount exceeding 24 months' worth of child support, shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

SEC. 472. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

(a) SENSE OF THE CONGRESS THAT THE UNITED STATES SHOULD RATIFY THE UNITED NATIONS CONVENTION OF 1956.—It is the sense of the Congress that the United States should ratify the United Nations Convention of 1956.

(b) TREATMENT OF INTERNATIONAL CHILD SUPPORT CASES AS INTERSTATE CASES.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, 414(b), 422(a), 423(a), and 471(a)(2), is amended—

(1) by striking ''and'' at the end of paragraph (29);

(2) by striking the period at the end of paragraph (30) and inserting ''; and''; and

(3) by inserting after paragraph (30) the following new paragraph:

''(31) provide that the State must treat international child support cases in the same manner as the State treats interstate child support cases under the plan.''.

PART VIII—MEDICAL SUPPORT

SEC. 481. TECHNICAL CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking ''issued by a court of competent jurisdiction'';

(2) in clause (ii) by striking the period and inserting a comma; and

(3) by adding after clause (ii), the following flush left language:

''if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued by an administrative adjudicator and has the force and effect of law under applicable State law.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall become effective on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—

(A) IN GENERAL.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the first plan year beginning on or after January 1, 1996, if—

(i) during the period after the date before the date of the enactment of this Act and before such first plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(ii) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such first plan year.

(B) NO FAILURE FOR COMPLIANCE WITH THIS PARAGRAPH.—A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

PART IX—ACCESS AND VISITATION PROGRAMS

SEC. 491. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV is amended by adding at the end the following new section:

''GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

''SEC. 469A. (a) PURPOSES; AUTHORIZATION OF APPROPRIATIONS.—For purposes of enabling States to establish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision, and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements, there are authorized to be appropriated $5,000,000 for each of fiscal years 1996 and 1997, and $10,000,000 for each succeeding fiscal year.

''(b) PAYMENTS TO STATES.—

''(1) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment under subsection (c) for such fiscal year, to be used for payment of 90 percent of State expenditures for the purposes specified in subsection (a).

''(2) SUPPLEMENTARY USE.—Payments under this section shall be used by a State to supplement (and not to substitute for) expenditures by the State, for activities specified in subsection (a), at a level at least equal to the level of such expenditures for fiscal year 1994.

''(c) ALLOTMENTS TO STATES.—

''(1) IN GENERAL.—For purposes of subsection (b), each State shall be entitled (subject to paragraph (2)) to an amount for each fiscal year bearing the same ratio to the amount authorized to be appropriated pursuant to subsection (a) for such fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

''(2) MINIMUM ALLOTMENT.—Allotments to States under paragraph (1) shall be adjusted as necessary to ensure that no State is allotted less than $50,000 for fiscal year 1996 or 1997, or $100,000 for any succeeding fiscal year.

''(d) FEDERAL ADMINISTRATION.—The program under this section shall be administered by the Administration for Children and Families.

''(e) STATE PROGRAM ADMINISTRATION.—

''(1) IN GENERAL.—Each State may administer the program under this section directly or through grants to or contracts with courts, local public agencies, or non-profit private entities.

''(2) STATEWIDE PLAN PERMISSIBLE.—State programs under this section may, but need not, be statewide.

''(3) EVALUATION.—States administering programs under this section shall monitor, evaluate, and report on such programs in accordance with requirements established by the Secretary.''.

Subtitle B—Child Support Enforcement and Assurance Demonstrations

SEC. 494. CHILD SUPPORT ENFORCEMENT AND ASSURANCE DEMONSTRATIONS.

(a) DEMONSTRATIONS AUTHORIZED.—

(1) INITIAL PROJECTS.—The Secretary of Health and Human Services (hereafter in this section referred to as the ''Secretary'') shall make grants to three States for demonstrations under this section to determine the effectiveness of programs to provide assured levels of child support to custodial parents of children for whom paternity and support obligations have been established.

(b) DURATION OF PROJECTS.—

(1) TOTAL PROJECT PERIOD.—The Secretary shall make grants to States for demonstrations under this section beginning in fiscal year 1997, for periods of 7 to 10 years.

(2) PHASEDOWN PERIOD.—Each State implementing a demonstration project under this section shall—

(A) phase out activities under such demonstration during the final two years of the project; and

(B) obtain the Secretary's approval, before the beginning of such phasedown period, of a plan for accomplishing such phasedown.

(c) CONSIDERATIONS IN SELECTION OF PROJECTS.—

(1) SCOPE.—Projects under this section may, but need not, be statewide in scope.

(2) STATE ADMINISTRATION.—

(A) RESPONSIBLE STATE AGENCY.—A State demonstration project under this section shall be administered either by the State agency administering the program under title IV–D of the Social Security Act or the State department of revenue and taxation.

(B) AUTOMATION.—The State agency described in subparagraph (A) shall operate (or have automated access to) the automated data system required under section 454(16) of the Social Security Act, and shall have adequate automated capacity to carry out the project under this section (including the timely distribution of child support assurance benefits).

(3) CONTROLS.—At least one demonstration project under this section shall include randomly assigned control groups.

(d) ELIGIBILITY.—

(1) IN GENERAL.—Child support assurance payments under projects under this section shall be available only to children for whom paternity and support obligations have been established (or with respect to whom a determination has been made that efforts to establish paternity or support would not be in the best interests of the child).

(2) FAMILIES WITH SHARED CUSTODY.—In cases where both parents share custody of a child, a parent and child shall not be eligible for benefits under a demonstration under this section unless—

(A) a support order is in effect entitling such parent to support payments in excess of the minimum benefit; or

(B) the agency or tribunal which issued the order certifies that the child support award would be below such minimum benefit if either parent was awarded sole custody and the guidelines under section 467 were applied.

(3) STATE OPTION TO BASE ELIGIBILITY ON NEED.—At State option, eligibility for benefits under a demonstration under this section may be limited to families with incomes and resources below a standard of need established by the State.

(f) BENEFIT AMOUNTS.—

(1) RANGE OF BENEFIT LEVELS.—States shall have flexibility to set annual benefit levels under demonstrations under this section, provided that (subject to the remaining provisions of this subsection) such levels—

(A) are not lower than $1,500 for a family with one child or $3,000 for a family with four or more children; and

(B) are not higher than $3,000 for a family with one child or $4,500 for a family with four or more children;

(2) INDEXING.—Annual benefit levels for each fiscal year after fiscal year 1996 shall be indexed to reflect the change in the Consumer Price Index.

(3) UNMATCHED EXCESS BENEFITS.—The Secretary may permit States to pay benefits higher than a maximum specified in paragraphs (1) and (2), but Federal matching of such payments shall not be available for benefits in excess of the amounts specified in paragraph (1) (as adjusted in accordance with paragraph (2)) by more than $25 per month.

(g) TREATMENT OF BENEFITS.—

(1) FOR PURPOSES OF TRANSITIONAL AID.—The amount of aid otherwise payable to a family under title IV–A of the Social Security Act shall be reduced by an amount equal to the amount of child support assurance paid to such family (or, at the Secretary's discretion, by a percentage of such amount paid specified by the Secretary).

(2) TREATMENT OF BENEFITS FOR PURPOSES OF OTHER BENEFIT PROGRAMS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), child support assurance paid to a family shall be considered ordinary income for purposes of determining eligibility for and benefits under any Federal or State program.

(B) DEEMED TRANSITIONAL AID ELIGIBILITY.—At State option, a child (or family) that is ineligible for aid under title IV–A of the Social Security Act because of payments under a demonstration under this section may be deemed to be receiving such aid for purposes of determining eligibility for other Federal and State programs.

(3) FOR TAX PURPOSES.—Child support assurance which is paid to a family under this section and is not reimbursed from a child support collection from a noncustodial parent shall be considered ordinary income for purposes of Federal and State tax liability.

(h) WORK PROGRAM OPTION.—At the option of the State grantee, a demonstration under this section may include a work program for unemployed noncustodial parents of eligible children.

(i) AVAILABILITY OF APPROPRIATIONS FOR PAYMENTS TO STATES.—

(1) STATE ENTITLEMENT TO IV–D FUNDING.—A State administering an approved demonstration under this section in a calendar quarter shall be entitled to payments for such quarter, pursuant to section 455 of the Social Security Act for the Federal share of reasonable and necessary expenditures (including expenditures for benefit payments and for associated administrative costs) under such project, in an amount (subject to paragraphs (2) and (3)) equal to—

(A) with respect to that portion of such expenditures equal to the reduction of expenditures under title IV–A of the Social Security Act pursuant to subsection (g)(1), a percentage equal to the percentage that would have been paid if such expenditures had been made under such title IV–A; and

(B) 90 percent of the remainder of such expenditures.

(2) STATES WITH LOW TRANSITIONAL AID BENEFITS.—In the case of a State in which benefit levels under title IV–A of the Social Security Act are below the national median for such payments, the Secretary may elect to provide 90 percent Federal matching of a portion of expenditures under a project under this section that would otherwise be matched at the rate specified in paragraph (1)(A).

(3) FUNDING LIMITS; PRO RATA REDUCTIONS OF STATE MATCHING.—

(A) FUNDS AVAILABLE.—There shall be available to the Secretary, from amounts appropriated to carry our part D of title IV of the Social Security Act, for purposes of carrying out demonstrations under this section, amounts not to exceed—

(i) $27,000,000 for fiscal year 1997;

(ii) $55,000,000 for fiscal year 1998;

(iii) $70,000,000 for each of fiscal years 1999 through 2002; and

(iv) $55,000,000 for fiscal year 2003.

(B) PRO RATA REDUCTIONS.—The Secretary shall make pro rata reductions in the amounts otherwise payable to States under this section as necessary to comply with the funding limitation specified in subparagraph (A).

(j) DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.—Notwithstanding section 457 of the Social Security Act, support payments collected from the noncustodial parent of a child receiving (or who has received) child support assurance payments under this section shall be distributed as follows:

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

(2) second, from any remainder, amounts owed to the State on account of child support assurance payments to the family shall be paid to the State (with appropriate reimbursement to the Federal Government of its share to such payments);

(3) third, from any remainder, arrearages of support owed to the family shall be paid to the family; and

(4) fourth, from any remainder, amounts owed to the State on account of current or past payments of aid under title IV–A of the Social Security Act shall be paid to the State (with appropriate reimbursement to the Federal Government of its share of such payments).

(k) EVALUATIONS AND REPORTS.—

(1) STATE EVALUATIONS.—Each State administering a demonstration project under this section shall—

(A) provide for ongoing and retrospective evaluation of the project, meeting such conditions and standards as the Secretary may require; and

(B) submit to the Secretary such reports (at such times, in such format, and containing such information) as the Secretary may require, including at least an interim report not later than 90 days after the end of the fourth year of the project, and a final report not later than one year after the completion of the project, which shall include information on and analysis of the effect of the project with respect to—

(i) the economic circumstances of both noncustodial and custodial parents;

(ii) the rate of compliance by noncustodial parents with support orders;

(iii) work-force participation by both custodial and noncustodial parents;

(iv) the need for or amount of transitional aid to families with needy children under title IV–A of the Social Security Act;

(v) paternity establishment rates; and

(vi) any other matters the Secretary may specify.

(2) REPORTS TO CONGRESS.—The Secretary shall, on the basis of reports received from States administering projects under this section, make the following reports, containing an assessment of the effectiveness of the projects and any recommendations the Secretary considers appropriate:

(A) an interim report, not later than 6 months following receipt of the interim State reports required by paragraph (1)(B); and

(B) a final report, not later than 6 months following receipt of the final State reports required under such paragraph.

(3) FUNDING FOR COSTS TO SECRETARY.—There are authorized to be appropriated $10,000,000 for fiscal year 1997, to remain available until expended, for payment of the

cost of evaluations by the Secretary of the demonstrations carried out under this section.

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

SEC. 495. ESTABLISHMENT OF DEMONSTRATION PROJECTS FOR PROVIDING SERVICES TO CERTAIN NONCUSTODIAL PARENTS.

(a) IN GENERAL.—The Secretary of Health and Human Services (hereafter in this section referred to as the ''Secretary'') shall make grants to not more than 5 States to conduct demonstration projects in accordance with subsection (b) for the purpose of providing services to noncustodial parents who are unable to meet child support obligations due to unemployment or underemployment.

(b) REQUIREMENTS OF PROJECT.—A project conducted in accordance with this subsection shall provide noncustodial parents who are unable to meet child support obligations due to unemployment or underemployment with the following services:

(1) Assessment of job readiness.

(2) Referrals to job training and education programs.

(3) Court monitored job search.

(4) Court ordered participation in State work programs or other specialized employment programs.

(5) Technical assistance and information and interpretation of legal proceedings.

(6) Information dissemination and referrals to other available services.

(7) Other services determined by the State.

(c) APPLICATIONS.—Each State desiring to conduct a demonstration project under this section shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(d) REPORTS.—A State that conducts a demonstration project under this section shall prepare and submit to the Secretary annual and final reports in such form and containing such information as the Secretary may require.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $1,000,000 for each of fiscal years 1997 through 1999 for the purpose of conducting demonstration projects in accordance with this section.

Subtitle D—Severability

SEC. 496. SEVERABILITY.

If any provision of subtitle A or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of subtitle A which can be given effect without regard to the invalid provision or application, and to this end the provisions of subtitle A shall be severable.

TITLE V—TRANSITIONAL MEDICAID

SEC. 501. STATE OPTION TO EXTEND TRANSITIONAL MEDICAID BENEFITS.

(a) OPTIONAL EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TRANSITIONAL AID PROGRAM RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r–6(b)(1)) is amended by striking the period at the end and inserting the following: '', and may provide that the State may offer to each such family the option of extending coverage under this subsection for any of the first 2 succeeding 6-month periods, in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.''.

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r–6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking ''EXTENSION'' and inserting ''EXTENSIONS'';

(II) in the heading of paragraph (1), by striking ''REQUIREMENT'' and inserting ''IN GENERAL'';

(III) in paragraph (2)(B)(ii)—

(aa) by striking the heading, by striking ''PERIOD'' and inserting ''PERIODS''; and

(bb) by striking ''in the period'' and inserting ''in each of the 6-month periods'';

(IV) in paragraph (3)(A), by striking ''the 6-month period'' and inserting ''any 6-month period'';

(V) in paragraph (4)(A), by striking ''the extension period'' and inserting ''any extension period''; and

(VI) in paragraph (5)(D)(i), by striking ''is a 3-month period'' and all that follows and inserting the following: ''is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the 1st or 4th month of such extension period.''; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(i) by striking ''(A)''; and

(ii) by striking subparagraphs (B) and (C).

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply to calendar quarters beginning on or after October 1, 1996, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

(2) WHEN STATE LEGISLATION IS REQUIRED.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by subsection (a), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

TITLE VI—TEENAGE PREGNANCY PREVENTION

SEC. 601. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

Section 402(a) (42 U.S.C. 602(a)), as amended by section 101, is amended by adding at the end the following new paragraph:

''(13) RESIDENCY REQUIREMENT FOR TEENAGE PARENTS.—The State plan shall provide that—

''(A) IN GENERAL.—Except as provided in subparagraph (B)(i), in the case of any individual who is under the age of 18 and has never married, and who has a dependent child in his or her care (or is pregnant and is eligible for transitional aid to families with needy children under the State plan)—

''(i) such individual may receive transitional aid to families with needy children under the plan for the individual and such child (or for the individual if the individual is a pregnant woman) only if such individual and child (or such pregnant woman) reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; and

''(ii) such aid (where possible) shall be provided to the parent, legal guardian, or other adult relative on behalf of such individual and child.

''(B) EXCEPTION.—

''(i) ASSISTANCE IN LOCATING ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual described in clause (ii)—

''(I) the State agency shall assist such individual in locating an appropriate adult-supervised supportive living arrangement taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of aid under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate), or

''(II) if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, it shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the individual (and child) while living independently.

''(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual is described in this clause if—

''(I) such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

''(II) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

''(III) the State agency determines that the physical or emotional health of such individual or any dependent child of the individual would be jeopardized if such individual and such dependent child lived in the same residence with such individual's own parent or legal guardian; or

''(IV) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that it is in the best interest of the dependent child to waive the requirement of subparagraph (A) with respect to such individual.''.

SEC. 602. REINFORCING FAMILIES.

(a) IN GENERAL.—Title XX (42 U.S.C. 1397–1397e) is amended by adding at the end the following new section:

''SEC. 2008. SECOND CHANCE HOUSES.

''(a) ENTITLEMENT.—

''(1) IN GENERAL.—In addition to any payment under sections 2002 and 2007, beginning with fiscal year 1996, each State shall be entitled to funds under this section for each fiscal year for the establishment, operation, and support of second chance houses for custodial parents under the age of 19 and their children.

''(2) PAYMENT TO STATES.—

''(A) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment (determined in accordance with subsection (b)) for such fiscal year, to be used by such State for the purposes set forth in paragraph (1).

''(B) TRANSFERS OF FUNDS.—The Secretary shall make payments in accordance with section 6503 of title 31, United States Code, to each State from its allotment for use under this title.

''(C) USE.—Payments to a State from its allotment for any fiscal year must be expended by the State in such fiscal year or in the succeeding fiscal year.

''(D) TECHNICAL ASSISTANCE.—A State may use a portion of the amounts described in subparagraph (A) for the purpose of purchasing technical assistance from public or private entities if the State determines that

such assistance is required in developing, implementing, or administering the program funded under this section.

''(3) SECOND CHANCE HOUSES.—For purposes of this section, the term 'second chance houses' means an entity that provides custodial parents under the age of 19 and their children with a supportive and supervised living arrangement in which such parents would be required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children. A second chance house may also serve as a network center for other supportive services that might be available in the community.

''(b) ALLOTMENT.—

''(1) CERTAIN JURISDICTIONS.—The allotment for any fiscal year to each of the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to the amount specified under paragraph (3) as the allotment that the jurisdiction receives under section 2003(a) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

''(2) OTHER STATES.—The allotment for any fiscal year for each State other than the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

''(A) the amount specified under paragraph (3); reduced by

''(B) the total amount allotted to those jurisdictions for that fiscal year under paragraph (1),

as the allotment that the State receives under section 2003(b) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

''(3) AMOUNT SPECIFIED.—The amount specified for purposes of paragraphs (1) and (2) shall be $40,000,000 for fiscal year 1996 and each subsequent fiscal year.

''(c) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the community in any area in which a second chance house receiving funds pursuant to this section is to be established. In determining criteria for targeting funds received under this section, each State shall evaluate the community's commitment to the establishment and planning of the house.

''(d) LIMITATIONS ON THE USE OF FUNDS.—

''(1) CONSTRUCTION.—Except as provided in paragraph (2), funds made available under this section may not be used by the State, or any other person with which the State makes arrangements to carry out the purposes of this section, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility.

''(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon the State's request for such a waiver if the Secretary finds that the request describes extraordinary circumstances to justify the waiver and that permitting the waiver will contribute to the State's ability to carry out the purposes of this section.

''(e) TREATMENT OF INDIAN TRIBES.—

''(1) IN GENERAL.—An Indian tribe may apply to the Secretary to establish, operate, and support adult-supervised group homes for custodial parents under the age of 19 and their children in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

''(2) ALLOTMENT.—If the Secretary approves an Indian tribe's application, the Secretary shall allot to such tribe for a fiscal year an amount which the Secretary determines is the Indian tribe's fair and equitable share of the amount specified under paragraph (3) for all Indian tribes with applications approved under this subsection (based on allotment factors to be determined by the Secretary). The Secretary shall determine a minimum allotment amount for all Indian tribes with applications approved under this subsection. Each Indian tribe with an application approved under this subsection shall be entitled to such minimum allotment.

''(3) AMOUNT SPECIFIED.—The amount specified under this paragraph for all Indian tribes with applications approved under this subsection is $5,000,000 for fiscal year 1996 and each subsequent fiscal year.

''(4) INDIAN TRIBE DEFINED.—For purposes of this section, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.''.

(b) RECEIPT OF PAYMENTS BY SECOND CHANCE HOUSES.—Section 402(a)(13)(A)(ii), as added by section 601, is amended by striking ''or other adult relative'' and inserting ''other adult relative, or second chance house receiving funds under section 2008''.

(c) RECOMMENDATIONS ON USAGE OF GOVERNMENT SURPLUS PROPERTY.—Not later than 6 months after the date of the enactment of this Act, after consultation with the Secretary of Defense, the Secretary of Housing and Urban Development, and the Administrator of the General Services Administration, the Secretary of Health and Human Services shall submit recommendations to the Congress on the extent to which surplus properties of the United States Government may be used for the establishment of second chance houses receiving funds under section 2008 of the Social Security Act.

SEC. 603. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.

(a) IN GENERAL.—Section 402(a) (42 U.S.C. 602(a)), as amended by sections 101, 601, and 602, is amended by adding at the end the following new paragraph:

''(14) EDUCATIONAL REQUIREMENTS.—The State plan shall provide the following educational requirements:

''(A) CUSTODIAL PARENT UNDER 19 YEARS.—In the case of a custodial parent who has not attained 19 years of age, has not successfully completed a high-school education (or its equivalent), and is required to participate in the program (including an individual who would otherwise be exempt from participation in the program solely by reason of clause (i), (ii), or (iii) of paragraph (11)(B)), the State agency shall—

''(i) require such parent to participate in—

''(I) educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time basis (as defined by the educational provider); or

''(II) an alternative educational or training program (that has been approved by the Secretary) on a full-time basis (as defined by the provider); and

''(ii) provide child care in accordance with paragraph (5) with respect to the family.

''(B) CUSTODIAL PARENT 19 YEARS OLD.—

''(i) IN GENERAL.—To the extent that the program is available in the political subdivision involved and State resources otherwise permit, the State agency shall require a custodial parent who would be described in subparagraph (A), if that parent is 19 years of age, to participate in an educational activity described in clause (ii).

''(ii) TYPE OF EDUCATIONAL ACTIVITY.—The State agency may require a parent described in clause (i)—

''(I) to participate in educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time basis (as defined by the educational provider); or

''(II) to participate in training or work activities in lieu of the educational activities under subclause (I) if such parent fails to make good progress in successfully completing such educational activities or if it is determined (prior to any assignment of the individual to such educational activities) pursuant to an educational assessment that participation in such educational activities is inappropriate for such parent.

''(C) EDUCATIONAL ACTIVITY CONSIDERED PARTICIPATION IN PROGRAM.—

''(i) IN GENERAL.—If the parent or other caretaker relative or any dependent child in the family is attending in good standing an institution of higher education (as defined in section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088), or a school or course of vocational or technical training (not less than half time) consistent with the individual's employment goals, and is making satisfactory progress in such institution, school, or course, at the time he or she would otherwise commence participation in the program under this section, such attendance may, at the State's option, constitute satisfactory participation in the program (by that caretaker or child) so long as it continues and is consistent with such goals.

''(ii) ADDITIONAL REQUIREMENTS.—In addition to the requirements described in clause (i)—

''(I) any other activities in which an individual described in this subparagraph participates may not be permitted to interfere with the school or training described in such clause; and

''(II) the costs of such school or training shall not constitute a federally reimbursable expense for purposes of section 403, however the costs of day care, transportation, and other services which are necessary (as determined by the State agency) for such attendance in accordance with paragraph (5) are eligible for Federal reimbursement.''.

(b) STATE OPTION TO PROVIDE ADDITIONAL INCENTIVES AND PENALTIES TO ENCOURAGE TEENAGE PARENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN PARENTING ACTIVITIES.—

(1) STATE PLAN.—Section 402(a)(14)(A), as added by subsection (a), is amended by adding at the end the following new subparagraph:

''(D) INCENTIVES AND PENALTY PROGRAM.—At the option of the State, some or all custodial parents and pregnant women who have not attained 19 years of age (or at the State's option, 21 years of age) and who are receiving aid under this part shall be required to participate in a program of monetary incentives and penalties for participation and completion of a high school education (or equivalent) and in parenting activities, consistent with subsection (f);''.

(2) ELEMENTS OF PROGRAM.—Section 402 (42 U.S.C. 602), as amended by section 101, is amended by adding at the end the following new subsection:

''(f) INCENTIVES AND PENALTIES PROGRAM.—

''(1) IN GENERAL.—If a State opts to conduct a program of incentives and penalties described in subsection (a)(14)(D), the State shall amend its State plan—

''(A) to specify the one or more political subdivisions (or other clearly defined geographic area or areas) in which the State will conduct the program; and

''(B) to describe its program in detail.

''(2) PROGRAM DESCRIBED.—A program under this subsection—

''(A) may, at the option of the State, require full-time participation by custodial parents and pregnant women to whom the program applies in secondary school or equivalent educational activities, or participation in a course or program leading to a parenting skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

''(B) shall require that the needs of such custodial parents and pregnant women shall be reviewed and the program will ensure that, either in the initial development or revision of such individual's employability plan, there will be included a description of the services that will be provided to the individual and the way in which the program and service providers will coordinate with the educational or skills training activities in which the individual is participating;

''(C) shall provide monetary incentives for more than minimally acceptable performance of required educational activities; and

''(D) shall provide penalties (which may be those allowed by subsection (a)(1)(H) or other monetary penalties that the State finds will better achieve the objectives of the program) for less than minimally acceptable performance of required activities.

''(3) MONETARY INCENTIVE PAYABLE TO PARENT.—When a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive shall be paid directly to such parent, regardless of whether the State agency makes payment of aid under the State plan directly to such parent.

''(4) TREATMENT OF MONETARY INCENTIVE.—

''(A) IN GENERAL.—For purposes of this part, monetary incentives paid under this subsection shall be considered transitional aid to families with needy children.

''(B) TREATMENT UNDER OTHER FEDERAL PROGRAMS.—For purposes of any other Federal or federally-assisted program based on need, no monetary incentive paid under this subsection shall be considered income in determining a family's eligibility for or amount of benefits under such program, and if aid is reduced by reason of a penalty under this subsection, such other program shall treat the family involved as if no such penalty has been applied.

''(5) INFORMATION PROVIDED TO SECRETARY.—The State agency shall from time to time provide such information with respect to the State operation of the program as the Secretary may request.''.

SEC. 604. TARGETING YOUTH AT RISK OF TEENAGE PREGNANCY.

(a) IN GENERAL.—Section 402 of the Social Security Act (42 U.S.C. 602), as amended by sections 101 and 603, is amended by adding at the end the following new subsection:

''(g) REDUCTION IN TEENAGE PREGNANCY.—

''(1) IN GENERAL.—Each State agency may, to the extent it determines resources are available, provide for the operation of projects to reduce teenage pregnancy. Such projects shall be operated by eligible entities that have submitted applications described in paragraph (3) that have been approved in accordance with paragraph (4).

''(2) ELIGIBLE ENTITY.—For purposes of this subsection, the term 'eligible entity' includes State agencies, local agencies, publicly supported organizations, private nonprofit organizations, and consortia of such entities.

''(3) APPLICATION DESCRIBED.—An application described in this paragraph shall—

''(A) describe the project;

''(B) include an endorsement of the project by the chief elected official of the jurisdiction in which the project is to be located;

''(C) demonstrate strong local commitment and local involvement in the planning and implementation of the project; and

''(D) be submitted in such manner and containing such information as the Secretary may require.

''(4) APPROVAL OF APPLICATION.—

''(A) IN GENERAL.—Subject to subparagraph (B), the chief executive officer of a State may approve an application under this paragraph based on selection criteria to be determined by such chief executive officer.

''(B) PREFERENCES IN APPROVING PROJECTS.—Preference in approving a project shall be accorded to projects that target—

''(i) both young men and women;

''(ii) areas with high teenage pregnancy rates; or

''(iii) areas with a high incidence of individuals receiving transitional aid to families with needy children.

''(5) INDIAN TRIBES.—

''(A) IN GENERAL.—An Indian tribe may apply to the Secretary to provide for the operation of projects to reduce teenage pregnancy in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

''(B) INDIAN TRIBE DEFINED.—For purposes of this subsection, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.

''(6) TERM OF PROJECTS.—A project conducted under this subsection shall be conducted for not less than 3 years.

''(7) STUDY.—

''(A) IN GENERAL.—The Secretary shall conduct a study in accordance with subparagraph (B) to determine the relative effectiveness of the different approaches for preventing teenage pregnancy utilized in the projects conducted under this subsection.

''(B) STUDY REQUIREMENTS.—The study required under subparagraph (A) shall—

''(i) be based on data gathered from projects conducted in 5 States chosen by the Secretary from among the States in which projects under this subsection are operated;

''(ii) use specific outcome measures (determined by the Secretary) to test the effectiveness of the projects;

''(iii) use experimental and control groups (to the extent possible) that are composed of a random sample of participants in the projects; and

''(iv) be conducted in accordance with an experimental design determined by the Secretary to result in a comparable design among all projects.

''(C) INTERIM AND ANNUAL REPORTS.—Each eligible entity conducting a project under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, interim data from the projects conducted under this subsection. The Secretary shall report to the Congress annually on the progress of such projects and shall, not later than January 1, 2003, submit to the Congress a report on the study required under subparagraph (A).

''(D) AUTHORIZATION.—There are authorized to be appropriated $500,000 for each of fiscal years 1996 through 2001 for the purpose of conducting the study required under subparagraph (A).''.

(b) PAYMENT.—Section 403 of the Social Security Act (42 U.S.C. 603), as amended by section 101, is amended by adding at the end the following new subsection:

''(e) PAYMENTS FOR REDUCING TEENAGE PREGNANCY.—

''(1) IN GENERAL.—In addition to any payment under subsection (a), each State shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2001 in an amount equal to the lesser of—

''(A) 75 percent of the expenditures made by the State in providing for the operation of the projects under section 402(g), and in administering the projects under such section; or

''(B) the limitation determined under paragraph (2) with respect to the State for the fiscal year.

''(2) LIMITATION.—

''(A) IN GENERAL.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to $20,000,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981), including any revision required by such section) in the State in the second preceding fiscal year bears to such population residing in the United States in the second preceding fiscal year.

''(B) LIMITATION INCREASED.—If the limitation determined under subparagraph (A) with respect to a State for a fiscal year exceeds the amount paid to the State under this subsection for the fiscal year, the limitation determined under this paragraph with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

''(3) PAYMENTS TO INDIAN TRIBES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this title, for purposes of this subsection, an Indian tribe with an application approved under section 402(g)(5) shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2001 in an amount equal to the lesser of—

''(i) 75 percent of the expenditures made by the Indian tribe in providing for the operation of the projects under section 402(g)(5), and in administering the projects under such section; or

''(ii) the limitation determined under subparagraph (B) with respect to the Indian tribe for the fiscal year.

''(B) LIMITATION.—

''(i) IN GENERAL.—The limitation determined under this subparagraph with respect to an Indian tribe for any fiscal year is the amount that bears the same ratio to $3,750,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981), including any revision required by such section) in the Indian tribe in the second preceding fiscal year bears to such population of all Indian tribes with applications approved under section 402(g)(5) in the second preceding fiscal year.

''(ii) INCREASE IN LIMITATION.—If the limitation determined under clause (i) with respect to an Indian tribe for a fiscal year exceeds the amount paid to the Indian tribe under this paragraph for the fiscal year, the limitation determined under this subparagraph with respect to the Indian tribe for the immediately succeeding fiscal year shall be increased by the amount of such excess.

''(4) APPROPRIATIONS.—Amounts appropriated for a fiscal year to carry out this part shall be made available for payments under this subsection for such fiscal year.''.

SEC. 605. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—Not later than October 1, 1996, the Secretary of Health and

Human Services, shall within an existing office of the Department of Health and Human Services, establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the ''National Clearinghouse on Teenage Pregnancy Prevention Programs''.

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a training, technical assistance, and material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) develop and sponsor a variety of training institutes and curricula for adolescent pregnancy prevention program staff;

(3) identify model programs representing the various types of adolescent pregnancy prevention programs;

(4) develop technical assistance materials and activities to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

SEC. 606. DENIAL OF FEDERAL HOUSING BENEFITS TO MINORS WHO BEAR CHILDREN OUT-OF-WEDLOCK.

(a) PROHIBITION OF ASSISTANCE.—Notwithstanding any other provision of law, a household whose head of household is an individual who has borne a child out-of-wedlock before attaining 18 years of age may not be provided Federal housing assistance for a dwelling unit until attaining such age, unless—

(1) after the birth of the child—

(A) the individual marries an individual who has been determined by the relevant State to be the biological father of the child; or

(B) the biological parent of the child has legal custody of the child and marries an individual who legally adopts the child;

(2) the individual is a biological and custodial parent of another child who was not born out-of-wedlock; or

(3) eligibility for such Federal housing assistance is based in whole or in part on any disability or handicap of a member of the household.

(b) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) COVERED PROGRAM.—The term ''covered program'' means—

(A) the program of rental assistance on behalf of low-income families provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(B) the public housing program under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(C) the program of rent supplement payments on behalf of qualified tenants pursuant to contracts entered into under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

(D) the program of interest reduction payments pursuant to contracts entered into by the Secretary of Housing and Urban Development under section 236 of the National Housing Act (12 U.S.C. 1715z–1);

(E) the program for mortgage insurance provided pursuant to sections 221(d) (3) or (4) of the National Housing Act (12 U.S.C. 1715l(d)) for multifamily housing for low- and moderate-income families;

(F) the rural housing loan program under section 502 of the Housing Act of 1949 (42 U.S.C. 1472);

(G) the rural housing loan guarantee program under section 502(h) of the Housing Act of 1949 (42 U.S.C. 1472(h));

(H) the loan and grant programs under section 504 of the Housing Act of 1949 (42 U.S.C. 1474) for repairs and improvements to rural dwellings;

(I) the program of loans for rental and cooperative rural housing under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

(J) the program of rental assistance payments pursuant to contracts entered into under section 521(a)(2)(A) of the Housing Act of 1949 (42 U.S.C. 1490a(a)(2)(A));

(K) the loan and assistance programs under sections 514 and 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486) for housing for farm labor;

(L) the program of grants and loans for mutual and self-help housing and technical assistance under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

(M) the program of grants for preservation and rehabilitation of housing under section 533 of the Housing Act of 1949 (42 U.S.C. 1490m); and

(N) the program of site loans under section 524 of the Housing Act of 1949 (42 U.S.C. 1490d).

(2) COVERED PROJECT.—The term ''covered project'' means any housing for which Federal housing assistance is provided that is attached to the project or specific dwelling units in the project.

(3) FEDERAL HOUSING ASSISTANCE.—The term ''Federal housing assistance'' means—

(A) assistance provided under a covered program in the form of any contract, grant, loan, subsidy, cooperative agreement, loan or mortgage guarantee or insurance, or other financial assistance; or

(B) occupancy in a dwelling unit that is—

(i) provided assistance under a covered program; or

(ii) located in a covered project and subject to occupancy limitations under a covered program that are based on income.

(4) STATE.—The term ''State'' means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

(c) LIMITATIONS ON APPLICABILITY.—Subsection (a) shall not apply to Federal housing assistance provided for a household pursuant to an application or request for such assistance made by such household before the effective date of this Act if the household was receiving such assistance on the effective date of this Act.

SEC. 607. NATIONAL CAMPAIGN AGAINST TEENAGE PREGNANCY.

(a) FINDINGS.—The Congress finds that the Government has a role to play in preventing teenage pregnancy but that the Government alone cannot deal with the massive changes in societal attitudes and behavior that have occurred in recent decades.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that the President should lead a national campaign against teenage pregnancy that—

(1) challenges all aspects of society, including businesses, national and community voluntary organizations, religious institutions, and schools, to join in a national effort to reduce teenage pregnancies;

(2) emphasizes broad themes of economic opportunity and the personal responsibility of each family in every community; and

(3) establishes national and individual goals, based on the measurable aspects of such broad themes, to define the mission and guide the work of the national campaign including—

(A) graduation from high school; and

(B) deferral of childbearing until an individual is emotionally prepared to support a child and accept economic responsibility for the child's support.

TITLE VII—CHILDREN'S ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME

SEC. 701. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

(1) in subparagraph (A), by striking ''An individual'' and inserting ''Except as provided in subparagraph (C), an individual'';

(2) in subparagraph (A), by striking ''(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)'';

(3) by redesignating subparagraphs (C) through (H) as subparagraphs (D) through (I), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

''(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.''; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking ''(D)'' and inserting ''(E)''.

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the amendments made by subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment

of this Act and whose eligibility for such benefits may terminate by reason of the amendments made by subsection (a) or (b). With respect to redeterminations under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act; and

(iii) the Commissioner shall give such redeterminations priority over all other reviews under such title.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1997.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

SEC. 702. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 701(a)(3), is amended—

(1) by inserting ''(i)'' after ''(H)''; and

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

''(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

''(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a), is amended by adding at the end the following new clause:

''(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

''(I) during the 1-year period beginning on the individual's 18th birthday; and

''(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.''.

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b), is amended by adding at the end the following new clause:

''(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

''(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

''(III) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(d) MEDICAID FOR CHILDREN SHOWING IMPROVEMENT.—Section 1634 (42 U.S.C. 1383c) is amended by adding at the end the following new subsection:

''(f) In the case of any individual who has not attained 18 years of age and who has been determined to be ineligible for benefits under this title—

''(1) because of medical improvement following a continuing disability review under section 1631(a)(3)(H), or

''(2) as the result of the application of section 611(b)(2) of the Work First Act of 1995,

such individual shall continue to be considered eligible for such benefits for purposes of determining eligibility under title XIX if such individual is not otherwise eligible for medical assistance under such title and, in the case of an individual described in paragraph (1), such assistance is needed to maintain functional gains, and, in the case of an individual described in paragraph (2), such assistance would be available if such section 611(b)(2) had not been enacted.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 703. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking ''and'' at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting ''; and'', and by adding after subclause (IV) the following new subclause:

''(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee.''.

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

''(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

''(I) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment; and

''(II) implement statistically valid procedures for reviewing a sample of such contemporaneous records in order to identify instances in which such representative payee is not properly using such payment.''.

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by striking ''Clause (i)'' and inserting ''Subclauses (II) and (III) of clause (i)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following new clause:

''(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

''(I) education and job skills training;

''(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

''(III) appropriate therapy and rehabilitation.''.

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b) is amended—

(A) by striking ''and'' at the end of paragraph (9),

(B) by striking the period at the end of paragraph (10) the first place it appears and inserting a semicolon,

(C) by redesignating paragraph (10) the second place it appears as paragraph (11) and striking the period at the end of such paragraph and inserting ''; and'', and

(D) by inserting after paragraph (11), as so redesignated, the following new paragraph:

''(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

TITLE VIII—FINANCING AND FOOD ASSISTANCE REFORM

Subtitle A—Treatment of Aliens

SEC. 801. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC ASSISTANCE PROGRAMS.

(a) DEFINITION OF ''QUALIFIED ALIEN''.—

(1) IN GENERAL.—Section 1101(a) (42 U.S.C. 1301(a)) is amended by adding at the end the following new paragraph:

''(10) The term 'qualified alien' means an alien—

''(A) who is lawfully admitted for permanent residence within the meaning of section 101(a)(20) of the Immigration and Nationality Act;

''(B) who is admitted as a refugee pursuant to section 207 of such Act;

''(C) who is granted asylum pursuant to section 208 of such Act;

''(D) whose deportation is withheld pursuant to section 243(h) of such Act;

''(E) whose deportation is suspended pursuant to section 244 of such Act;

''(F) who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980;

''(G) who is lawfully admitted for temporary residence pursuant to section 210 or 245A of such Act;

''(H) who is within a class of aliens lawfully present within the United States pursuant to any other provision of such Act, if—

''(i) the Attorney General determines that the continued presence of such class of aliens serves a humanitarian or other compelling public interest, and

''(ii) the Secretary of Health and Human Services determines that such interest would be further served by treating each alien within such class as a 'qualified alien' for purposes of this Act; or

''(I)(i) who is the spouse, or unmarried child under 21 years of age, of a citizen of the United States, or

''(ii)(I) who is the parent of a citizen of the United States who is at least 21 years of age, and

''(II) with respect to whom an application for adjustment to lawful permanent residence is pending, such status not having changed.''.

(2) CONFORMING AMENDMENT.—Section 244A(f)(1) of the Immigration and Nationality Act (8 U.S.C. 1254a(f)(1)) is amended by inserting ''and shall not be considered to be a qualified alien within the meaning of section 1101(a)(10) of the Social Security Act'' before the semicolon.

(b) FEDERAL ASSISTANCE PROGRAMS.—

(1) SUPPLEMENTAL SECURITY INCOME.—Section 1614(a)(1)(B)(i) (42 U.S.C. 1382c(a)(1)(B)(i)) is amended to read as follows:

''(B)(i) is a resident of the United States, and is either (I) a citizen or national of the United States, or (II) a qualified alien (as defined in section 1101(a)(10)), or''.

(2) MEDICAID.—

(A) ELIGIBILITY LIMITATION.—Section 1903(v)(1) (42 U.S.C. 1396b(v)(1)) is amended to read as follows:

''(v)(1) Notwithstanding the preceding provisions of this section and except as provided in paragraph (2)—

''(A) no payment may be made to a State under this section for medical assistance furnished to an individual who is disqualified from receiving such assistance by reason of section 210(f) or 245A(h) of the Immigration and Nationality Act (8 U.S.C. 1160(f) or 1155a(h)) or any other provision of law, and

''(B) no such payment may be made for medical assistance furnished to an individual unless such individual is—

''(i) a citizen or national of the United States, or

''(ii) a qualified alien (as defined in section 1101(a)(10)).''.

(B) CONFORMING AMENDMENTS.—

(i) Section 1903(v)(2) (42 U.S.C. 1396b(v)(2)) is amended by striking ''alien'' each place it appears and inserting ''individual''.

(ii) Section 1902(a) (42 U.S.C. 1396a(a)) is amended in the last sentence by striking ''alien'' and all that follows to the end period and inserting ''individual who is not (A) a citizen or national of the United States, or (B) a qualified alien (as defined in section 1101(a)(10)) only in accordance with section 1903(v).''.

(iii) Section 1902(b)(3) (42 U.S.C. 1396a(b)(3)) is amended by inserting ''or national'' after ''citizen''.

(c) STATE AND LOCAL PROGRAMS.—A State or political subdivision thereof may provide that an alien is not eligible for any program of cash assistance based on need that is furnished by such State or political subdivision thereof for any month unless such alien is a qualified alien as defined in section 1101(a)(10) of the Social Security Act.

SEC. 802. EXTENSION OF DEEMING OF INCOME AND RESOURCES UNDER TRANSITIONAL AID, SSI, AND FOOD STAMP PROGRAMS.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), in applying sections 410 and 1621 of the Social Security Act and section 5(i) of the Food Stamp Act of 1977, the period in which each respective section otherwise applies with respect to a qualified alien (as defined in section 1101(a)(10) of the Social Security Act shall be extended through the date (if any) on which the alien becomes a citizen of the United States pursuant to chapter 2 of title III of the Immigration and Nationality Act.

(b) EXCEPTIONS.—Subsection (a) shall not apply to a qualified alien if—

(1) the alien has been lawfully admitted to the United States for permanent residence, has attained 75 years of age, and has resided in the United States for at least 5 years;

(2) the alien—

(A) is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge,

(B) is on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) is the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B);

(3) the alien is the subject of domestic violence by the alien's spouse and a divorce between the alien and the alien's spouse has been initiated through the filing of an appropriate action in an appropriate court;

(4) there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters; or

(5) the alien is unable because of physical or developmental disability or mental impairment (including Alzheimer's disease) to comply with the naturalization requirements of section 312(a) of the Immigration and Nationality Act.

(c) HOLD HARMLESS FOR MEDICAID ELIGIBILITY.—Subsection (a) shall not apply with respect to a determination of eligibility for benefits under part A of title IV of the Social Security Act or under the supplemental security income program of title XVI of such Act to the extent such determinations provide for eligibility for medical assistance under title XIX of such Act.

(d) STATE AND LOCAL PROGRAMS.—A State or political subdivision thereof may provide that an alien is not eligible for any program of cash assistance based on need that is furnished by such State or political subdivision thereof for any month if such alien has been determined to be ineligible for such month for benefits under—

(1) the program under part A of title IV of the Social Security Act;

(2) the program of supplemental security income authorized by title XVI of the Social Security Act; or

(3) the Food Stamp Act of 1977;

as a result of this section.

(e) EFFECTIVE DATE.—This section shall apply to benefits payable under the transitional aid program under part A of title IV of the Social Security Act, the program of supplemental security income authorized under title XVI of the Social Security Act, or the Food Stamp Act of 1977, for months beginning after September 30, 1995, on the basis of—

(1) an application filed after such date, or

(2) an application filed on or before such date by or on behalf of an individual subject to the provisions of section 1621(a) or section 410(a) of the Social Security Act or section 5(i)(1) of the Food Stamp Act of 1977 (as the case may be) on such date.

SEC. 803. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Section 213 of the Immigration and Nationality Act (8 U.S.C. 1183) is amended—

(1) in the heading, by striking ''ON GIVING BOND'' and inserting ''UPON PROVISION OF BOND OR GUARANTEE OF FINANCIAL RESPONSIBILITY'';

(2) by designating the existing matter as subsection (a); and

(3) by adding at the end the following new subsection:

''(b)(1) An alien excludable under section 212(a)(4) may, if otherwise admissible, be admitted in the discretion of the Attorney General upon a finding by the Attorney General that—

''(A) the alien has received a guarantee of financial responsibility in such form as may be prescribed pursuant to paragraph (4) and meets the conditions described in paragraph (2); and

''(B) taking into consideration all relevant circumstances, it is reasonable to expect that the sponsor, as defined in paragraph (2)(A), has the financial capacity to meet the obligations of the guarantee.

''(2) A guarantee of financial responsibility for an alien must—

''(A) be signed in the presence of an immigration officer or consular officer (or in the presence of a notary public) by an individual (referred to in this subsection as the 'sponsor') who is—

''(i) 21 years of age or older;

''(ii) of good moral character; and

''(iii) a citizen of the United States or an alien lawfully admitted for permanent residence domiciled in any of the several States of the United States, the District of Columbia, or any territory or possession of the United States;

''(B) provide that the sponsor enters into a legally binding commitment to furnish to or on behalf of the alien financial support sufficient to meet the alien's basic subsistence needs during the period that begins on the date that the alien acquires the status of an alien lawfully admitted for permanent residence and ends on the earlier of—

''(i) the date the alien becomes a citizen of the United States under chapter 2 of title III;

''(ii) the first date the alien is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge;

''(iii) the first date as of which there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters; or

''(iv) any period in which the alien is—

''(I) on active duty (other than active duty for training) in the Armed Forces of the United States; or

''(II) the spouse or unmarried dependent child of an individual described in clause (ii) or subclause (I) of this clause; and

''(C) contain the sponsor's authorization to the Internal Revenue Service to disclose any tax return information necessary to verify the sponsor's income to the extent necessary to determine the eligibility for benefits under—

''(i) the program under part A of title IV of the Social Security Act;

''(ii) the program of supplemental security income authorized by title XVI of the Social Security Act; or

''(iii) the Food Stamp Act of 1977,

for an alien sponsored by the sponsor.

''(3) Any guarantee of financial support executed on behalf of an alien pursuant to this subsection—

''(A) must be enforceable against the sponsor; and

''(B) may be enforced against the sponsor in a civil suit brought by the alien or by the Federal Government, any State, district, territory, or possession of the United States, or any political subdivision of such State, district, territory, or possession of the United States, which provides benefits to the alien in any court of competent jurisdiction.

''(4) The Secretary of State, the Attorney General, the Secretary of Health and Human Services, the Secretary of Agriculture, and the Commissioner of Social Security, shall jointly establish the form of the guarantee of financial support described in this section.''.

(b) DATE FOR ESTABLISHMENT OF FORM; EFFECTIVE DATE.—

(1) DATE FOR ESTABLISHMENT.—The Secretary of State, the Attorney General, the Secretary of Health and Human Services, the Secretary of Agriculture, and the Commissioner of Social Security shall establish a form for the guarantee of financial support pursuant to section 213(b)(4) (as added by this subsection) not later than 180 days after the date of the enactment of this Act.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the form for the guarantee of financial support is developed under section 213(b)(4) of the Immigration and Nationality Act (as added by this subsection).

(c) CLERICAL AMENDMENT.—The table of contents of the Immigration and Nationality Act is amended by amending the item relating to section 213 to read as follows:

''Sec. 213. Admission of certain aliens upon provision of bond or guarantee of financial responsibility.''.

SEC. 804. EXTENDING REQUIREMENT FOR AFFIDAVITS OF SUPPORT TO FAMILY-RELATED AND DIVERSITY IMMIGRANTS.

(a) IN GENERAL.—Section 212(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(4)) is amended to read as follows:

''(4) PUBLIC CHARGE AND AFFIDAVITS OF SUPPORT.—

''(A) PUBLIC CHARGE.—Any alien who, in the opinion of the consular officer at the time of application for a visa, or in the opinion of the Attorney General at the time of application for admission or adjustment of status, is likely at any time to become a public charge is excludable.

''(B) AFFIDAVITS OF SUPPORT.—Any immigrant who seeks admission or adjustment of status as any of the following is excludable unless there has been executed with respect to the immigrant an affidavit of support pursuant to section 213(b):

''(i) As an immediate relative (under section 201(b)(2)).

''(ii) As a family-sponsored immigrant under section 203(a) (or as the spouse or child under section 203(d) of such immigrant).

''(iii) As the spouse or child (under section 203(d)) of an employment-based immigrant under section 203(b).

''(iv) As a diversity immigrant under section 203(c) (or as the spouse or child under section 203(d) of such an immigrant).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to aliens with respect to whom an immigrant visa is issued (or adjustment of status is granted) after the date specified by the Attorney General under section 803(b)(2).

Subtitle B—Food Assistance Provisions

SEC. 821. MANDATORY CLAIMS COLLECTION METHODS.

(a) Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by inserting ''or refunds of Federal taxes as authorized pursuant to section 3720A of title 31, United States Code'' before the semicolon at the end.

(b) Section 13(d) of the Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amended—

(1) by striking ''may'' and inserting ''shall''; and

(2) by inserting ''or refunds of Federal taxes as authorized pursuant to section 3720A of title 31, United States Code'' before the period at the end.

(c) Section 6103(*l*) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(*l*)) is amended—

(1) by striking ''officers and employees'' in paragraph (10)(A) and inserting ''officers, employees or agents, including State agencies''; and

(2) by striking ''officers and employees'' in paragraph (10)(B) and inserting ''officers, employees or agents, including State agencies''.

SEC. 822. REDUCTION OF BASIC BENEFIT LEVEL.

The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking ''and (11)'' and inserting ''(11)'';

(2) in paragraph (11), by inserting ''through October 1, 1994'' after ''each October 1 thereafter''; and

(3) by inserting before the period at the end the following: '', and (12) on October 1, 1995, and on each October 1 thereafter, adjust the cost of such diet to reflect 100 percent of the cost, in the preceding June (without regard to any previous adjustment made under this paragraph or paragraphs (4) through (11)) and round the result to the nearest lower dollar increment for each household size''.

SEC. 823. PRORATING BENEFITS AFTER INTERRUPTIONS IN PARTICIPATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking ''of more than one month''.

SEC. 824. WORK REQUIREMENT FOR ABLE-BODIED RECIPIENTS.

(a) WORK REQUIREMENT.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by adding at the end the following:

''(5)(A) Except as provided in subparagraphs (B), (C), and (D), an individual who has received an allotment for 6 consecutive months during which such individual has not been employed a minimum of an average of 20 hours per week shall be disqualified if such individual is not employed at least an average of 20 hours per week, participating in a workfare program under section 20 (or a comparable State or local workfare program), or participating in and complying with the requirements of an approved employment and training program under paragraph (4).

''(B) The provisions of subparagraph (A) shall not apply in the case of an individual who—

''(i) is under 18 or over 50 years of age;

''(ii) is certified by a physician as physically or mentally unfit for employment;

''(iii) is a parent or other member of a household that includes a minor child;

''(iv) is participating a minimum of an average of 20 hours per week and is in compliance with the requirements of—

''(I) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

''(II) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

''(III) another program for the purpose of employment and training operated by a State or local government, as determined appropriate by the Secretary; or

''(v) would otherwise be exempt under paragraph (2).

''(C) The Secretary may waive the requirements of subparagraph (A) in the case of some or all individuals within all or part of a State if the Secretary finds that such area—

''(i) has an unemployment rate of over 7 percent; or

''(ii) does not have a sufficient number of jobs to provide employment for individuals subject to this paragraph.

The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the basis on which the Secretary made this decision.

''(D) An individual who has been disqualified from the food stamp program by reason of subparagraph (A) may reestablish eligibility for assistance—

''(i) by meeting the requirements of subparagraph (A);

''(ii) by becoming exempt under subparagraph (B); or

''(iii) if the Secretary grants a waiver under subparagraph (C).

''(E) A household (as defined in section 3(i)) that includes an individual who is not exempt under paragraph (2) and who refuses to work, refuses to look for work, turns down a job, or refuses to participate in the State program if the State places the individual in such program shall be ineligible to receive food stamp benefits. The State agency shall reduce, by such amount the State considers appropriate, the amount otherwise payable to a household that includes an individual who fails without good cause to comply with other requirements of the WAGE Plan signed by the individual.

''(F) The State agency shall make an initial assessment of the skills, prior work experience, and employability of each participant not exempted under subparagraph (B) within 6 months of initial certification. The State agency shall use such assessment, in consultation with the program participant, to develop a WAGE Plan for the participant. Such plan—

''(i) shall provide that participation in food stamp employment and training activities shall be a condition of eligibility for food stamp benefits, except during any period during which the individual is employed in full-time unsubsidized employment in the private sector;

''(ii) shall establish an employment goal and a plan for moving the individual into private sector employment immediately;

''(iii) shall establish the obligations of the individual, which shall include actions that will help the individual obtain and keep private sector employment; and

''(iv) may require that the individual enter the State program approved under part F of title IV of the Social Security Act if the caseworker determines that the individual will need education, training, job placement assistance, wage enhancement, or other services to obtain private sector employment.''.

(b) ENHANCED EMPLOYMENT AND TRAINING PROGRAM.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025 (h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''$75,000,000'' and inserting ''$150,000,000''; and

(B) by striking ''1991 through 1995'' and inserting ''1996 through 2000'';

(2) by striking subparagraphs (B), (C), (E) and (F) and redesignating subparagraph (D) as subparagraph (B); and

(3) in subparagraph (B) (as so redesignated), by striking ''for each'' and all that follows through ''of $60,000,000'' and inserting ''the Secretary shall allocate funding''.

(c) REQUIRED PARTICIPATION IN WORK AND TRAINING PROGRAMS.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

''(O) The State agency shall provide an opportunity to participate in the employment and training program under this paragraph to any individual who would otherwise become subject to disqualification under paragraph (5)(A).''.

(d) COORDINATING WORK REQUIREMENTS IN TRANSITIONAL AID AND FOOD STAMP PROGRAMS.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)), as amended by subsection (c), is amended by adding at the end the following:

''(P)(i) Notwithstanding any other provision of this paragraph, a State agency that meets the participation requirements of clause (ii) may operate the employment and

training program of the State for individuals who are members of households receiving allotments under this Act as part of its WAGE Program under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.), except that sections 487(b) and 489(a)(4) shall not apply to any month during which the individual participates in such program while not receiving income under part A of subtitle IV of the Social Security Act (42 U.S.C. 601 et seq.). If a State agency exercises the option provided under this clause, the operation of the program shall be subject to the requirements of such part F, except that any reference to 'transitional aid to families with needy children' in such part shall be deemed a reference to food stamp allotments for purposes of any person not receiving income under such part A.

''(ii) A State agency may exercise the option provided under clause (i) if the State agency provides an individual who is subject to the requirements of paragraph (5) who is not employed at least an average of 20 hours per week or participating in a workfare program under section 20 (or a comparable State or local program) with the opportunity to participate in an approved employment and training program. A State agency shall be considered to have complied with the requirements of this subparagraph in any area for which a waiver under paragraph (5)(4)(C) is in effect.''.

SEC. 825. EXTENDING CURRENT CLAIMS RETENTION RATES.

Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking ''September 30, 1995'' each place it appears and inserting ''September 30, 2002''.

SEC. 826. TWO-YEAR FREEZE OF STANDARD DEDUCTION.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended in the second sentence by inserting ''except October 1, 1995 and October 1, 1996'' after ''thereafter''.

SEC. 827. NUTRITION ASSISTANCE FOR PUERTO RICO.

Section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended—

(1) by striking ''1994, and'' and inserting ''1994,''; and

(2) by inserting ''and $1,143,000,000 for fiscal year 1996,'' before ''to finance''.

SEC. 828. REPEAL OF SPECIAL RULE FOR PERSONS WHO DO NOT PURCHASE AND PREPARE FOOD SEPARATELY.

(a) REPEALER.—Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking the third sentence.

(b) CONFORMING AMENDMENT.—Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking '', 16(e)(1), and the third sentence of section 3(i)'' and inserting ''and 16(e)(1)''.

SEC. 829. EARNINGS OF CERTAIN HIGH SCHOOL STUDENTS COUNTED AS INCOME.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking ''21'' and inserting ''18''.

SEC. 830. ENERGY ASSISTANCE COUNTED AS INCOME.

(a) LIMITING EXCLUSION.—Section 5(d)(11) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(11)) is amended—

(1) by striking ''(A) under any Federal law, or (B)''; and

(2) by inserting before the comma at the end the following: '', except that no benefits provided under the State program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall be excluded under this clause''.

(b) CONFORMING AMENDMENTS.—

(1) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking sentences nine through twelve.

(2) Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) is amended by striking subparagraph (C) and redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively.

SEC. 831. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)), as amended by section 830(b)(2), is amended—

(1) by striking subparagraph (F); and

(2) by redesignating subparagraphs (G) and (H) as subparagraphs (F) and (G), respectively.

SEC. 832. DENIAL OF FOOD STAMP BENEFITS FOR 10 YEARS TO CERTAIN INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE TO OBTAIN BENEFITS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by adding at the end the following:

''(i) An individual shall be ineligible to participate in the food stamp program as a member of any household during the 10-year period beginning on the date the individual is found by a State to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits simultaneously from 2 or more States under the food stamp program or under programs that are funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), under title XIX of such Act (42 U.S.C. 1396 et seq.), or under the supplemental security income program under title XVI of such Act (42 U.S.C. 1381 et seq.).''.

SEC. 833. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 833, is amended by adding at the end the following:

''(j) A State plan under section 11 may provide that no individual is eligible to participate in the food stamp program as a member of any household during any period such individual has a payment overdue that is both—

''(1) under a court order for the support of a child of such individual; and

''(2) not included in a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) with which the individual is in current compliance.''.

SEC. 834. LIMITING ADJUSTMENT OF MINIMUM BENEFIT.

Section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking ''nearest $5'' and inserting ''nearest $10''.

SEC. 835. PENALTY FOR FAILURE TO COMPLY WITH WORK REQUIREMENTS OF OTHER PROGRAMS.

Section 8(d) of the Food Stamp Act of 1977 (7 U.S.C. 2017(d)) is amended—

(1) by inserting ''or any work requirement under such program'' after ''assistance program''; and

(2) by inserting at the end ''The State agency may impose the same penalty on a household for such failure to comply with a work requirement in the program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that is imposed under such part.''

SEC. 836. RESUMPTION OF DISCRETIONARY FUNDING FOR NUTRITION EDUCATION AND TRAINING PROGRAM.

Section 19(i)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended—

(1) by striking ''Out of'' and all that follows through ''and $10,000,000'' and inserting ''To carry out the provisions of this section, there is hereby authorized to be appropriated not to exceed $10,000,000''; and

(2) by striking the last sentence.

SEC. 837. IMPROVEMENT OF CHILD AND ADULT CARE FOOD PROGRAM OPERATED UNDER THE NATIONAL SCHOOL LUNCH ACT.

(a) IN GENERAL.—Section 17(f)(3)(A) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(A)) is amended to read as follows:

''(A)(i) Institutions that participate in the program under this section as family or group day care home sponsoring organizations shall be provided, for payment to such homes, the reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs, involved in providing meals under this section.

''(ii)(I) A low- or moderate-income family or group day care home shall be provided the reimbursement factors without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subparagraph for meals or supplements served to the children of a person acting as a family or group day care home provider unless such children meet the eligibility standards for free or reduced price meals under section 9 of this Act. The reimbursement factors applied to such a home shall be the factors in effect on the date of the enactment of the Work and Gainful Employment Act. The reimbursement factors under this subparagraph shall be adjusted on July 1 of each year to reflect changes in the Consumer Price Index for food away from home for the most recent 12-month period for which such data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest one-fourth cent.

''(II) For purposes of this clause, the term 'low- or moderate-income family or group day care home' means—

''(aa) a family or group day care home that is located in a census tract area in which at least 50 percent of the children residing in such area are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9 of this Act, as determined by the family or group day care home sponsoring organization using census tract data provided to such organization by the State agency in accordance with subparagraph (B)(i);

''(bb) a family or group day care home that is located in an area served by a school in which at least 50 percent of the total number of children enrolled are certified to receive free or reduced price meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), as determined by the family or group day care home sponsoring organization using data provided to such organization by the State agency in accordance with subparagraph (B)(ii); or

''(cc) a family or group day care home that is operated by a provider whose household meets the eligibility standards for free or reduced price meals under section 9 of this Act.

''(iii)(I) Except as provided for in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(II), the reimbursement factors shall be—

''(aa) $1.00 for lunches and suppers;

''(bb) $.40 for breakfasts; and

''(cc) $.20 for supplements.

Such factors shall be adjusted on July 1, 1997, and each July 1 thereafter to reflect changes in the Consumer Price Index for food away from home for the most recent 12-month period for which such data are available. The reimbursement factors under this clause shall be rounded to the nearest one-fourth cent. A family or group day care home shall be provided a reimbursement factor under this subclause without a requirement for

documentation of the costs described in clause (i), except that reimbursement shall not be provided under this clause for meals or supplements served to the children of a person acting as a family or group day care home provider unless such children meet the eligibility standards for free or reduced price meals under section 9 of this Act.

''(II) A family or group day care home that does not meet the criteria set forth in clause (ii)(II), may elect to be provided a reimbursement factor determined in accordance with the following requirements:

''(aa) With respect to meals or supplements served under this subsection to children who are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9 of this Act, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with subclause (ii)(I).

''(bb) With respect to meals or supplements served under this subsection to children who are members of households whose incomes do not meet such eligibility standards, the family or group day care home shall be provided a reimbursement factor in accordance with subclause (I).

''(III) A family or group day care home electing to use the procedures under subclause (II) may consider a child with a parent participating in the WAGE program established under part F of title IV of the Social Security Act or a State child care program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 of this Act, to be a child who is a member of a household whose income meets the eligibility standards under section 9 of this Act. A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(I) solely for such children if it does not wish to have income statements collected from parents.

''(IV) The Secretary shall prescribe simplified meal counting and reporting procedures for use by family and group day care homes that elect to use the procedures under subclause (II) and by family and group day care home sponsoring organizations that serve such homes. Such procedures may include the following:

''(aa) Setting an annual percentage for each such home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(I) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(I), based on the incomes of children enrolled in the home in a specified month or other period.

''(bb) Setting blended reimbursement factors for a home annually based on the incomes of children enrolled in the home in a specified month or period.

''(cc) Placing a home into one of several reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the eligibility standards under section 9 of this Act.

''(dd) Such other simplified procedures as the Secretary may prescribe.''.

(b) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of such Act (42 U.S.C. 1766(f)(3)) is amended—

(1) by redesignating subparagraphs (B) and (C) as subparagraphs (D) and (E), respectively; and

(2) by inserting after subparagraph (A) (as amended by subsection (a)) the following new subparagraph:

''(B)(i) The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census for which such data are available showing which census tracts in the State meet the requirements of subparagraph (A)(ii)(II)(aa). The State agency shall provide such data to family or group day care home sponsoring organizations located in the State.

''(ii) Each State agency administering a child and adult care food program under this section shall annually provide to family or group day care home sponsoring organizations located in the State a list of all schools in the State in which at least 50 percent of the children are enrolled and certified to receive free or reduced price meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.). The Secretary shall direct State agencies administering the school lunch program under this Act and the school breakfast program under the Child Nutrition Act of 1966 to collect this information annually and to provide it on a timely basis to the State agency administering the program under this section.''.

(c) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of such Act (42 U.S.C. 1766(f)(3)) is amended by inserting after subparagraph (B) (as added by subsection (b)(2)) the following new subparagraph:

''(C)(i) From amounts appropriated to carry out this section, the Secretary shall reserve $2,000,000 in fiscal year 1996 and $5,000,000 in fiscal year 1997 to provide grants to States for the purpose of providing grants to family and day care home sponsoring organizations and other appropriate organizations to secure and provide training, materials, automated data processing assistance, and other assistance for the staff of such sponsoring organizations and for family and group day care homes in order to assist in the implementation of the requirements contained in subparagraph (A).

''(ii) From amounts appropriated to carry out this section, the Secretary shall reserve $5,000,000 in fiscal year 1998 and in each fiscal year thereafter to provide grants to States for the purpose of making grants to family or group day care home sponsoring organizations and other appropriate organizations to assist low- or moderate-income family or group day care homes (as such term is defined in subparagraph (A)(ii)(II)) to become licensed or registered for the program under this section or overcome other barriers to the program.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall take effect on July 1, 1996.

(2) GRANTS TO STATES.—The amendment made by subsection (c) shall take effect on the date of the enactment of this Act.

Subtitle C—Supplemental Security Income

SEC. 841. VERIFICATION OF ELIGIBILITY FOR CERTAIN SSI DISABILITY BENEFITS.

Section 1631 (42 U.S.C. 1383) is amended by adding at the end the following new subsection:

''(o)(1) Notwithstanding any other provision of law, if the Commissioner of Social Security determines that an individual, who is 18 years of age or older, is eligible to receive benefits pursuant to section 1614(a)(3), the Commissioner shall, at the time of the determination, either exempt the individual from an eligibility review or establish a schedule for reviewing the individual's continuing eligibility in accordance with paragraph (2).

''(2)(A) The Commissioner shall establish a periodic review with respect to the continuing eligibility of an individual to receive benefits, unless the individual is exempt from review under subparagraph (C) or is subject to a scheduled review under subparagraph (B). A periodic review under this subparagraph shall be initiated by the Commissioner not later than 30 months after the date a determination is made that the individual is eligible for benefits and every 30 months thereafter, unless a waiver is granted under section 221(i)(2). However, the Commissioner shall not postpone the initiation of a periodic review for more than 12 months in any case in which such waiver has been granted unless exigent circumstances require such postponement.

''(B)(i) In the case of an individual, other than an individual who is exempt from review under subparagraph (C) or with respect to whom subparagraph (A) applies, the Commissioner shall schedule a review regarding the individual's continuing eligibility to receive benefits at any time the Commissioner determines, based on the evidence available, that there is a significant possibility that the individual may cease to be entitled to such benefits.

''(ii) The Commissioner may establish classifications of individuals for whom a review of continuing eligibility is scheduled based on the impairments that are the basis for such individuals' eligibility for benefits. A review of an individual covered by a classification shall be scheduled in accordance with the applicable classification, unless the Commissioner determines that applying such schedule is inconsistent with the purpose of this Act or the integrity of the supplemental security income program.

''(C)(i) The Commissioner may exempt an individual from review under this subsection, if the individual's eligibility for benefits is based on a condition that, as a practical matter, has no substantial likelihood of improving to a point where the individual will be able to perform substantial gainful activity.

''(ii) The Commissioner may establish classifications of individuals who are exempt from review under this subsection based on the impairments that are the basis for such individuals' eligibility for benefits. Notwithstanding any such classification, the Commissioner may, at the time of determining an individual's eligibility, schedule a review of such individual's continuing eligibility if the Commissioner determines that a review is necessary to preserve the integrity of the supplemental security income program.

''(3) The Commissioner may revise a determination made under paragraph (1) and schedule a review under paragraph (2)(B), if the Commissioner obtains credible evidence that an individual may no longer be eligible for benefits or the Commissioner determines that a review is necessary to maintain the integrity of the supplemental security income program. Information obtained under section 1137 may be used as the basis to schedule a review.

''(4)(i) The requirements of sections 1614(a)(4) and 1633 shall apply to reviews conducted under this subsection.

''(ii) Such reviews may be conducted by the applicable State agency or the Commissioner, whichever is appropriate.''.

SEC. 842. NONPAYMENT OF SSI DISABILITY BENEFITS TO SUBSTANCE ABUSERS.

(a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended by adding at the end the following new subparagraph:

''(I) Notwithstanding subparagraph (A), an individual shall not be considered disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.''.

(b) ADDITIONAL ELIGIBILITY REQUIREMENTS.—Section 1611(e)(3)(A) (42 U.S.C. 1382(e)(3)(A)) is amended—

(1) in clause (i), by striking subclause (I) and inserting the following new subclause:

''(I) In the case of any individual who is eligible for benefits under this title by reason of disability for the month in which the Work and Gainful Employment Act becomes effective, whose alcoholism or drug addiction was a contributing factor material to the Commissioner's determination that such individual is disabled, whose benefits are terminated as a result of section 1614(a)(3)(I), and who subsequently becomes re-eligible for benefits under this title based on a disability, such individual shall comply with the provisions of this subparagraph. In any case in which an individual is required to comply with the provisions of this subparagraph, the Commissioner shall include in the individual's notification of such eligibility a notice informing the individual of such requirement.''; and

(2) in clause (vi)—

(A) in subclause (I), by striking ''who is eligible for benefits'' through ''is disabled,'' and inserting ''described in clause (i),'';

(B) in subclause (V), by striking ''or (v)''; and

(C) by redesignating clause (vi) as clause (v).

(c) CONFORMING AMENDMENTS.—

(1) Section 1611(e)(3)(B)(iii)(II)(aa) (42 U.S.C. 1382(e)(3)(B)(iii)(II)(aa)) is amended by striking ''with respect to whom'' through ''they are disabled'' and inserting ''described in subparagraph (A)(i)''.

(2) Section 201(b)(3) of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 425 note) is amended by striking subparagraph (C).

(d) MEDICAID BENEFITS.—Section 1634(e) (42 U.S.C. 1383c(e)) is amended—

(1) by striking ''or (v)'';

(2) by inserting ''(1)'' after ''(e)''; and

(3) by inserting at the end thereof:

''(2) Each person who is eligible for benefits under this title by reason of disability for the month in which the Work and Gainful Employment Act becomes effective and whose benefits are terminated as a result of section 1614(a)(3)(I) shall be deemed to be receiving such benefits for purposes of title XIX.''.

(e) PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—

(1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C. 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

''(II) In the case of an indi- vidual described in section 1611(e)(3)(A)(i)(I), the payment of benefits under this title by reason of disability to a representative payee shall be deemed to serve the interest of the individual under this title. In any case in which payment is so deemed under this subclause to serve the interest of an individual, the Commissioner shall include, in the individual's notification of such eligibility, a notice that the Commissioner is required by the Social Security Act to pay the individual's benefits to a representative payee.''.

(2) Section 1631(a)(2)(B)(vii) (42 U.S.C. 1383(a)(2)(B)(vii)) is amended by striking '', if alcoholism'' through ''individual is disabled'' and inserting in lieu thereof ''who is described in section 1611(e)(3)(A)(i)(I)''.

(3) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking ''alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is disabled'' and inserting ''who is described in section 1611(e)(3)(A)(i)(I)''.

TITLE IX—LEGISLATIVE PROPOSALS; EFFECTIVE DATE

SEC. 901. SECRETARIAL SUBMISSION.

The Secretary of Health and Human Services shall, within 90 days after the date of the enactment of this Act, submit to the appropriate committees of the Congress, a legislative proposal providing such technical and conforming amendments in the law as are required by the provisions of this Act.

SEC. 902. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise specifically provided in this Act, this Act and the amendments made by this shall be effective with respect to calendar quarters beginning on or after October 1, 1995.

(b) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the additional requirements imposed by this Act or the amendments made by this Act, the State shall not be regarded as failing to comply with such requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of this subsection, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

LEVIN AMENDMENT NO. 2533

Mr. MOYNIHAN (for Mr. LEVIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 417, line 15, strike ''or'' and insert ''and''.

DODD AMENDMENT NO. 2534

Mr. MOYNIHAN (for Mr. DODD) proposed an amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 397, strike lines 5 and 6 and insert the following:

''(1) 90 percent shall be reserved for making allotments under section 712;''.

On page 397, line 15, strike ''and'' at the end thereof.

On page 397, line 17, strike the period and insert ''; and''.

On page 397, between lines 17 and 18, insert the following:

''(7) 2 percent shall be reserved for carrying out sections 775 and 776.''.

On page 461, between lines 18 and 19, insert the following new sections and redesignate the remaining sections and cross references thereto, accordingly:

SEC. 775. NATIONAL RAPID RESPONSE GRANTS FOR DISLOCATED WORKERS.

(a) IN GENERAL.—From amounts reserved under section 734(b), the Secretary of Labor may award national rapid response grants to eligible entities to enable the entities to provide adjustment assistance to workers affected by major economic dislocations that result from plant closures, base closures, or mass layoffs.

(b) PROJECTS AND SERVICES.—

(1) IN GENERAL.—Amounts provided under grants awarded under this section shall be used to provide employment, training and related services through projects that relate to—

(A) industry-wide dislocations;

(B) multistate dislocations;

(C) dislocations resulting from reductions in defense expenditures;

(D) dislocations resulting from international trade actions;

(E) dislocations resulting from environmental laws and regulations, including the Clean Air Act (42 U.S.C. 7401 et seq.), and the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);

(F) dislocations affecting Indian Tribes and tribal organizations; and

(G) other dislocations that result from special circumstances or that State and local resources are insufficient to address.

(2) COMMUNITY PROJECTS.—The Secretary of Labor may award grants under this section for projects that provide comprehensive planning services to assist communities in addressing and reducing the impact of an economic dislocation.

(c) ADMINISTRATION.—

(1) APPLICATION.—To be eligible to receive a grant under this section, an eligible entity shall submit an application to the Secretary of Labor at such time, in such manner, and accompanied by such information as the Secretary of Labor determines to be appropriate.

(2) ELIGIBLE ENTITIES.—The Secretary of Labor may award a grant under this section to—

(A) a State;

(B) a local entity administering assistance provided under title I;

(C) an employer or employer association;

(D) a worker-management transition assistance committee or other employer-employee entities;

(E) a representative of employees;

(F) a community development corporation or community-based organization; or

(G) an industry consortium.

(d) USE OF FUNDS IN EMERGENCIES.—

(1) IN GENERAL.—Where the Secretary of Labor and the chief executive officer of a State determine that an emergency exists with respect to any particular distressed industry or any particularly distressed area within a State, the Secretary may use amounts made available under this section to provide emergency financial assistance to dislocated workers in the form of employment, training, and related services.

(2) ARRANGEMENTS.—The Secretary of Labor may enter into arrangements with eligible entities in a State described in paragraph (1) for the immediate provision of emergency financial assistance under paragraph (1) for the purposes of this section with any necessary supportive documentation to be submitted at a date agreed to by the chief executive officer and the Secretary.

SEC. 776. DISASTER RELIEF EMPLOYMENT ASSISTANCE.

(a) QUALIFICATION FOR FUNDS.—From amounts reserved under section 734(b), the Secretary of Labor may provide assistance to the chief executive officer of a State within which is located an area that has suffered an emergency or a major disaster as defined in paragraphs (1) and (2), respectively, of section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(1) and (2)) (hereafter referred to in this section as the ''disaster area'').

(b) USE OF FUNDS.—

(1) PROJECTS RESTRICTED TO DISASTER AREAS.—Funds provided to a State under subsection (a)—

(A) shall be used solely to provide eligible individuals with employment in projects to provide clothing, shelter, and other humanitarian assistance for disaster victims and in projects regarding the demolition, cleanup, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within the disaster area; and

(B) may be expended through public and private agencies and organizations administering such projects.

(2) ELIGIBILITY REQUIREMENTS.—An individual shall be eligible for employment in a project under this section if such individual is a dislocated worker or is temporarily or

permanently laid off as a result of an emergency or disaster referred to in subsection (a).

(3) LIMITATIONS ON DISASTER RELIEF EMPLOYMENT.—No individual may be employed using assistance provided under this section for a period of more than 6 months if such employment is related to recovery from a single emergency or disaster.

DORGAN AMENDMENT NO. 2535

Mr. MOYNIHAN (for Mr. DORGAN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, add the following new section:

SEC. . SENSE OF THE SENATE ON LEGISLATIVE ACCOUNTABILITY FOR UNFUNDED MANDATES IN WELFARE REFORM LEGISLATION.

(a) FINDINGS.—The Senate finds that the purposes of the Unfunded Mandates Reform Act of 1995 are:

(1) ''to strengthen the partnership between the Federal Government and State, local and tribal governments'';

(2) ''to end the imposition, in the absence of full consideration by Congress, of Federal mandates on State, local and tribal governments without adequate Federal funding, in a manner that may displace other essential State, local and tribal governmental priorities'';

(3) ''to assist Congress in its consideration of proposed legislation establishing or revising Federal programs containing Federal mandates affecting State, local and tribal governments, and the private sector by—

(A) providing for the development of information about the nature and size of mandates in proposed legislation; and

(B) establishing a mechanism to bring such information to the attention of the Senate and the House of Representatives before the Senate and the House of Representatives vote on proposed legislation'';

(4) ''to promote informed and deliberate decisions by Congress on the appropriateness of Federal mandates in any particular instance''; and

(5) ''to require that Congress consider whether to provide funding to assist State, local and tribal governments in complying with Federal mandates''.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that prior to the Senate acting on the conference report on either H.R. 4 or any other legislation including welfare reform provisions, the Congressional Budget Office shall prepare an analysis of the conference report to include:

(1) estimates, over each of the next seven fiscal years, by state and in total, of—

(A) the costs to states of meeting all work requirements in the conference report, including those for single-parent families, two-parent families, and those who have received cash assistance for 2 years;

(B) the resources available to the states to meet these work requirements, defined as federal appropriations authorized in the conference report for this purpose in addition to what states are projected to spend under current welfare law;

(C) the amount of any additional revenue needed by the states to meet the work requirements in the conference report, beyond resources available as defined under subparagraph (b)(1)(B);

(2) an estimate, based on the analysis in paragraph (b)(1), of how many states would opt to pay any penalty provided for by the conference report rather than raise the additional revenue needed to meet the work requirements in the conference report; and

(3) estimates, over each of the next 7 fiscal years, of the costs to States of any other requirements imposed on them by such legislation.

LIEBERMAN AMENDMENTS NOS. 2536–2537

Mr. MOYNIHAN (for Mr. LIEBERMAN) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2536

On page 17, line 8, insert ''and for each of fiscal years 1998, 1999, and 2000, the amount of the State's share of the out-of-wedlock pregnancy reduction bonus determined under subsection (f) for the fiscal year'' after ''year''.

On page 17, line 22, insert ''and the applicable percent specified under subsection (f)(3)(B)(ii) for such fiscal year'' after ''(B)''.

On page 29, between lines 15 and 16, insert:

''(f) OUT-OF-WEDLOCK PREGNANCY REDUCTION BONUS.—

''(1) IN GENERAL.—Any State that meets the applicable percentage reduction with respect to the out-of-wedlock pregnancies in the State for a fiscal year shall be entitled to receive a share of the out-of-wedlock pregnancy reduction bonus for the fiscal year in accordance with the formula developed under paragraph (3).

''(2) APPLICABLE PERCENTAGE REDUCTION; PERCENTAGE OF OUT-OF-WEDLOCK PREGNANCIES.—

''(A) APPLICABLE PERCENTAGE REDUCTION.—The term 'applicable percentage reduction' means with respect to any fiscal year, a reduction of 2 or more whole percentage points of the percentage of out-of-wedlock pregnancies in the State for the preceding fiscal year over the percentage of out-of-wedlock pregnancies in the State for fiscal year 1995.

''(B) PERCENTAGE OF OUT-OF-WEDLOCK PREGNANCIES.—For purposes of this subsection, the term 'percentage of out-of-wedlock pregnancies' means—

''(i) the total number of abortions, live births, and spontaneous abortions among single teenagers in a State in a fiscal year, divided by—

''(ii) the total number of single teenagers in the State in the fiscal year.

''(3) ALLOCATION FORMULA; BONUS FUND.—

''(A) ALLOCATION FORMULA.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the out-of-wedlock pregnancy reduction bonus fund to States that achieve the applicable percentage reduction described in paragraph (2)(A).

''(B) OUT-OF-WEDLOCK PREGNANCY REDUCTION BONUS FUND.—

''(i) IN GENERAL.—The amount in the out-of-wedlock pregnancy reduction bonus fund for a fiscal year shall be an amount equal to—

''(I) the applicable percentage of the amount appropriated under section 403(a)(2)(A) for such fiscal year; and

''(II) the amount of the reduction in grants made under this section for the preceding fiscal year resulting from the application of section 407.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i)(I), the applicable percentage shall be determined in accordance with the following table:

''For fiscal year:	The applicable percentage is:
1998	3
1999	4
2000 and each fiscal year thereafter	5.

On page 29, line 16, strike ''(f)'' and insert ''(g)''.

At the appropriate place, insert:

SEC. ___. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the ''National Clearinghouse on Teenage Pregnancy Prevention Programs''.

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) APPOINTMENT OF FEDERAL COORDINATOR AND SPOKESPERSON.—The Secretary of Health and Human Services, after consultation with the President, shall appoint an employee of the Department of Health and Human Services to coordinate all the activities of the Federal Government relating to the reduction of teenage pregnancies and to serve as the spokesperson for the Federal Government on issues related to teenage pregnancies.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. ___. ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 2 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

''(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

''(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the

relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

''(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).''.

SEC. —. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

AMENDMENT NO. 2537

At the appropriate place, insert:

SEC. —. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the ''National Clearinghouse on Teenage Pregnancy Prevention Programs''.

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) APPOINTMENT OF FEDERAL COORDINATOR AND SPOKESPERSON.—The Secretary of Health and Human Services, after consultation with the President, shall appoint an employee of the Department of Health and Human Services to coordinate all the activities of the Federal Government relating to the reduction of teenage pregnancies and to serve as the spokesperson for the Federal Government on issues related to teenage pregnancies.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. . ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 2 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

''(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

''(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

''(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).''.

SEC. . SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

MOYNIHAN AMENDMENT NO. 2538

Mr. MOYNIHAN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 781(b), strike paragraph (1) (relating to the Trade Act of 1974).

In section 781(b)(2), strike ''(2)'' and insert ''(1)''.

In section 781(b)(3), strike ''(3)'' and insert ''(2)''.

In section 781(b)(4), strike ''(4)'' and insert ''(3)''.

In section 781(b)(5), strike ''(5)'' and insert ''(4)''.

In section 781(b)(6), strike ''(6)'' and insert ''(5)''.

In section 781(b)(7), strike ''(7)'' and insert ''(6)''.

In section 781(b)(8), strike ''(8)'' and insert ''(7)''.

COATS (AND ASHCROFT) AMENDMENT NO. 2539

Mr. HATCH (for Mr. COATS, for himself and Mr. ASHCROFT) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the end of the amendment, add the following new title:

TITLE XIII—MISCELLANEOUS PROVISIONS

SEC. 1301. CREDIT FOR CHARITABLE CONTRIBUTIONS TO CERTAIN PRIVATE CHARITIES PROVIDING ASSISTANCE TO THE POOR.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 22 the following new section:

''SEC. 23. CREDIT FOR CERTAIN CHARITABLE CONTRIBUTIONS.

''(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified charitable contributions which are paid by the taxpayer during the taxable year.

''(b) LIMITATION.—The credit allowed by subsection (a) for the taxable year shall not exceed $500 ($1,000 in the case of a joint return under section 6013).

''(c) ELIGIBLE INDIVIDUAL; QUALIFIED CHARITABLE CONTRIBUTION.—For purposes of this section—

''(1) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means, with respect to any charitable contribution, an individual who is certified by the qualified charity to whom the contribution was made by the individual as having performed at least 50 hours of volunteer service for the charity during the calendar year in which the taxable year begins.

''(2) QUALIFIED CHARITABLE CONTRIBUTION.—The term 'qualified charitable contribution' means any charitable contribution (as defined in section 170(c)) made in cash to a qualified charity but only if the amount of each such contribution, and the recipient thereof, are identified on the return for the taxable year during which such contribution is made.

''(d) QUALIFIED CHARITY.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified charity' means, with respect to the taxpayer, any organization—

''(A) which is described in section 501(c)(3) and exempt from tax under section 501(a), and

''(B) which, upon request by the organization, is certified by the Secretary as meeting the requirements of paragraphs (2) and (3).

''(2) CHARITY MUST PRIMARILY ASSIST THE POOR.—An organization meets the requirements of this paragraph only if the Secretary reasonably expects that the predominant activity of such organization will be the provision of services to individuals and families which are designed to prevent or alleviate poverty among individuals and families whose incomes fall below 150 percent of the official poverty line (as defined by the Office of Management and Budget).

''(3) MINIMUM EXPENSE REQUIREMENT.—

''(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the Secretary reasonably expects that the annual poverty program expenses of such organization will not be less than 70 percent of the annual aggregate expenses of such organization.

''(B) POVERTY PROGRAM EXPENSE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'poverty program expense' means any expense in providing program services referred to in paragraph (2).

''(ii) EXCEPTIONS.—Such term shall not include—

''(I) any management or general expense,

''(II) any expense for the purpose of influencing legislation (as defined in section 4911(d)),

''(III) any expense primarily for the purpose of fundraising, and

''(IV) any expense for a legal service provided on behalf of any individual referred to in paragraph (2).

''(4) ELECTION TO TREAT POVERTY PROGRAMS AS SEPARATE ORGANIZATION.—

''(A) IN GENERAL.—An organization may elect to treat one or more programs operated

by it as a separate organization for purposes of this section.

''(B) EFFECT OF ELECTION.—If an organization elects the application of this paragraph, the organization, in accordance with regulations, shall—

''(i) maintain separate accounting for revenues and expenses of programs with respect to which the election was made,

''(ii) ensure that contributions to which this section applies be used only for such programs, and

''(iii) provide for the proportional allocation of management, general, and fundraising expenses to such programs to the extent not allocable to a specific program.

''(C) REPORTING REQUIREMENTS.—

''(i) ORGANIZATIONS NOT OTHERWISE REQUIRED TO FILE.—An organization not otherwise required to file any return under section 6033 shall be required to file such a return with respect to any poverty program treated as a separate organization under this paragraph.

''(ii) ORGANIZATIONS REQUIRED TO FILE.—An organization otherwise required to file a return under section 6033—

''(I) shall file a separate return with respect to any poverty program treated as a separate organization under this section, and

''(II) shall include on its own return the percentages equivalent to those required of qualified charities under the last sentence of section 6033(b) and determined with respect to such organization (without regard to the expenses of any poverty program under subclause (I)).

''(e) COORDINATION WITH DEDUCTION FOR CHARITABLE CONTRIBUTIONS.—

''(1) CREDIT IN LIEU OF DEDUCTION.—The credit provided by subsection (a) for any qualified charitable contribution shall be in lieu of any deduction otherwise allowable under this chapter for such contribution.

''(2) ELECTION TO HAVE SECTION NOT APPLY.—A taxpayer may elect for any taxable year to have this section not apply.''

(b) RETURNS.—

(1) QUALIFIED CHARITIES REQUIRED TO PROVIDE COPIES OF ANNUAL RETURN.—Subsection (e) of section 6104 of such Code (relating to public inspection of certain annual returns and applications for exemption) is amended by adding at the end the following new paragraph:

''(3) QUALIFIED CHARITIES REQUIRED TO PROVIDE COPIES OF ANNUAL RETURN.—

''(A) IN GENERAL.—Every qualified charity (as defined in section 23(d)) shall, upon request of an individual made at an office where such organization's annual return filed under section 6033 is required under paragraph (1) to be available for inspection, provide a copy of such return to such individual without charge other than a reasonable fee for any reproduction and mailing costs. If the request is made in person, such copies shall be provided immediately and, if made other than in person, shall be provided within 30 days.

''(B) PERIOD OF AVAILABILITY.—Subparagraph (A) shall apply only during the 3-year period beginning on the filing date (as defined in paragraph (1)(D) of the return requested).''

(2) ADDITIONAL INFORMATION.—Section 6033(b) of such Code is amended by adding at the end the following new flush sentence:

''Each qualified charity (as defined in section 23(d)) to which this subsection otherwise applies shall also furnish each of the percentages determined by dividing each of the following categories of the organization's expenses for the year by its total expenses for the year: program services; management and general; fundraising; and payments to affiliates.''

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 22 the following new item:

''Sec. 23. Credit for certain charitable contributions.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after the 90th day after the date of the enactment of this Act in taxable years ending after such date.

McCAIN AMENDMENT NOS. 2540–2544

Mr. HATCH (for Mr. MCCAIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2540

At the appropriate place, insert the following:

SEC. . REMOVAL OF BARRIERS TO INTERRACIAL AND INTERETHNIC ADOPTIONS.

(a) FINDINGS.—Congress finds that—

(1) nearly 500,000 children are in foster care in the United States;

(2) tens of thousands of children in foster care are waiting for adoption;

(3) 2 years and 8 months is the median length of time that children wait to be adopted, and minority children often wait twice as long as other children to be adopted; and

(4) child welfare agencies should work to eliminate racial, ethnic, and national origin discrimination and bias in adoption and foster care recruitment, selection, and placement procedures.

(b) PURPOSE.—The purpose of this section is to promote the best interests of children by—

(1) decreasing the length of time that children wait to be adopted; and

(2) preventing discrimination in the placement of children on the basis of race, color, or national origin.

(c) REMOVAL OF BARRIERS TO INTERRACIAL AND INTERETHNIC ADOPTIONS.—

(1) PROHIBITION.—A State or other entity that receives funds from the Federal Government and is involved in adoption or foster care placements may not—

(A) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the person, or of the child, involved; or

(B) delay or deny the placement of a child for adoption or into foster care, or otherwise discriminate in making a placement decision, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

(2) PENALTIES.—

(A) STATE VIOLATORS.—A State that violates paragraph (1) shall remit to the Secretary of Health and Human Services all funds that were paid to the State under part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) (relating to foster care and adoption assistance) during the period of the violation.

(B) PRIVATE VIOLATORS.—Any other entity that violates paragraph (1) shall remit to the Secretary of Health and Human Services all funds that were paid to the entity during the period of the violation by a State from funds provided under part E of title IV of the Social Security Act.

(3) PRIVATE CAUSE OF ACTION.—

(A) IN GENERAL.—Any individual or class of individuals aggrieved by a violation of paragraph (1) by a State or other entity may bring an action seeking relief in any United States district court or State court of appropriate jurisdiction.

(B) STATURE OF LIMITATIONS.—An action under this subsection may not be brought more than 2 years after the date the alleged violation occurred.

(4) ATTORNEY'S FEES.—In any action or proceeding under this Act, the court, in the discretion of the court, may allow the prevailing party, other than the United States, a reasonable attorney's fee, including litigation expenses and costs, and the States and the United States shall be liable for the fee to the same extent as a private individual.

(5) STATE IMMUNITY.—A State shall not be immune under the 11th amendment to the Constitution from an action of Federal or State court of appropriate jurisdiction for a violation of this section.

(6) NO EFFECT ON INDIAN CHILD WELFARE ACT OF 1978.—Nothing in this Act shall be construed to affect the application of the Indian Child Welfare Act of 1978 (25 U.S.C. 1901 et seq.).

(d) REPEAL.—Subpart 1 of part E of title V of the Improving America's Schools Act of 1994 (42 U.S.C. 5115a) is amended—

(1) by repealing sections 551 through 553; and

(2) by redesignating section 554 as section 551.

(e) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect 90 days after the date of enactment of this Act.

AMENDMENT NO. 2541

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. FEDERAL FUNDING FOR EXCESSIVE DATA REPORTING REQUIREMENTS.

Notwithstanding any other provision of law, a State shall not be required to comply with any data collection or data collection or data reporting requirements added by this Act that the General Accounting Office determines is in excess of normal Federal management needs (including systems development costs) unless the Federal Government provides the State with funding sufficient to allow States to comply with such requirements.

AMENDMENT NO. 2542

On page 215, line 24, add closing quotation marks and a period at the end.

On page 216, strike lines 1 through 5.

AMENDMENT NO. 2543

On page 36, line 10, strike ''and''.

On page 36, line 13, strike the end period.

On page 36, between lines 13 and 14, insert the following:

''(G) job readiness workshops in which an individual attends pre-employment classes to obtain business or industry specific training required to meet employer-specific needs (not to exceed 4 weeks with respect to any individual).

AMENDMENT NO. 2544

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. CORRECTIVE ACTION PLAN.

(a) IN GENERAL.—

(1) NOTIFICATION OF VIOLATION.—Notwithstanding any other provision of law, the Federal Government shall, prior to assessing a penalty against a State under any program established or modified under this Act, notify the State of the violation of law for which such penalty would be assessed and allow the State the opportunity to enter into a corrective action plan in accordance with this section.

(2) 60-DAY PERIOD TO PROPOSE A CORRECTIVE ACTION PLAN.—Any State notified under paragraph (1) shall have 60 days in which to

submit to the Federal Government a corrective action plan to correct any violations described in such paragraph

(3) ACCEPTANCE OF PLAN.—The Federal Government shall have 60 days to accept or reject the State's corrective action plan and may consult with the State during this period to modify the plan. If the Federal Government does not accept or reject the corrective action plan during the period, the corrective action plan shall be deemed to be accepted.

(b) 90-DAY GRACE PERIOD.—If a corrective action plan is accepted by the Federal Government, no penalty shall be imposed with respect to a violation described in subsection (a) if the State corrects the violation pursuant to the plan within 90 days after the date on which the plan is accepted (or within such other period specified in the plan).

HARKIN AMENDMENT NO. 2545

Mr. HARKIN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 39, strike lines 4 through 10, and insert the following:

''(a) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY CONTRACT WITH EACH FAMILY RECEIVING ASSISTANCE.—

''(1) IN GENERAL.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to enter into—

''(A) a personal responsibility contract (as developed by the State) with the State; or

''(B) a limited benefit plan.

''(2) PERSONAL RESPONSIBILITY CONTRACT.—For purposes of this subsection, the term 'personal responsibility contact' means a binding contract between the State and each family receiving assistance under the State program funded under this part that—

''(A) outlines the steps each family and the State will take to get the family off of welfare and to become self-sufficient;

''(B) specifies a negotiated time-limited period of eligibility for receipt of assistance that is consistent with unique family circumstances and is based on a reasonable plan to facilitate the transition of the family to self-sufficiency;

''(C) provides that the family will automatically enter into a limited benefit plan if the family is out of compliance with the personal responsibility contract; and

''(D) provides that the contract shall be invalid if the State agency fails to comply with the contract.

''(3) LIMITED BENEFIT PLAN.—For purposes of this subsection, the term 'limited benefit plan' means a plan which provides for a reduced level of assistance and later termination of assistance to a family that has entered into the plan in accordance with a schedule to be determined by the State.

''(4) ASSESSMENT.—The State agency shall provide, through a case manager, an initial and thorough assessment of the skills, prior work experience, and employability of each parent for use in developing and negotiating a personal responsibility contract.

''(5) DISPUTE RESOLUTION.—The State agency described in section 402(a)(6) shall establish a dispute resolution procedure for disputes related to participation in the personal responsibility contract that provides the opportunity for a hearing.

CHAFEE AMENDMENT NO. 2546

Mr. CHAFEE proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

''(5) WELFARE PARTNERSHIP.—

''(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less that 75 percent of historic State expenditures.

''(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

''(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

''(I) the grant amount otherwise determined under paragraph (1) for the preceding fiscal year (without regard to section 407), bears to;

''(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

''(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

''(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

''(I) cash assistance;

''(II) child care assistance;

''(III) education, job training, and work; and

''(IV) administrative costs.

''(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

''(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

COHEN AMENDMENT NO. 2547

Mr. CHAFEE (for Mr. COHEN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

Beginning on page 112, line 13, strike all through page 114, line 23, and insert the following:

SEC. 201. DRUG ADDICTS AND ALCOHOLICS UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) TERMINATION OF SSI CASH BENEFITS FOR DRUG ADDICTS AND ALCOHOLICS.—Section 1611(e)(3) (42 U.S.C. 1382(e)(3)) is amended—

(1) by striking ''(B)'' and inserting ''(C)'';

(2) by striking ''(3)(A) and inserting ''(B)''; and

(3) by inserting before subparagraph (B) as redesignated by paragraph (2) the following new subparagraph:

''(3)(A) No cash benefits shall be payable under this title to any individual who is otherwise eligible for benefits under this title by reason of disability, if such individual's alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that such individual is disabled.''.

(b) TREATMENT REQUIREMENTS.—

(1) Section 1611(e)(3)(B)(i)(I) (42 U.S.C. 1382(e)(3)(B)(i)(I)), as redesignated by subsection (a), is amended to read as follows:

''(B)(i)(I)(aa) Any individual who would be eligible for cash benefits under this title but for the application of subparagraph (A) may elect to comply with the provisions of this subparagraph.

''(bb) Any individual who is eligible for cash benefits under this title by reason of disability (or whose eligibility for such benefits is suspended) or is eligible for benefits pursuant to section 1619(b), and who was eligible for such benefits by reason of disability, for which such individual's alcoholism or drug addiction was a contributing factor material to the Commissioner's determination that such individual was disabled, for the month preceding the month in which section 201 of the Work Opportunity Act of 1995 takes effect, shall be required to comply with the provisions of this subparagraph.

(2) Section 1611(e)(3)(B)(i)(II) (42 U.S.C. 1382(e)(3)(B)(i)(II)), as so redesignated, is amended by striking ''who is required under subclause (I)'' and inserting ''described in division (bb) of subclause (I) who is required''.

(3) Subclauses (I) and (II) of section 1611(e)(3)(B)(ii) (42 U.S.C. 1382(e)(3)(B)(ii)), as so redesignated, are each amended by striking ''clause (i)'' and inserting ''clause (i)(I)''.

(4) Section 1611(e)(3)(B) (42 U.S.C. 1382(e)(3)(B)), as so redesignated, is amended by striking clause (v) and by redesignating clause (vi) as clause (v).

(5) Section 1611(e)(3)(B)(v) (42 U.S.C. 1382(e)(3)(B)(v)), as redesignated by paragraph (4), is amended—

(A) in subclause (I), by striking ''who is eligible'' and all that follows through ''is disabled'' and inserting ''described in clause (i)(I)''; and

(B) in subclause (V), by striking ''or v''.

(6) Section 1611(e)(3)(C)(i) (42 U.S.C. 1382(e)(3)(C)(i)), as redesignated by subsection (a), is amended by striking ''who are receiving benefits under this title and who as a condition of such benefits'' and inserting ''described in subparagraph (B)(i)(I)(aa) who elect to undergo treatment; and the monitoring and testing of all individuals described in subparagraph (B)(i)(I)(bb) who''.

(7) Section 1611(e)(3)(C)(iii)(II)(aa) (42 U.S.C. 1382(e)(3)(C)(iii)(II)(aa)), as so redesignated, is amended by striking ''residing in the State'' and all that follows through ''they are disabled'' and inserting ''described in subparagraph (B)(i)(I) residing in the State''.

(8) Section 1611(e)(3)(C)(iii) (42 U.S.C. 1382(e)(3)(C)(iii)), as so redesignated, is amended by adding at the end the following:

''(III) The monitoring requirements of subclause (II) shall not apply in the case of any individual described in subparagraph (B)(i)(I)(aa) who fails to comply with the requirements of subparagraph (B).''.

(9) Section 1611(e)(3) (42 U.S.C. 1382(e)(3)), as amended by subsection (a), is amended by adding at the end the following new subparagraphs:

''(D) The Commissioner shall provide appropriate notification to each individual subject to the limitation on cash benefits contained in subparagraph (A) and the treatment provisions contained in subparagraph (B).

''(E) The requirements of subparagraph (B) shall cease to apply to any individual—

''(i) after three years of treatment, or

''(ii) if the Commissioner determines that such individual no longer needs treatment.''.

(c) REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C. 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

''(II) In the case of an individual eligible for benefits under this title by reason of disability, if such individual also has an alcoholism or drug addiction condition (as determined by the Commissioner of Social Security), the payment of such benefits to a representative payee shall be deemed to serve the interest of the individual. In any case in which such payment is so deemed under this subclause to serve the interest of an individual, the Commissioner shall include, in the individual's notification of such eligibility, a notice that such alcoholism or drug addiction condition accompanies the disability upon which such eligibility is based and that the Commissioner is therefore required to pay the individual's benefits to a representative payee.''.

(2) Section 1631(a)(2)(B)(vii) (42 U.S.C. 1383(a)(2)(B)(vii)) is amended by striking ''eligible for benefits'' and all that follows through ''is disabled'' and inserting ''described in subparagraph (A)(ii)(II)''.

(3) Section 1631(a)(2)(B)(ix)(II) (42 U.S.C. 1383(a)(2)(B)(ix)(II)) is amended by striking all that follows ''15 years, or'' and inserting ''described in subparagraph (A)(ii)(II)''.

(4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking ''eligible for benefits'' and all that follows through ''is disabled'' and inserting ''described in subparagraph (A)(ii)(II)''.

(d) PRESERVATION OF MEDICAID ELIGIBILITY.—Section 1634(e) (42 U.S.C. 1382(e)) is amended—

(1) by striking ''clause (i) or (v) of section 1611(e)(3)(A)'' and inserting ''subparagraph (A) or subparagraph (B)(i)(II) of section 1611(e)(3)''; and

(2) by adding at the end the following: ''This subsection shall not apply to any such person—

''(i) after three years of treatment, or

''(ii) if earlier, if the Commissioner determines that such individual no longer needs treatment, or

''(iii) if such person has previously received such treatment.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by this section, such amendments shall apply with respect to the benefits of such individual for months beginning after the cessation of the individual's treatment provided pursuant to such title as in effect on the day before the date of such enactment, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

MOYNIHAN (AND DOLE) AMENDMENT NO. 2548

Mr. MOYNIHAN (for himself and Mr. DOLE) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 87, between lines 5 and 6, insert the following:

SEC. 105A. DEVELOPMENT OF PROTOTYPE OF COUNTERFEIT-RESISTANT SOCIAL SECURITY CARD REQUIRED.

(a) DEVELOPMENT.—

(1) IN GENERAL.—The Commissioner of Social Security (hereafter in this section referred to as the ''Commissioner'') shall in accordance with the provisions of this section develop a prototype of a counterfeit-resistant social security card. Such prototype card shall—

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

(B) employ technologies that provide security features, such as magnetic stripes, holograms, and integrated circuits, and

(C) be developed so as to provide individuals with reliable proof of citizenship or legal resident alien status.

(2) ASSISTANCE BY ATTORNEY GENERAL.—The Attorney General of the United States shall provide such information and assistance as the Commissioner deems necessary to achieve the purposes of this section.

(b) STUDY AND REPORT.—

(1) IN GENERAL.—The Commissioner shall conduct a study and issue a report to Congress which examines different methods of improving the social security card application process.

(2) ELEMENTS OF STUDY.—The study shall include an evaluation of the cost and work load implications of issuing a counterfeit-resistant social security card for all individuals over a 3, 5, and 10 year period. The study shall also evaluate the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3, 5, and 10 year phase-in options.

(3) DISTRIBUTION OF REPORT.—Copies of the report described in this subsection along with a facsimile of the prototype card as described in subsection (a) shall be submitted to the Committees on Ways and Means and Judiciary of the House of Representatives and the Committees on Finance and Judiciary of the Senate within 1 year of the date of the enactment of this Act.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated and are appropriated from the Federal Old-Age and Survivors Insurance Trust Fund such sums as may be necessary to carry out the purposes of this section.

KERREY AMENDMENT NO. 2549

Mr. MOYNIHAN (for Mr. KERREY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 229, strike lines 4 through 8 and insert the following:

''(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently elect to participate in the food stamp program in accordance with the other sections of this Act.

KOHL AMENDMENTS NOS. 2550–2551

Mr. MOYNIHAN (for Mr. KOHL) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2550

On page 244, strike lines 3 through 13 and insert the following:

''(B) REDUCTIONS IN ALLOTMENTS.—

''(i) REDUCTION FOR EXEMPTED INDIVIDUALS.—

''(I) DETERMINATION.—The Secretary shall determine the Federal costs of providing benefits to and administering the food stamp program for exempted individuals in each State participating in the program established under this section.

''(II) REDUCTION.—The Secretary shall reduce the allotment to each State participating in the program established under this section by the amount determined under subclause (I).

''(ii) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of allotments to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the allotments for the fiscal year, the Secretary shall reduce the allotments made to States under this subsection, on a pro rata basis, to the extent necessary to allot under this subsection a total amount that is equal to the funds that will be made available.

''(m) EXEMPTED INDIVIDUALS.—

''(1) DEFINITION.—Subject to paragraph (2), in this subsection, the term 'exempted individual' means a individual who is—

''(A) elderly;

''(B) a child; or

''(C) disabled.

''(2) EXEMPTION.—Notwithstanding any other provision of this section, an exempted individual shall not be subject to this section and shall be subject to the other sections of this Act.''.

AMENDMENT NO. 2551

On page 158, between lines 14 and 15, insert the following:

SEC. 301. DECLARATION OF POLICY.

Section 2 of the Food Stamp Act of 1977 (7 U.S.C. 2011) is amended by adding at the end the following: ''Congress intends that the food stamp program support the employment focus and family strengthening mission of public welfare and welfare replacement programs by—

''(1) facilitating the transition of low-income families and households from economic dependency to economic self-sufficiency through work;

''(2) promoting employment as the primary means of income support for economically dependent families and households and reducing the barriers to employment of economically dependent families and households; and

''(3) maintaining and strengthening healthy family functioning and family life.''.

On page 185, line 7, strike ''and''.

On page 185, between lines 13 and 14, insert the following:

(D) by redesignating clauses (vi) and (vii) as clauses (vii) and (viii), respectively; and

(E) by inserting after clause (v) the following:

''(vi) Case management, casework, and other services necessary to support healthy family functioning, enable participation in an employment and training program, or otherwise facilitate the transition from economic dependency to self-sufficiency through work.'';

BRYAN AMENDMENTS NOS. 2552–2555

Mr. MOYNIHAN (for Mr. BRYAN) proposed four amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2552

At the appropriate place in the title X, insert the following new section:

At the appropriate place, insert the following new section:

SEC. . FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

(a) IN GENERAL.—If an individual's benefits under a Federal, State, or local law relating

to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated as a result of a decrease in the income of the individual (determined under the applicable program) attributed to such reduction.

(b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For purposes of subsection (a), the term ''means-tested welfare or public assistance program for which Federal funds are appropriated'' shall include the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any program of pubic or assisted housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), and State programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

AMENDMENT NO. 2553

On page 87, between lines 5 and 6, insert the following:

SEC. . COOPERATION REQUIRED WITH RESPECT TO PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT FOR ELIGIBILITY FOR ASSISTANCE.

Subject to the provisions of titles IV and XIX of the Social Security Act and the Food Stamp Act of 1977, and notwithstanding any other provision of law, no Federal funds may be used to provide assistance based on need to, or on behalf of, a child in a family that includes an individual (including the noncustodial parent, if any) whom the agency responsible for administering such assistance determines is not cooperating in establishing the paternity of such child, or in establishing, modifying, or enforcing a support order with respect to such child, without good cause as determined by such agency in accordance with standards prescribed by such agency which shall take into consideration the best interests of the child.

AMENDMENT NO. 2554

At the appropriate place in the amendment, insert the following new section:

SEC. . COLLECTION OF WELFARE OR PUBLIC ASSISTANCE BENEFIT OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

(a) IN GENERAL.—Paragraph (1) of section 6402(d) of the Internal Revenue Code of 1986 (relating to collection of debts owed to Federal agencies) is amended by inserting ''or upon receiving notice from any State agency that a named person owes a past-due legally enforceable debt arising out of an overpayment under an applicable welfare program,'' before ''the Secretary shall''.

(b) APPLICABLE WELFARE PROGRAMS.—Section 6402(d) of such Code is amended by adding at the end the following new paragraph:

''(4) APPLICABLE WELFARE PROGRAM.—For purposes of this subsection, the term 'applicable welfare program' means any program established or significantly modified by the Work Opportunity Act of 1995.''

(c) CONFORMING AMENDMENTS.—

(1) Section 6402(d)(2) of such Code is amended by inserting ''or State'' after ''Federal''.

(2) The heading for section 6402(d) of such Code is amended by inserting ''or certain State'' after ''Federal''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to refunds payable after December 31, 1995.

AMENDMENT NO. 2555

At the appropriate place in the amendment, insert the following new section:

SEC. . Section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by striking the third sentence and inserting the following:

The State agency shall, at its option, consider either all income and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection, or such income, less a pro rate share, and the financial resources of the ineligible individual, to determine the eligibility and the value of the allotment of the household of which such individual is a member.

NICKLES AMENDMENT NO. 2556

Mr. HATCH (for Mr. NICKLES) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

SEC. 913 page 601 of the amendment, strike line 8 thru line 21 and insert in lieu thereof the following:

''(2) TIMING OF REPORT.—Each report required by paragraph (1) shall be made in accordance with the requirements of Section 1320b–7(3), Title 42 of U.S.C.''

(c) REPORTING FORMAT.—Each report required under Section 1320b–7(3), Title 42 of U.S.C. shall include an indication of those employees newly hired during such quarter.

JEFFORDS AMENDMENT NO. 2557

Mr. HATCH (for Mr. JEFFORDS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 36, line 12, strike ''12'' and insert ''24''.

JEFFORDS (AND PELL) AMENDMENT NO. 2558

Mr. HATCH (for Mr. JEFFORDS for himself and Mr. PELL) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 381, strike lines 18 through 21, and insert the following:

(3) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a fiscal year, such agency shall distribute such funds for workforce education activities in such State as follows:

(A) 75 percent of such amount shall be distributed for secondary school vocational education in accordance with section 722, or for postsecondary and adult vocational education in accordance with section 723, or for both; and

(B) 25 percent of such amount shall be distributed for adult education in accordance with section 724.

KYL AMENDMENT NO. 2559

Mr. HATCH (for Mr. KYL) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 728, strike subsections (a) and (b) and insert the following:

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local workforce development boards described in subsection (b).

(2) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local workforce development board; collaborated in reaching the agreement.

(3) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local workforce development board, the Governor shall notify the board, and provide the board with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(4) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—There shall be a local workforce development board for every substate area in a State that receives assistance under this title.

(2) DUTIES.—Such a local workforce development board shall—

(A) have principal responsibility for implementing local workforce development activities (other than economic development activities), including one-stop centers or systems, school-to-work activities, and workfare activities; and

(B) shall have authority over economic development activities if no comparable oversight or policy group exists within the substate area.

(3) APPOINTMENT.—

(A) IN GENERAL.—A local workforce development board shall be appointed by the chief elected official of a unit of general purpose local government within the substate area involved, based on guidelines established by the Governor, in consultation with local elected officials in the substate area.

(B) CHIEF ELECTED OFFICIAL.—Such chief elected official shall be selected by the elected officials of 1 or more units of general purpose local government within the substate area.

(C) MEMBERSHIP.—A majority of the members of the board shall be representatives of business. The remainder of the board shall consist of such other members as the Governor may determine to be appropriate.

(4) REFERENCES.—Notwithstanding any other provision of this title, any reference in this title to a local partnership shall be deemed to be a reference to a local workforce development board established under this subsection.

DODD (AND OTHERS) AMENDMENT NO. 2560

Mr. DODD (for himself, Mr. KENNEDY, Mr. KOHL, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mrs. MURRAY, Mrs. BOXER, Mr. LEAHY, and Mr. KERREY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 17, line 22, strike ''subparagraph (B)'' and insert ''subparagraphs (B) and (C)''.

On page 18, between lines 15 and 16, insert the following new subparagraph:

''(C) AMOUNT ATTRIBUTABLE TO CERTAIN CHILD CARE PAYMENTS.—For purposes of subparagraph (A), the amount determined under this subparagraph is an amount equal to the Federal payments to the State under subsections (g)(1)(A)(i), (g)(1)(A)(ii), and (i) of section 402 for fiscal year 1994 (as in effect during such fiscal year).''.

On page 18, line 16, strike ''(C)'' and insert ''(D)''.

On page 22, line 12, strike ''$16,795,323,000'' and insert ''$15,795,323,000''.

At the end of title VI, add the following new section:

SEC. . WORK PROGRAM RELATED CHILD CARE.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services shall, upon the application of a State under subsection (c), provide a grant to such State for the provision of child care services to individuals.

(b) FUNDING.—For the purpose of providing child care services for eligible children through the awarding of grants to States under this section for a fiscal year, the Secretary of Health and Human Services shall pay, from funds in the Treasury not otherwise appropriated, an amount equal to the sum of—

(1) the outlays for child care services under sections 402(g)(1)(A)(i), 402(g)(1)(A)(ii), and 402(i) of the Social Security Act (as such sections existed on the day before the date of enactment of this Act) for fiscal year 1994; and

(2)(A) for fiscal year 1996, $246,000,000;

(B) for fiscal year 1997, $311,000,000;

(C) for fiscal year 1998, $570,000,000;

(D) for fiscal year 1999, $1,122,000,000; and

(E) for fiscal year 2000, $3,776,000,000.

(c) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary of Health and Human Services an application at such time, in such manner, and containing such information as the Secretary may require.

(d) AMOUNT OF GRANT.—From the amounts available under subsection (b) for a fiscal year, the Secretary of Health and Human Services shall allot to each State (with an application approved under subsection (c)) an amount which bears the same relationship to such amounts as the total number of eligible children in the State bears to the total number of eligible children in all States (with applications approved under subsection (c)).

(e) USE OF FUNDS.—

(1) IN GENERAL.—Amounts received by a State under a grant awarded under this section shall be used to carry out programs and activities to provide child care services to eligible children residing within such State.

(2) ELIGIBLE CHILDREN.—For purposes of this section, the term ''eligible child'' means an individual—

(A) who is less than 13 years of age; and

(B) who resides with a parent or parents who are working pursuant to a work requirement contained in section 404 of the Social Security Act (as amended by section 101), are attending a job training or educational program, or are at risk of falling into welfare.

(3) GUARANTEE.—Notwithstanding any other provision of this Act, or of part A of title IV of the Social Security Act—

(A) no parent of a preschool age child shall be penalized or sanctioned for failure to participate in a job training, educational, or work program if child care assistance in an appropriate child care program is not provided for the child of such parent; and

(B) no parent of an elementary school age child shall be penalized or sanctioned for failure to participate in a job training, educational, or work program before or after normal school hours if assistance in an appropriate before or after school program is not provided for the child of such parent.

(f) GENERAL PROVISIONS.—

(1) OTHER REQUIREMENTS.—The requirements, standards, and criteria under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), except for the provisions of section 658G of such Act, shall apply to the funds appropriated under this section to the extent that such requirements, standards, and criteria do not directly conflict with the provisions of this section.

(2) MAINTENANCE OF EFFORT.—A State, in utilizing the proceeds of a grant received under this section, shall maintain the expenditures of the State for child care activities at a level that is equal to not less than the level of such expenditures maintained by the State under the provisions of law referred to in subsection (b) for fiscal year 1994.

(g) SENSE OF THE SENATE REGARDING FINANCING.—

(1) FINDINGS.—The Senate finds that—

(A) child care is essential to the success of real welfare reform and this Act dramatically reduces the funds designated for child care while at the same time increasing the need for such care; and

(B) obsolete corporate subsidies and tax expenditures consume a larger and growing portion of the funds in the Treasury.

(2) SENSE OF THE SENATE.—It is the sense of the Senate that the new investment in child care, above the amounts appropriated under the provisions of law referred to in subsection (b)(1) for fiscal year 1994, provided under this section should be offset by corresponding reductions in corporate welfare.

ASHCROFT AMENDMENTS NOS. 2561–2562

Mr. ASHCROFT proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2561

At the appropriate place, add the following:

Subtitle F—SSI Flexibility

SEC. 251. SHORT TITLE.

This subtitle may be cited as the ''Supplemental Social Security Income Flexibility Act of 1995''.

SEC. 252. BLOCK GRANTS TO THE STATES FOR SUPPLEMENTAL SECURITY INCOME FOR THE DISABLED AND BLIND.

(a) IN GENERAL.—Title XVI (42 U.S.C. 1381–1383d) is amended by adding at the end the following new part:

''PART C—BLOCK GRANTS TO STATES FOR SUPPLEMENTAL SECURITY INCOME FOR THE DISABLED AND BLIND

''PURPOSE; IMPLEMENTATION

''SEC. 1651. (a) PURPOSE.—The purpose of this part is to consolidate Federal assistance to the States for supplemental income for individuals who are disabled or blind (other than individuals who have attained age 65) into a single grant for such purpose, thereby giving States maximum flexibility to—

''(1) require beneficiaries who are parents to ensure that their school-age children attend school;

''(2) require minors who are beneficiaries to attend school;

''(3) require parent beneficiaries to ensure that their children receive the full complement of childhood immunizations;

''(4) require beneficiaries not to use illegal drugs or abuse other drugs;

''(5) deny assistance to children solely on the basis that a child is unable to perform age-appropriate activities;

''(6) deny assistance to individuals whose disabilities are primarily the result of their abuse of illegal or legal drugs, or alcohol;

''(7) deny assistance to illegal aliens;

''(8) require individuals who sponsor the residency of legal aliens to support those they sponsor;

''(9) involve religious and charitable organizations, voluntary associations, civic groups, community organizations, nonprofit entities, benevolent and fraternal orders, philanthropic entities, and other groups in the private sector, as appropriate, in the provision of assistance to needy disabled and blind individuals which the funding States receive under this part.

''(b) IMPLEMENTATION.—This purpose shall be implemented in accordance with conditions in each State and as determined by State law.

''PAYMENTS TO STATES

''SEC. 1652. (a) AMOUNT.—

''(1) IN GENERAL.—Each State shall, subject to the requirements of this part, be entitled to receive quarterly payments for fiscal years 1997, 1998, 1999, and 2000 in an amount equal to 25 percent of the annual amount determined under paragraph (2) for such fiscal year for carrying out the purpose described in section 1651.

''(2) ANNUAL AMOUNT.—The annual amount determined for a State under this paragraph for each fiscal year beginning with fiscal year 1997 is equal to an amount which bears the same relationship to the total funds for such year specified in paragraph (3) as the annual amount determined for such State under part A of this title with respect to persons who are disabled or blind individuals, other than individuals who have attained age 65, for fiscal year 1994 bore to the total funds for all States under such part with respect to such persons for such year.

''(3) TOTAL FUNDS.—The total funds specified in this paragraph are as follows:

''(A) For fiscal year 1997, $20,203,000,000.

''(B) For fiscal year 1998, $22,065,000,000.

''(C) For fiscal year 1999, $24,457,000,000.

''(D) For fiscal year 2000, $29,311,000,000.

''(b) FUNDING REQUIREMENTS.—The Secretary of the Treasury shall make quarterly payments described in subsection (a)(1) directly to each State in accordance with section 6503 of title 31, United States Code.

''(c) EXPENDITURE OF FUNDS; RAINY DAY FUND.—Amounts received by a State under this part for any fiscal year shall be expended by the State in such fiscal year or in the succeeding fiscal year; except for such amounts as the State deems necessary to set aside in a separate account to provide, without fiscal limitation, for unexpected levels of assistance as a result of events which cause an unexpected increase in the need for providing supplemental income for individuals who are disabled or blind (other than individuals who have attained the age 65). Any amounts remaining in such segregated account after fiscal year 2000 shall be expended by a State for the purpose described in section 1651 of this part as in effect in fiscal year 2000.

''(d) PROHIBITION ON USE OF FUNDS.—Except as provided in subsection (e), a State to which a payment is made under this part may not use any part of such payment to provide medical services.

''(e) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

''(1) IN GENERAL.—A State may use not more than 30 percent of the annual amount paid to the State under this part for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

''(A) Part A of title IV of this Act.

''(B) Part D of title IV of this Act.

''(C) The Food Stamp Act.

''(D) The various Acts amended by title IV of the Work Opportunity Act of 1995.

''(E) The Child Care and Development Block Grant Act of 1990.

''(F) Title VII of the Work Opportunity Act of 1995.

''(G) Title XIX of this Act.

''(2) APPLICABLE RULES.—Any amount paid to the State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

''ADMINISTRATIVE AND FISCAL ACCOUNTABILITY

''SEC. 1653. (a) AUDITS; REIMBURSEMENTS.—

''(1) AUDITS.—

''(A) IN GENERAL.—A State shall, not less than annually, audit the State expenditures from amounts received under this part. Such audit shall—

''(i) determine the extent to which such expenditures were or were not expended in accordance with this part; and

''(ii) be conducted by an approved entity (as defined in subparagraph (B)) in accordance with generally accepted auditing principles.

''(B) APPROVED ENTITY.—For purposes of subparagraph (A), the term 'approved entity' means an entity that is—

''(i) approved by the Secretary of the Treasury;

''(ii) approved by the chief executive officer of the State; and

''(iii) independent of any agency administering activities funded under this part.

''(2) REIMBURSEMENT.—

''(A) IN GENERAL.—Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature and to the Secretary of the Treasury.

''(B) REPAYMENT.—Each State shall pay to the United States amounts ultimately found by the approved entity under paragraph (1)(A) not to have been expended in accordance with this part plus 10 percent of such amount as a penalty, or the Secretary of the Treasury may offset such amounts plus the 10 percent penalty against any other amount in any other year that the State may be entitled to receive under this part.

''(b) ADDITIONAL ACCOUNTING REQUIREMENTS.—The provisions of chapter 75 of title 31, United States Code, shall apply to the audit requirements of this section.

''(c) REPORTING REQUIREMENTS; FORM, CONTENTS.—

''(1) ANNUAL REPORTS.—A State shall prepare comprehensive annual reports on the activities carried out with amounts received by a State under this part.

''(2) CONTENT.—Reports prepared under this section—

''(A) shall be for the most recently completed fiscal year;

''(B) shall be in accordance with generally accepted accounting principles, including the provisions of chapter 75 of title 31, United States Code;

''(C) shall include the results of the most recent audit conducted in accordance with the requirements of subsection (a) of this section; and

''(D) shall be in such form and contain such other information as the State deems necessary—

''(i) to provide an accurate description of such activities; and

''(ii) to secure a complete record of the purposes for which amounts were expended in accordance with this part.

''(3) COPIES.—A State shall make copies of the reports required under this section available for public inspection within the State. Copies also shall be provided upon request to any interested public agency, and each such agency may provide its views on such reports to the Congress.

''(d) ADMINISTRATIVE SUPERVISION—

''(1) ROLE OF THE SECRETARY OF THE TREASURY.—

''(A) IN GENERAL.—The Secretary of the Treasury shall supervise the amounts received under this part in accordance with subparagraph (B).

''(B) LIMITED SUPERVISION—The supervision by the Secretary of the Treasury shall be limited to—

''(i) making quarterly payments to the States in accordance with section 1652(b);

''(ii) approving the entities referred to in subsection (a)(1)(B); and

''(iii) withholding payment to a State based on the findings of such an entity in accordance with subsection (a)(2)(B).

''(2) OTHER FEDERAL SUPERVISION.—No administrative officer or agency of the United States, other than the Secretary of the Treasury and, as provided for in section 1654, the Attorney General, shall supervise the amounts received by the States under this part or the use of such amounts by the States.

''(e) LIMITED FEDERAL OVERSIGHT.—With the exception of the Department of the Treasury as provided for in this section and section 1654 of this part, no Federal department or agency may promulgate regulations or issue rules regarding the purpose of this part.

''NONDISCRIMINATION PROVISIONS

''SEC. 1654. (a) NO DISCRIMINATION AGAINST INDIVIDUALS.—No individual shall be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity funded in whole or in part with amounts received under this part on the basis of such individual's—

''(1) disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794);

''(2) sex under title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); or

''(3) race, color, or national origin under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

''(b) COMPLIANCE.—If the Secretary of the Treasury determines that a State, or an entity that has received funds from amounts received by the State under this part, has failed to comply with a provision of law referred to in subsection (a), except as provided for in section 1655 of this part, the Secretary of the Treasury shall notify the chief executive officer of the State and shall request the officer to secure compliance with such provision of law. If, not later than 60 days after receiving such notification, the chief executive officer fails or refuses to secure compliance, the Secretary of the Treasury may—

''(1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

''(2) exercise the powers and functions provided under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); or section 505 of the Rehabilitation Act of 1973 (29 U.S.C. 794a), (as applicable); or

''(3) take such other action as may be provided by law.

''(c) AUTHORITY OF ATTORNEY GENERAL; CIVIL ACTIONS.—When a matter is referred to the Attorney General pursuant to subsection (b)(1), or if the Attorney General has reason to believe that an entity is engaged in a pattern or practice in violation of a provision of law referred to in subsection (a), the Attorney General may bring a civil action in an appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

''SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

''SEC. 1655. (a) IN GENERAL.—

(1) STATE OPTIONS.—Notwithstanding any other provision of law, a State may—

''(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

''(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

''(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

''(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 101).

''(B) Any other program that is established or modified under titles I, II, or X that—

''(i) permits contracts with organizations; or

''(ii) permits certificates, vouchers, or other forms of disbursement to be provided to, or on behalf of, beneficiaries, as a means of providing assistance from an organization chosen by the beneficiaries.

''(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow religious organizations to contract, or to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

''(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—Religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2). Neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

''(d) RELIGIOUS CHARACTER AND FREEDOM.—

''(1) RELIGIOUS ORGANIZATIONS.—Notwithstanding any other provision of law, any religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

''(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

''(A) alter its form of internal governance;

''(B) form a separate, nonprofit corporation to receive and administer the assistance funded under a program described in subsection (a)(2) solely on the basis that it is a religious organization; or

''(C) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

''(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

''(1) IN GENERAL.—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) with assistance from an alternative provider the value of which is not less than the value of the assistance which the individual would have received from such organization.

''(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

''(f) NONDISCRIMINATION IN EMPLOYMENT.—

''(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall be construed to modify or affect the provisions of any other Federal or State law or regulation that relates to discrimination in employment on the basis of religion.

''(2) EXCEPTION.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), may require that an employee rendering service pursuant to such contract, or pursuant to the organization's acceptance of certificates, vouchers, or other forms of disbursement adhere to—

''(A) the religious tenets and teachings of such organization; and

''(B) any rules of the organization regarding the use of drugs or alcohol.

''(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

''(h) FISCAL ACCOUNTABILITY.—

''(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

''(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

''(i) COMPLIANCE.—A religious organization which has its rights under this section violated may enforce its claim exclusively by asserting a civil action for such relief as may be appropriate, including injunctive relief or damages, in an appropriate State court against the entity or agency that allegedly commits such violation.

''SEC. 1656. LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.

''No funds provided directly to institutions or organizations to provide services and administer programs described in section 102(a)(2) and programs established or modified under this Act shall be expended for sectarian worship or instruction. This section shall not apply to financial assistance provided to or on behalf of beneficiaries of assistance in the form of certificates, vouchers, or other forms of disbursement, if such beneficiary may choose where such assistance shall be redeemed.''

(b) CONFORMING AMENDMENT.—Section 1602 (42 U.S.C. 1381a) is amended by striking ''Every'' and inserting ''(a) Every'' and by adding at the end the following new subsection:

''(b) No person who is a disabled or blind individual (other than a person who has attained age 65) shall be an eligible individual or eligible spouse for purposes of this part with respect to any month beginning after September 30, 1996, but shall be eligible for services to the disabled or blind funded under part C of this title.''.

SEC. 253. CONFORMING AMENDMENTS TO THE BUDGET ACT.

The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.) is amended in section 255(h) (2 U.S.C. 905(h), by striking ''Supplemental Security Income Program (75–0406–0–1–609); and'' and inserting ''Supplemental Security Income Program and block grants to States for supplemental security income for disabled individuals; and''.

SEC. 254. EFFECTIVE DATE.

The amendments made by this subtitle shall take effect on October 1, 1996.

AMENDMENT NO. 2562

Beginning on page 158, strike line 14 and all that follows through page 253, line 20, and insert the following:

SEC. 301. FOOD STAMP BLOCK GRANT PROGRAM.

The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended to read as follows:

''SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Food Stamp Flexibility Act of 1995'.

''SEC. 2. DEFINITION.

''In this Act, the term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, and the reservations of an Indian tribe whose tribal organization meets the requirements of this Act for participation as a State agency.

''SEC. 3. PURPOSE; IMPLEMENTATION.

''(a) PURPOSE.—The purpose of this Act is to strengthen individuals by helping them move from dependence on government benefits to economic independence by consolidating Federal assistance to the States for food assistance to the needy into a single grant that gives a State maximum flexibility to—

''(1) require a beneficiary who is a parent to ensure that any school-age child of the parent attend school;

''(2) require a minor who is a beneficiary to attend school;

''(3) require a beneficiary who is a parent to ensure that any child of the parent receive the full complement of childhood immunizations;

''(4) limit the amount of time a beneficiary may receive assistance;

''(5) require beneficiaries not to use illegal drugs or abuse other drugs;

''(6) deny assistance to illegal aliens;

''(7) require an individual who sponsors the residency of a legal alien to support the alien sponsored; and

''(8) involve religious and charitable organizations, voluntary associations, civic groups, community organizations, nonprofit entities, benevolent and fraternal orders, philanthropic entities, and other groups in the private sector, as appropriate, in the provision of services and assistance to needy individuals with the funding the State receives under this Act.

''(b) IMPLEMENTATION.—The purpose in subsection (a) shall be implemented in accordance with conditions in each State and as determined by State law.

''SEC. 4. PAYMENT TO STATES.

''(a) STATE MANDATES FOR WORK BY BENEFICIARIES.—

''(1) IN GENERAL.—As a condition of receiving a payment of funds under this Act, a State shall—

''(A) require each adult member of any family receiving assistance from a State under this Act to engage in work (as defined by the State) when the State determines the adult member is ready to engage in work, or after 24 months (whether or not consecutive) of receiving assistance from the State under this Act, whichever is earlier; and

''(B) satisfy the minimum participation rates specified in section 404 of the Social Security Act under rules similar to the rules specified in such section.

''(2) ELIGIBILITY.—Any individual who fails or refuses to work, and any member of the family of the individual residing with the individual, shall not be eligible for assistance from funds provided to the State under this Act.

''(b) AMOUNT.—

''(1) IN GENERAL.—Subject to the requirements of this Act, each State shall be entitled to receive quarterly payments for fiscal years 1996, 1997, 1998, 1999, and 2000 in an amount equal to 25 percent of the annual amount determined under paragraph (2) for the fiscal year for carrying out the purpose described in section 3.

''(2) ANNUAL AMOUNT.—The annual amount determined for a State under this paragraph for each fiscal year beginning with fiscal year 1996 is equal to an amount which bears the same relationship to the total funds for such year specified in paragraph (3) as the annual amount determined for such State under this Act for fiscal year 1995 bore to the total funds for all States under this Act for such year.

''(3) TOTAL FUNDS.—The total funds specified in this paragraph are as follows:

''(A) For fiscal year 1996, $25,427,000,000.

''(B) For fiscal year 1997, $26,425,000,000.

''(C) For fiscal year 1998, $27,539,000,000.

''(D) For fiscal year 1999, $28,658,000,000.

''(E) For fiscal year 2000, $29,994,000,000.

''(c) FUNDING REQUIREMENTS.—The Secretary of the Treasury shall make quarterly payments described in subsection (b)(1) directly to each State in accordance with section 6503 of title 31, United States Code.

''(d) EXPENDITURE OF FUNDS.—

''(1) IN GENERAL.—Any amount received by a State under this Act for a fiscal year shall be expended by the State in the fiscal year or in the succeeding fiscal year, except for such amounts as the State considers necessary to set aside in a separate account to provide, without fiscal limitation, for unexpected levels of assistance during a period of high unemployment or any other event that causes an unexpected increase in the need for food assistance to needy individuals.

''(2) REMAINING AMOUNTS.—Any amount in the separate account under paragraph (1) after fiscal year 2000 shall be expended by the State for the purpose described in section 3 of this Act.

''(e) PROHIBITION ON USE OF FUNDS.—Except as provided in subsection (f), a State to which a payment is made under this section may not use any part of the payment to provide medical services.

''(f) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

''(1) IN GENERAL.—A State may use not more than 30 percent of the annual amount paid to the State under this Act for a fiscal year to carry out a State program under—

''(A) part A of title IV of the Social Security Act;

''(B) part D of title IV of the Social Security Act;

''(C) title XVI of the Social Security Act;

''(D) the various Acts amended by title IV of the Work Opportunity Act of 1995;

''(E) the Child Care and Development Block Grant Act of 1990;

''(F) title VII of the Work Opportunity Act of 1995; or

''(G) title XIX of the Social Security Act.

''(2) APPLICABLE RULES.—Any amount paid to a State under this Act that is used to carry out a State program under a provision of law specified in paragraph (1) shall not be subject to the requirements of this Act, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

''SEC. 5. ADMINISTRATIVE AND FISCAL ACCOUNTABILITY.

''(a) AUDITS; REIMBURSEMENT.—

''(1) AUDITS.—

''(A) IN GENERAL.—A State shall, not less than annually, audit the State expenditures from amounts received under this Act. The audit shall—

''(i) determine the extent to which the expenditures were or were not expended in accordance with this Act; and

''(ii) be conducted by an approved entity in accordance with generally accepted accounting principles.

''(B) APPROVED ENTITY.—For purposes of subparagraphs (A), the term 'approved entity' means an entity that is—

''(i) approved by the Secretary of the Treasury;

''(ii) approved by the chief executive officer of a State; and

''(iii) independent of any agency administering activities funded under this Act.

''(2) REIMBURSEMENT.—

''(A) IN GENERAL.—Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature and to the Secretary of the Treasury.

''(B) REPAYMENT.—Each State shall pay to the United States amounts ultimately found by the approved entity under paragraph (1)(A) not to have been expended in accordance with this Act plus 10 percent of the amount as a penalty, or the Secretary of the Treasury may offset the amount plus the 10 percent penalty against any other amount in any other year that the State may be entitled to receive under this Act.

''(b) ADDITIONAL ACCOUNTING REQUIREMENT.—The provisions of chapter 75 of title 31, United States Code, shall apply to the audit requirements of this section.

''(c) REPORTING REQUIREMENTS; FORM, CONTENTS.—

''(1) ANNUAL REPORTS.—A State shall prepare comprehensive annual reports on activities carried out with amounts received by the State under this Act.

''(2) CONTENT.—Reports prepared under this section—

''(A) shall be for the most recently completed fiscal year;

''(B) shall be in accordance with generally accepted accounting principles and the provisions of section 6503 of title 31, United States Code;

''(C) shall include the results of the most recent audit conducted in accordance with the requirements of subsection (a) of this section; and

''(D) shall be in such form and contain such other information as the State considers necessary—

''(i) to provide an accurate description of each activity; and

''(ii) to secure a complete record of the purposes for which amounts were expended in accordance with this Act.

''(3) COPIES.—A State shall make copies of the reports required under this section available for public inspection within the State. Copies also shall be provided upon request to any interested public agency, and each agency may provide views on each report to the Congress.

''(d) ADMINISTRATIVE SUPERVISION.—

''(1) ROLE OF THE SECRETARY OF THE TREASURY.—

''(A) IN GENERAL.—The Secretary of the Treasury shall supervise any amounts received under this Act in accordance with subparagraph (B).

''(B) LIMITED SUPERVISION.—The supervision by the Secretary of the Treasury shall be limited to—

''(i) making quarterly payments to the States in accordance with section 4(c);

''(ii) approving an entity under subsection (a)(1)(B); and

''(iii) withholding payment to a State based on the findings of an approved entity under subsection (a)(2)(B).

''(2) OTHER FEDERAL SUPERVISION.—No administrative officer or agency of the United States, other than the Secretary of the Treasury and, as provided for in section 6, the Attorney General, shall supervise the amounts received by the States under this Act or the use of the funds by the States.

''(e) LIMITED FEDERAL OVERSIGHT.—With the exception of the Department of the Treasury under this section and section 6 of this Act, no Federal department or agency may promulgate regulations or issue rules regarding the purpose of this Act.

''SEC. 6. NONDISCRIMINATION PROVISIONS.

''(a) NO DISCRIMINATION AGAINST INDIVIDUALS.—No individual shall be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity funded in whole or in part with amounts received under this Act on the basis of—

''(1) disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794);

''(2) sex under title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); or

''(3) race, color, or national origin under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

''(b) COMPLIANCE.—

''(1) NOTIFICATION.—If the Secretary of the Treasury determines that a State, or an entity that has received funds from amounts received by the State under this Act, has failed to comply with a provision of law referred to in subsection (a), except as provided for in section 7 of this Act, the Secretary of the Treasury shall notify the chief executive officer of the State and shall request the officer to secure compliance with the provision of law.

''(2) ENFORCEMENT.—If, not later than 60 days after receiving a notification under paragraph (1), the chief executive officer fails or refuses to secure compliance, the Secretary of the Treasury may—

''(A) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

''(B) exercise the powers and functions provided under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); or section 505 of the Rehabilitation Act of 1973 (29 U.S.C. 794a); or

''(C) take such other action as may be provided by law.

''(c) AUTHORITY OF ATTORNEY GENERAL; CIVIL ACTIONS.—When a matter is referred to the Attorney General under subsection (b)(2)(A), or if the Attorney General has reason to believe that an entity is engaged in a pattern or practice in violation of a provision of law referred to in subsection (a), the Attorney General may bring a civil action in an appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

SEC. 7. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

(a) IN GENERAL.—

(1) STATE OPTIONS.—Notwithstanding any other provision of law, a State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 101).

(B) Any other program that is established or modified under titles I, II, or X that—

(i) permits contracts with organizations; or

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

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow religious organizations to contract, or to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—Religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2). Neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) RELIGIOUS CHARACTER AND FREEDOM.—

(1) RELIGIOUS ORGANIZATIONS.—Notwithstanding any other provision of law, any religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance;

(B) form a separate, nonprofit corporation to receive and administer the assistance funded under a program described in subsection (a)(2) solely on the basis that it is a religious organization; or

(C) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

(1) IN GENERAL.—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) with assistance from an alternative provider the value of which is not less than the value of the assistance which the individual would have received from such organization.

(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

(f) NONDISCRIMINATION IN EMPLOYMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall be construed to modify or affect the provisions of any other Federal or State law or regulation that relates to discrimination in employment on the basis of religion.

(2) EXCEPTION.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), may require that an employee rendering service pursuant to such contract, or pursuant to the organization's acceptance of certificates, vouchers, or other forms of disbursement adhere to—

(A) the religious tenets and teachings of such organization; and

(B) any rules of the organization regarding the use of drugs or alcohol.

(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(h) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(i) COMPLIANCE.—A religious organization which has its rights under this section violated may enforce its claim exclusively by asserting a civil action for such relief as may be appropriate, including injunctive relief or damages, in an appropriate State court against the entity or agency that allegedly commits such violation.

SEC. 8. LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.

No funds provided directly to institutions or organizations to provide services and administer programs described in section 102(a)(2) and programs established or modified under this Act shall be expended for sectarian worship or instruction. This section shall not apply to financial assistance provided to or on behalf of beneficiaries of assistance in the form of certificates, vouchers, or other forms of disbursement, if such beneficiary may choose where such assistance shall be redeemed.

SEC. 302. CONFORMING AMENDMENTS.

(a)(1) Section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(8)) is amended—

(A) by inserting ''and'' at the end of subparagraph (A);

(B) by striking ''; and'' at the end of subparagraph (B) and inserting a period; and

(C) by striking subparagraph (C).

(2) Section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905) is amended—

(A) in subsection (h) (as enacted by section 255 of Public Law 99–177), by striking ''Food stamp programs (12–3505–0–1–605 and 12–3550–0–1–605);''; and

(B) by redesignating subsection (h) (as added by section 13101(c)(4) of Public Law 101–508) as subsection (j).

(b) Section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended—

(1) in subsection (h)(1), by striking ''food stamps'' and inserting ''food assistance provided under the Food Stamp Flexibility Act of 1995''; and

(2) in subsection (i), by striking paragraph (1) and inserting the following:

''(1) food assistance provided under the Food Stamp Flexibility Act of 1995;''.

(c) Section 205 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) by striking subsection (a); and

(2) in subsection (b), by striking ''(b) Except'' and inserting ''Except''.

(d)(1) Section 3(a)(2) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100–237; 7 U.S.C. 612c note) is amended—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) through (F) as subparagraphs (B) through (E), respectively.

(2) Section 3(e)(1)(D)(iii) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100–237; 7 U.S.C. 612c note) is amended—

(A) by striking subclause (II); and

(B) by redesignating subclauses (III) through (V) as subclauses (II) through (IV), respectively.

(e) Section 110(h)(2) of the Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note) is amended by striking ''the Food Stamp Act of 1977,'' and inserting ''the Food Stamp Flexibility Act of 1995,''.

(f) The matter under the heading ''FOOD STAMP PROGRAM'' under the heading ''FOOD AND NUTRITION SERVICE'' of chapter I of title I of the Supplemental Appropriations Act, 1985 (99 Stat. 297; 7 U.S.C. 2012a) is amended by striking '': *Provided,*'' and all that follows through ''health centers''.

(g) The first sentence of section 1337 of the Agriculture and Food Act of 1981 (7 U.S.C. 2270) is amended by striking '', including but not limited to the Food Stamp Act of 1977,''.

(h)(1) Section 1584 of the Food Security Act of 1985 (7 U.S.C. 3175a) is amended by striking ''in households'' and all that follows through ''1977'' and inserting ''and families eligible to participate in programs under the Food Stamp Flexibility Act of 1995''.

(2) Section 1585 of the Food Security Act of 1985 (7 U.S.C. 3175b) is amended—

(A) in the matter preceding paragraph (1), by striking ''Food Stamp Act of 1977'' and inserting ''Food Stamp Flexibility Act of 1995''; and

(B) in paragraph (1), by striking ''food stamps and other''.

(i) Section 1114 of the Agriculture and Food Act of 1981 (7 U.S.C. 4004a) is amended by striking subsection (d).

(j)(1) Section 931(3) of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102–237; 7 U.S.C. 5930 note) is amended by striking subparagraphs (B) and (C) and inserting the following:

''(B) are participating in the food assistance block grant program established under the Food Stamp Flexibility Act of 1995; or

''(C) have income below 185 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, the Virgin Islands of the United States, and Guam, respectively.''.

(2) Section 932(1) of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102–237; 7 U.S.C. 5930 note) is amended by striking subparagraphs (B) and (C) and inserting the following:

''(B) is participating in the food assistance block grant program established under the Food Stamp Flexibility Act of 1995; or

''(C) has income below 185 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, the Virgin Islands of the United States, and Guam, respectively.''.

(k) Section 1679(c)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5932(c)(2)) is amended by striking ''food stamp program, the expanded food and nutrition education program,'' and inserting ''expanded food and nutrition education program''.

(l) Section 245A(h)(1)(A)(iii) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(1)(A)(iii)) is amended by striking ''Food Stamp Act of 1977'' and inserting ''Food Stamp Flexibility Act of 1995''.

(m) Section 1956(c)(7)(D) of title 18, United States Code, is amended by striking ''section 15'' and all that follows through ''$5,000,'' and inserting ''the Food Stamp Flexibility Act of 1995''.

(n) Section 231(d)(3)(A)(iii) of the Carl D. Perkins Vocational Education Act (20 U.S.C. 2341(d)(3)(A)(iii)) is amended by striking ''Food Stamp Act of 1977'' and inserting ''Food Stamp Flexibility Act of 1995''.

(o)(1) Section 32(j) of the Internal Revenue Code of 1986 is amended—

(A) by inserting ''and'' at the end of paragraph (3);

(B) by striking '', and'' at the end of paragraph (4) and inserting a period; and

(C) by striking paragraph (5).

(2) Section 6103(*l*)(7) of the Code is amended—

(A) in the paragraph heading, by striking ''FOOD STAMP ACT OF 1977'' and inserting ''FOOD STAMP FLEXIBILITY ACT OF 1995''; and

(B) in subparagraph (D)(vi), by striking ''the Food Stamp Act of 1977'' and inserting ''the Food Stamp Flexibility Act of 1995''.

(3) Section 6109 of the Code is amended—

(A) in subsection (f) (as added by section 1735(c) of Public Law 101–624)—

(i) in the subsection heading, by striking ''FOOD STAMP ACT OF 1977'' and inserting ''THE FOOD STAMP FLEXIBILITY ACT OF 1995''; and

(ii) in paragraph (1)—

(I) in the first sentence, by striking ''section 9 of the Food Stamp Act of 1977 (7 U.S.C. 2018)'' and inserting ''the Food Stamp Flexibility Act of 1995''; and

(II) in the second sentence, by striking ''section 12 or 15 of such Act (7 U.S.C. 2021 or 2024)'' and inserting ''the Act''.

(B) by redesignating subsection (f) (as added by section 2201(d) of Public Law 101–624) as subsection (g); and

(4) Section 7523(b)(3)(C) of the Code is amended by striking ''food stamps'' and inserting ''food assistance under the Food Stamp Flexibility Act of 1995''.

(p) Section 3(b) of the Act of June 6, 1933 (48 Stat. 114, chapter 49; 29 U.S.C. 49b(b)) is amended by striking ''the food stamp'' and all that follows through ''2011 et seq.),'' and

inserting ''food assistance under the Food Stamp Flexibility Act of 1995''.

(q)(1) Section 4(8)(C) of the Job Training Partnership Act (29 U.S.C. 1503(8)(C)) is amended by striking ''food stamps pursuant to the Food Stamp Act of 1977'' and inserting ''food assistance under the Food Stamp Flexibility Act of 1995''.

(2) Section 205(a) of the Job Training Partnership Act (29 U.S.C. 1605(a)) is amended—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) through (14) as paragraphs (5) through (13), respectively.

(3) Section 655(b) of the Job Training Partnership Act (29 U.S.C. 1645(b)) is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8), (9), and (10) as paragraphs (7), (8), and (9), respectively.

(4) Section 701(b)(2)(A) of the Job Training Partnership Act (29 U.S.C. 1792(b)(2)(A)) is amended—

(A) by inserting ''and'' at the end of clause (v);

(B) by striking clause (vii).

(r) Section 3803(c)(2)(C)(vii) of title 31, United States Code, is amended by striking ''food stamp'' and all that follows and inserting ''Food Stamp Flexibility Act of 1995;''.

(s) Section 522(b)(7)(C) of the Public Health Service Act (42 U.S.C. 290cc–22(b)(7)(C)) is amended by striking ''food stamps'' and inserting ''food assistance under the Food Stamp Flexibility Act of 1995''.

(t)(1) Section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) is amended—

(B) in clause (iii)(II), by striking the last sentence and inserting ''Any information shared under this subclause may be used by the other agency or instrumentality only for the purpose of investigation of violations of Federal laws or enforcement of such laws.''; and

(B) in clause (iv)—

(i) in the first sentence, by striking ''section 9 of the Food Stamp Act of 1977 (7 U.S.C. 2018)'' and inserting ''the Food Stamp Flexibility Act of 1995''; and

(ii) in the second sentence, by striking ''section 12 or 15 of such Act (7 U.S.C. 2021 or 2024)'' and inserting ''the Act''.

(2) Section 303(d) of the Social Security Act (42 U.S.C. 503(d)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''food stamp agency'' and inserting ''food assistance agency''; and

(ii) in subparagraph (B), by striking ''food stamp program'' and all that follows and inserting ''Food Stamp Flexibility Act of 1995.'';

(B) in paragraph (2)—

(i) by striking subparagraph (B) and inserting the following:

''(B) The State agency charged with the administration of the State law—

''(i) may require each new applicant for unemployment compensation to disclose whether the applicant owes any amount to a State food assistance agency;

''(ii) may notify a State food assistance agency that the applicant has been determined to be eligible for unemployment compensation if—

''(I) the applicant disclosed under clause (i) that the applicant owes an amount to the food assistance agency; and

''(II) the applicant has been determined to be eligible for unemployment compensation;

''(iii) may deduct and withhold from any unemployment compensation otherwise payable to an individual any amount owed by the individual to a State food assistance agency; and

''(iv) shall pay any amount deducted and withheld under clause (iii) to the appropriate State food assistance agency.'';

(ii) in subparagraph (C), by striking ''food stamp agency'' and all that follows and inserting ''food assistance agency as repayment by the individual to the food assistance agency.''; and

(iii) by striking subparagraph (D) and inserting the following:

''(D) A State food assistance agency shall reimburse the State agency charged with the administration of the State unemployment compensation law for the administrative costs incurred by the State agency under this paragraph that are attributable to payment to the food assistance agency under this paragraph.''; and

(C) by striking paragraph (4) and inserting the following:

''(4) In this subsection, the term 'food assistance agency' means an agency designated by a State to provide food assistance under the Food Stamp Flexibility Act of 1995.''.

(3) Section 402(a) of the Social Security Act (42 U.S.C. 602(a)) is amended—

(A) in the first sentence—

(i) in paragraph (7)(C)(i), by striking ''family's monthly allotment of food stamp coupons'' and inserting ''food assistance the family receives under the Food Stamp Flexibility Act of 1995''; and

(ii) in paragraph (30)(B), by striking ''food stamp'' and inserting ''food assistance under the Food Stamp Flexibility Act of 1995''; and

(B) in the second sentence, by striking ''Food Stamp Act of 1977'' and inserting ''Food Stamp Flexibility Act of 1995''.

(4) Section 410 of the Social Security Act (42 U.S.C. 610) is repealed.

(5) The first section of Public Law 94–585 (42 U.S.C. 610 note) is amended by striking subsection (b).

(6) The second sentence of section 416(c) of the Social Security Act (42 U.S.C. 616(c)) is amended by striking ''food stamp program'' and insert ''Food Stamp Flexibility Act of 1995''.

(7) Section 433(c) of the Social Security Act (42 U.S.C. 629c(c)) is amended—

(A) in paragraph (1), by striking ''food stamp percentage'' and inserting ''food assistance percentage''; and

(B) in paragraph (2)—

(i) in the paragraph heading, by striking ''FOOD STAMP'' and inserting ''FOOD ASSISTANCE''; and

(ii) by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—As used in paragraph (1), the term 'food assistance percentage' means, with respect to a State and a fiscal year, the average monthly number of children receiving food assistance benefits in the State for months in the 3 fiscal years referred to in subparagraph (B) of this paragraph, as determined from sample surveys made under the Food Stamp Flexibility Act of 1995, expressed as a percentage of the average monthly number of children receiving food assistance benefits in the States described in paragraph (1) for months in the 3 fiscal years, as so determined.''.

(8) Section 1136(f)(1) of the Social Security Act (42 U.S.C. 1320b–6(f)(1)) is amended by striking ''the Federal food stamp program'' and inserting ''the food assistance program under the Food Stamp Flexibility Act of 1995''.

(9) Section 1137 of the Social Security Act (42 U.S.C. 1320b–7) is amended—

(A) in paragraphs (2) and (5)(B) of subsection (a), by striking ''food stamp program'' each place it appears and inserting ''food assistance program under the Food Stamp Flexibility Act of 1995; and

(B) in subsection (b), by striking paragraph (4) and inserting the following:

''(4) the food assistance program under the Food Stamp Flexibility Act of 1995; and''.

(10) Section 1631(n) of the Social Security Act (42 U.S.C. 1383(n)) is amended—

(A) in the subsection heading, by striking ''FOOD STAMP'' and inserting ''FOOD ASSISTANCE''; and

(B) by striking ''food stamp program'' and all that follows and inserting ''food assistance program under the Food Stamp Flexibility Act of 1995.''

(11) Section 1924(d)(4)(B) of the Social Security Act (42 U.S.C. 1396r–5(d)(4)(B)) is amended by striking ''section 5(e) of the Food Stamp Act of 1977'' and inserting ''Food Stamp Flexibility Act of 1995''.

(u) Section 8(k) of the United States Housing Act of 1937 (42 U.S.C. 1437f(k)) is amended by striking ''the Food Stamp Act of 1977'' and inserting ''the Food Stamp Flexibility Act of 1995''.

(v)(1) Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended—

(A) in subsection (b)—

(i) in paragraph (2)(C)(ii), by striking subclause (I) and inserting the following:

''(I) a family that is receiving food assistance under the Food Stamp Flexibility Act of 1995; or''; and

(ii) in paragraph (6)—

(I) in subparagraph (A), by striking clause (i) and inserting the following:

''(i) a member of a family receiving assistance under the Food Stamp Flexibility Act of 1995;''; and

(II) in subparagraph (B), by striking ''food stamps'' and inserting ''food assistance under the Food Stamp Flexibility Act of 1995''; and

(ii) in subsection (d)(2)(B), by striking ''the food stamp program under the Food Stamp Act of 1977'' and inserting ''a food assistance program under the Food Stamp Flexibility Act of 1995''.

(2) Section 17(o)(5) of the National School Lunch Act (42 U.S.C. 1766(o)(5)) is amended by striking subparagraph (A) and inserting the following:

''(A) a member of a family receiving food assistance under the Food Stamp Flexibility Act of 1995; or''.

(w) Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended—

(1) in subsection (c)(1)—

(A) in subparagraph (A), by striking ''food stamp program'' and inserting ''food assistance program under the Food Stamp Flexibility Act of 1995''; and

(B) in subparagraph (B), by striking ''food stamps'' and inserting ''food assistance under the Act'';

(2) in subsection (d)(2)(A)(ii)(I), strike ''food stamps'' and all that follows and insert ''food assistance under the Food Stamp Flexibility Act of 1995; or'';

(3) in subsection (e)(4)(A), by striking ''food stamps'' and inserting ''food assistance under the Food Stamp Flexibility Act of 1995'';

(4) in subsection (f)(1)(C)(iii), by striking ''food stamp'' and inserting ''food assistance programs under the Food Stamp Flexibility Act of 1995''; and

(5) in subsection (m)(7)(B)—

(A) by striking ''the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)'' and inserting ''any food assistance under the Food Stamp Flexibility Act of 1995''; and

(B) by striking ''in lieu of food stamps''.

(x)(1) Section 202(a) of the Older Americans Act of 1965 (42 U.S.C. 3012(a)) is amended—

(A) in paragraph (20)(A), by striking ''benefits under the Food Stamp Act of 1977'' and inserting ''food assistance under the Food Stamp Flexibility Act of 1995''; and

(B) in paragraph (23), by striking ''benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)'' and inserting ''food assistance under the Food Stamp Flexibility Act of 1995''.

(2) Section 206(g)(1)(N) of the Older Americans Act of 1965 (42 U.S.C. 3017(g)(1)(N)) is amended by striking ''food stamp benefits'' and inserting ''food assistance under the Food Stamp Flexibility Act of 1995''.

(3) Section 509 of the Older Americans Act of 1965 (42 U.S.C. 3056g) is amended—

(A) in the section heading, by striking ''FOOD STAMP'' and inserting ''FOOD ASSISTANCE''; and

(B) by striking ''the Food Stamp Act of 1977'' and inserting ''the Food Stamp Flexibility Act of 1995''.

(4) Section 706(a)(3) of the Older Americans Act of 1965 (42 U.S.C. 3058e(a)(3)) is amended to read as follows:

''(3) food assistance under the Food Stamp Flexibility Act of 1995.''.

(5) Section 741(a)(4)(D) of the Older Americans Act of 1965 (42 U.S.C. 3058k(a)(4)(D)) is amended to read as follows:

''(D) a food assistance program established under the Food Stamp Flexibility Act of 1995;''.

(y) Section 705(a)(2)(D) of the Older Americans Act Amendments of 1992 (Public Law 102–375; 42 U.S.C. 3058k note) is amended to read as follows:

''(D) a food assistance program established under the Food Stamp Flexibility Act of 1995; and''

(z) Section 412 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5179) is amended to read as follows:

''SEC. 412. FOOD ASSISTANCE.

''On the determination by the President that, as a result of a major disaster, low-income households in a State are unable to purchase adequate amounts of nutritious food, the State may distribute food assistance under the Food Stamp Flexibility Act of 1995.''.

(aa) Section 802(d)(2)(A) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(d)(2)(A)) is amended—

(1) in the subparagraph heading, by striking ''FOOD STAMPS'' and inserting ''FOOD ASSISTANCE''; and

(2) by striking clause (i) and inserting the following:

''(i) shall—

''(I) apply as a retail provider of food under any applicable food assistance program under the Food Stamp Flexibility Act of 1995; and

''(II) if approved as a retail provider of food, accept food assistance payments from individuals receiving assistance under the Act; and''

(bb) Section 2605 of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624) is amended—

(1) in subsection (b)(2)(A), by striking clause (iii) and inserting the following:

''(iii) food assistance under the Food Stamp Flexibility Act of 1995; or''; and

(2) in subsection (f)—

(A) in paragraph (1), by striking ''food stamps'' and inserting ''food assistance''; and

(B) in paragraph (2), by striking ''and for purposes'' and all that follows through ''2014(e))''.

(cc) Section 29 of the Alaska Native Claims Settlement Act (43 U.S.C. 1626) is amended—

(1) in subsection (b), by striking ''Notwithstanding section 5(a)'' and all that follows through ''food stamp program,'' and inserting ''In determining the eligibility of a household to participate in a food assistance program under the Food Stamp Flexibility Act of 1995,''; and

(2) in subsection (c), by striking paragraph (1) and inserting the following:

''(1) participate in a food assistance program under the Food Stamp Flexibility Act of 1995,''.

SEC. 303. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on October 1, 1995.

KENNEDY AMENDMENTS NOS. 2563–2564

Mr. GRAHAM (for Mr. KENNEDY) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2563

On page 289, line 5, strike the period and insert '', but in no event shall such period extend beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act.''

On page 291, line 14, strike the period and insert '', but in no event shall such period extend beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act.''

On page 293, line 16, insert ''but in no event shall the sponsor be required to provide financial support beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act.'' after ''quarters''.

AMENDMENT NO. 2564

On page 292, line 5, strike ''and''.

On page 292, line 11, strike the period and insert ''; and''.

On page 292, between lines 11 and 12, insert the following new subparagraph:

(F) benefits or services which serve a compelling humanitarian or compelling public interest as specified by the Attorney General in consultation with appropriate Federal agencies and departments.

GRAHAM (AND OTHERS) AMENDMENT NO. 2565

Mr. GRAHAM (for himself, Mr. BUMPERS, Mr. BRYAN, Ms. MOSELEY-BRAUN, Mr. PRYOR, Mr. JOHNSTON, and Mr. REID) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 17, line 2, strike ''paragraphs (3) and (5), section 407 (relating to penalties),'' and insert ''section 407 (relating to penalties)''.

On page 17, beginning on line 16, strike all through line 22, and insert the following: ''equal to the amount determined under paragraph (3), reduced by the amount (if any) determined under subparagraph (B).''

On page 18, beginning on line 22, strike all through page 22, line 8, and insert the following:

''(3) STATE FAMILY ASSISTANCE GRANT.—

''(A) IN GENERAL.—Subject to subparagraphs (B) and (C), for purposes of paragraph (2), the amount of the State family assistance grant to a State for a fiscal year is an amount which bears the same ratio to the amount appropriated for such fiscal year under paragraph (4)(A) as the average number of minor children in families within the State having incomes below the poverty line for the 3-preceding fiscal years bears to the average number of minor children in families within all States having incomes below the poverty line for such 3-preceding fiscal years.

''(B) SPECIAL RULES.—

''(i) CEILING—Except as provided in clause (ii), the amount of the State family assistance grant for a fiscal year to a State shall not exceed—

''(I) for fiscal year 1996, an amount equal to 150 percent of the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995); and

''(II) for each fiscal year there-after, an amount equal to 150 percent of the total amount of the State family assistance grant to the State for the preceding fiscal year.

''(ii) MINIMUM ALLOCATION.—

''(I) IN GENERAL.—Subject to subclause (II), if the amount of the State family assistance grant determined under subparagraph (A) for a fiscal year is less than 0.6 percent of the total amount appropriated for such fiscal year under paragraph (4)(A), the amount of such grant for such fiscal year shall be an amount equal to the lesser of—

''(aa) 0.6 percent of the amount appropriated under paragraph (4)(A) for such fiscal year, or

''(bb) an amount equal to two times the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995).

''(II) REDUCTION IF AMOUNTS NOT AVAILABLE.—If the aggregate amount by which State family assistance grants for States is increased for a fiscal year under subclause (I) exceeds the aggregate amount by which State family assistance grants for States is decreased for the fiscal year under clause (i), the amount of the State family assistance grant to a State to which this clause applies shall be reduced by an amount which bears the same ratio to the aggregate amount of such excess as the average number of minor children in families within the State having incomes below the poverty line for the 3-preceding fiscal years bears to the average number of minor children in families within all States to which this clause applies having incomes below the poverty line for such 3-preceding fiscal years.

''(C) ALLOCATION OF REMAINDER.—

''(i) IN GENERAL.—A State that is an eligible State for a fiscal year shall be entitled to an increase in the State family assistance grant equal to the additional allocation amount determined under clause (ii) (if any) for such State for the fiscal year.

''(ii) ADDITIONAL ALLOCATION AMOUNT.—The additional allocation amount for an eligible State for a fiscal year determined under this clause is the amount which bears the same ratio to the remainder allocation amount for the fiscal year determined under clause (iii) as the average number of minor children in families within the eligible State having incomes below the poverty line for the 3-preceding fiscal years bears to the average number of minor children in families within all eligible States having incomes below the poverty line for such 3-preceding fiscal years.

''(iii) REMAINDER ALLOCATION AMOUNT.—The remainder allocation amount determined under this clause is the amount (if any) that is equal to the difference between—

''(I) the amount appropriated for the fiscal year under paragraph (4)(A), and

''(II) an amount equal to the sum of the family assistance grants determined under this paragraph (without regard to this subparagraph) for all States for such fiscal year.

''(iv) ELIGIBLE STATE.—For purposes of this subparagraph, the term 'eligible State' means a State whose State family assistance grant for the fiscal year, as determined under this paragraph (without regard to this subparagraph), is less than the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995).

''(D) OPTION TO BASE ALLOCATIONS ON PRECEDING FISCAL YEAR DATA.—The Secretary may in lieu of using data for the 3-preceding

fiscal years, allocate funds under this paragraph based on data for the most recent fiscal year for which accurate data are available.

''(E) DEFINITIONS AND SPECIAL RULES.— For purposes of this paragraph—

''(i) POVERTY LINE.—The term 'poverty line' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

''(ii) 3-PRECEDING FISCAL YEARS.—The term '3-preceding fiscal years' means the 3 most recent fiscal years preceding the current fiscal year for which data are available.

''(iv) PUBLICATION OF ALLOCATIONS.—Not later than January 15th of each calendar year, the Secretary shall publish in the Federal Register the amount of the family assistance grant to which each State is entitled under this subsection for the fiscal year that begins in such calendar year.

On page 23, beginning on line 7, strike all through page 24, line 18.

GRAHAM AMENDMENT NOS. 2566–2567

Mr. GRAHAM proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2566

At the appropriate place, insert the following new section:

SEC. . UNFUNDED FEDERAL INTERGOVERNMENTAL MANDATES.

(a) IN GENERAL.—Notwithstanding any other provision of law—

(1) no later than 15 days after the beginning of fiscal year 1996, and annually thereafter through fiscal year 2000, the Director of the Congressional Budget Office shall, in a manner similar to section 424(a) (1) and (2) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658c(a) (1) and (2)), estimate the direct costs for the fiscal year of each Federal intergovernmental mandate resulting from the enactment of this Act or any other legislation that includes welfare reform provisions and determine whether there are sufficient appropriations for the fiscal year to provide for the direct costs.

(2) each responsible Federal agency shall, for each fiscal year described in paragraph (1), identify any appropriations bill or other legislation that provides Federal funding of the direct costs described in paragraph (1) which relate to each Federal intergovernmental mandate within the agency's jurisdiction and shall determine whether there are insufficient appropriations for the fiscal year to provide such direct costs, and

(3) no later 30 days after the beginning of each fiscal year described in paragraph (1), the responsible Federal agency shall notify the appropriate authorizing committees of Congress of the agency's determination under paragraph (2) and submit either—

(A) a statement that the agency has determined based on a re-estimate of the direct costs of such mandate, after consultation with State, local, and tribal governments, that the amount appropriated is sufficient to pay for the direct costs of such Federal intergovernmental mandate for the fiscal year, or

(B) legislative recommendations for—

(i) implementing a less costly Federal intergovernmental mandate, or

(ii) making such mandate ineffective for the fiscal year.

(b) LEGISLATIVE ACTION.—

(1) IN GENERAL.—The Congress shall consider on an expedited basis, under procedures similar to the procedures set forth in section 425 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658d), the statement or legislative recommendations described in subsection (a)(3) no later than 30 days after the statement or recommendations are submitted to Congress.

(a) LEGISLATIVE ACTION REQUIRED.—The Federal intergovernmental mandate to which a statement described in subsection (a)(2) relates shall—

(i) cease to be effective on the date that is 60 days after the date the statement is submitted under subsection (a)(3)(A) unless Congress has approved the agency's determination under subsection (a)(3)(A) by joint resolution during the 60-day period;

(ii) cease to be effective on the date that is 60 days after the date of the legislative recommendations described in subsection (a)(3)(B) are submitted to the Congress, unless Congress provides otherwise by law; or

(iii) in the case that such mandate has not yet taken effect, continue not to be effective unless Congress provides otherwise by law.

(c) DEFINITIONS.—For purposes of this section:

(1) RESPONSIBLE FEDERAL AGENCY.—The term ''responsible Federal agency'' means the agency that has jurisdiction with respect to a Federal intergovernmental mandate created by the provisions of this Act or any other legislation that is enacted that includes welfare reform provisions.

(2) FEDERAL INTERGOVERNMENTAL MANDATE; DIRECT COSTS.—The terms ''Federal intergovernmental mandate'' and ''direct costs'' have the meanings given such terms by section 421 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658).

(3) WELFARE REFORM PROVISIONS.—The term ''welfare reform provisions'' means provisions of Federal law relating to any Federal benefit for which eligibility is based on need.

AMENDMENT NO. 2567

On page 64, line 10, after the period, insert the following: ''In ranking States under this subsection, the Secretary shall take into account the average number of minor children in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.''

GRAHAM AMENDMENT NOS. 2568–2569

Mr. GRAHAM proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2568

On page 12, strike lines 10 and 11, and insert the following:

''(C) Satisfy the work participation rate goals established for the State pursuant to section 404(b)(6).

On page 29, beginning with line 19, strike all through the table preceding line 3, on page 30, and insert the following:

''SEC. 404. NATIONAL WORK PARTICIPATION RATE GOALS.

''(a) NATIONAL GOALS FOR WORK PARTICIPATION RATES.—A State to which a grant is made under section 403 shall make every effort to achieve the national work participation rate goals specified in the following tables for the fiscal year with respect to—

''(1) all families receiving assistance under the State program funded under this part:

''If the fiscal year is:	The national participation rate goal for all families is:
1996	25
1997	30
1998	35
1999	40
2000 or thereafter	50;

and

''(2) with respect to 2-parent families receiving such assistance:

''If the fiscal year is:	The national participation rate goal is:
1996	60
1997 or 1998	75
1999 or thereafter	90.

On page 35, between lines 2 and 3, insert the following:

''(6) MODIFICATIONS TO NATIONAL PARTICIPATION RATE GOALS TO REFLECT THE NUMBER OF FAMILIES RECEIVING ASSISTANCE IN EACH STATE.—The Secretary, after consultation with the States, shall establish specific work participation rate goals for each State by adjusting the national participation rate goals to reflect the level of Federal funds a State is receiving under this part for the fiscal year and the average number of minor children in families having incomes below the poverty line that are estimated for the State for the fiscal year. Not later than January 15, 1996, and each year thereafter, the Secretary shall publish in the Federal Register the participation rate goals for each State for the current fiscal year.

On page 52, beginning on line 24, strike all through ''fiscal year,'' on page 53, line 4, and insert the following:

''(3) FAILURE TO SATISFY PARTICIPATION RATE.—

''(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the work participation rate goals specified for the State pursuant to section 404(b)(6) for a fiscal year,

AMENDMENT NO. 2569

On page 300, line 10, insert ''other than section 506 of this Act,'' after ''law,''.

On page 302, between lines 5 and 6, insert the following:

SEC. 506. APPLICATION OF TITLE TO CERTAIN BENEFICIARIES.

The provisions of, and amendments made by, this title shall not apply to any noncitizen who is lawfully present in the U.S. and receiving benefits under a program on the date of the enactment of this Act.

DODD (AND LEAHY) AMENDMENT NO. 2570

Mr. DODD (for himself and Mr. LEAHY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Section 320 is amended by adding at the end thereof the following:

''(4) STATE ELECTRONIC BENEFITS TRANSFER OPTIONS IN GENERAL.—States may implement electronic benefit transfer systems under the authorities and conditions set forth in section 7(i) and related provisions, or the authorities and conditions set forth in paragraph (5).

''(5) ELECTRONIC BENEFITS TRANSFER CARD SYSTEMS ASSISTANCE OPTION.—If a State notifies the Secretary of its intention to convert to a state-wide electronic benefits transfer card system, or a multiple-State regional electronic benefits transfer card system with other state-wide systems, within three years of the date of enactment of this paragraph, the Secretary shall allow the establishment of an electronic benefits transfer card system within the State under the following terms—

''(A) COORDINATION AND LAW ENFORCEMENT.—

''(i) CONVERSION.—The Secretary shall coordinate with, and assist, the State or States in a regional system in eliminating the use of food stamp coupons and the full conversion to an electronic benefits transfer card system within three years after the decision of the State to convert to the system set forth in this paragraph.

''(ii) OPERATIONS.—States shall take into account generally accepted standard operating rules for carrying out this paragraph, based on—

''(I) commercial electronic funds transfer technology;

''(II) the need to permit interstate operation and law enforcement monitoring; and

''(III) the need to permit monitoring and investigations by authorized law enforcement agencies.

''(iii) LAW ENFORCEMENT.—The Secretary, in consultation with the Inspector General of the United States Department of Agriculture and the United States Secret Service, shall inform the State of proper security features, good management techniques, and methods of deterring counterfeiting.

''(B) PAPER AND OTHER ALTERNATIVE BENEFIT TRANSFER SYSTEMS.—Beginning on the date of the implementation of the electronic benefits transfer card system in a State under authority of this paragraph, the Secretary shall also permit the use of paper-based and other benefit transfer approaches for providing benefits to food stamp households in the case of special-need retail food stores.

''(C) STATE-PROVIDED EQUIPMENT.—

''(i) ELECTRONIC BENEFITS TRANSFER CARD SYSTEM.—

''(I) IN GENERAL.—A retail food store that does not have point-of-sale electronic benefits transfer equipment, and does not intend to obtain point-of-sale electronic benefits transfer equipment in the near future, shall be provided by a State agency with, or reimbursed for, the costs of purchasing and installing single-function, point-of-sale equipment, and related telephone equipment, which shall be used only for Federal and State assistance program.

''(II) EQUIPMENT REQUIREMENTS.—Equipment provided under this subparagraph shall be capable of interstate operations and based on generally accepted commercial electronic benefits transfer operating principles that permit interstate law enforcement monitoring and shall be capable of providing a recipient with access to multiple Federal and State benefit programs.

''(ii) PAPER AND OTHER ALTERNATIVE BENEFIT SYSTEMS.—A special-need retail store that does not obtain, and does not intend to obtain in the near future, point-of-sale paper-based or other alternative benefits transfer equipment shall be provided by the State agency or compensated for the costs of purchasing such equipment which shall be used only for Federal and State assistance programs. Such paper systems includes using the electronic benefit transfer card to make an impression on a point-of-sale paper document.

''(iii) RETURN OF ELECTRONIC BENEFITS TRANSFER EQUIPMENT.—A retail food store may at any time return the equipment to the State and obtain equipment with funds of the store.

''(iv) COST TO STORES.—The cost of documents of systems that may be required pursuant to this paragraph may not be imposed upon a retail food store participating in the program.

''(D) CHARGING FOR ELECTRONIC BENEFITS TRANSFER CARD REPLACEMENT.—

''(i) IN GENERAL.—Under this paragraph, the Secretary shall reimburse State agencies for the costs of purchasing and issuing electronic benefits transfer cards; and

''(ii) REPLACEMENT CARDS.—Under this paragraph, the Secretary may charge a household through allotment reduction or otherwise for the cost of replacing a lost or stolen electronic benefit transfer card, unless the card was stolen by force or threat of force.''.

''(E) TRANSITION FUND.—At the beginning of each fiscal year during the 10-year period beginning with the first full fiscal year following the date of enactment of this paragraph, the Secretary shall place the amount of the funds generated by the transaction fees provided in subparagraph (F) into an account, to be known as the Transition Conversion Account, to remain available until expended.

''(F) TRANSACTION FEE.—

(i) During the 10-year period beginning on the date of enactment of this paragraph, the Secretary shall, to the extent necessary to not increase costs to the Secretary under this paragraph, impose a transaction fee of not more than 2 cents for each transaction made at a retail food store using an electronic benefits transfer card authorized by this paragraph, to be taken from the benefits of the household using the card, except that no household shall be assessed more than 16 cents under this paragraph per month. The Secretary may reduce the fee on a household receiving the maximum benefits available under the program.

''(ii) FEES LIMITED TO USES.—A fee imposed under clause (i) shall be in an amount not greater than is necessary to carry out the uses of the Transition Conversion Account in subparagraph (G).

''(G)(i)DUTY OF SECRETARY.—Out of funds in the Transition Conversion Account, and, only to the extent necessary, out of funds provided to carry out this Act, the Secretary shall provide funds to provide transition assistance and funds to States participating under this paragraph for—

''(I) the reasonable cost of purchasing and installing, or for the cost of reimbursing a retail food store for the cost of purchasing and installing single-function, point-of-sale equipment described in subparagraph (C), to be used only for Federal and State assistance programs;

''(II) the reasonable start-up cost of purchasing and installing telephone equipment or connections for single-function, point-of-sale equipment, to be used only for Federal and State assistance programs; and

''(III) assistance to modify an electronic benefits transfer system implemented by a State prior to the date of enactment of this paragraph to the extent necessary to operate statewide or multi-statewide under this paragraph.

''(ii) USE OF ACCOUNT.—The Secretary shall use funds in the Transition Conversion Account in implementing this paragraph and to—

''(I) provide start-up training for State agencies, employees and recipients based on a plan approved by Secretary;

''(II) pay for other one-time reasonable costs of converting to an electronic benefits transfer system that is capable of interstate functions and is capable of being monitored by law enforcement agencies;

''(III) pay for liabilities assumed by the Secretary under subparagraph (I);

''(IV) pay other liabilities related to the electronic benefits transfer system established under this paragraph that are incurred by the Secretary; and

''(V) expand and implement a nationwide program to monitor compliance with program rules related to retail food stores and the electronic delivery of benefits under this Act.

''(H) COMPETITIVE BIDDING.—In purchasing point-of-sale equipment described in subparagraph (C), electronic benefits transfer cards, and telephone equipment or connections referred to in subparagraph (G), States shall use competitive bidding systems to ensure that they obtain the lowest prices for the equipment and cards that meet specifications. States shall not enter into purchase agreements which condition the purchase of additional services or equipment from suppliers of equipment or cards under this paragraph. The Secretary shall monitor the sale prices for such equipment and cards and the Inspector General shall investigate possible wrongdoing or fraud as appropriate.

''(I) LIABILITY OR REPLACEMENT BENEFITS FOR UNAUTHORIZED USE OF EBT CARDS.—

''(i) IN GENERAL.—The Secretary shall require State agencies that choose to implement an electronic benefits transfer system under this paragraph to advise any household participating in the food stamp program how to promptly report a lost, destroyed, damaged, improperly manufactured, dysfunctional, or stolen electronic benefits transfer card.

''(ii) REGULATIONS.—Under this paragraph, the Secretary shall issue regulations providing that—

''(I) a household shall not receive any replacement for benefits lost due to the unauthorized use of an electronic benefits transfer card; and

''(III) a household shall not be liable for any amounts in excess of the benefits available to the household at the time of the unauthorized use.

''(iii) SPECIAL LOSSES.—Notwithstanding clause (ii), under this paragraph a household shall receive a replacement for any benefits lost if the loss was caused by—

''(I) force or the threat of force.

''(II) unauthorized use of the card after the State agency receives notice that the card was lost or stolen; or

''(III) a system error or malfunction, fraud, abuse, negligence, or mistake by the service provider, the card issuing agency, or the State agency, or an inaccurate execution of a transaction by the service provider.

''*Provided,* That with respect to losses described in subclause (II) and (III), the State shall reimburse the Secretary. Nothing in subclause (III) shall prevent a State from obtaining reimbursement from the service provider or the card issuing agency for system error or malfunction, fraud, abuse, negligence, or mistake by such service provider or card issuing agency.

''(J) ELIMINATION OF FOOD STAMP COUPONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) and (iii) and notwithstanding any other provision of this Act, effective beginning on the date 3 years after the date a chief executive officer of a State informs the Secretary that the State intends to implement an electronic benefits transfer system authorized by this paragraph, the Secretary shall not provide any food stamp coupons to the State.

''(ii) EXCEPTIONS.—

''(I) EXTENSION.—Clause (i) shall not apply to the extent that the chief executive officer of a State determines that an extension is necessary and so notifies the Secretary in writing, except that the extension shall not extend beyond 5 years after the date that a chief executive officer of a State informs the secretary of the decision to implement an electronic benefits transfer system under this paragraph.

''(II) WAIVER.—In addition to any extension under subclause (I), the Secretary may grant a waiver to a State to phase-in or delay, implementation of electronic benefits transfer for good cause shown by the State, except that the waiver shall not extend for more than 6 months.

''(iii) DISASTER RELIEF.—The Secretary may provide food stamp coupons for disaster relief under section 5(h).''.

''(K) SPECIAL RULE.—A State agency may require a household to explain the circumstances regarding each occasion that—

''(i) the household reports a lost or stolen electronic benefits transfer card; and

''(ii) the card was used for an unauthorized transaction.

In the appropriate circumstances, the state agency shall investigate and ensure that appropriate cases are acted upon either through administrative disqualification or referral to courts of appropriate jurisdiction, or referral for prosecution.

''(L) ESTABLISHMENT.—In carrying out this paragraph, the States shall—

''(i) take into account the needs of law enforcement personnel and the need to permit and encourage further technological developments and scientific advances;

''(ii) ensure that security is protected by appropriate means such as requiring that a personal identification number be issued with each electronic benefits transfer card to help protect the integrity of the program;

''(iii) provide for—

''(I) recipient protection regarding privacy, ease of use, and access to and service in retail food stores;

''(II) financial accountability and the capability of the system to handle interstate operations and interstate monitoring by law enforcement agencies including the Inspector General of the Department of Agriculture;

''(III) rules prohibiting store participation unless any appropriate equipment necessary to permit households to purchase food with the benefits issued under the Food Stamp Act of 1977 is operational and reasonably available; and

''(IV) rules providing for monitoring and investigation by an authorized law enforcement agency including the Inspector General of the Department of Agriculture.

''(M) ADDITIONAL EMPLOYEES.—The Secretary shall assign additional employees to investigate and adequately monitor compliance with program rules related to electronic benefits transfer systems and retail food store participation.

''(N) REQUEST FOR STATEMENT.—Under this paragraph on the request of a household, the State, through a person issuing benefits to the household, shall provide once per month a statement of benefit transfers and balances for such household for the month preceding the request.

''(O) ERRORS.—Under this paragraph—

''(i) IN GENERAL.—States shall design systems to timely resolve disputes over alleged errors.

''(ii) CORRECTED ERRORS.—Households able to obtain corrections of errors under this subparagraph shall not be entitled to a fair hearing regarding the resolved dispute.

''(P) APPLICABLE LAW.

''For purposes of this Act, fraud and related activities related to electronic benefits transfer shall be governed by section 15 of this Act (U.S.C. 2024) and section 1029 of title 18, United States Code, in addition to any other applicable law.

''(Q) DEFINITIONS.—For the purpose of this paragraph—

''(i) ELECTRONIC BENEFITS TRANSFER CARD SYSTEM.—The term 'electronic benefits transfer card system' means a system to support transactions conducted with electronic benefits transfer cards, paper, or other alternative benefits transfer systems approved by the Secretary for the provision of program benefits in accordance with this paragraph.

''(ii) RETAIL FOOD STORE.—The term 'retail food store' means a retail food store, a farmer's market, or a house-to-house trade route authorized to participate in the food stamp program.

''(iii) SPECIAL-NEED RETAIL FOOD STORE.—The term 'special-need retail food store' means—

''(I) a retail food store located in a very rural area;

''(II) a retail food store without access to dependable electricity or regular telephone service; or

''(III) a farmers' market or house-to-house trade route that is authorized to participate in the food stamp program.

''(R) LEAD ROLE OF INDUSTRY AND STATES.—The Secretary shall consult with the Secretary of the Treasury, the Secretary of Health and Human Services, the Inspector General of the United States Department of Agriculture, the United States Secret Service, the National Governor's Association, the Food Marketing Institute, the National Association of Convenience Stores, the American Public Welfare Association, the National Conference of State Legislatures, the American Bankers Association, the financial services community, State agencies, and food advocates to obtain information helpful to retail stores, the financial services industry, and States in the conversion to electronic benefits transfer, including information regarding—

''(i) the degree to which an electronic benefits transfer system could be easily integrated with commercial networks;

''(ii) the usefulness of appropriate electronic benefits transfer security features and local management controls, including features in an electronic benefits transfer card to deter counterfeiting of the card;

''(iii) the use of laser scanner technology with electronic benefits transfer technology so that only eligible food items can be purchased by food stamp participants in stores that use scanners;

''(iv) how to maximize technology that uses data available from an electronic benefits transfer system to identify fraud and allow law enforcement personnel to quickly identify or target a suspected or actual program violator;

''(v) means of ensuring the confidentiality of personal information in electronic benefits transfer systems and the applicability of section 552a of title 5, United States Code, to electronic benefits transfer systems;

''(vi) the best approaches for maximizing the use of then current point-of-sale terminals and systems to reduce costs; and

''(vii) the best approaches for maximizing the use of electronic benefits transfer systems for multiple Federal and State benefit programs so as to achieve the highest cost savings possible through the implementation of electronic benefits transfer systems.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3 of the Food Stamp Act of 1977 (42 U.S.C. 2012) is amended—

(A) in subsection (a), by striking ''coupons'' and inserting ''benefits'';

(B) in the first sentence of subsection (c), by striking ''authorization cards'' and inserting ''allotments'';

(C) in subsection (d), by striking ''the provisions of this Act'' and inserting ''sections 5(h) and 7'';

(D) in subsection (e)—

(i) by striking ''Coupon issuer'' and inserting ''Benefit issuer''; and

(ii) by striking ''coupons'' and inserting ''benefits'';

(E) in the last sentence of subsection (i), by striking ''coupons'' and inserting ''allotments''; and

(F) by adding at the end the following new subsection:

''(v) 'Electronic benefits transfer card' means a card issued to a household participating in the program that is used to purchase food.

(2) Section 4(a) of such Act (7 U.S.C. 2013(a)) is amended—

(A) in the first sentence by inserting ''and to funds made available under Section 7'' after ''this Act''.

(B) in the first and second sentences, by striking ''coupons'' each place it appears and inserting ''electronic benefits transfer cards or coupons''; and

(C) by striking the third sentence and inserting the following new sentence: ''The Secretary, through the facilities of the Treasury of the United States, shall reimburse the stores for food purchases made with electronic benefits transfer cards or coupons provided under this Act.''.

(3) The first sentence of section 6(b)(1) of such Act (7 U.S.C. 2015(b)(1)) is amended—

(A) by striking ''coupons or authorization cards'' and inserting ''electronic benefits transfer cards, coupons, or authorization cards''; and

(B) in clauses (ii) and (iii), by inserting ''or electronic benefits transfer cards'' after ''coupons'' each place it appears.

(4) Section 7 of such Act (7 U.S.C. 2016) is amended—

(A) by striking the section heading and inserting the following new section heading:

''ISSUANCE AND USE OF ELECTRONIC BENEFITS TRANSFER CARDS OR COUPONS'';

(B) in subsection (a), by striking ''Coupons'' and all that follows through ''necessary, and'' and inserting ''Electronic benefits transfer cards or coupons'';

(C) in subsection (b), by striking ''Coupons'' and inserting ''Electronic benefits transfer cards or coupons'';

(D) in subsection (e), by striking ''coupons to coupon issuers'' and replace with ''benefits to benefits issuers''; and by striking ''by coupon issuers'' in inserting ''by benefits issuers''.

(E) in subsection (f)—

(i) by striking ''issuance of coupons'' and inserting ''issuance of electronic benefits transfer cards or coupons'';

(ii) by striking ''coupon issuer'' and inserting ''electronic benefits transfer or coupon issuer''; and

(iii) by striking ''coupons and allotments'' and inserting ''electronic benefits transfer cards, coupons, and allotments'';

(F) by deleting ''(1) The'' in subsections (g) and (h) and inserting the following: ''(1) Except with respect to electronic benefit transfer care systems operated under section 7(j)(5), the''; and

(G) by striking subparagraph (i)(2)(A); and by relettering (B) through (H) as (A) through (G).

(5) Section 8(b) of such Act (7 U.S.C. 2017(b)) is amended by striking ''coupons'' and inserting ''electronic benefits transfer cards or coupons''.

(6) Section 9 or such Act (7 U.S.C. 2018) is amended—

(A) in subsections (a) and (b), by striking ''coupons'' each place it appears and inserting ''coupons, or accept electronic benefits transfer cards,''; and

(B) in subsection (a)(1)(B), by striking ''coupon business'' and inserting ''electronic benefits transfer cards and coupon business''.

(7) Section 10 of such Act (7 U.S.C. 2019) is amended—

(A) by striking the section heading and inserting the following:

REDEMPTION OF COUPONS OR ELECTRONIC BENEFITS TRANSFER CARDS; and

(B) in the first sentence—

(i) by inserting after ''provide for'' the following: ''reimbursing stores for program benefits provided and for'';

(ii) by inserting after ''food coupons'' the following: ''or use their members' electronic benefits transfer cards''; and

(iii) by striking the period at the end and inserting the following: ''unless the center organization, institution, shelter, group living arrangement, or establishment is equipped with a point-of-sale device for the purpose of participating in the electronic benefits transfer system.''.

(8) Section 11 of such Act (7 U.S.C. 2020) is amended—

(A) in the first sentence of subsection (a), by striking ''coupons'' and inserting ''electronic benefits transfer cards or coupons,'';

(B) in subsection (e)—

(i) in paragraph (2)—

(I) by striking ''a coupon allotment'' and inserting ''an allotment''; and

(II) by striking ''issuing coupons'' and inserting ''issuing electronic benefits transfer cards or coupons'';

(ii) in paragraph (7), by striking ''coupon issuance'' and inserting ''electronic benefits transfer card or coupon issuance'';

(iii) in paragraph (8)(C), by striking ''coupons'' and inserting ''benefits'';

(iv) in paragraph (9), by striking ''coupons'' each place it appears and inserting ''electronic benefits transfer cards or coupons'';

(v) in paragraph (11), by striking ''in the form of coupons'';

(vi) in paragraph (16), by striking ''coupons'' and inserting ''electronic benefits transfer card or coupons'';

(vii) in paragraph (17), by striking ''food stamps'' and replacing with ''benefits'';

(viii) in paragraph (21), by striking ''coupons'' and inserting ''electronic benefits transfer cards or coupons'';

(ix) in paragraph (24), by striking ''coupons'' and inserting ''benefits''; and

(x) in paragraph (25), by striking ''coupons'' each place it appears and inserting ''electronic benefits transfer cards or coupons''; and

(C) in subsection (h), by striking ''face value of any coupon or coupons'' and inserting ''value of any benefits''; and

(D) in subsection (n)—

(i) by striking ''both coupons'' each place it appears and inserting ''benefits under this Act''; and

(ii) by striking ''of coupons'' and inserting ''of benefits.''

(9) Section 12 of such Act (7 U.S.C. 2021) is amended—

(A) in subsection (b)(3), by striking ''coupons'' each place it appears and inserting ''electronic benefits transfer cards or coupons'';

(B) in subsection (d)—

(i) in the first sentence—

(I) by inserting after ''redeem coupons'' the following: ''and to accept electronic benefits transfer cards''; and

(II) by striking ''value of coupons'' and inserting ''value of benefits and coupons''; and

(ii) in the third sentence, by striking ''coupons'' each place it appears and inserting ''benefits''; and

(C) in the first sentence of subsection (f)—

(i) by inserting after ''to accept and redeem food coupons'' the following: ''electronic benefits transfer cards, or to accept and redeem food coupons,''; and

(ii) by inserting before the period at the end the following: ''or program benefits''.

(10) Section 13 of such Act (7 U.S.C. 2022) is amended by striking ''coupons'' each place it appears and inserting ''benefits''.

(11) Section 15 of such Act (7 U.S.C. 2024) is amended—

(A) in subsection (a), by striking ''issuance or presentment for redemption'' and inserting ''issuance, presentment for redemption, or use of electronic benefits transfer cards or''; (B) in the first sentence of subsection (b)(1)—

(i) by inserting after ''coupons authorization cards,'' each place it appears the following: ''electronic benefits transfer cards,''; and

(ii) by striking ''coupons or authorization cards'' and place it appears and inserting the following: ''coupons, authorization cards, or electronic benefits transfer cards'';

(C) in the first sentence of subsection (c)—

(i) by striking ''coupons'' and inserting '' a coupon or electronic benefits transfer card''; and

(ii) strike ''such coupons are'' and inserting ''the payment or redemption is'';

(D) in subsection (d) striking coupons'' and replacing with ''Benefits'';

(E) in subsection (e) after ''coupons'' inserting ''or electronic benefits transfer card'';

(F) in subsection (f) after ''coupon'' inserting ''or electronic benefits transfer card''; and

(G) in the first sentence of subsection (g), by inserting after ''coupons, authorization cards,'' the following: ''electronic benefits transfer cards,''.

(12) Section 16 (7 U.S.C. 2025) is amended—

(A) in subsection (a)—

(i) in paragraph (2) after ''coupons'' by inserting ''electronic benefits transfer cards'';

(ii) in paragraph (3) by inserting after ''households'' the following: '', including the cost of providing equipment necessary for retail food stores to participate in an electronic benefits transfer system''

(B) by deleting subsection (d);

(C) by redesignating subsections (e) through (j) as subsections (d) through (i), respectively;

(D) in subsection (g)(5) (as redesignated by paragraph (3))—

(i) in subparagraph (A), by striking ''(A)''; and

(ii) by striking subparagraph (B);

(E) in subsection (h) (as redesignated by paragraph (3)), by striking paragraph (3); and

(F) by striking subsection (i) (as redesignated by paragraph (3)).

(13) Section 17 of such Act (7 U.S.C. 2026) is amended—

(A) in the last sentence of subsection (a)(2), by striking ''coupon'' and inserting ''benefit'';

(B) by deleting the last sentence of paragraph (b)(2);

(C) by deleting the last sentence of subsection (c);

(D) in subsection (d)(1)(B), by striking ''coupons'' each place it appears and inserting ''benefits'';

(E) by deleting the last sentence of subsection (e);

(F) by striking subsection (f); and

(G) by redesignating subsections (g) through (k) as subsections (f) through (j), respectively.

(14) Section 21 of such Act (7 U.S.C. 2030) is amended—

(A) by striking ''coupons'' each place it appears (other than in subsections (b)(2)(A)(ii) and (d)) and inserting ''benefits'';

(B) in subsection (b)(2)(A)(ii), by striking ''coupons'' and inserting ''electronic benefits transfer cards or coupons''; and

(C) in subsection (d)—

(i) in paragraph (2), by striking ''Coupons'' and inserting ''Benefits''; and

(ii) in paragraph (3), by striking ''in food coupons''.

(15) Section 22 of such Act (7 U.S.C. 2031) is amended—

(A) in subsection (b)—

(i) in paragraph (3)(D)—

(I) in clause (ii), by striking ''coupons'' and inserting ''benefits''; and

(II) in clause (iii), by striking ''coupons'' and inserting ''electronic benefits transfer benefits'';

(ii) in paragraph (9), by striking ''coupons'' and inserting ''benefits'';

(iii) in paragraph (10)(B)—

(I) in the second sentence of clause (I), by striking ''Food coupons'' and inserting ''Program benefits''; and

(II) in clause (ii)—

(aa) in the second sentence, by striking ''Food coupons'' and inserting ''Benefits''; and

(bb) in the third sentence, by striking ''food coupons'' each place it appears and inserting ''benefits'';

(B) in subsection (d), by striking ''coupons'' each place it appears and inserting ''benefits'';

(C) in subsection (g)(l)(A), by striking ''coupon''; and

(D) in subsection (h), by striking ''food coupons'' and inserting ''benefits''.

(16) Section 1956(c)(7)(D) of title 18, United States Code, is amended by inserting ''electronic benefits transfer cards or ''before ''coupons having''.

JEFFORDS AMENDMENT NO. 2571

Mr. JEFFORDS proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

In section 403(a)(5) of the amendment, strike B–D, and insert the following:

''(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph, the term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

''(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

''(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

''(I) cash assistance;

''(II) child care assistance;

''(III) job education, training, and work; and

''(IV) administrative costs.

''(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

''(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

DOMENICI AMENDMENTS NOS. 2572–2574

Mr. SANTORUM (for Mr. DOMENICI) proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2572

On page 590, after line 23, strike ''(a) incentive Payments'' and all that follows through page 595, line 2 and insert the following:

Share collections 50/50 with all States.

Set national standards that all States must reach before incentives are made. National standards will be set up for Paternity Establishment, Support Order establishment, percentage of cases with collections, ratio of support due to support collected and cost effectiveness.

Set basic matching rate at 50% and allow incentive matching rates up to 90% of expenditures for the performance categories.

Change audit process to invoke audit sanctions if States do not meet 50% of the performance standard.

Require IRS COBRA notices to be sent to the State Child Support Agency.

AMENDMENT NO. 2573

On page 21, after line 25, insert the following:

''(5) WELFARE PARTNERSHIP.—

''(A) IN GENERAL.—Beginning with fiscal year 1997, if a State does not maintain the expenditures of the State under the program for the proceeding fiscal year at a level equal to or greater than 75% of the level of historic State expenditures, the amount of the grant otherwise determined under paragraph (1) shall be reduced in accordance with subparagraph (B).

''(B) REDUCTION.—The amount of the reduction determined under this subparagraph shall be equal to—

(i)(I) the difference between the historic State expenditures and the expenditures of the State under the State program for the preceding fiscal year;

(ii) the amount determined under clause (i)(I)

''(C) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph, the term ''historic State expenditures'' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

''(D) DETERMINING STATE EXPENDITURES.—

''(i) IN GENERAL.—Subject to (ii) and (iii), for purposes of this paragraph the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be determined by adding the expenditures of that State under its State program for—

''(I) cash assistance;

''(II) child care assistance;

''(III) job education and training, and work; and

''(IV) administrative costs; in that fiscal year.

''(ii) EXCLUSION OF GRANT AMOUNTS.—The determination under (i) shall not include grant amounts paid under paragraph (1) (or, in the case of historic State expenditures, amounts paid in accordance with section 403, as in effect during fiscal year 1994).

''(iii) RESERVATION OF FEDERAL AMOUNTS.—For any fiscal year, if a State has expended amounts reserved in accordance with subsection (b)(3), such expenditures shall not be considered a State expenditure under the State program.''

AMENDMENT NO. 2574

At the appropriate place in the bill, insert the following new provision:

''SEC. . SENSE OF THE SENATE.

''It is the sense of the Senate that—

''(a) States should diligently continue their efforts to enforce child support payments to the non-custodial parent to the custodial parent, regardless of the employment status or location of the non-custodial parent; and

''(b) States are encouraged to pursue pilot programs in which the parents of a non-adult, non-custodial parent who refuses to or is unable to pay child support must—

''(1) pay or contribute to the child support owed by the non-custodial parent; or

''(2) otherwise fulfill all financial obligations and meet all conditions imposed on the non-custodial parent, such as participation in a work program or other related activity.''

DOMENICI AMENDMENT NO. 2575

Mr. SANTORUM (for Mr. DOMENICI) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page XX, after line XX, strike ——— and all that follows through page XX, Line XX.

DOMENICI (AND BIDEN) AMENDMENT NO. 2576

Mr. SANTORUM (for Mr. DOMENICI for himself and Mr. BIDEN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 792, after line 22, add the following new title:

TITLE —CHILD CUSTODY REFORM

SEC. 01. SHORT TITLE.

This title may be cited as the ''Child Custody Reform Act of 1995''.

SEC. 02. REQUIREMENTS FOR EXCLUSIVE CONTINUING JURISDICTION MODIFICATION.

Section 1738A of title 28, United States Code, is amended—

(1) in subsection (d) to read as follows:

''(d)(1) Subject to paragraph (2) the jurisdiction of a court of a State that has made a child custody or visitation determination in accordance with this section continues exclusively as long as such State remains the residence of the child or of any contestant.

''(2) Continuing jurisdiction under paragraph (1) shall be subject to any applicable provision of law of the State that issued the initial child custody determination in accordance with this section, when such State law establishes limitations on continuing jurisdiction when a child is absent from such State.'';

(2) in subsection (f)

(A) by redesignating paragraphs (1) and (2) as paragraphs (2) and (1), respectively and transferring paragraph (2) (as so redesignated) so as to appear after paragraph (1) (as so redesignated); and

(B) in paragraph (1) (as so redesignated), by inserting ''pursuant to subsection (d),'' after ''the court of the other State no longer has jurisdiction,''; and

(3) in subsection (g), by inserting ''or continuing jurisdiction'' after ''exercising jurisdiction''.

SEC. 03. ESTABLISHMENT OF NATIONAL CHILD CUSTODY REGISTRY.

Section 453 of the Social Security Act (42 U.S.C. 653) (as amended by section 916) is further amended by adding at the end the following new subsection:

''(p)(1) Not later than 1 year after the date of enactment of this subsection, the Secretary, in consultation with the Attorney General, shall conduct and conclude a study regarding the most practicable and efficient way to create a national child custody registry to carry out the purposes of paragraph (3). Pursuant to this study, and subject to the availability of appropriations, the Secretary shall create a national child custody registry and promulgate regulations necessary to implement such registry. The study and regulations shall include—

''(A) a determination concerning whether a new national database should be established or whether an existing network should be expanded in order to enable courts to identify child custody determinations made by, or proceedings filed before, any court of the United States, its territories or possessions;

''(B) measures to encourage and provide assistance to States to collect and organize the data necessary to carry out subparagraph (A);

''(C) if necessary, measures describing how the Secretary will work with the related and interested State agencies so that the database described in subparagraph (A) can be linked with appropriate State registries for the purpose of exchanging and comparing the child custody information contained therein;

''(D) the information that should be entered in the registry (such as the court of jurisdiction where a child custody proceeding has been filed or a child custody determination has been made, the name of the presiding officer of the court in which a child custody proceeding has been filed, the telephone number of such court, the names and social security numbers of the parties, the name, date of birth, and social security numbers of each child) to carry out the purposes of paragraph (3);

''(E) the standards necessary to ensure the standardization of data elements, updating of information, reimbursement, reports, safeguards for privacy and information security, and other such provisions as the Secretary determines appropriate;

''(F) measures to protect confidential information and privacy rights (including safeguards against the unauthorized use or disclosure of information) which ensure that—

''(i) no confidential information is entered into the registry;

''(ii) the information contained in the registry shall be available only to courts or law enforcement officers to carry out the purposes in paragraph (3); and

''(iii) no information is entered into the registry (or where information has previously been entered, that other necessary means will be taken) if there is a reason to believe that the information may result in physical harm to a person; and

''(G) an analysis of costs associated with the establishment of the child custody registry and the implementation of the proposed regulations.

''(2) As used in this subsection—

''(A) the term 'child custody determination' means a judgment, decree, or other order of a court providing for custody or visitation of a child, and includes permanent and temporary orders, and initial orders and modifications; and

''(B) the term 'custody proceeding'—

''(i) means a proceeding in which a custody determination is one of several issues, such as a proceeding for divorce or separation, as well as neglect, abuse, dependency, wardship, guardianship, termination of parental rights, adoption, protective action from domestic violence, and Hague Child Abduction Convention proceedings; and

''(ii) does not include a judgment, decree, or other order of a court made in a juvenile delinquency, or status offender proceeding.

''(3) The purposes of this subsection are to—

''(A) encourage and provide assistance to State and local jurisdictions to permit—

''(i) courts to identify child custody determinations made by, and proceedings in, other States, local jurisdictions, and countries;

''(ii) law enforcement officers to enforce child custody determinations and recover parentally abducted children consistent with State law and regulations;

''(B) avoid duplicative and or contradictory child custody or visitation determinations by assuring that courts have the information they need to—

''(i) give full faith and credit to the child custody or visitation determination made by a court of another State as required by section 1738A of title 28, United States Code; and

''(ii) refrain from exercising jurisdiction when another court is exercising jurisdiction consistent with section 1738A of title 28, United States Code.

''(4) There are authorized to be appropriated such sums as may be necessary to establish the child custody registry and implement the regulations pursuant to paragraph (1).''.

SEC. 04. SENSE OF THE SENATE REGARDING SUPERVISED CHILD VISITATION CENTERS.

It is the sense of the Senate that local governments should take full advantage of the Local Crime Prevention Block Grant Program established under subtitle B of title III of the Violent Crime Control and Law Enforcement Act of 1994, to establish supervised visitation centers for children who have been removed from their parents and placed outside the home as a result of abuse or neglect or other risk of harm to such children, and for children whose parents are separated or divorced and the children are at risk because of physical or mental abuse or domestic violence.

D'AMATO AMENDMENT NO. 2577

Mr. SANTORUM (for Mr. D'AMATO) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 17, line 20, strike ''February 14'' and insert ''May 15''.

D'AMATO AMENDMENT NOS. 2578–2579

Mr. SANTORUM (for Mr. D'AMATO) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2578

On page 124, between lines 9 and 10, insert:

(3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS TITLE.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made under programs which are repealed or substantially amended in this title and which involve State expenditures in cases where assistance or services were provided during a prior fiscal year, shall be treated as expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. States shall complete the filing of all claims no later than September 30, 1997. Federal department heads shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs, and

(B) reimburse States for any payments made for assistance of services provided during a prior fiscal year from funds for fiscal year 1995, rather than the funds authorized by this title.

AMENDMENT NO. 2579

On page 124, between lines 9 and 10, insert: Notwithstanding the preceding sentence, the Secretary of Health and Human Services shall cease efforts to recover previously granted funds, shall pay any amounts being deferred, and shall forgive any disallowance pending appeal before the Departmental Appeals Board or before any Federal court unless the Secretary determines that there was not substantial compliance with the program requirements underlying the claims or, upon probable cause, believes that there is evidence of fraud on the part of the State. The preceding sentence shall not be construed as diminishing the right of a State to administrative or judicial review of a disallowance of funds.

GRAMS AMENDMENT NO. 2580

Mr. SANTORUM (for Mr. GRAMS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 36, between lines 13 and 14, insert the following:

''(4) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i)(I) and (2)(B)(i) of subsection (b), not more than 20 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

JEFFORDS AMENDMENT NO. 2581

Mr. JEFFORDS proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

Strike the matter between lines 11 and 12 of page 51 (as inserted by the modification of September 8, 1995).

WELLSTONE AMENDMENT NO. 2582

Mr. DODD (for Mr. WELLSTONE) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 576, between lines 12 and 13, insert the following:

Subtitle D—Minimum Wage Rate

SEC. 841. INCREASE IN THE MINIMUM WAGE RATE.

Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than $4.25 an hour during the period ending December 31, 1995, not less than $4.70 an hour during the year beginning January 1, 1996, and not less than $5.15 an hour after December 31, 1996;''.

WELLSTONE (AND MURRAY) AMENDMENT NOS. 2583–2584

Mr. DODD (for Mr. WELLSTONE, for himself and Mrs. MURRAY) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2583

On page 14, between lines 12 and 13, insert the following:

''(8) CERTIFICATION REGARDING BATTERED INDIVIDUALS.—A certification from the chief executive officer of the State specifying that—

''(A) the State will exempt from the requirements of sections 404, 405 (a) and (b), and 406 (b), (c), and (d), or modify the application of such sections to, any woman, child, or relative applying for or receiving assistance under this part, if such woman, child, or relative was battered or subjected to extreme cruelty and the physical, mental, and emotional well-being of the woman, child, or relative will be endangered by application of such sections to such woman, child, or relative, and

''(B) the State will take into consideration the family circumstances and the counseling and other supportive service needs of the woman, child, or relative.

On page 14, line 13, strike ''(8)'' and insert ''(9)''.

On page 16, between lines 22 and 23, insert the following:

''(6) BATTERED OR SUBJECTED TO EXTREME CRUELTY.—The term 'battered or subjected to extreme cruelty' includes, but is not limited to—

''(A) physical acts resulting in, or threatening to result in, physical injury;

''(B) sexual abuse, sexual activity involving a dependent child, forcing the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities, or threats of or attempts at physical or sexual abuse;

''(C) mental abuse; and

''(D) neglect or deprivation of medical care.

On page 35, between lines 2 and 3, insert the following:

''(6) CERTAIN INDIVIDUALS EXCLUDED IN CALCULATION OF PARTICIPATION RATES.—An individual who is battered or subjected to extreme cruelty and with respect to whom an exemption or modification is in effect at any time during a fiscal year by reason of section 402(a)(8) shall not be included for purposes of calculating the State's participation rate for the fiscal year under this subsection.

On page 36, after line 25, add the following:

The penalties described in paragraphs (1) and (2) shall not apply with respect to an individual who is battered or subjected to extreme cruelty and with respect to whom an exemption or modification is in effect by reason of section 402(a)(8).

On page 74, between lines 2 and 3, insert:

Such requirements, limits, and penalties shall contain exemptions described in section 402(a)(8) for individuals who have been battered or subject to extreme cruelty.

On page 175, line 16, strike ''and''.

On page 175, line 20, strike the period and insert ''; and''.

On page 175, between lines 20 and 21, insert the following:

(C) by adding at the end the following new subparagraph:

''(F) The provisions of this subsection shall not apply with respect to any alien who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6) of the Social Security Act (42 U.S.C. 602(d)(6)).''

On page 183, line 11, strike the end quotation marks and the end period.

On page 183, between lines 11 and 12, insert:

''(E) EXCEPTION FOR BATTERED INDIVIDUALS.—The requirements of this paragraph shall not apply to an individual who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6) of the Social Security Act) if such application would endanger the physical, mental, or emotional well-being of the individual.''.

On page 192, between line 16 insert at the end: ''The standards shall provide a good cause exception to protect individuals who have been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6) of the Social Security Act).''

On page 197, line 13, after ''section'' insert ''6(d)(1)(E) or''.

On page 287, line 21, strike ''or (V)'' and insert ''(V), or (VI)''.

On page 291, lines 18 and 19, strike ''or (V)'' and insert ''(V), or (VI)''.

On page 299, line 11, strike ''or''.

On page 299, line 14, strike ''title II'' and insert ''title II; or (VI) a noncitizen who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6))''.

On page 612, line 24, strike ''rights'' and inserting ''rights, and only if such resident parent or such resident parent's child is not an individual who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6)) by such absent parent''.

On page 715, line 8, strike ''arrangements.'' and insert ''arrangements. Such programs shall not provide for access or visitation if any individual involved is an individual who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6)) by the absent parent.''.

AMENDMENT NO. 2584

At the end of the amendment, insert the following new title:

TITLE —PROTECTION OF BATTERED INDIVIDUALS

SEC. 01. EXEMPTION OF BATTERED INDIVIDUALS FROM CERTAIN REQUIREMENTS.

(a) IN GENERAL.—Notwithstanding any other provision of, or amendment made by, this Act, the applicable administering authority of any specified provision shall exempt from (or modify) the application of such provision to any individual who was battered or subjected to extreme cruelty if the physical, mental, or emotional well-being of the individual would be endangered by the application of such provision to such individual. The applicable administering authority shall take into consideration the family circumstances and the counseling and other supportive service needs of the individual.

(b) SPECIFIED PROVISIONS.—For purposes of this section, the term ''specified provision'' means any requirement, limitation, or penalty under any of the following:

(1) Sections 404, 405 (a) and (b), 406 (b), (c), and (d), 414(d), 453(c), 469A, and 1614(a)(1) of the Social Security Act.

(2) Sections 5(i) and 6 (d), (j), and (n) of the Food Stamp Act of 1977.

(3) Sections 501(a) and 502 of this Act.

(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

(1) BATTERED OR SUBJECTED TO EXTREME CRUELTY.—The term ''battered or subjected to extreme cruelty'' includes, but is not limited to—

(A) physical acts resulting in, or threatening to result in, physical injury;

(B) sexual abuse, sexual activity involving a dependent child, forcing the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities, or threats of or attempts at physical or sexual abuse;

(C) mental abuse; and

(D) neglect or deprivation of medical care.

(2) CALCULATION OF PARTICIPATION RATES.—An individual exempted from the work requirements under section 404 of the Social Security Act by reason of subsection (a) shall not be included for purposes of calculating the State's participation rate under such section.

STEVENS (AND MURKOWSKI) AMENDMENT NO. 2585

Mr. STEVENS (for himself and Mr. MURKOWSKI) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 16 of the pending amendment, beginning on line 13, strike all through line 17 and insert in lieu thereof the following:

''(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

''(B) IN ALASKA.—For purposes of grants under section 414 on behalf of Indians in Alaska, the term 'Indian tribe' shall mean only the following Alaska Native regional non-profit corporations—

''(i) Arctic Slope Native Association,

''(ii) Kawerak, Inc.,

''(iii) Maniilaq Association,

''(iv) Association of Village Council Presidents,

''(v) Tanana Chiefs Conference,

''(vi) Cook Inlet Tribal Council,

''(vii) Bristol Bay Native Association,

''(viii) Aleutian and Pribilof Island Association,

''(ix) Chugachmuit,

''(x) Tlingit Haida Central Council,

''(xi) Kodiak Area Native Association, and

''(xii) Copper River Native Association.''.

COHEN AMENDMENT NO. 2586

Mr. SANTORUM (for Mr. COHEN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 102(c) of the amendment, insert ''so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution'' after ''subsection (a)(2)''.

In section 102(d)(2) of the amendment, strike subparagraph (B), and redesignate subparagraph (C) as subparagraph (B).

SPECTER (AND SIMON) AMENDMENT NO. 2587

Mr. SANTORUM (for Mr. SPECTER, for himself and Mr. SIMON) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In title VII, strike chapters 1 and 2 of subtitle C and insert the following:

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term ''at-risk youth'' means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term ''enrollee'' means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term ''Governor'' means the chief executive officer of a State.

(4) JOB CORPS.—The term ''Job Corps'' means the Job Corps described in section 743.

(5) JOB CORPS CENTER.—The term ''Job Corps center'' means a center described in section 743.

(6) OPERATOR.—The term ''operator'' means an entity selected under this chapter to operate a Job Corps center.

(7) SECRETARY.—The term ''Secretary'' means the Secretary of Labor.

CHAPTER 2—JOB CORPS

SEC. 742. PURPOSES.

The purposes of this chapter are—

(1) to maintain a national Job Corps program, carried out in partnership with States and communities, to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of Job Corps centers in which enrollees will participate in intensive programs of workforce development activities; and

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps.

SEC. 743. ESTABLISHMENT.

There shall be established in the Department of Labor a Job Corps program, to carry out activities described in this chapter for individuals enrolled in the Job Corps and assigned to a center.

SEC. 744. INDIVIDUALS ELIGIBLE FOR THE JOB CORPS.

To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 745. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps, after considering recommendations from the Governors, State workforce development boards established under section 715, local partnerships and local workforce development boards established under section 728, and other interested parties.

(2) METHODS.—In prescribing standards and procedures under paragraph (1) for the screening and selection of Job Corps applicants, the Secretary shall—

(A) require enrollees to take drug tests within 30 days of enrollment in the Job Corps;

(B) allocate, where necessary, additional resources to increase the applicant pool;

(C) establish standards for outreach to and screening of Job Corps applicants;

(D) where appropriate, take measures to improve the professional capability of the individuals conducting such screening; and

(E) require Job Corps applicants to pass background checks, conducted in accordance with procedures established by the Secretary.

(3) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(4) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual considered for selection can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

SEC. 746. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in

the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—After the Secretary has determined that an enrollee is to be assigned to a Job Corps center, the enrollee shall be assigned to the center that is closest to the residence of the enrollee, except that the Secretary may waive this requirement for good cause, including to ensure an equitable opportunity for at-risk youth from various sections of the Nation to participate in the Job Corps program, to prevent undue delays in assignment of an enrollee, to adequately meet the educational or other needs of an enrollee, and for efficiency and economy in the operation of the program.

(c) PERIOD OF ENROLLMENT.—No individual may be enrolled in the Job Corps for more than 2 years, except—

(1) in a case in which completion of an advanced career training program under section 748(d) would require an individual to participate for more than 2 years; or

(2) as the Secretary may authorize in a special case.

SEC. 747. JOB CORPS CENTERS.

(a) OPERATORS AND SERVICE PROVIDERS.—

(1) ELIGIBLE ENTITIES.—The Secretary shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the operation of each Job Corps center. The Secretary shall enter into an agreement with an appropriate entity to provide services for a Job Corps center.

(2) SELECTION PROCESS.—Except as provided in subsection (c)(d), the Secretary shall select an entity to operate a Job Corps center on a competitive basis, after reviewing the operating plans described in section 750. In selecting a private or public entity to serve as an operator, the Secretary may convene and obtain the recommendation of a selection panel described in section 752(b). In selecting an entity to serve as an operator or to provide services for a Job Corps center, the Secretary shall take into consideration the previous performance of the entity, if any, relating to operating or providing services for a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748. In any year, no more than 20 percent of the individuals enrolled in the Job Corps may be nonresidential participants in the Job Corps.

(c) CIVILIAN CONSERVATION CENTERS.—

(1) IN GENERAL.—The Job Corps centers may include Civilian Conservation Centers operated under agreement with the Secretary of Agriculture or Secretary of Interior, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(2) SELECTION PROCESS.—The Secretary may select a nongovernmental entity to operate a Civilian Conservation Center on a competitive basis, if the center fails to meet such national performance standards as the Secretary shall establish.

(d) The Secretary may enter into agreement with Indian Tribes to operate Job Corps centers for Native American Indians.

SEC. 748. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment, participating successfully in secondary education or postsecondary education programs, enrolling in other suitable training programs, or satisfying Armed Forces requirements, on completion of their enrollment.

(b) ARRANGEMENTS.—The Secretary shall arrange for enrollees assigned to Job Corps centers to receive workforce development activities through or in cooperation with the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—The Secretary shall establish a Job Placement Accountability System in conjunction with the job placement accountability system described in section 731(d) in the State in which the center is located.

(d) ADVANCED CAREER TRAINING PROGRAMS.—

(1) IN GENERAL.—The Secretary may arrange for programs of advanced career training for selected enrollees in which the enrollees may continue to participate for a period of not to exceed 1 year in addition to the period of participation to which the enrollees would otherwise be limited.

(2) POSTSECONDARY EDUCATIONAL INSTITUTIONS.—The advanced career training may be provided through a postsecondary educational institution for an enrollee who has obtained a secondary school diploma or its recognized equivalent, has demonstrated commitment and capacity in previous Job Corps participation, and has an identified occupational goal.

(3) COMPANY-SPONSORED TRAINING PROGRAMS.—The Secretary may enter into contracts with private for-profit businesses and labor unions to provide the advanced career training through intensive training in company-sponsored training programs, combined with internships in work settings.

(4) BENEFITS.—

(A) IN GENERAL.—During the period of participation in an advanced career training program, an enrollee shall be eligible for full Job Corps benefits, or a monthly stipend equal to the average value of the residential support, food, allowances, and other benefits provided to enrollees assigned to residential Job Corps centers.

(B) CALCULATION.—The total amount for which an enrollee shall be eligible under subparagraph (A) shall be reduced by the amount of any scholarship or other educational grant assistance received by such enrollee for advanced career training.

(5) DEMONSTRATION.—Each year, any operator seeking to enroll additional enrollees in an advanced career training program shall demonstrate that participants in such program have achieved a reasonable rate of completion and placement in training-related jobs before the operator may carry out such additional enrollment.

SEC. 749. SUPPORT.

The Secretary shall provide enrollees assigned to Job Corps centers with such personal allowances, including readjustment allowances, as the Secretary may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 750. OPERATING PLAN.

(a) IN GENERAL.—To be eligible to operate a Job Corps center, an entity shall prepare and submit an operating plan to the Secretary for approval. Prior to submitting the plan to the Secretary, the entity shall submit the plan to the Governor of the State in which the center is located for review and comment. The entity shall submit any comments prepared by the Governor on the plan to the Secretary with the plan. Such plan shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan submitted under section 714 for the State in which the center is located;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the region in which the center is located;

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State; and

(4) an implementation strategy to ensure that the curricula of all such enrollees is integrated into the school-to-work activities of the State, including work-based learning, work experience, and career-building activities, and that such enrollees have the opportunity to obtain secondary school diplomas or their recognized equivalent.

(b) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities carried out through the statewide system of the State in which the center is located.

SEC. 751. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The Secretary shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding the actions described in subsection (b)(2)(A).

(b) DISCIPLINARY MEASURES.—

(1) IN GENERAL.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Job Corps if the director determines that the retention of the enrollee in the Job Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees.

(2) ZERO TOLERANCE POLICY.—

(A) GUIDELINES.—The Secretary shall adopt guidelines establishing a zero tolerance policy for an act of violence, for use, sale, or possession of a controlled substance, for abuse of alcohol, or for another illegal or disruptive activity.

(B) DEFINITIONS.—As used in this paragraph:

(i) CONTROLLED SUBSTANCE.—The term ''controlled substance'' has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

(ii) ZERO TOLERANCE POLICY.—The term ''zero tolerance policy'' means a policy under which an enrollee shall be automatically dismissed from the Job Corps after a determination by the director that the enrollee has carried out an action described in subparagraph (A).

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the Secretary.

SEC. 752. COMMUNITY PARTICIPATION.

(a) ACTIVITIES.—The Secretary shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities shall include the use of any local partnerships or local workforce development boards established in the State under section 728 to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

(b) SELECTION PANELS.—The Governor may recommend individuals to serve on a selection panel convened by the Secretary to provide recommendations to the Secretary regarding any competitive selection of an operator for a center in the State. In recommending individuals to serve on the panel, the Governor may recommend members of State workforce development boards established under section 715, if any, members of any local partnerships or local workforce development boards established in the State under section 728, or other representatives selected by the Governor.

(c) ACTIVITIES.—Each Job Corps center director shall—

(1) give officials of nearby communities appropriate advance notice of changes in the rules, procedures, or activities of the Job Corps center that may affect or be of interest to the communities;

(2) afford the communities a meaningful voice in the affairs of the Job Corps center that are of direct concern to the communities, including policies governing the issuance and terms of passes to enrollees; and

(3) encourage the participation of enrollees in programs for improvement of the communities, with appropriate advance consultation with business, labor, professional, and other interested groups, in the communities.

SEC. 753. COUNSELING AND PLACEMENT.

The Secretary shall ensure that enrollees assigned to Job Corps centers receive academic and vocational counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

SEC. 754. ADVISORY COMMITTEES.

The Secretary is authorized to make use of advisory committees in connection with the operation of the Job Corps program, and the operation of Job Corps centers, whenever the Secretary determines that the availability of outside advice and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities.

SEC. 755. APPLICATION OF PROVISIONS OF FEDERAL LAW.

(a) ENROLLEES NOT CONSIDERED TO BE FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees shall not be considered to be Federal employees and shall not be subject to the provisions of law relating to Federal employment, including such provisions regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

(2) PROVISIONS RELATING TO TAXES AND SOCIAL SECURITY BENEFITS.—For purposes of the Internal Revenue Code of 1986 and title II of the Social Security Act (42 U.S.C. 401 et seq.), enrollees shall be deemed to be employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

(3) PROVISIONS RELATING TO COMPENSATION TO FEDERAL EMPLOYEES FOR WORK INJURIES.—For purposes of subchapter I of chapter 81 of title 5, United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed to be civil employees of the Government of the United States within the meaning of the term ''employee'' as defined in section 8101 of title 5, United States Code, and the provisions of such subchapter shall apply as specified in section 8143(a) of title 5, United States Code.

(4) FEDERAL TORT CLAIMS PROVISIONS.—For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered to be employees of the Government.

(b) ADJUSTMENTS AND SETTLEMENTS.—Whenever the Secretary finds a claim for damages to a person or property resulting from the operation of the Job Corps to be a proper charge against the United States, and the claim is not cognizable under section 2672 of title 28, United States Code, the Secretary may adjust and settle the claim in an amount not exceeding $1,500.

(c) PERSONNEL OF THE UNIFORMED SERVICES.—Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Job Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade in such services.

SEC. 756. SPECIAL PROVISIONS.

(a) ENROLLMENT OF WOMEN.—The Secretary shall immediately take steps to achieve an enrollment of 50 percent women in the Job Corps program, consistent with the need to—

(1) promote efficiency and economy in the operation of the program;

(2) promote sound administrative practice; and

(3) meet the socioeconomic, educational, and training needs of the population to be served by the program.

(b) STUDIES, EVALUATIONS, PROPOSALS, AND DATA.—The Secretary shall assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of carrying out the Job Corps program shall become the property of the United States.

(c) GROSS RECEIPTS.—Transactions conducted by a private for-profit contractor or a nonprofit contractor in connection with the operation by the contractor of a Job Corps center or the provision of services by the contractor for a Job Corps center shall not be considered to be generating gross receipts. Such a contractor shall not be liable, directly or indirectly, to any State or subdivision of a State (nor to any person acting on behalf of such a State or subdivision) for any gross receipts taxes, business privilege taxes measured by gross receipts, or any similar taxes imposed on, or measured by, gross receipts in connection with any payments made to or by such contractor for operating or providing services for a Job Corps center. Such a contractor shall not be liable to any State or subdivision of a State to collect or pay any sales, excise, use, or similar tax imposed on the sale to or use by such contractor of any property, service, or other item in connection with the operation of or provision of services for a Job Corps center.

(d) MANAGEMENT FEE.—The Secretary shall provide each operator or entity providing services for a Job Corps center with an equitable and negotiated management fee of not less than 1 percent of the contract amount.

(e) DONATIONS.—The Secretary may accept on behalf of the Job Corps or individual Job Corps centers charitable donations of cash or other assistance, including equipment and materials, if such donations are available for appropriate use for the purposes set forth in this chapter.

SEC. 757. REVIEW OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS REVIEW.—Not later than March 31, 1997, the Governing Board shall conduct a review of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the review, including—

(1) information on the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part, information on the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses;

(5) information on the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report;

(6) a summary of the information described in paragraphs (2) through (5) for all Job Corps centers;

(7) an assessment of the need to serve at-risk youth in the Job Corps program, including—

(A) a cost-benefit analysis of the residential component of the Job Corps program;

(B) the need for residential education and training services for at-risk youth, analyzed for each State and for the United States; and

(C) the distribution of training positions in the Job Corps program, as compared to the need for the services described in subparagraph (B), analyzed for each State;

(8) an overview of the Job Corps program as a whole and an analysis of individual Job Corps centers, including a 5-year performance measurement summary that includes information, analyzed for the program and for each Job Corps center, on—

(A) the number of enrollees served;

(B) the number of former enrollees who entered employment, including the number of former enrollees placed in a position related to the job training received through the program and the number placed in a position not related to the job training received;

(C) the number of former enrollees placed in jobs for 32 hours per week or more;

(D) the number of former enrollees who entered employment and were retained in the employment for more than 13 weeks;

(E) the number of former enrollees who entered the Armed Forces;

(F) the number of former enrollees who completed vocational training, and the rate of such completion, analyzed by vocation;

(G) the number of former enrollees who entered postsecondary education;

(H) the number and percentage of early dropouts from the Job Corps program;

(I) the average wage of former enrollees, including wages from positions described in subparagraph (B);

(J) the number of former enrollees who obtained a secondary school diploma or its recognized equivalent;

(K) the average level of learning gains for former enrollees; and

(L) the number of former enrollees that did not—

(i) enter employment or postsecondary education;

(ii) complete a vocational education program; or

(iii) make identifiable learning gains;

(9) information regarding the performance of all existing Job Corps centers over the 3 years preceding the date of submission of the report; and

(10) job placement rates for each Job Corps center and each entity providing services to a Job Corps center.

(b) RECOMMENDATIONS OF GOVERNING BOARD.—

(1) RECOMMENDATIONS.—The Governing Board shall, based on the results of the review described in subsection (a), make recommendations to the Secretary of Labor, regarding improvements in the operation of the Job Corps program, including—

(A) closing 5 Job Corps centers by September 30, 1997, and 5 additional Job Corps centers by September 30, 2000;

(B) relocating Job Corps centers described in paragraph (2)(A)(iii) in cases in which facility rehabilitation, renovation, or repair is not cost-effective; and

(C) taking any other action that would improve the operation of a Job Corps center.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the advisory committee shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the review described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the review described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the advisory committee may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the advisory committee shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the advisory committee shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the Governing Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the Board resulting from the review described in subsection (a) together with the recommendations described in paragraph (1).

(c) IMPLEMENTATION OF PERFORMANCE IMPROVEMENTS.—The Secretary shall, after reviewing the report submitted under subsection (b)(3), implement improvements in the operation of the Job Corps program, including the closings of 10 individual Job Corps centers pursuant to subsection (b). The Secretary may close additional centers as he deems appropriate. Funds saved through the implementation of such improvements shall be used to maintain overall Job Corps program service levels, improve facilities at existing Job Corps centers, relocate Job Corps centers, initiate new Job Corps centers, and make other performance improvements in the Job Corps program.

(d) REPORT TO CONGRESS.—The Secretary shall annually report to Congress the information specified in paragraphs (8), (9), and (10) of subsection (a) and such additional information relating to the Job Corps program as the Secretary may determine to be appropriate.

SEC. 758. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) REPORT.—Section 757 shall take effect on the date of enactment of this Act.

In section 759(a), strike ''to States to assist the States in paying for the cost of carrying out'' and insert ''for States, to enable the Secretary of Labor to carry out in the States, and to assist the States in paying for the cost of carrying out,''.

In section 759(b)(1), strike ''The State shall use a portion of the funds made available to the State through an allotment received under subsection (c)'' and insert ''The Secretary of Labor shall use the funds made available for a State through an allotment made under subsection (c)(2), and, at the election of the State, a portion of the funds made available to the State through an allotment received under subsection (c)(3),''.

In section 759(b)(1), strike ''section 755'' and insert ''section 757''.

In section 759(b)(2), strike ''the funds described in paragraph (1)'' and insert ''the funds made available to a State through an allotment received under subsection (c)(3)''.

In section 759(c)(1), in the matter preceding subparagraph (A), strike ''allot to'' and insert ''allot for''.

In section 759(c)(1)(A), strike ''available to'' and insert ''available for''.

In section 759(c)(2), strike ''to each State'' and insert ''for each State''.

In section 759(c)(2), strike ''to carry out'' and insert ''to enable the Secretary of Labor to carry out''.

In section 759(c)(2), strike ''section 755(a)(2)'' and insert ''section 757(a)(2), (3), and (4)''.

In section 759(d)(1), strike ''subsection (c)'' and insert ''subsection (c)(3)''.

In section 771(b), strike ''this title'' and insert ''this title (other than subtitle C)''.

In section 772(a)(4)(B), strike ''this title'' and insert ''this title (other than subtitle C)''.

In section 776(c)(2)(H), strike ''this title'' and insert ''this title (other than subtitle C)''.

In the first sentence of section 776(c)(5)(A), strike ''this title'' and insert ''this title (other than subtitle C)''.

In the second sentence of section 776(c)(5)(A), strike ''this title'' and insert ''this title (other than subtitle C)''.

CHAFEE AMENDMENT NO. 2588

Mr. SANTORUM (for Mr. CHAFEE) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 50, beginning with line 12, strike all through line 17, and insert the following:

(2) VOUCHERS FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—States must provide vouchers in lieu of cash assistance which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child.

McCAIN AMENDMENT NO. 2589

Mr. SANTORUM (for Mr. MCCAIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 583, between lines 6 and 7, insert the following:

''(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(32).

On page 712, between lines 9 and 10, insert the following:

SEC. 972. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a), 912(b), 913(a), 933, 943(a), and 970(a)(2) is amended—

(1) by striking ''and'' at the end of paragraph (3);

(2) by striking the period at the end of paragraph (31) and inserting ''; and''; and

(3) by adding after paragraph (31) the following new paragraph:

''(32) provide that a State that receives funding pursuant to section 429 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) shall, through the State administering agency, make reasonable efforts to enter into cooperative agreements with an Indian tribe or tribal organization (as defined in paragraphs (1) and (2) of section 428(c)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement.''.

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C. 655) is amended by adding at the end the following new subsection:

''(b) The Secretary may, in appropriate cases, make direct payments under this part

to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(32). The Secretary shall provide for an appropriate adjustment to the State allotment under this section to take into account any payments made under this subsection to Indian tribes or tribal organizations located within such State.

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42 U.S.C. 654) is amended by inserting ''and Indian tribes or tribal organizations (as defined in section 450(b) of title 25, United States Code)'' after ''law enforcement officials''.

MOYNIHAN (AND OTHERS) AMENDMENT NO. 2590

Mr. MOYNIHAN (for himself, Ms. SNOWE, Mr. ROCKEFELLER, and Mr. BYRD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 26, between lines 21 and 22, insert the following:

''(f) ADDITIONAL AMOUNT FOR STUDIES AND DEMONSTRATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated and there are appropriated for each fiscal year described in subsection (a)(1) an additional amount equal to 0.20 percent of the amount appropriated under subparagraph (A) of subsection (a)(4) for the purpose of paying—

''(A) the Federal share of any State-initiated study approved under section 410(g);

''(B) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to part A of title IV of this Act, that are in effect or approved under section 1115 as of October 1, 1995, and are continued after such date;

''(C) the cost of conducting the research described in section 410(a); and

''(D) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under section 410(b).

''(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—

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

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

On page 26, line 22, strike ''(f)'' and insert ''(g)''.

On page 53, beginning on line 7, strike all through page 55, line 7, and insert the following:

''(a) IN GENERAL.—The Secretary, in consultation with State and local government officials and other interested persons, shall develop a quality assurance system of data collection and reporting that promotes accountability and ensures the improvement and integrity of programs funded under this part.

''(b) STATE SUBMISSIONS.—

''(1) IN GENERAL.—Not later than the 15th day of the first month of each calendar quarter, each State to which a grant is made under section 403 shall submit to the Secretary the data described in paragraphs (2) and (3) with respect to families described in paragraph (4).

''(2) DISAGGREGATED DATA DESCRIBED.—The data described in this paragraph with respect to families described in paragraph (4) is a sample of monthly disaggregated case record data containing the following:

''(A) The age of the adults and children (including pregnant women) in each family.

''(B) The marital and familial status of each member of the family (including whether the family is a 2-parent family and whether a child is living with an adult relative other than a parent).

''(C) The gender, educational level, work experience, and race of the head of each family.

''(D) The health status of each member of the family (including whether any member of the family is seriously ill, disabled, or incapacitated and is being cared for by another member of the family).

''(E) The type and amount of any benefit or assistance received by the family, including—

''(i) the amount of and reason for any reduction in assistance, and

''(ii) if assistance is terminated, whether termination is due to employment, sanction, or time limit.

''(F) Any benefit or assistance received by a member of the family with respect to housing, food stamps, job training, or the Head Start program.

''(G) The number of months since the family filed the most recent application for assistance under the program and if assistance was denied, the reason for the denial.

''(H) The number of times a family has applied for and received assistance under the State program and the number of months assistance has been received each time assistance has been provided to the family.

''(I) The employment status of the adults in the family (including the number of hours worked and the amount earned).

''(J) The date on which an adult in the family began to engage in work, the number of hours the adult engaged in work, the work activity in which the adult participated, and the amount of child care assistance provided to the adult (if any).

''(K) The number of individuals in each family receiving assistance and the number of individuals in each family not receiving assistance, and the relationship of each individual to the youngest child in the family.

''(L) The citizenship status of each member of the family.

''(M) The housing arrangement of each member of the family.

''(N) The amount of unearned income, child support, assets, and other financial factors considered in determining eligibility for assistance under the State program.

''(O) The location in the State of each family receiving assistance.

''(P) Any other data that the Secretary determines is necessary to ensure efficient and effective program administration.

''(3) AGGREGATED MONTHLY DATA.—The data described in this paragraph is the following aggregated monthly data with respect to the families described in paragraph (4):

''(A) The number of families.

''(B) The number of adults in each family.

''(C) The number of children in each family.

''(D) The number of families for which assistance has been terminated because of employment, sanctions, or time limits.

''(4) FAMILIES DESCRIBED.—The families described in this paragraph are—

''(A) families receiving assistance under a State program funded under this part for each month in the calendar quarter preceding the calendar quarter in which the data is submitted,

''(B) families applying for such assistance during such preceding calendar quarter, and

''(C) families that became ineligible to receive such assistance during such preceding calendar quarter.

''(5) APPROPRIATE SUBSETS OF DATA COLLECTED.—The Secretary shall determine appropriate subsets of the data described in paragraphs (2) and (3) that a State is required to submit under paragraph (1) with respect to families described in subparagraphs (B) and (C) of paragraph (4).

''(6) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of each State's program performance. The Secretary is authorized to develop and implement procedures for verifying the quality of data submitted by the States.

On page 58, between lines 5 and 6, insert the following:

''(j) REPORT TO CONGRESS.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

''(1) whether the States are meeting—

''(A) the participation rates described in section 404(a); and

''(B) the objectives of—

''(i) increasing employment and earnings of needy families, and child support collections; and

''(ii) decreasing out-of-wedlock pregnancies and child poverty;

''(3) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

''(4) the characteristics of each State program funded under this part; and

''(5) the trends in employment and earnings of needy families with minor children.

On page 58, beginning on line 8, strike all through page 58, line 21, and insert the following:

''(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate.

''(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

''(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

''(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

On page 58, line 22, strike ''(d)'' and insert ''(c)''.

On page 59, line 4, strike ''(e)'' and insert ''(d)''.

On page 59, line 22, strike ''(f)'' and insert ''(e)''.

On page 60, between lines 13 and 14, insert the following:

''(g) STATE-INITIATED STUDIES.—A State shall be eligible to receive funding to evaluate the State's family assistance program funded under this part if—

''(1) the State submits a proposal to the Secretary for such evaluation,

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

''(3) unless otherwise waived by the Secretary, the State provides a non-Federal share of at least 10 percent of the cost of such study.

BOXER AMENDMENT NO. 2591

Mr. MOYNIHAN (for Mrs. BOXER) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 17, line 2, strike ''and (5)'' and insert ''(5), and (6)''.

On page 24, between lines 18 and 19, and insert the following:

''(6) CHILD CARE MAINTENANCE OF EFFORT.—

''(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, and 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for child care for the preceding fiscal year is less than historic State child care expenditures.

''(B) HISTORIC STATE CHILD CARE EXPENDITURES.—For purposes of this paragraph, the term 'historic State child care expenditures' means amounts expended for fiscal year 1994 for child care under—

''(i) section 402(g)(1)(A)(i) of this Act (relating to AFDC–JOBs child care) (as in effect during such year);

''(ii) section 402(g)(1)(A)(ii) of this Act (relating to transitional child care) (as so in effect); and

''(iii) section 402(i) of this Act (relating to at-risk child care) (as so in effect).

''(C) DETERMINING STATE EXPENDITURES.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

''(D) BONUS FOR STATES WITH HIGH WORK PARTICIPATION RATES.—The Secretary shall distribute (in a manner to be determined by the Secretary) amounts by which State grants are reduced under this section to States that exceed the minimum participation rates specified under section 404(a). If no State qualifies for such distribution, the Secretary may retain such amounts for distribution in succeeding years.''.

BOXER AMENDMENTS NOS. 2592–2593

Mr. MOYNIHAN (for Mrs. BOXER) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2592

On page 292, line 5, strike ''and''.

On page 292, line 11, strike the end period and insert '', and''.

On page 292, between lines 11 and 12, insert:

(F) payments for foster care and adoption assistance under part E of title IV of the Social Security Act.

AMENDMENT NO. 2593

At the appropriate place, insert the following new section:

SEC. ___. SENSE OF SENATE REGARDING GAG RULE.

It is the sense of the Senate that, notwithstanding any other provision of law, receipt of Federal funding by providers of health care or social services shall not permit the Federal Government, States, counties, or any other political subdivisions to restrict the content of any medical information provided by those providers in furtherance of the provision of health care or social services to their patients or clients.

FAIRCLOTH (AND GRAMM) AMENDMENT NO. 2594

Mr. SANTORUM (for Mr. FAIRCLOTH for himself and Mr. GRAMM) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 49, strike line 13 through line 19 and insert the following.

''(b) NO ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS UNLESS CERTAIN CONDITIONS ARE MET.—Notwithstanding subsection (d), a State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age or unless the following conditions are met:

''(A) The individual is in, or has graduated from, a secondary school or a program offering the equivalent of vocational or technical training, or has obtained a certificate of high school equivalency.

''(B) Any cash benefits for the child or the individual are provided only to—

(I) an adult with whom the individual or child reside, and whom the State recognizes as acting in loco parentis with respect to the individual; or

(ii) the maternity home, foster home, or other adult-supervised supportive living arrangement in which the individual lives.

''(C) Any vouchers provided in lieu of cash benefits for the individual or the child may be used only to pay for—

(i) particular goods and services specified by the State as suitable for the care of the child (such as diapers, clothing, or cribs): or

(ii) the costs associated with a maternity home, foster home, or other adult supervised supportive living arrangement in which the individual and child live.

''(D) EXCEPTION FOR RAPE OR INCEST.—Subparagraph (A) shall not apply with respect to a child who is born as a result of rape or incest.''

FAIRCLOTH AMENDMENTS NOS. 2595–2607

Mr. SANTORUM (for Mr. FAIRCLOTH) proposed thirteen amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2595

At the appropriate place, insert the following:

SEC. ___. REPORT ON DISQUALIFICATION OF ILLEGAL ALIENS FROM HOUSING ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Committees on the Judiciary of the House of Representatives and the Senate, the Committee on Banking and Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate, a report describing the manner in which the Secretary is enforcing section 214 of the Housing and Community Development Act of 1980.

(b) CONTENTS.—The report submitted under subsection (a) shall include statistics with respect to the number of aliens denied financial assistance under such section.

Amend the table of contents accordingly.

AMENDMENT NO. 2596

At the appropriate place, insert the following:

SEC. ___. SENSE OF THE CONGRESS REGARDING A WORK REQUIREMENT FOR PUBLIC HOUSING RESIDENTS.

It is the sense of the Congress that able-bodied residents of public housing (as such term is defined in section 3(b) of the United States Housing Act of 1937) should be required to perform work service to improve and maintain the facilities in which they live.

Amend the table of contents accordingly.

AMENDMENT NO. 2597

At the end of section 731, insert the following:

(f) EVALUATIONS.—

(1) COVERED ACTIVITIES.—The activities referred to in this subsection are activities carried out under this subtitle or subtitle C.

(2) IN GENERAL.—Each State that carries out activities described in paragraph (1) shall conduct ongoing evaluations of such activities.

(3) METHODS.—The State shall conduct such evaluations through controlled experiments using experimental and control groups chosen by random assignment. In conducting the evaluations, the State shall, at a minimum, determine whether activities described in paragraph (1) effectively raise the hourly wage rates of participants in such activities.

(4) ONGOING NATURE OF EVALUATIONS.—At any given time during the 2-year period of the program, the State shall conduct at least 1 such evaluation of the activities described in paragraph (1).

AMENDMENT NO. 2598

At the end of section 712, insert the following:

(d) TRANSFERABILITY TO OPERATE WORK PROGRAMS.—

(1) TRANSFERS TO OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives an allotment under this section may use 25 percent of the funds made available through the allotment—

(A) to enable the State to meet the minimum participation rates described in section 404(a) of the Social Security Act (as amended by section 101), including the provision of such child care services as the Governor may determine to be necessary to meet the rates; or

(B) for the implementation of work and training programs for recipients of Federal means tested assistance (as defined by the Federal Partnership), including the provision of the child care services described in subparagraph (A).

(2) TRANSFERS FROM OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives funds under part A of title IV of the Social Security Act, or Federal financial assistance to carry out the programs described in paragraph (1)(B), may use 25 percent of the funds or financial assistance to carry out the activities described in this subtitle.

AMENDMENT NO. 2599

In section 759(b), add at the end the following:

(3) TRANSFERS TO OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives an allotment under this section may use 25 percent of the funds made available through the allotment—

(A) to enable the State to meet the minimum participation rates described in section 404(a) of the Social Security Act (as amended by section 101), including the provision of

such child care services as the Governor may determine to be necessary to meet the rates; or

(B) for the implementation of work and training programs for recipients of Federal means tested assistance (as defined by the Federal Partnership), including the provision of the child care services described in subparagraph (A).

(4) TRANSFERS FROM OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives funds under part A of title IV of the Social Security Act, or Federal financial assistance to carry out the programs described in paragraph (3)(B), may use 25 percent of the funds or financial assistance to carry out the activities described in this subtitle.

AMENDMENT NO. 2600

On page 200, between lines 11 and 12, insert the following:

SEC. 321. CASH AID IN LIEU OF ALLOTMENT.

Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) (as amended by section 320) is further amended by adding at the end the following:

''(k) CASH AID IN LIEU OF COUPONS.—

''(1) ELIGIBLE INDIVIDUALS.—For purposes of this subsection, an individual shall be eligible if the individual is—

''(A) receiving benefits under this Act;

''(B) receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

''(C) participating in subsidized employment, on-the-job training, or a community service program under section 404 of the Social Security Act.

''(2) STATE OPTION.—In the case of an eligible individual described in paragraph (1), a State agency may—

''(A) convert the food stamp benefits of the household of which the individual is a member to cash, and provide the cash in a single integrated payment with cash aid under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

''(B) sanction the individual, or a household that contains the individual, or reduce the benefits of the individual or household under the same rules and procedures as the State uses under part A of title IV of the Act (42 U.S.C. 601 et seq.).

AMENDMENT NO. 2601

On page 190, strike lines 9 through 17 and insert the following:

''(i) COMPARABLE TREATMENT UNDER SEPARATE PROGRAMS.—

''(1) IN GENERAL.—If a disqualification, penalty, or sanction is imposed on a household or part of a household for a failure of an individual to perform an action required under a Federal, State, or local law relating to a welfare or public assistance program, the State agency may impose the same disqualification, penalty, or sanction on the household or part of the household under the food stamp program using the rules and procedures that apply to the welfare or public assistance program.

AMENDMENT NO. 2602

On page 36, between lines 13 and 14, insert the following:

''(4) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i)(I) and (2)(B)(i) of subsection (b), not more than 20 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

AMENDMENT NO. 2603

On page 49, strike lines 13 through 19, and insert the following:

''(b) NO ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—

''(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

''(2) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape (other than statutory rape) or incest.

''(3) EXCEPTION FOR VOUCHERS.—Paragraph (1) shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

''(4) STATE MAY ELECT NOT TO HAVE PROVISION APPLY.—

''(A) IN GENERAL.—Paragraph (1) shall not apply to a State during any period during which there is in effect a State law which provides that individuals described in paragraph (1) are eligible for cash benefits from funds made available under section 403.

''(B) TIME FOR ELECTION.—Subparagraph (A) shall only apply if such State law is in effect on or before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

''(C) TRANSITION RULE.—Paragraph (1) shall not apply in a State before the first day of the first calendar quarter described in subparagraph (B) unless there is in effect before such day a State law prohibiting cash benefits to individuals described in paragraph (1).

AMENDMENT NO. 2604

On page 49, beginning with line 20, strike all through page 50, line 5, and insert the following:

''(c) NO ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—

''(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a minor child who is born to—

''(A) a recipient of benefits under the program operated under this part; or

''(B) a person who received such benefits at any time during the 10-month period ending with the birth of the child.

''(2) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape (other than statutory rape) or incest.

''(3) EXCEPTION FOR VOUCHERS.—Paragraph (1) shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

''(4) STATE MAY ELECT NOT TO HAVE PROVISION APPLY.—

''(A) IN GENERAL.—Paragraph (1) shall not apply to a State during any period during which there is in effect a State law which provides that individuals described in paragraph (1) are eligible for cash benefits from funds made available under section 403.

''(B) TIME FOR ELECTION.—Subparagraph (A) shall only apply if such State law is in effect on or before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

''(C) TRANSITION RULE.—Paragraph (1) shall not apply in a State before the first day of the first calendar quarter described in subparagraph (B) unless there is in effect before such day a State law prohibiting cash benefits to individuals described in paragraph (1).

AMENDMENT NO. 2605

On page 49, strike lines 13 through 19, and insert the following:

''(b) NO ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—

''(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

''(2) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape (other than statutory rape) or incest.

''(3) STATE OPTION.—Nothing in paragraph (1) shall be construed to prohibit a State from using funds provided by section 403 from providing aid in the form of vouchers that may be used only to pay for particular goods and services specified by the State as suitable for the care of the child such as diapers, clothing, and school supplies.

AMENDMENT NO. 2606

On page 42, between lines 21 and 22, insert the following:

''(f) PROVISIONS RELATING TO PATERNITY ESTABLISHMENT.—

''(1) PATERNITY NOT ESTABLISHED.—If a State provides cash benefits to families from grant funds received by the State under section 403, the State shall provide that if a family applying for such benefits includes a child who has not attained age 18 and who was born on or after January 1, 1996, with respect to whom paternity has not been established, such benefits shall not be available for—

''(A) such child (until the child attains age 18); and

''(B) the parent or caretaker relative of such child if the parent or caretaker relative of such child is not the parent or caretaker relative of another child for whom benefits are available.

''(2) EXCEPTIONS.—Notwithstanding paragraph (1)—

''(A) the State may use grant funds received by the State under section 403 to provide cash benefits to a minor child who is up to 6 months of age for whom paternity has not been established if the parent or caretaker relative of the child provides the name, address, and such other identifying information as the State may require of an individual who may be the father of the child; and

''(B) the State may exempt up to 25 percent of all families in the population described in paragraph (1) applying for cash benefits from grant funds received by the State under section 403 which include a child who was born on or after January 1, 1996, and with respect to whom paternity has not been established, from the reduction imposed under paragraph (1).

AMENDMENT NO. 2607

On page 11, beginning on line 5, strike '', and establish'' and all that follows through line 7, and insert a period.

On page 11, between lines 7 and 8, insert the following:

''SEC. 401A. GOALS AND PLAN FOR REDUCING ILLEGITIMACY.

''(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, each State to which a grant is made under section 403 shall—

''(1) establish formal numeric goals for the State's illegitimacy ratio for fiscal years 1997 through 2007; and

''(2) submit a plan to the Secretary that—

''(A) outlines how the State intends to reduce the State's illegitimacy ratio; and

''(B) evaluates the potential impact of the States's plan for reducing the State's illegitimacy ratio on the State's abortion rate.

''(b) ILLEGITIMACY RATIO AND ABORTION RATE.—

''(1) ILLEGITIMACY RATIO.—For purposes of this section, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

''(A) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

''(B) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

''(2) ABORTION RATE.—For purposes of this section, the term 'abortion rate' means, with respect to a State and a fiscal year, the number of abortions performed in the State per 1,000 women who are residents of the State and are between the ages of 15 and 44 during the most recent fiscal year for which such information is available.

FAIRCLOTH (AND GRAMM) AMENDMENT NO. 2608

Mr. SANTORUM (for Mr. FAIRCLOTH for himself and Mr. GRAMM) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 425, between lines 15 and 16, insert the following:

''(d) ABSTINENCE EDUCATION PROGRAM.—

''(1) FUNDS EARMARKED.—Of the amounts appropriated under subsection (a), $200,000,000 shall be allocated to the States pursuant to the allocation formula and rules under title V of the Social Security Act (42 U.S.C. 701 et seq.) to be used exclusively for abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most likely to bear children out-of-wedlock.

''(2) ABSTINENCE EDUCATION.—For purposes of this subsection, the term 'abstinence education' shall mean an educational or motivational program which—

''(A) has as its exclusive purpose, teaching the social, psychological, and health gains to be realized by abstaining from sexual activity;

''(B) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

''(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

''(D) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

''(E) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

''(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society;

''(G) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

''(H) teaches the importance of attaining self-sufficiency before engaging in sexual activity.

FAIRCLOTH AMENDMENT NO. 2609

Mr. SANTORUM (for Mr. FAIRCLOTH) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 50, line 13, insert ''except as provided in paragraph (3),'' after ''(A)''.

On page 51, between lines 11 and 12, insert the following:

''(3) REQUIREMENT THAT ADULT RELATIVE OR GUARDIAN NOT HAVE A HISTORY OF ASSISTANCE.—A State shall not use any part of the grant paid under section 403 to provide assistance to an individual described in paragraph (2) if such individual resides with a parent, guardian, or other adult relative who—

(A) has had a child out-of-wedlock; and

(B) during the preceding 2-year period, received assistance as an adult under a State program funded under this part or under the program for aid to families with dependent children.

MOYNIHAN AMENDMENT NO. 2610

Mr. MOYNIHAN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. POVERTY DATA CORRECTION.

(a) IN GENERAL.—Chapter 5 of title 13, United States Code, is amended by adding after subchapter V the following:

''SUBCHAPTER VI—POVERTY DATA

''SEC. 197. CORRECTION OF SUBNATIONAL DATA RELATING TO PROVERTY.

''(a) Any data relating to the incidence of poverty produced or published by or for the Secretary for subnational areas shall be corrected for differences in the cost of living, and data produced for State and sub-State areas shall be corrected for differences in the cost of living for at least all States of the United States.

''(b) Data under this section shall be published in 1997 and at least every second year thereafter.

''SEC. 198. DEVELOPMENT OF STATE COST-OF-LIVING INDEX AND STATE POVERTY THRESHOLDS.

''(a) To correct any data relating to the incidence of poverty for differences in the cost of living, the Secretarty shall—

''(1) develop or cause to be developed a State cost-of-living index which ranks and assigns an index value to each State using data on wage, housing, and other costs relevant to the cost of living; and

''(2) multiply the Federal Government's statistical poverty thresholds by the index value for each State's cost of living to produce State poverty thresholds for each State.

''(b) The State cost-of-living index and resulting State poverty thresholds shall be published prior to September 30, 1996, for calendar year 1995 and shall be updated annually for each subsequent calendar year.''.

(b) CONFORMING AMENDMENT.—The table of subchapters of chapter 5 of title 13, United States Code, is amended by adding at the end the following:

''SUBCHAPTER VI—POVERTY DATA

''Sec. 197. Correction of subnational data relating to poverty.

''Sec. 198. Development of State cost-of-living index and State poverty thresholds.''.

MOYNIHAN AMENDMENT NO. 2611

Mr. MOYNIHAN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, insert:

TITLE ____—STATE MINIMUM RETURN OF FEDERAL TAX BURDEN

SEC. ___01. SHORT TITLE.

This title may be cited as the ''State Minimum Return Act of 1995''.

SEC. ___02. STATEMENT OF POLICY.

It is the purpose of this title to provide, within existing budgetary limits, authority to reallocate the distribution of certain Federal spending to various States in order to ensure by the end of fiscal year 2000 that each State receive in each fiscal year a percentage of total allocable Federal expenditures equal to a minimum of 90 percent of the percentage of total Federal tax burden attributable to such State for such fiscal year.

SEC. ___03. DEFINITIONS.

As used in this title—

(1) The term ''Director'' means the Director of the Office of Management and Budget.

(2) The term ''Federal agency'' means any agency defined in section 551(1) of title 5, United States Code.

(3) The term ''State'' means each of the several States and the District of Columbia.

(4) The term ''historic share'' means the average percentage share of Federal expenditures received by any State during the most recent three fiscal years.

(5) The term ''Federal expenditures'' means all outlays by the Federal Government as defined in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(1)) which the Bureau of the Census can allocate to the several States.

(6) The term ''Federal tax revenues'' means all revenues collected pursuant to the Internal Revenue Code of 1986.

(7) The term ''need-based program'' means any program which results in direct payment to individuals and which involves an income test to help determine the eligibility of an individual for assistance under such program.

SEC. ___04. DESIGNATION OF ELIGIBLE STATES.

(a) Any State shall be eligible for a positive reallocation of allocable Federal expenditures described in section ___05 and received by such State under section ___07(a), if such State, for any fiscal year, has an allocable Federal expenditure to Federal tax ratio which is less than 90 percent.

(b) Any State shall be eligible for a positive reallocation of Federal expenditures described in section ___05 and received by such State under paragraph (1) of section ___07(a), if such State, for any fiscal year, has an allocable Federal expenditure to Federal tax ratio which is less than 100 percent but greater than or equal to 90 percent.

(c) During each fiscal year, the Director, after consultation with the Secretary of the Treasury and the Director of the Census Bureau, shall determine the eligibility of any State under this section using the most recent fiscal year data and estimated data available concerning Federal tax revenues and allocable Federal expenditures attributable to such State. The Secretary of the Treasury shall determine the attribution of Federal tax revenues to each State after consultation with the Comptroller General of the United States and other interested public and private persons.

(d) For purposes of determining the eligibility of any State under subsection (c), any water or power program in which the Federal

Government, through Government corporations, provides water or power to any State at less than market price shall be taken into account in computing such State's allocable Federal expenditure to Federal tax ratio by characterizing as an imputed Federal expenditure the difference between the market price as determined by the Secretary of the Treasury in consultation with the Director and the Secretary of Energy and the Secretary of the Interior and the program's actual price of providing such water or power to such State.

SEC. ___05. DESIGNATION OF REALLOCABLE FEDERAL EXPENDITURES.

All allocable Federal expenditures in any fiscal year shall be subject to reallocation to ensure the objective described in section ___02 with respect to eligible States designated under section ___04, except for such expenditures with respect to the following:

(1) Water and power programs which are described in section ___04(d).

(2) Compensation and allowances of officers and employees of the Federal Government.

(3) Maintenance of Federal Government buildings and installations.

(4) Offsetting receipts.

(5) Programs for which the Federal Government assumes the total cost and in which a direct payment is made to a recipient other than a governmental unit. Such programs include, but are not limited to:

(A) Social Security, including disability, retirement, survivors insurance, unemployment compensation, and Medicare, including hospital and supplementary medical insurance;

(B) Supplemental Security Income;

(C) Food Stamps;

(D) Black Lung Disability;

(E) National Guaranteed Student Loan interest subsidies;

(F) Pell grants;

(G) lower income housing assistance;

(H) social insurance payments for railroad workers;

(I) railroad retirement;

(J) excess earned income tax credits;

(K) veterans assistance, including pensions, service connected disability, nonservice connected disability, educational assistance, dependency payments, and pensions for spouses and surviving dependents;

(L) Federal workers' compensation;

(M) Federal retirement and disability;

(N) Federal employee life and health insurance; and

(O) farm income support programs.

SEC. ___06. REALLOCATION AUTHORITY.

(a) Notwithstanding any other provision of law, during any fiscal year the head of each Federal agency shall, after consultation with the Director, make such reallocations of allocable expenditures described in section ___05 to eligible States designated under section ___04 as are necessary to ensure the objective described in section ___02.

(b) Notwithstanding any other provision of law and to the extent necessary in the administration of this title, the head of each Federal agency shall waive any administrative provision with respect to allocation, allotments, reservations, priorities, or planning and application requirements (other than audit requirements) for the expenditures reallocated under this title.

(c) The head of each Federal agency having responsibilities under this title is authorized and directed to cooperate with the Director in the administration of the provisions of this title.

SEC. ___07. REALLOCATION MECHANISMS.

(a) Notwithstanding any other provision of law, for purposes of this title, during any fiscal year reallocations of expenditures required by section ___06 shall be accomplished in the following manner:

(1)(A) With respect to procurement contracts, and subcontracts in excess of $25,000, the head of each Federal agency shall—

(i) identify qualified firms in eligible States designated under section ___04 and disseminate any information to such firms necessary to increase participation by such firms in the bidding for such contracts and subcontracts,

(ii) in order to ensure the objective described in section ___02, increase the national share of such contracts and subcontracts for each eligible State designated under section ___04(a) by up to 10 percent each fiscal year, and

(iii) thirty days after the end of each fiscal year, report to the Director regarding progress made during such fiscal year to increase the share of such contracts and subcontracts for such eligible States, including the percentage increase achieved under clause (ii) and if the goal described in clause (ii) is not attained, the reasons therefor.

Within ninety days after the end of each fiscal year, the Director shall review, evaluate, and report to the Congress as to the progress made during such fiscal year to increase the share of procurement contracts and subcontracts the preponderance of the value of which has been performed in such eligible States.

(B) With respect to each fiscal year, if any Federal agency does not attain the goal described in subparagraph (A)(ii), then, during the subsequent fiscal year, such agency shall report to the Director prior to the awarding of any contract or subcontract described in subparagraph (A) to any firm in an ineligible State the reasons such contract or subcontract was not awarded to any firm in an eligible State.

(C) In the case of any competitive procurement contract or subcontract, the head of the contracting Federal agency shall award such contract or subcontract to the lowest bid from a qualified firm that will perform the preponderance of the value of the work in an eligible State designated under section ___04 if the bid for such contract or subcontract is lower or equivalent to any bid from any qualified firm that will perform the preponderance of the value of the work in an ineligible State.

(D) In the case of any noncompetitive procurement contract or subcontract, the head of each Federal agency shall identify and award such contract or subcontract to a qualified firm that will perform the preponderance of the value of the work in an eligible State designated under section ___04 and that complete such contract or subcontract at a lower or equivalent price as any qualified firm that will perform the preponderance of the value of the work in an ineligible State.

(E) For purposes of this paragraph, in the case of any procurement contract or subcontract, any firm shall be qualified if—

(i) such firm has met the elements of responsibility provided for in section 8(b)(7) of the Small Business Act (15 U.S.C. 637(b)(7)) as determined by the head of the contracting Federal agency to be necessary to complete the contract or subcontract in a timely and satisfactory manner, and

(ii) with respect to any prequalification requirement, such firm has been notified in writing of all standards which a prospective contractor must satisfy in order to become qualified, and upon request, is provided a prompt opportunity to demonstrate the ability of such firm to meet such specified standards.

(F) In order to reallocate expenditures with respect to subcontracts as required by subparagraph (A), each Federal agency shall collect necessary data to identify such subcontracts beginning in fiscal year 1991.

(2)(A) With respect to all other expenditures described in section ___05, including all grants administered by the Department of Transportation, the Department of the Interior, the Department of Agriculture, the Environmental Protection Agency, and the United States Army Corps of Engineers, any eligible State designated under section ___04(a) shall receive 110 percent of such State's historic share with respect to such expenditures.

(b) No reallocation shall be made under this section with respect to allocable expenditures for any program to any State in any fiscal year which results in a reduction of 10 percent or more of the amount of such expenditures to such State.

(c) No reallocation shall be made under the provisions of this title which will result in any allocable Federal expenditure to Federal tax ratio of any State being reduced below 90 percent.

SEC. ___08. AMENDMENTS.

No provision of law shall explicitly or implicitly amend the provisions of this title unless such provision specifically refers to this title.

SEC. ___09. STUDY.

(a) The Secretary of the Treasury or a delegate of the Secretary shall conduct a study on the impact of Federal spending, tax policy, and fiscal policy on State economies and the economic growth rate of States and regions of the United States. In particular, the Secretary or his delegate shall examine the extent to which the economies of States which have allocable Federal expenditure to Federal tax ratios below 100 are harmed by such a fiscal relationship with the Federal Government.

(b) The report of the study required by subsection (a) shall be submitted to Congress not later than December 31, 1996.

SEC. ___10. EFFECTIVE DATE.

The provisions of this title shall take effect for fiscal years beginning after the date of the enactment of this title.

GRAMM AMENDMENTS NOS. 2612–2614

Mr. SANTORUM (for Mr. GRAMM) proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2612

On page 34, line 20, strike ''For any fiscal year'' and insert ''Solely for the first 12-month period to which the requirement to engage in work under this section is in effect''.

AMENDMENT NO. 2613

On page 34, beginning on line 24, strike ''and may exclude'' and all that follows through page 35, line 2, and insert a period.

AMENDMENT NO. 2614

On page 53, strike lines 1 through 8, and insert the following:

''(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the minimum participation rates specified in section 404(a) for a fiscal year, the Secretary shall reduce the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year by—

''(i) in the first year in which the State fails to satisfy such rates, 5 percent; and

''(ii) in subsequent years in which the State fails to satisfy such rates, the percent reduction determined under this subparagraph (if any) in the preceding year, increased by 5 percent.

GRAMM (AND FAIRCLOTH) AMENDMENTS NOS. 2615–2617

Mr. SANTORUM (for Mr. GRAMM, for himself and Mr. FAIRCLOTH) proposed

three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2615

On page 792, strike lines 1 through 22 and insert the following:

SEC. 1202. REDUCTIONS IN FEDERAL BUREAUCRACY.

(a) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Labor shall reduce the Federal workforce within the Department of Health and Human Services and the Department of Labor, respectively, by an amount equal to the sum of—

(1) 75 percent of the full-time equivalent positions at each such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under this Act and the amendments made by this Act; and

(2) an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at each such Department that bears the same relationship to the amount appropriated for the programs referred to in paragraph (1) as such amount relates to the total amount appropriated for use by each such Department.

(b) REDUCTIONS IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Notwithstanding any other provision of this Act, the Secretary of Health and Human Services shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services—

(1) by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 101(b); and

(2) by 60 full-time equivalent managerial positions in the Department.

(c) REDUCTIONS IN THE DEPARTMENT OF LABOR.—Notwithstanding any other provision of this Act, the Secretary of Labor shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Labor—

(1) by 675 full-time equivalent positions related to the programs converted into a block grant under titles VII and VIII; and

(2) by 156 full-time equivalent managerial positions in the Department.

AMENDMENT NO. 2616

On page 42, between lines 21 and 22, insert the following:

''(f) PROVISIONS RELATING TO PATERNITY ESTABLISHMENT.—

''(1) PATERNITY NOT ESTABLISHED.—If a State provides cash benefits to families from grant funds received by the State under section 403, the State shall provide that if a family applying for such benefits includes a child who has not attained age 18 and who was born on or after January 1, 1996, with respect to whom paternity has not been established, such benefits shall not be available for—

''(A) such child (until the child attains age 18); and

''(B) the parent or caretaker relative of such child if the parent or caretaker relative of such child is not the parent or caretaker relative of another child for whom benefits are available.

''(2) EXCEPTIONS.—Notwithstanding paragraph (1)—

''(A) the State may use grant funds received by the State under section 403 to provide cash benefits to a minor child who is up to 6 months of age for whom paternity has not been established if the parent or caretaker relative of the child provides the name, address, and such other identifying information as the State may require of an individual who may be the father of the child; and

''(B) the State may exempt up to 25 percent of all families in the population described in paragraph (1) applying for cash benefits from grant funds received by the State under section 403 which include a child who was born on or after January 1, 1996, and with respect to whom paternity has not been established, from the reduction imposed under paragraph (1).

AMENDMENT NO. 2617

At the appropriate place, insert the following:

SEC. . RESTRICTIONS ON TAXPAYER FINANCED LEGAL CHALLENGES.

(a) IN GENERAL.—No legal aid organization or other entity that provides legal services and which receives Federal funds or IOLTA funds may challenge (or act as an attorney on behalf of any party who seeks to challenge) in any legal proceeding—

(1) the legal validity—

(A) under the United States Constitution—

(i) of this Act or any regulations promulgated under this Act; and

(ii) of any law or regulation enacted or promulgated by a State pursuant to this Act;

(B) under this Act or any regulation adopted under this Act of any State law or regulation; and

(C) under any State Constitution of any law or regulation enacted or promulgated by a State pursuant to this Act; and

(2) the conflict—

(A) of this Act or any regulations promulgated under this Act with any other law or regulation of the United States; and

(B) of any law or regulation enacted or promulgated by a State pursuant to this Act with any law or regulation of the United States.

(b) IOLTA FUNDS DEFINED.—For purposes of this section, the term ''IOLTA funds'' means interest on lawyers trust account funds that—

(1) are generated when attorneys are required by State court or State bar rules to deposit otherwise noninterest-bearing client funds into an interest-bearing account while awaiting the outcome of a legal proceeding; and

(2) are pooled and distributed by a subdivision of a State bar association or the State court system to organizations selected by the State courts administration.

(c) LEGAL PROCEEDING DEFINED.—For purposes of this section, the term ''legal proceeding'' includes—

(1) a proceeding—

(A) in a court of the United States;

(B) in a court of a State; and

(C) in an administrative hearing in a Federal or State agency; and

(2) any activities related to the commencement of a proceeding described in subparagraph (A).

MOYNIHAN AMENDMENT NO. 2618

Mr. MOYNIHAN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page , strike title XII and insert the following new title:

''TITLE XII—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

''SEC. 1201. REDUCTIONS.

''(a) DEFINITIONS.—As used in this section:

''(1) APPROPRIATE EFFECTIVE DATE.—The term 'appropriate effective date', used with respect to a department referred to in this section, means the date on which all provisions of this Act that the Department is required to carry out, and amendments and repeals made by this Act to provisions of Federal law that the Department is required to carry out, are effective.

''(2) COVERED ACTIVITY.—The term 'covered activity', used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

''(A) a provision of this Act; or

''(B) a provision of Federal law that is amended or repealed by this Act.

''(b) REPORTS.—

''(1) CONTENTS.—Not later than December 31, 1995, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

''(A) the determinations described in subsection (c);

''(B) appropriate documentation in support of such determinations; and

''(C) a description of the methodology used in making such determinations.

''(2) SECRETARY.—The Secretaries referred to in this paragraph are—

''(A) the Secretary of Agriculture;

''(B) the Secretary of Education;

''(C) the Secretary of Labor,

''(D) the Secretary of Housing and Urban Development, and

''(E) the Secretary of Health and Human Services.

''(3) RELEVANT COMMITTEES.—The relevant Committees described in this paragraph are the following:

''(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

''(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

''(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

''(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

''(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

''(F) With respect to the Secretary of Health and Human Services, the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

''(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

''(c) DETERMINATIONS.—Not later than December 31, 1995, each Secretary referred to in subsection (b)(2) shall determine—

''(1) the number of full-time equivalent positions required by the Department (or the Federal Partnership established under section 771) headed by such Secretary to carry out the covered activities of the Department (or Federal Partnership), as of the day before the date of enactment of this Act;

''(2) the number of such positions required by the Department (or Federal Partnership) to carry out the activities, as of the appropriate effective date for the Department (or Federal Partnership); and

''(3) the difference obtained by subtracting the number referred to in paragraph (2) from the number referred to in paragraph (1).

''(d) ACTIONS.—Not later than 30 days after the appropriate effective date for the Department involved, each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department by at least the difference referred to in subsection (c)(3).

''(e) CONSISTENCY.—

''(1) EDUATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(1)(2).

''(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(1)(2).

''(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2), shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

''(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1996, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.''.

KENNEDY AMENDMENTS NOS. 2619–2631

Mr. MOYNIHAN (for Mr. KENNEDY) proposed 13 amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2619

On page 289, line 5, strike the period and insert '', but in no event shall such period extend beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act.''

AMENDMENT NO. 2620

On page 292, strike lines 5 through lines 11 and insert the following:

Nutrition Act of 1966;

(E) public health assistance for immunizations with respect to immunizable diseases and for testing and treatment for communicable diseases if the Secretary of Health and Human Services determines that such testing and treatment is necessary; and

(F) benefits or services which serve a compelling humanitarian or compelling public interest as specified by the Attorney General in consultation with appropriate Federal agencies and departments.

AMENDMENT NO. 2621

On pages 77 through 83, strike sec. 102 and sec. 103.

AMENDMENT NO. —

On page 159, strike lines 1 through 5.

On page 792, after line 22, add the following new title:

TITLE ____—CORPORATE WELFARE REDUCTION

SEC. ___01. SHORT TITLE.

This title may be cited as the ''Corporate Welfare Reduction Act of 1995''.

SEC. ___02. FOREIGN OIL AND GAS INCOME.

(a) SPECIAL RULES FOR FOREIGN TAX CREDIT WITH RESPECT TO FOREIGN OIL AND GAS INCOME.—

(1) CERTAIN TAXES NOT CREDITABLE.—

(A) IN GENERAL.—Subsection (a) of section 907 of the Internal Revenue Code of 1986 (relating to reduction in amount allowed as foreign tax under section 901) is amended to read as follows:

''(a) CERTAIN TAXES NOT CREDITABLE.—

''(1) IN GENERAL.—For purposes of this subtitle, the term 'income, war profits, and excess profits taxes' shall not include—

''(A) any taxes which are paid or accrued to any foreign country with respect to foreign oil and gas income and which are not imposed under a generally applicable income tax law of such country, and

''(B) any taxes (not described in subparagraph (A)) which are paid or accrued to any foreign country with respect to foreign oil and gas income to the extent that the foreign law imposing such amount of tax is structured, or in fact operates, so that the amount of tax imposed with respect to foreign oil and gas income will generally be materially greater, over a reasonable period of time, than the amount generally imposed on income that is not foreign oil and gas income.

In computing the amount not treated as tax under subparagraph (B), such amount shall be treated as a deduction under the foreign law.

''(2) FOREIGN OIL AND GAS INCOME.—For purposes of this paragraph, the term 'foreign oil and gas income' means the amount of foreign oil and gas extraction income and foreign oil related income.

''(3) GENERALLY APPLICABLE INCOME TAX LAW.—For purposes of this paragraph, the term 'generally applicable income tax law' means any law of a foreign country imposing an income tax if such tax generally applies to all income from sources within such foreign country—

''(A) without regard to the residence or nationality of the person earning such income, and

''(B) in the case of any income earned by a corporation, partnership, or other entity, without regard to—

''(i) where such corporation, partnership, or other entity is organized, and

''(ii) the residence or nationality of the persons owning interests in such corporation, partnership, or entity.''

(B) CONFORMING AMENDMENT.—Section 907 of such Code is amended by striking subsections (b), (c)(3), (c)(4), (c)(5), and (f).

(2) SEPARATE BASKETS FOR FOREIGN OIL AND GAS EXTRACTION INCOME AND FOREIGN OIL RELATED INCOME.—

(A) IN GENERAL.—Paragraph (1) of section 904(d) of such Code (relating to separate application of section with respect to certain categories of income) is amended by striking ''and'' at the end of subparagraph (H), by redesignating subparagraph (I) as subparagraph (K) and by inserting after subparagraph (H) the following new subparagraphs:

''(I) foreign oil and gas extraction income,

''(J) foreign oil related income, and''.

(B) DEFINITIONS.—Paragraph (2) of section 904(d) of such Code is amended by redesignating subparagraphs (H) and (I) as subparagraphs (J) and (K), respectively, and by inserting after subparagraph (G) the following new subparagraphs:

''(H) FOREIGN OIL AND GAS EXTRACTION INCOME.—The term 'foreign oil and gas extraction income' has the meaning given such term by section 907(c)(1). Such term shall not include any dividend from a noncontrolled section 902 corporation.

''(I) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' has the meaning given such term by section 907(c)(2). Such term shall not include any dividend from a noncontrolled section 902 corporation and any shipping income.''

(C) CONFORMING AMENDMENT.—Clause (i) of section 904(d)(3)(F) of such Code is amended by striking ''or (E)'' and inserting ''(E), (I), or (J)''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall apply to taxable years beginning after December 31, 1995.

(B) DISALLOWANCE RULE.—

(i) Section 907(a) of such Code (as amended by paragraph (1)) shall apply to taxes paid or accrued after December 31, 1995, in taxable years ending after such date.

(ii) In determining the amount of taxes deemed to be paid in a taxable year beginning after December 31, 1995, under section 902 or 960 of such Code, section 907(a) of such Code (as amended by paragraph (1)) shall apply to all taxes whether paid or accrued before, on, or after December 31, 1995.

(C) LOSS RULE.—Notwithstanding the amendments made by paragraph (1)(B), section 907(c)(4) of such Code shall continue to apply with respect to foreign oil and gas extraction losses for taxable years beginning before January 1, 1996.

(D) TRANSITIONAL RULES.—

(i) Any taxes paid or accrued in a taxable year beginning before January 1, 1996, with respect to income which was described in subparagraph (I) of section 904(d)(1) of such Code (as in effect on the day before the date of the enactment of this Act) shall be treated as taxes paid or accrued with respect to foreign oil and gas extraction income or foreign oil related income (as the case may be) to the extent such taxes were paid or accrued with respect to such type of income.

(ii) Any unused oil and gas extraction taxes which under section 907(f) of such Code (as so in effect) would have been allowed as a carryover to the taxpayer's first taxable year beginning after December 31, 1995 (determined without regard to the limitation of paragraph (2) of such section 907(f) for such first taxable year), shall be allowed as carryovers under section 904(c) of such Code in the same manner as if they were unused taxes under section 904(c) with respect to foreign oil and gas extraction income.

(b) ELIMINATION OF DEFERRAL FOR FOREIGN OIL AND GAS EXTRACTION INCOME.—

(1) GENERAL RULE.—Paragraph (1) of section 954(g) of the Internal Revenue Code of 1986 (defining foreign base company oil related income) is amended to read as follows:

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'foreign oil and gas income' means any income of a kind which would be taken into account in determining the amount of—

''(A) foreign oil and gas extraction income (as defined in section 907(c)(1)), or

''(B) foreign oil related income (as defined in section 907(c)(2)).''

(2) CONFORMING AMENDMENTS.—

(A) Subsections (a)(5), (b)(4), (b)(5), and (b)(8) of section 954 of such Code are each amended by striking ''base company oil related income'' each place it appears (including in the heading of subsection (b)(8)) and inserting ''oil and gas income''.

(B) The subsection heading for subsection (g) of section 954 of such Code is amended by striking ''FOREIGN BASE COMPANY OIL RELATED INCOME'' and inserting ''FOREIGN OIL AND GAS INCOME''.

(C) Subparagraph (A) of section 954(g)(2) of such Code is amended by striking ''foreign base company oil related income'' and inserting ''foreign oil and gas income''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years of foreign corporations beginning after December 31, 1995, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. ___03. TRANSFER PRICING.

(a) AUTHORITY OF SECRETARY WHEN LEGAL LIMITS ON TRANSFER BY TAXPAYER.—Section 482 of the Internal Revenue Code of 1986 (relating to allocation of income and deductions among taxpayers) is amended by adding at the end the following: ''The authority of the Secretary under this section shall not be limited by any restriction (by any law or agreement) on the ability of such interests, organizations, trades, or businesses to transfer or receive money or other property.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. ___04. ELIMINATION OF EXCLUSION FOR CITIZENS OR RESIDENTS OF UNITED STATES LIVING ABROAD.

Section 911 of the Internal Revenue Code of 1986 (relating to citizens or residents of the United States living abroad) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 1995.''

SEC. ___05. DISPOSITION OF STOCK IN DOMESTIC CORPORATIONS BY 10-PERCENT FOREIGN SHAREHOLDERS.

(a) GENERAL RULE.—Subpart D of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

''SEC. 899. DISPOSITION OF STOCK IN DOMESTIC CORPORATIONS BY 10-PERCENT FOREIGN SHAREHOLDERS.

''(a) GENERAL RULE.—

''(1) TREATMENT AS EFFECTIVELY CONNECTED WITH UNITED STATES TRADE OR BUSINESS.—For purposes of this title, if any nonresident alien individual or foreign corporation is a 10-percent shareholder in any domestic corporation, any gain or loss of such individual or foreign corporation from the disposition of any stock in such domestic corporation shall be taken into account—

''(A) in the case of a nonresident alien individual, under section 871(b)(1), or

''(B) in the case of a foreign corporation, under section 882(a)(1),

as if the taxpayer were engaged during the taxable year in a trade or business within the United States through a permanent establishment in the United States and as if such gain or loss were effectively connected with such trade or business and attributable to such permanent establishment. Notwithstanding section 865, any such gain or loss shall be treated as from sources in the United States.

''(2) 26-PERCENT MINIMUM TAX ON NONRESIDENT ALIEN INDIVIDUALS.—

''(A) IN GENERAL.—In the case of any nonresident alien individual, the amount determined under section 55(b)(1)(A) shall not be less than 26 percent of the lesser of—

''(i) the individual's alternative minimum taxable income (as defined in section 55(b)(2)) for the taxable year, or

''(ii) the individual's net taxable stock gain for the taxable year.

''(B) NET TAXABLE STOCK GAIN.—For purposes of subparagraph (A), the term 'net taxable stock gain' means the excess of—

''(i) the aggregate gains for the taxable year from dispositions of stock in domestic corporations with respect to which such individual is a 10-percent shareholder, over

''(ii) the aggregate of the losses for the taxable year from dispositions of such stock.

''(C) COORDINATION WITH SECTION 897(a)(2).—Section 897(a)(2)(A) shall not apply to any nonresident alien individual for any taxable year for which such individual has a net taxable stock gain, but the amount of such net taxable stock gain shall be increased by the amount of such individual's net United States real property gain (as defined in section 897(a)(2)(B)) for such taxable year.

''(b) 10-PERCENT SHAREHOLDER.—

''(1) IN GENERAL.—For purposes of this section, the term '10-percent shareholder' means any person who at any time during the shorter of—

''(A) the period beginning on January 1, 1995, and ending on the date of the disposition, or

''(B) the 5-year period ending on the date of the disposition,

owned 10 percent or more (by vote or value) of the stock in the domestic corporation.

''(2) CONSTRUCTIVE OWNERSHIP.—

''(A) IN GENERAL.—Section 318(a) (relating to constructive ownership of stock) shall apply for purposes of paragraph (1).

''(B) MODIFICATIONS.—For purposes of subparagraph (A)—

''(i) paragraph (2)(C) of section 318(a) shall be applied by substituting '10 percent' for '50 percent', and

''(ii) paragraph (3)(C) of section 318(a) shall be applied—

''(I) by substituting '10 percent' for '50 percent', and

''(II) in any case where such paragraph would not apply but for subclause (I), by considering a corporation as owning the stock (other than stock in such corporation) owned by or for any shareholder of such corporation in that proportion which the value of the stock which such shareholder owns in such corporation bears to the value of all stock in such corporation.

''(3) TREATMENT OF STOCK HELD BY CERTAIN PARTNERSHIPS.—

''(A) IN GENERAL.—For purposes of this section, if—

''(i) a partnership is a 10-percent shareholder in any domestic corporation, and

''(ii) 10 percent or more of the capital or profits interests in such partnership is held (directly or indirectly) by nonresident alien individuals or foreign corporations,

each partner in such partnership who is not otherwise a 10-percent shareholder in such corporation shall, with respect to the stock in such corporation held by the partnership, be treated as a 10-percent shareholder in such corporation.

''(B) EXCEPTION.—

''(i) IN GENERAL.—Subparagraph (A) shall not apply with respect to stock in a domestic corporation held by any partnership if, at all times during the 5-year period ending on the date of the disposition involved—

''(I) the aggregate bases of the stock and securities in such domestic corporation held by such partnership were less than 25 percent of the partnership's net adjusted asset cost, and

''(II) the partnership did not own 50 percent or more (by vote or value) of the stock in such domestic corporation.

The Secretary may by regulations disregard any failure to meet the requirements of subclause (I) where the partnership normally met such requirements during such 5-year period.

''(ii) NET ADJUSTED ASSET COST.—For purposes of clause (i), the term 'net adjusted asset cost' means—

''(I) the aggregate bases of all of the assets of the partnership other than cash and cash items, reduced by

''(II) the portion of the liabilities of the partnership not allocable (on a proportionate basis) to assets excluded under subclause (I).

''(C) EXCEPTION NOT TO APPLY TO 50-PERCENT PARTNERS.—Subparagraph (B) shall not apply in the case of any partner owning (directly or indirectly) more than 50 percent of the capital or profits interests in the partnership at any time during the 5-year period ending on the date of the disposition.

''(D) SPECIAL RULES.—For purposes of subparagraphs (B) and (C)—

''(i) TREATMENT OF PREDECESSORS.—Any reference to a partnership or corporation shall be treated as including a reference to any predecessor thereof.

''(ii) PARTNERSHIP NOT IN EXISTENCE.—If any partnership was not in existence throughout the entire 5-year period ending on the date of the disposition, only the portion of such period during which the partnership (or any predecessor) was in existence shall be taken into account.

''(E) OTHER PASS-THRU ENTITIES; TIERED ENTITIES.—Rules similar to the rules of the preceding provisions of this paragraph shall also apply in the case of any pass-thru entity other than a partnership and in the case of tiered partnerships and other entities.

''(c) COORDINATION WITH NONRECOGNITION PROVISIONS; ETC.—

''(1) COORDINATION WITH NONRECOGNITION PROVISIONS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any nonrecognition provision shall apply for purposes of this section to a transaction only in the case of—

''(i) an exchange of stock in a domestic corporation for other property the sale of which would be subject to taxation under this chapter, or

''(ii) a distribution with respect to which gain or loss would not be recognized under section 336 if the sale of the distributed property by the distributee would be subject to tax under this chapter.

''(B) REGULATIONS.—The Secretary shall prescribe regulations (which are necessary or appropriate to prevent the avoidance of Federal income taxes) providing—

''(i) the extent to which nonrecognition provisions shall, and shall not, apply for purposes of this section, and

''(ii) the extent to which—

''(I) transfers of property in a reorganization, and

''(II) changes in interests in, or distributions from, a partnership, trust, or estate,

shall be treated as sales of property at fair market value.

''(C) NONRECOGNITION PROVISION.—For purposes of this paragraph, the term 'nonrecognition provision' means any provision of this title for not recognizing gain or loss.

''(2) CERTAIN OTHER RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of subsections (g) and (j) of section 897 shall apply.

''(d) CERTAIN INTEREST TREATED AS STOCK.—For purposes of this section—

''(1) any option or other right to acquire stock in a domestic corporation,

''(2) the conversion feature of any debt instrument issued by a domestic corporation, and

''(3) to the extent provided in regulations, any other interest in a domestic corporation other than an interest solely as creditor,

shall be treated as stock in such corporation.

''(e) TREATMENT OF CERTAIN GAIN AS A DIVIDEND.—In the case of any gain which would be subject to tax by reason of this section but for a treaty and which results from any distribution in liquidation or redemption, for purposes of this subtitle, such gain shall be treated as a dividend to the extent of the earnings and profits of the domestic corporation attributable to the stock. Rules similar to the rules of section 1248(c) (determined without regard to paragraph (2)(D) thereof) shall apply for purposes of the preceding sentence.

''(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including—

''(1) regulations coordinating the provisions of this section with the provisions of section 897, and

''(2) regulations aggregating stock held by a group of persons acting together.''

(b) WITHHOLDING OF TAX.—Subchapter A of chapter 3 of such Code is amended by adding at the end the following new section:

''SEC. 1447. WITHHOLDING OF TAX ON CERTAIN STOCK DISPOSITIONS.

''(a) GENERAL RULE.—Except as otherwise provided in this section, in the case of any disposition of stock in a domestic corporation by a foreign person who is a 10-percent shareholder in such corporation, the withholding agent shall deduct and withhold a tax equal to 10 percent of the amount realized on the disposition.

''(b) EXCEPTIONS.—

''(1) STOCK WHICH IS NOT REGULARLY TRADED.—In the case of a disposition of stock which is not regularly traded, a withholding agent shall not be required to deduct and withhold any amount under subsection (a) if—

''(A) the transferor furnishes to such withholding agent an affidavit by such transferor stating, under penalty of perjury, that section 899 does not apply to such disposition because—

''(i) the transferor is not a foreign person, or

''(ii) the transferor is not a 10-percent shareholder, and

''(B) such withholding agent does not know (or have reason to know) that such affidavit is not correct.

''(2) STOCK WHICH IS REGULARLY TRADED.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a withholding agent shall not be required to deduct and withhold any amount under subsection (a) with respect to any disposition of regularly traded stock if such withholding agent does not know (or have reason to know) that section 899 applies to such disposition.

''(B) SPECIAL RULE WHERE SUBSTANTIAL DISPOSITION.—If—

''(i) there is a disposition of regularly traded stock in a corporation, and

''(ii) the amount of stock involved in such disposition constitutes 1 percent or more (by vote or value) of the stock in such corporation,

subparagraph (A) shall not apply but paragraph (1) shall apply as if the disposition involved stock which was not regularly traded.

''(C) NOTIFICATION BY FOREIGN PERSON.—If section 899 applies to any disposition by a foreign person of regularly traded stock, such foreign person shall notify the withholding agent that section 899 applies to such disposition.

''(3) NONRECOGNITION TRANSACTIONS.—A withholding agent shall not be required to deduct and withhold any amount under subsection (a) in any case where gain or loss is not recognized by reason of section 899(c) (or the regulations prescribed under such section).

''(c) SPECIAL RULE WHERE NO WITHHOLDING.—If—

''(1) there is no amount deducted and withheld under this section with respect to any disposition to which section 899 applies, and

''(2) the foreign person does not pay the tax imposed by this subtitle to the extent attributable to such disposition on the date prescribed therefor,

for purposes of determining the amount of such tax, the foreign person's basis in the stock disposed of shall be treated as zero or such other amount as the Secretary may determine (and, for purposes of section 6501, the underpayment of such tax shall be treated as due to a willful attempt to evade such tax).

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) WITHHOLDING AGENT.—The term 'withholding agent' means—

''(A) the last United States person to have the control, receipt, custody, disposal, or payment of the amount realized on the disposition, or

''(B) if there is no such United States person, the person prescribed in regulations.

''(2) FOREIGN PERSON.—The term 'foreign person' means any person other than a United States person.

''(3) REGULARLY TRADED STOCK.—The term 'regularly traded stock' means any stock of a class which is regularly traded on an established securities market.

''(4) AUTHORITY TO PRESCRIBE REDUCED AMOUNT.—At the request of the person making the disposition or the withholding agent, the Secretary may prescribe a reduced amount to be withheld under this section if the Secretary determines that to substitute such reduced amount will not jeopardize the collection of the tax imposed by section 871(b)(1) or 882(a)(1).

''(5) OTHER TERMS.—Except as provided in this section, terms used in this section shall have the same respective meanings as when used in section 899.

''(6) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of section 1445(e) shall apply for purposes of this section.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations coordinating the provisions of this section with the provisions of sections 1445 and 1446.''

(c) EXCEPTION FROM BRANCH PROFITS TAX.—Subparagraph (C) of section 884(d)(2) of such Code is amended to read as follows:

''(C) gain treated as effectively connected with the conduct of a trade or business within the United States under—

''(i) section 897 in the case of the disposition of a United States real property interest described in section 897(c)(1)(A)(ii), or

''(ii) section 899,''.

(d) REPORTS WITH RESPECT TO CERTAIN DISTRIBUTIONS.—Paragraph (2) of section 6038B(a) of such Code (relating to notice of certain transfers to foreign person) is amended by striking ''section 336'' and inserting ''section 302, 331, or 336''.

(e) CLERICAL AMENDMENTS.—

(1) The table of sections for subpart D of part II of subchapter N of chapter 1 of such Code is amended by adding at the end the following new item:

''Sec. 899. Dispositions of stock in domestic corporations by 10-percent foreign shareholders.''

(2) The table of sections for subchapter A of chapter 3 of such Code is amended by adding at the end the following new item:

''Sec. 1447. Withholding of tax on certain stock dispositions.''

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to dispositions after the date of the enactment of this Act, except that section 1447 of such Code (as added by this section) shall not apply to any disposition before the date 6 months after the date of the enactment of this Act.

(2) COORDINATION WITH TREATIES.—

(A) IN GENERAL.—Sections 899 (other than subsection (e) thereof) and 1447 of such Code (as added by this section) shall not apply to any disposition if such disposition is by a qualified resident of a foreign country and the application of such sections to such disposition would be contrary to any treaty between the United States and such foreign country which is in effect on the date of the enactment of this Act and at the time of such disposition.

(B) QUALIFIED RESIDENT.—For purposes of subparagraph (A), the term ''qualified resident'' means any resident of the foreign country entitled to the benefits of the treaty referred to in subparagraph (A); except that such term shall not include a corporation unless such corporation is a qualified resident of such country (as defined in section 884(e)(4) of such Code).

SEC. ___06. PORTFOLIO DEBT.

(a) IN GENERAL.—Section 871(h)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

''(3) PORTFOLIO INTEREST TO INCLUDE ONLY INTEREST ON GOVERNMENT OBLIGATIONS.—The term 'portfolio interest' shall include only interest paid on an obligation issued by a governmental entity.''

(b) CONFORMING AMENDMENTS.—

(1) Section 881(c)(3) of such Code is amended—

(A) in subparagraph (A), by adding ''or'' at the end, and

(B) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B).

(2) Section 881(c)(4) of such Code is amended—

(A) by striking ''section 871(h)(4)'' and inserting ''section 871(h)(3) or (4)'', and

(B) in the heading, by inserting ''INTEREST ON NON-GOVERNMENT OBLIGATIONS OR'' after ''INCLUDE''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest received after December 31, 1995, with respect to obligations issued after such date.

SEC. ___07. SOURCE OF INCOME FROM CERTAIN SALES OF INVENTORY PROPERTY.

(a) GENERAL RULE.—Subsection (b) of section 865 of the Internal Revenue Code of 1986 (relating to exception for inventory property) is amended to read as follows:

''(b) INVENTORY PROPERTY.—

''(1) INCOME ATTRIBUTABLE TO PRODUCTION ACTIVITY.—In the case of income from the sale of inventory property produced (in whole or in part) by the taxpayer—

''(A) a portion (determined under regulations) of such income shall be allocated to production activity (and sourced in the United States or outside the United States depending on where such activity occurs), and

''(B) the remaining portion of such income shall be sourced under the other provisions of this section.

The regulations prescribed under subparagraph (A) shall provide that at least 50 percent of such income shall be allocated to production activities.

''(2) SALES INCOME.—

''(A) UNITED STATES RESIDENTS.—Income from the sale of inventory property by a United States resident shall be sourced outside the United States if—

''(i) the property is sold for use, consumption, or disposition outside the United States and an office or another fixed place of business of the taxpayer outside the United States participated materially in the sale, and

''(ii) such sale is not (directly or indirectly) to an affiliate of the taxpayer.

''(B) NONRESIDENT.—Income from the sale of inventory property by a nonresident shall be sourced in the United States if—

''(i) the taxpayer has an office or other fixed place of business in the United States, and

''(ii) such sale is through such office or other fixed place of business.

This subparagraph shall not apply if the requirements of clauses (i) and (ii) of subparagraph (A) are met with respect to such sale.

''(3) COORDINATION WITH TREATIES.—For purposes of paragraph (2)(A)(i), a United States resident shall not be treated as having an office or fixed place of business in a foreign country if a treaty prevents such country from imposing an income tax on the income.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to income from sales occurring after December 31, 1995.

SEC. ___08. ENHANCEMENT OF BENEFITS FOR FOREIGN SALES CORPORATIONS.

(a) IN GENERAL.—Subsection (a) of section 923 of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (2), by striking ''32 percent'' and inserting ''34 percent'', and

(2) in paragraph (3), by striking ''16/23'' and inserting ''17/23''.

(b) SPECIAL RULES RELATING TO CORPORATE PREFERENCE ITEMS.—Paragraph (4) of section 291(a) of such Code is amended—

(1) in subparagraph (A), by striking '' '30 percent' for '32 percent' '' and inserting '' '32 percent' for '34 percent' '', and

(2) in subparagraph (B), by striking '' '15/23' for '16/23' '' and inserting '' '16/23' for '17/23' ''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

AMENDMENT NO. 2623

On page 40, between lines 16 and 17, insert the following:

''(C) WAIVER OF LIMITATION.—The Secretary, upon a demonstration by a State that an extraordinary number of families require an exemption from the application of paragraph (1) due to disability, domestic violence, homelessness, or the need to be in the home to care for a disabled child, may permit the State to provide exemptions in excess of the 15 percent limitation described in subparagraph (B) for a specified period of time.''.

On page 40, between lines 16 and 17, insert the following:

''(4) NON-CASH ASSISTANCE FOR CHILDREN.—Nothing in paragraph (1) shall be construed as prohibiting a State from using funds provided under section 403 to provide aid, in the form of in-kind assistance, vouchers usable for particular goods or services as specified by the State, or vendor payments to individuals providing such goods or services, to the minor children of a needy family.''.

AMENDMENT NO. 2625

On page 641, between lines 11 and 12, insert the following:

SEC. 426. DURATION OF SUPPORT.

Section 466(a) (42 U.S.C. 666(a)), as amended by this Act, is amended—

(1) by inserting after paragraph (16) the following new paragraph:

''(17) Procedures under which the State—

''(A) requires a continuing support obligation by the noncustodial parent until at least the later of the date on which a child for whom a support obligation is owed reaches the age of 18, or graduates from or is no longer enrolled in secondary school or its equivalent, unless a child marries, joins the United States armed forces, or is otherwise emancipated under State law;

''(B)(i) provides that courts or administrative agencies with child support jurisdiction have the discretionary power, until the date on which the child involved reaches the age of 22, pursuant to criteria established by the State, to order child support, payable directly or indirectly (support may be paid directly to a postsecondary or vocational school or college) to a child, at least up to the age of 22 for a child enrolled full-time in an accredited postsecondary or vocational school or college and who is a student in good standing; and

''(ii) may, without application of the rebuttable presumption in section 467(b)(2), award support under this subsection in amounts that, in whole or in part, reflect the actual costs of post secondary education; and

''(C) provides for child support to continue beyond the child's age of majority provided the child is disabled, unable to be self-supportive, and the disability arose during the child's minority.''; and

(2) by adding at the end the following new sentence: ''Nothing in paragraph (17) shall preclude a State from imposing more extensive child support obligations or obligations of longer duration.''.

Section 781(b) is amended to read as follows:

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) The Adult Education Act (20 U.S.C. 1201 et seq.).

(2) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(3) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(4) The Wagner-Peyser Act (29 U.S.C. et seq.).

(5) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(6) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(7) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

In title VIII, add at the end the following:

Subtitle D—Amendment to Trade Act of 1974

SEC. 841. TRAINING AND OTHER EMPLOYMENT SERVICES FOR TRADE-IMPACTED WORKERS

Section 239(e) of the Trade Act of 1974 (19 U.S.C. 2311(e)) is amended to read as follows:

''(e) Any agreement entered into under this section shall provide that the services made available to adversely affected workers under sections 235 and 236 shall be provided through the statewide workforce development system established by the State under subtitle B of the Workforce Development Act of 1995 to provide such services to other dislocated workers.''.

AMENDMENT NO. 2628

Beginning on page 520, strike line 13 and all that follows through page 529, line 2, and insert the following:

(5) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(6) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(7) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

(c) EFFECTIVE DATES.—

(1) IMMEDIATE REPEALS.—The repeals made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SUBSEQUENT REPEALS.—The repeals made by subsection (b) shall take effect on July 1, 1998.

SEC. 782. CONFORMING AMENDMENTS.

(a) IMMEDIATE REPEALS.—

(1) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(2) REFERENCES TO TITLE II OF PUBLIC LAW 95–250.—Section 103 of Public Law 95–250 (16 U.S.C. 791) is amended—

(A) by striking the second sentence of subsection (a); and

(B) by striking the second sentence of subsection (b).

(3) REFERENCES TO SUBTITLE C OF TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(A) Section 762(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11472(a)) is amended—

(i) by striking ''each of the following programs'' and inserting ''the emergency community services homeless grant program established in section 751''; and

(ii) by striking ''tribes:'' and all that follows and inserting ''tribes.''.

(B) The table of contents of such Act is amended by striking the items relating to subtitle C of title VII of such Act.

(4) REFERENCES TO TITLE 49, UNITED STATES CODE.—

(A) Sections 5313(b)(1) and 5314(a)(1) of title 49, United States Code, are amended by striking ''5317, and 5322'' and inserting ''and 5317''.

(B) The table of contents for chapter 53 of title 49, United States Code, is amended by striking the item relating to section 5322.

(b) SUBSEQUENT REPEALS.—

(1) REFERENCES TO THE CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(A) Section 245A(h)(4)(C) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(C)) is amended by striking ''Vocational Education Act of 1963'' and inserting ''Workforce Development Act of 1995''.

(B) The Goals 2000: Educate America Act (20 U.S.C. 5801 et seq.) is amended—

(i) in section 306 (20 U.S.C. 5886)—

(I) in subsection (c)(1)(A), by striking all beginning with '' which process'' through ''Act'' and inserting ''which process shall include coordination with the benchmarks described in section 731(c)(2) of the Workforce Development Act of 1995''; and

(II) in subsection (l), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995''; and

(ii) in section 311(b) (20 U.S.C. 5891(b)), by striking paragraph (6).

(C) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(i) in section 1114(b)(2)(C)(v) (20 U.S.C. 6314(b)(2)(C)(v)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995'';

(ii) in section 9115(b)(5) (20 U.S.C. 7815(b)(5)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995'';

(iii) in section 14302(a)(2) (20 U.S.C. 8852(a)(2))—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively; and

(iv) in the matter preceding subparagraph (A) of section 14307(a)(1) (20 U.S.C. 8857(a)(1)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995''.

(D) Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking ''(20 U.S.C. 2397h(3)'' and inserting '', as such section was in effect on the day preceding the date of enactment of the Workforce Development Act of 1995''.

(E) Section 563 of the Improving America's Schools Act of 1994 (20 U.S.C. 6301 note) is amended by striking ''the date of enactment of an Act reauthorizing the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)'' and inserting ''July 1, 1998''.

(F) Section 135(c)(3)(B) of the Internal Revenue Code of 1986 (26 U.S.C. 135(c)(3)(B)) is amended—

(i) by striking ''subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act'' and inserting ''subparagraph (C) or (D) of section 703(2) of the Workforce Development Act of 1995''; and

(ii) by striking ''any State (as defined in section 521(27) of such Act)'' and inserting ''any State or outlying area (as the terms 'State' and 'outlying area' are defined in section 703 of such Act)''.

(G) Section 101(a)(11)(A) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(11)(A)) is amended by striking ''Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)'' and inserting ''Workforce Development Act of 1995''.

(H) Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking ''Carl D. Perkins Vocational Education Act'' and inserting ''Workforce Development Act of 1995''.

(I) Section 104 of the Vocational Education Amendments of 1968 (82 Stat. 1091) is amended by striking ''section 3 of the Carl D. Perkins Vocational Education Act'' and inserting ''the Workforce Development Act of 1995''.

(2) REFERENCES TO THE ADULT EDUCATION ACT.—

(A) Subsection (b) of section 402 of the Refugee Education Assistance Act (8 U.S.C. 1522, note) is repealed.

(B) Paragraph (20) of section 3 of the Library Services and Construction Act (20 U.S.C. 351a(20)) is amended to read as follows:

''(20) The term 'educationally disadvantaged adult' means an individual who—

''(A) is age 16 or older, or beyond the age of compulsory school attendance under State law;

''(B) is not enrolled in secondary school;

''(C) demonstrates basic skills equivalent to or below that of students at the fifth grade level; or

''(D) has been placed in the lowest or beginning level of an adult education program when that program does not use grade level equivalencies as a measure of students' basic skills.''.

(C)(i) Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(ii) Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(iii) Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking ''an adult basic education program under the Adult Education Act'' and inserting ''adult education activities under the Workforce Development Act of 1995''.

(iv) Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking ''section 312 of the Adult Education Act'' and inserting ''section 703 of the Workforce Development Act of 1995''.

(v) Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking ''section 312(2) of the Adult Education Act'' and inserting ''section 703 of the Workforce Development Act of 1995''.

(D) Section 203(b)(8) of the Older Americans Act (42 U.S.C. 3013(b)(8)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(3) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by section 781(b).

(4) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to under paragraph (3).

Subtitle G—Amendments to Wagner-Peyser Act

SEC. 791. GENERAL PROGRAM REQUIREMENTS.

Section 1 of the Wagner-Peyser Act (29 U.S.C. 49) is amended by striking ''national system'' and all that follows and inserting ''national system of employment service offices open to the public, there shall be in the Federal Partnership a United States Employment Service.''.

SEC. 792. DEFINITIONS.

(a) IN GENERAL.—Section 2 of the Wagner-Peyser Act (29 U.S.C. 49a) is amended—

(1) by striking paragraphs (1), (2), (3), and (4);

(2) by inserting before paragraph (5) the following paragraphs:

''(1) the term 'Federal Partnership' has the meaning given the term in section 703 of the Workforce Development Act of 1995;

''(2) the term 'one-stop career center system' means a means of providing one-stop delivery of core services described in section 716(a)(2)(B) of the Workforce Development Act of 1995;

''(3) the term 'Secretary', used without further modification, means the Secretary of Labor and the Secretary of Education, acting jointly; and''; and

(3) by redesignating paragraph (5) as paragraph (4).

(b) CONFORMING AMENDMENTS.—

(1) SECRETARY.—Sections 3(b), 6(b)(1), and 7(d) of the Wagner-Peyser Act (29 U.S.C. 49b(b), 49e(b)(1), and 49f(d)) are amended by striking ''Secretary of Labor'' and inserting ''Secretary''.

(2) DIRECTOR.—Section 12 of the Wagner-Peyser Act (29 U.S.C. 49k) is amended by striking ''The Director, with the approval of the Secretary of Labor,'' and inserting ''The Secretary''.

SEC. 793. FUNCTIONS.

(a) IN GENERAL.—Section 3 of the Wagner-Peyser Act (29 U.S.C. 49b) is amended—

(1) by striking subsection (a) and inserting the following subsection:

''(a) The Federal Partnership shall—

''(1) assist in the coordination and development of a nationwide system of labor exchange services for the general public, provided through the one-stop career center systems of the States;

''(2) assist in the development of continuous improvement models for such nationwide system that ensure private sector satisfaction with the system and meet the demands of jobseekers relating to the system; and

''(3) ensure the continuation of services for individuals receiving unemployment compensation that were provided, under a provision specified in section 781 of the Workforce Development Act of 1995, on the day before the date of enactment of such Act.''; and

(2) by adding at the end the following new subsection:

''(c) Notwithstanding any Act referred to in section 771(b) of the Workforce Development Act of 1995, the Secretary of Labor and the Secretary of Education, acting jointly, in accordance with the plan approved or determinations made by the President under section 776(c) of such Act, shall provide for, and exercise final authority over, the effective and efficient administration of this Act and the officers and employees of the United States Employment Service.''.

(b) CONFORMING AMENDMENTS.—Section 508(b) of the Unemployment Compensation Amendments of 1976 (42 U.S.C. 603a(b)) is amended—

(1) by striking ''the third sentence of section 3(a)'' and inserting ''section 3(b)''; and

(2) by striking ''49b(a)'' and inserting ''49b(b))''.

SEC. 794. DESIGNATION OF STATE AGENCIES.

Section 4 of the Wagner-Peyser Act (29 U.S.C. 49c) is amended—

(1) by striking ''a State shall, through its legislature,'' and inserting ''a Governor shall''; and

(2) by striking ''the United States Employment Service'' and inserting ''the Federal Partnership''.

SEC. 795. APPROPRIATIONS.

Section 5(c) of the Wagner-Peyser Act (29 U.S.C. 49d(c)) is amended by striking paragraph (3).

SEC. 796. ALLOTMENTS.

Section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) is amended—

(1) in subsection (a), by striking ''section 5'' and inserting ''section 5, or made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)),''; and

(2) in subsection (b)(1), by striking ''section 5 of this Act'' and inserting ''section 5, or made available under section 901(c)(1)(A) of the Social Security Act,''.

SEC. 797. DISPOSITION OF ALLOTTED FUNDS.

Section 7 of the Wagner-Peyser Act (29 U.S.C. 49f) is amended—

(1) in subsection (b)(2), by striking ''and the appropriate private industry council and chief elected official or officials'' and inserting '', and the appropriate local partnership established under section 728(a) of the Workforce Development Act of 1995 (or, where established, the appropriate local workforce development board described in section 728(b) of such Act)'';

(2) in subsection (c)(2), by striking ''any program under'' and all that follows and inserting ''any activity carried out under the Workforce Development Act of 1995.'';

(3) in subsection (d)—

(A) by striking ''United States Employment Service'' and inserting ''Federal Partnership''; and

(B) by striking ''administrative entity under the Job Training Partnership Act'' and inserting ''local entity under the Workforce Development Act of 1995''; and

(4) by adding at the end the following subsection:

''(e) All job search, placement, recruitment, labor market information, and other labor exchange services authorized under subsection (a) shall be provided through the one-stop career center system established by the State.''.

SEC. 798. STATE PLANS.

Section 8 of the Wagner-Peyser Act (29 U.S.C. 49g) is amended—

(1) by striking subsection (a) and inserting the following new subsection:

''(a) Any State desiring to receive assistance under this Act shall include in the portion of the State workforce development plan described in section 714 of the Workforce Development Act of 1995 relating to workforce employment activities, detailed plans for carrying out this Act in such State.'';

(2) by striking subsections (b), (c), and (e);

(3) in subsection (d), by striking ''United States Employment Service'' and inserting ''Federal Partnership''; and

(4) by redesignating subsection (d) as subsection (b).

SEC. 799. FEDERAL ADVISORY COUNCIL.

Section 11 of the Wagner-Peyser Act (29 U.S.C. 49j) is repealed.

AMENDMENT NO. 2629

Beginning on page 419, strike line 17 and all that follows through page 424, line 4, and insert the following:

SEC. 733. UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)(iii), by striking ''carrying into effect section 4103'' and inserting ''carrying out the activities described in sections 4103, 4103A, 4104, and 4104A''; and

(B) in subparagraph (B), in the matter preceding clause (i), by striking ''Department of Labor'' and inserting ''Department of Labor or the Workforce Development Partnership, as appropriate,''; and

(2) in the first sentence of paragraph (4), by striking ''the Department of Labor'' and inserting ''the Workforce Development Partnership''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect July 1, 1998.

AMENDMENT NO. 2630

Section 772(a)(4)(A) is amended to read as follows:

(A) IN GENERAL.—Notwithstanding any other provision of this Act or any amendment made by this Act, any provision of this Act or any amendment made by this Act that would otherwise grant the National Board the authority to carry out a function (as defined in section 776) shall be construed to give the National Board the authority only to provide advice to the Secretary of Labor and the Secretary of Education with respect to the function, and not the authority to carry out the function. The provision shall be deemed to grant the Secretary of Labor and the Secretary of Education, acting jointly, the authority to carry out the function.

AMENDMENT NO. 2631

Beginning on page 337, strike line 4 and all that follows through page 379, line 21, and insert the following:

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712, through funds received under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e), or through funds made available under section 901(c)(1)(A)(ii) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)(ii)) for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the amount made available to the State through funds received under section 6 of the Wagner-Peyser Act or through funds made available under section 901(c)(1)(A)(ii) of the Social Security Act) shall be made available for workforce employment activities, activities carried out under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), or activities described in section 716(a)(10);

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the ''flex account'') equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 712 to a State, the Secretary of Labor and the Secretary of Education, acting jointly, shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 714; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 714.

SEC. 714. STATE PLANS.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 712, the Governor of the State shall submit to the Federal Partnership, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a ''State plan''), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan in consultation, where appropriate, with the State postsecondary education agency and with community colleges.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B),

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to ensure that all publicly funded labor exchange services described in section 716(a)(2)(B), and all such services described in the Wagner-Peyser Act (29 U.S.C. 49 et seq.), are provided through the one-stop career center system of the State;

(vi) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vii) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(viii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount made available to the State under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) or under section 901(c)(1)(A)(ii) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)(ii)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount described in clause (i) to carry out the activities described in section 716(a)(10);

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2),

providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of systems of public employment offices in accordance with the Wagner-Peyser Act (29 U.S.C. 49 et seq.); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth,

including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term ''Alaska Native'' means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms ''Indian'', ''Indian tribe'', and ''tribal organization'' have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms ''Native Hawaiian'' and ''Native Hawaiian organization'' have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term ''tribally controlled community college'' has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term ''tribally controlled postsecondary vocational institution'' means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 718. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of—

(A) the funds made available to a State for any fiscal year under section 713(a)(1), less any portion of such funds made available under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) or section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)); and

(B) the funds made available to a State for any fiscal year under section 713(a)(3) for workforce employment activities;

shall be made available to the Governor of such State for use in accordance with paragraph (2).

KENNEDY AMENDMENT NO. 2632

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 359, strike lines 11 through 16 and insert the following:

viduals to participate in the statewide system; and

(N) followup services for participants who are placed in unsubsidized employment.

KENNEDY AMENDMENT NO. 2633

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 721(b), strike paragraph (4) and insert the following:

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a fiscal year, such agency shall distribute such amount for workforce education activities in such State as follows:

(A) 75 percent of such amount shall be distributed for secondary school vocational education in accordance with section 722, or for postsecondary and adult vocational education in accordance with section 723, or for both; and

(B) 25 percent of such amount shall be distributed for adult education in accordance with section 724.

KENNEDY (AND OTHERS) AMENDMENT NO. 2634

Mr. MOYNIHAN (for Mr. KENNEDY for himself, Mr. LIEBERMAN, Mr. BREAUX, and Mr. CONRAD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 17, line 8, insert ''and for each of fiscal years 1998, 1999 and 2000, the amount of the State's job placement performance bonus determined under subsection (f)(1) for the fiscal year'' after ''year''.

On page 17, line 22, insert ''and the applicable amount specified under subsection (f)(2)(B) for such fiscal year'' after ''(B)''.

On page 29, between lines 15 and 16, insert:

''(f) JOB PLACEMENT PERFORMANCE BONUS.—

''(1) IN GENERAL.—The job placement performance bonus determined with respect to a State and a fiscal year is an amount equal to the amount of the State's allocation of the job placement performance fund determined in accordance with the formula developed under paragraph (2).

''(2) ALLOCATION FORMULA; BONUS FUND.—

''(A) ALLOCATION FORMULA.—

''(i) IN GENERAL.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the job placement performance bonus fund to States based on the number of families that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program, or the number of families with a reduction in the amount of such assistance, as a result of unsubsidized employment during such year.

''(ii) FACTORS TO CONSIDER.—In developing the allocation formula under clause (i), the Secretary shall—

''(I) provide a greater financial bonus for individuals in families described in clause (i) who remain employed for greater periods of time or are at a greater risk of long-term welfare dependency;

''(II) take into account the unemployment conditions of each State or geographic area; and

''(III) take into account the number of families in each State that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program, or the number of families with a reduction in the amount of such assistance, as a result of unsubsidized employment during such year, including fiscal years prior to 1997.

''(B) JOB PLACEMENT PERFORMANCE BONUS FUND.—

''(i) GENERAL.—For purposes of establishing a job placement performance bonus fund and making disbursements from such fund in accordance with subparagraph (A), with respect to a fiscal year there are authorized to be appropriated and there are appropriated an amount equal to the sum of—

''(I)(aa) for fiscal year 1998, $70,000,000;

''(bb) for fiscal year 1999, $140,000,000;

''(cc) for fiscal year 2000, $210,000,000; and

''(II) the amount of the reduction in grants made under this section for the preceding fiscal year resulting from the application of section 407 for the fiscal year involved.

On page 29, line 16, strike ''(f)'' and insert ''(g)''.

On page 66, line 7, insert ''and a preliminary assessment of the job placement performance bonus established under section 403(f)'' before the period.

On page 108, between lines 20 and 21, insert the following new subsection:

(i) REPEAL OF MARKET PROMOTION PROGRAM.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is repealed.

KENNEDY AMENDMENT NO. 2635

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows

In section 716(a), add at the end the following:

(11) WORKFORCE EMPLOYMENT ACTIVITIES FOR DISLOCATED WORKERS.—Each State shall use 25 percent of the funds made available to the State for a program year under section 713(a)(1), less any portion of such funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A), to provide workforce employment activities for dislocated workers.

KENNEDY (AND BREAUX) AMENDMENTS NOS. 2636–2638

Mr. MOYNIHAN (for Mr. KENNEDY, for himself and Mr. BREAUX) proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2636

On page 324, strike lines 1 through 3 and insert the following:

(17) LOCAL WORKFORCE DEVELOPMENT BOARD.—The term ''local workforce development board'' means a board established under section 715.

AMENDMENT NO. 2637

On page 380, strike lines 17 through 22 and insert the following:

(ii) such additional factors as the Governor (in consultation with local workforce development boards) determines to be necessary.

AMENDMENT NO. 2638

Beginning on page 400, strike line 10 and all that follows through page 404, line 1 and insert the following:

the local workforce development board in the substate area.

SEC. 728. LOCAL AGREEMENTS AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local workforce development boards.

(2) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives on the local workforce development board shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(3) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local workforce development board;

collaborated in reaching the agreement.

(4) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local workforce development board, the Governor shall notify the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(5) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State shall facilitate

KENNEDY AMENDMENT NO. 2639

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 759, strike subsections (b) through (e) and insert the following:

(b) STATE USE OF FUNDS.—

(1) CORE JOB CORPS ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) CORE WORK-BASED LEARNING OPPORTUNITIES.—

(A) IN GENERAL.—The State shall use 25 percent of the funds made available to the State through an allotment received under subsection (c) to make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist the substate areas in organizing summer jobs programs that provide work-based learning opportunities in the private and public sectors that are directly linked to year-round school-to-work activities in the substate areas.

(B) LIMITATION.—No funds provided under this subtitle shall be used to displace employed workers.

(3) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist each such entity in carrying out alternative programs to assist out-of-school at-risk youth in participating in school-to-work activities in the substate area; and

(B) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under paragraph (2) or (3)(A) of subsection (b) from a State to carry out programs in a substate area, an entity shall prepare and submit an application to the Governor of the State at such time, in such manner, and containing such information as the Governor may require. The Governor may establish criteria for reviewing such applications. Any such criteria shall, at a minimum, include the extent to which the local partnership described in section 728(a) (or, where established, the local workforce development board described in section 728(b)) for the substate area approves of such application.

KENNEDY AMENDMENTS NOS. 2640–2660

Mr. MOYNIHAN (for Mr. KENNEDY) proposed 21 amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2640

At the end of section 716(f), insert the following:

(4) DISPLACEMENT.—No funds provided under this title shall be used in a manner that would result in—

(A) the displacement of any currently employed worker (including partial displacement such as a reduction in wages, hours of nonovertime work, or employment benefits) or the impairment of an existing contract for services or collective bargaining agreement; or

(B) the employment or assignment of a participant to fill a position when—

(i) any other person is on layoff from the same or a substantially equivalent position; or

(ii) the employer has terminated the employment of any other employee or otherwise reduced its workforce in order to fill the vacancy so created with a participant subsidized under this title.

(5) HEALTH AND SAFETY.—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of participants engaged in work activities pursuant to this title. Appropriate workers' compensation and tort claims protections shall be provided to participants on the same basis as such protections are provided to other individuals in the State in similar employment (as determined under regulations issued by the Secretary of Labor).

(6) EMPLOYMENT CONDITIONS.—Participants employed or assigned to work in positions subsidized under this title shall be provided benefits and working conditions at the same level and to the same extent as other employees working a similar length of time and doing the same type of work.

(7) DISPUTE RESOLUTION PROCEDURE.—The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a dispute resolution procedure for resolving complaints alleging violations of any of the prohibitions or requirements described in this subsection. Such procedure shall include an opportunity for a hearing and shall be completed not later than the 90th day after the date of the submission of a complaint, by which day the complainant shall be provided a written decision by the State. A decision of the State under such procedure, or a failure of a State to issue a decision within the 90-day period, may be appealed to the Secretary of Labor, who shall investigate the allegations contained in the complaint and make a determination not later than 60 days after the date of the appeal as to whether a violation of a prohibition or requirement of this subsection has occurred.

(8) REMEDIES.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), remedies that may be imposed under this paragraph for violations of the prohibitions and requirements described in this subsection shall be limited to—

(i) suspension or termination of payments under this title;

(ii) prohibition of placement of any participant, for an appropriate period of time, with an employer that has violated this subsection; and

(iii) appropriate equitable relief (other than back pay).

(B) EXCEPTIONS.—

(i) REPAYMENT.—If the Secretary of Labor determines that a violation of paragraph (2) or (3) has occurred, the Secretary of Labor shall require the State or substate recipient of funds that has violated paragraph (2) or (3), respectively, to repay to the United States an amount equal to the amount expended in violation of paragraph (2) or (3), respectively.

(ii) ADDITIONAL REMEDIES.—In addition to the remedies available under subparagraph (A), remedies available under this paragraph for violations of paragraph (4) may include—

(I) reinstatement of the displaced employee to the position held by such employee prior to displacement;

(II) payment of lost wages and benefits of the employee; and

(III) reestablishment of other relevant terms, conditions, and privileges of employment of the employee.

(C) OTHER LAWS OR CONTRACTS.—Nothing in this paragraph shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of the prohibitions or requirements described in this subsection.

AMENDMENT NO. 2641

On page 337, strike lines 4 through 20 and insert the following:

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712 and the funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this title for a program year—

(1) a portion equal to 40 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities or activities described in section 716(a)(10);

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the ''flex account'') equal to 35 percent of such sum shall be made available for flexible workforce activities.

AMENDMENT NO. 2642

In section 759, strike subsections (b) through (e) and insert the following:

(b) STATE USE OF FUNDS.—

(1) CORE JOB CORPS ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) CORE WORK-BASED LEARNING OPPORTUNITIES.—

(A) IN GENERAL.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist the substate areas in organizing summer jobs programs that provide work-based learning opportunities in the private and public sectors that are directly linked to year-round school-to-work activities in the substate areas.

(B) LIMITATION.—No funds provided under this subtitle shall be used to displace employed workers.

(3) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist each such entity in carrying out alternative programs to assist out-of-school at-risk youth in participating in school-to-work activities in the substate area; and

(B) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under paragraph (2) or (3)(A) of subsection (b) from a State to carry out programs in a substate area, an entity shall prepare and submit an application to the Governor of the State at such time, in such manner, and containing such information as the Governor may require. The Governor may establish criteria for reviewing such applications. Any such criteria shall, at a minimum, include the extent to which the local partnership described in section 728(a) (or, where established, the local workforce development board described in section 728(b)) for the substate area approves of such application.

AMENDMENT NO. 2643

On page 424, line 8, strike ''$6,127,000,000'' and insert ''$8,100,000,000''.

AMENDMENT NO. 2644

Beginning on page 366, strike line 24 and all that follows through page 367, line 24, and insert the following:

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—

(1) IN GENERAL.—In the case of a State that meets the requirements of section 728(c), the State may, subject to paragraph (2), use not more than 10 percent of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(A) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(B) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(C) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(D) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(E) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(F) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(2) CONDITIONS.—In order for a State to be eligible to use funds described in paragraph (1) to award a grant to provide services described in paragraph (1)—

(A) the State shall make available (directly or through donations from the affected employers or businesses) non-Federal contributions in an amount equal to not less than $1 for every $1 of Federal funds provided under the grant;

(B) the services are designed to result in an increase in the wages of the incumbent workers served; and

(C) the providers of the services are—

(i) eligible to provide services under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.); or

(ii) determined to be eligible, under procedures established by the Governor, to receive payment through vouchers as described in subsection (a)(9)(B)(i)(III).

AMENDMENT NO. 2645

On page 407, line 16, strike ''the funds'' and insert ''not more than 10 percent of the funds''.

AMENDMENT NO. 2646

Beginning on page 333, line 20, strike all through page 569, line 2, and insert the following:

734(b)(7), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership—

(A) using funds equal to 60 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State bears to the total number of such individuals in all States;

(B) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in all States;

(C) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in all States; and

(D) using funds equal to 20 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average monthly number of adult recipients of assistance (as determined by the Secretary of Health and Human Services for the most recent 12-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average monthly number of adult recipients of assistance (as so determined) in all States.

(c) ADJUSTMENTS.—

(1) DEFINITION.—As used in this subsection, the term ''national average per capita payment'', used with respect to a program year, means the amount obtained by dividing—

(A) the total amount allotted to all States under this section for the program year; by

(B) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in all States.

(2) MINIMUM ALLOTMENT.—Except as provided in paragraph (3), no State with a State plan approved under section 714 for a program year shall receive an allotment under this section for the program year in an amount that is less than 0.5 percent of the amount reserved under section 734(b)(7) for the program year.

(3) LIMITATION.—No State that receives an increase in an allotment under this section for a program year as a result of the application of paragraph (2) shall receive an allotment under this section for the program year in an amount that is more than the product obtained by multiplying—

(A) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State; and

(B) the product obtained by multiplying—

(i) 1.3; and

(ii) the national average per capita payment for the program year.

SEC. 713. STATE APPORTIONMENT BY ACTIVITY.

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712 and the funds made available under section

901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this title for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities;

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the ''flex account'') equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 712 to a State, the Secretary of Labor and the Secretary of Education, acting jointly, shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 714; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 714.

SEC. 714. STATE PLANS.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 712, the Governor of the State shall submit to the Federal Partnership, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a ''State plan''), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan in consultation, where appropriate, with the State postsecondary education agency and with community colleges.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B),

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vi) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(vii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as

unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the

workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term ''Alaska Native'' means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms ''Indian'', ''Indian tribe'', and ''tribal organization'' have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms ''Native Hawaiian'' and ''Native Hawaiian organization'' have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term ''tribally controlled community college'' has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term ''tribally controlled postsecondary vocational institution'' means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(1), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 718. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (1) and (3) of section 713(a) for workforce employment activities shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment activities through the statewide system, of which not more than 20 percent of such 25 percent may be used for administrative expenses; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of assistance, as determined using the definitions specified and the determinations described in section 712(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships described in section 728(a) or, where established, local workforce development boards described in section 728(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 713(a) for workforce education activities shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 722, 723, or 724, to carry out workforce education activities through the statewide system.

(3) STATE ACTIVITIES.—Activities to be carried out under paragraph (2)(A) may include professional development, technical assistance, and program assessment activities.

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 722, 723, and 724 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this subtitle shall be construed to prohibit any individual, entity, or agency in a State (other than the State educational agency) that is administering workforce education activities or setting education policies consistent with authority under State law for workforce education activities, on the day preceding the date of enactment of this Act from continuing to administer or set education policies consistent with authority under State law for such activities under this subtitle.

SEC. 722. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section and section 725, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) by such agency for secondary school vocational education under section 721(b)(3)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely-populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this subtitle shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 721(b)(3)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Federal Partnership that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 723. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 725, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 721(b)(3)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) from such remainder bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Federal Partnership may waive the application of subsection (a) in the case of any State educational agency that submits to the Federal Partnership an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families receiving assistance under a State program funded under part A of title IV of the Social Security Act;

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITION.—For the purposes of this section—

(1) the term ''eligible institution'' means a postsecondary educational institution, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term ''low-income'', used with respect to a person, means a person who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(3) the term ''Pell Grant recipient'' means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

SEC. 724. DISTRIBUTION FOR ADULT EDUCATION.

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for adult education under section 721(b)(3)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 721(b)(3)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the purposes of this title; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 725. SPECIAL RULE FOR MINIMAL ALLOCATION.

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 722 or 723 such agency may, notwithstanding the provisions of section 722 or 723, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 723(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term ''minimal amount'' means not more than 15 percent of the total amount made available by the State educational agency under section 721(b)(3)(A) for section 722 or 723, respectively, for such program year.

SEC. 726. REDISTRIBUTION.

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 722 or 723 does not expend all of the amounts distributed to such entity for such year under section 722 or 723, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 722 or 723, respectively.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 722 or 723 and the State educational agency is unable to redistribute such amounts according to section 722 or 723, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

SEC. 727. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this subtitle for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term ''eligible entity'' means an entity eligible for financial assistance under section 722, 723, or 724 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 716(b), and other workforce education activities, will be carried out with funds received under this subtitle;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently evaluate and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

SEC. 728. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools, local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, community-based organizations, and veterans, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board);

collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, jobseekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 712, to meet the State goals and reach the State benchmarks; and

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the workforce development activities carried out in the substate area;

(B) entering into local agreements with the Governor as described in subsection (a);

(C) overseeing the operations of the one-stop delivery of core services described in section 716(a)(2) in the substate area, including the responsibility to—

(i) designate local entities to operate the one-stop delivery in the substate area, consistent with the criteria referred to in section 716(a)(2); and

(ii) develop and approve the budgets and annual operating plans of the providers of the one-stop delivery; and

(D) submitting annual reports to the Governor on the progress being made in the substate area toward meeting the State goals and reaching the State benchmarks.

(5) CONSULTATION.—A local workforce development board that serves a substate area shall conduct the functions described in paragraph (4) in consultation with the chief elected officials in the substate area.

(c) ECONOMIC DEVELOPMENT ACTIVITIES.—A State shall be eligible to use the funds made available through the flex account for flexible workforce activities to carry out economic development activities if—

(1) the boards described in section 715 and subsection (b) are established in the State; or

(2) in the case of a State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle, the board described in section 715 is established in the State.

SEC. 729. CONSTRUCTION.

Nothing in this title shall be construed—

(1) to prohibit a local educational agency (or a consortium thereof) that receives assistance under section 722, from working with an eligible entity (or consortium thereof) that receives assistance under section 723, to carry out secondary school vocational education activities in accordance with this title; or

(2) to prohibit an eligible entity (or consortium thereof) that receives assistance under section 723, from working with a local educational agency (or consortium thereof) that receives assistance under section 722, to carry out postsecondary and adult vocational education activities in accordance with this title.

CHAPTER 3—ADMINISTRATION

SEC. 731. ACCOUNTABILITY.

(a) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall annually prepare and submit to the Federal Partnership, a report that states how the State is performing on State benchmarks specified in this section, which relate to workforce development activities carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

(2) CONSOLIDATED REPORT.—In lieu of submitting separate reports under paragraph (1) and section 409(a) of the Social Security Act, the State may prepare a consolidated report. Any consolidated report prepared under this paragraph shall contain the information described in paragraph (1) and subsections (a) through (h) of section 409 of the Social Security Act. The State shall submit any consolidated report prepared under this paragraph to the Federal Partnership, the Secretary of Agriculture, and the Secretary of Health and Human Services, on the dates specified in section 409(a) of the Social Security Act.

(b) GOALS.—

(1) MEANINGFUL EMPLOYMENT.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of assisting participants in obtaining meaningful unsubsidized employment opportunities in the State.

(2) EDUCATION.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of enhancing and developing more fully the academic, occupational, and literacy skills of all segments of the population of the State.

(c) BENCHMARKS.—

(1) MEANINGFUL EMPLOYMENT.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(1), which shall include, at a minimum, measures of—

(A) placement in unsubsidized employment of participants;

(B) retention of the participants in such employment (12 months after completion of the participation); and

(C) increased earnings for the participants.

(2) EDUCATION.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(2), which shall include, at a minimum, measures of—

(A) student mastery of academic knowledge and work readiness skills;

(B) student mastery of occupational and industry-recognized skills according to skill proficiencies for students in career preparation programs;

(C) placement in, retention in, and completion of secondary education (as determined under State law) and postsecondary education, and placement and retention in employment and in military service; and

(D) mastery of the literacy, knowledge, and skills adults need to be productive and responsible citizens and to become more actively involved in the education of their children.

(3) POPULATIONS.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure progress toward meeting the goals described in subsection (b) for populations including, at a minimum—

(A) welfare recipients (including a benchmark for welfare recipients described in section 3(36)(B));

(B) individuals with disabilities;

(C) older workers;

(D) at-risk youth;

(E) dislocated workers; and

(F) veterans.

(4) SPECIAL RULE.—If a State has developed for all students in the State performance indicators, attainment levels, or assessments for skills according to challenging academic, occupational, or industry-recognized skill proficiencies, the State shall use such performance indicators, attainment levels, or assessments in measuring the progress of all students served under this title in attaining the skills.

(5) NEGOTIATIONS.—

(A) INITIAL DETERMINATION.—On receipt of a State plan submitted under section 714, the Federal Partnership shall, not later than 30 days after the date of the receipt, determine—

(i) how the proposed State benchmarks identified by the State in the State plan compare to the model benchmarks established by the Federal Partnership under section 772(b)(2);

(ii) how the proposed State benchmarks compare with State benchmarks proposed by other States in their State plans; and

(iii) whether the proposed State benchmarks, taken as a whole, are sufficient—

(I) to enable the State to meet the State goals; and

(II) to make the State eligible for an incentive grant under section 732(a).

(B) NOTIFICATION.—The Federal Partnership shall immediately notify the State of the determinations referred to in subparagraph (A). If the Federal Partnership determines that the proposed State benchmarks are not sufficient to make the State eligible for an incentive grant under section 732(a), the Federal Partnership shall provide the State with guidance on the steps the State may take to allow the State to become eligible for the grant.

(C) REVISION.—Not later than 30 days after the date of receipt of the notification referred to in subparagraph (B), the State may revise some or all of the State benchmarks identified in the State plan in order to become eligible for the incentive grant or provide reasons why the State benchmarks should be sufficient to make the State eligible for the incentive grant.

(D) DETERMINATION.—After reviewing any revised State benchmarks or information submitted by the State in accordance with subparagraph (C), the Federal Partnership shall make a determination on the eligibility of the State for the incentive grant, as described in paragraph (6), and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award a grant to the State under section 732(a).

(6) INCENTIVE GRANTS.—Each State that sets high benchmarks under paragraph (1), (2), or (3) and reaches or exceeds the benchmarks, as determined by the Federal Partnership, shall be eligible to receive an incentive grant under section 732(a).

(7) SANCTIONS.—A State that has failed to demonstrate sufficient progress toward reaching the State benchmarks established under this subsection for the 3 years covered by a State plan described in section 714, as determined by the Federal Partnership, may be subject to sanctions under section 732(b).

(d) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall establish a job placement accountability system, which will provide a uniform set of data to track the progress of the State toward reaching the State benchmarks.

(2) DATA.—

(A) IN GENERAL.—In order to maintain data relating to the measures described in subsection (c)(1), each such State shall establish

a job placement accountability system using quarterly wage records available through the unemployment insurance system. The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), in conjunction with the Commissioner of Labor Statistics, shall maintain the job placement accountability system and match information on participants served by the statewide systems of the State and other States with quarterly employment and earnings records.

(B) REIMBURSEMENT.—Each local entity that carries out workforce employment activities or workforce education activities and that receives funds under this subtitle shall provide information regarding the social security numbers of the participants served by the entity and such other information as the State may require to the State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B).

(C) CONFIDENTIALITY.—The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), shall protect the confidentiality of information obtained through the job placement accountability system through the use of recognized security procedures.

(e) INDIVIDUAL ACCOUNTABILITY.—Each State that receives an allotment under section 712 shall devise and implement procedures to provide, in a timely manner, information on participants in activities carried out through the statewide system who are participating as a condition of receiving welfare assistance. The procedures shall require that the State provide the information to the State and local agencies carrying out the programs through which the welfare assistance is provided, in a manner that ensures that the agencies can monitor compliance with the conditions regarding the receipt of the welfare assistance.

SEC. 732. INCENTIVES AND SANCTIONS.

(a) INCENTIVES.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award incentive grants of not more than $15,000,000 per program year to a State that—

(A) reaches or exceeds State benchmarks established under section 731(c), with an emphasis on the benchmarks established under section 731(c)(3), in accordance with section 731(c)(6); or

(B) demonstrates to the Federal Partnership that the State has made substantial reductions in the number of adult recipients of assistance, as defined in section 712(b)(1)(A), resulting from increased placement of such adult recipients in unsubsidized employment.

(2) USE OF FUNDS.—A State that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(b) SANCTIONS.—

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—If the Federal Partnership determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 731(c) for the 3 years covered by a State plan described in section 714, the Federal Partnership shall provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may reduce the allotment of the State under section 712 by not more than 10 percent per program year for not more than 3 years. The Federal Partnership may determine that the failure of the State to demonstrate such progress is attributable to the workforce employment activities, workforce education activities, or flexible workforce activities, of the State and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may decide to reduce only the portion of the allotment for such activities.

(2) EXPENDITURE CONTRARY TO TITLE.—If the Governor of a State determines that a local entity that carries out workforce employment activities in a substate area of the State has expended funds made available under this title in a manner contrary to the purposes of this title, and such expenditures do not constitute fraudulent activity, the Governor may deduct an amount equal to the funds from a subsequent program year allocation to the substate area.

(c) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may use an amount retained as a result of a reduction in an allotment made under subsection (b)(1) to award an incentive grant under subsection (a).

SEC. 733. UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking clause (ii) and inserting the following:

''(ii) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and''; and

(ii) in clause (iii), by striking ''carrying into effect section 4103'' and ''carrying out the activities described in sections 4103, 4103A, 4104, and 4104A''; and

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking ''Department of Labor'' and inserting ''Department of Labor or the Workforce Development Partnership, as appropriate,''; and

(ii) by striking clause (iii) and inserting the following:

''(iii) the Workforce Development Act of 1995,''; and

(2) in the first sentence of paragraph (4), by striking ''the total cost'' and all that follows through ''the President determines'' and inserting ''the total cost of administering the statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and of the necessary expenses of the Workforce Development Partnership for the performance of the functions of the partnership under such Act, as the President determines''.

(b) GUAM; UNITED STATES VIRGIN ISLANDS.—From the total amount made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) (referred to in this section as the ''total amount'') for each fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly, shall first allot to Guam and the United States Virgin Islands an amount that, in relation to the total amount for the fiscal year, is equal to the allotment percentage that each received of amounts available under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) in fiscal year 1983.

(c) STATES.—

(1) ALLOTMENTS.—

(A) IN GENERAL.—Subject to paragraphs (2) and (3), the Secretary of Labor and the Secretary of Education, acting jointly, shall (after making the allotments required by subsection (b)) allot the remainder of the total amount for each fiscal year among the States as follows:

(i) CIVILIAN LABOR FORCE.—Two-thirds of such remainder shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States.

(ii) UNEMPLOYED INDIVIDUALS.—One-third of such remainder shall be allotted on the basis of the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States.

(B) CALCULATION.—For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the most recent calendar year available, as determined by the Secretary of Labor and the Secretary of Education, acting jointly.

(2) MINIMUM PERCENTAGE.—No State allotment under this section for any fiscal year shall be a smaller percentage of the total amount for the fiscal year than 90 percent of the allotment percentage for the State for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this section, the Secretary of Labor and the Secretary of Education, acting jointly, shall determine the allotment percentage for each State for fiscal year 1984, which shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for fiscal year 1983. For the purpose of this section, for each succeeding fiscal year, the allotment percentage for each such State shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for the preceding fiscal year.

(3) MINIMUM ALLOTMENT.—For each fiscal year, no State shall receive a total allotment under paragraphs (1) and (2) that is less than 0.28 percent of the total amount for such fiscal year.

(4) ESTIMATES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, not later than March 15 of each fiscal year, provide preliminary planning estimates and shall, not later than May 15 of each fiscal year, provide final planning estimates, showing the projected allocation for each State for the following year.

(5) DEFINITION.—Notwithstanding section 703, as used in paragraphs (2) through (4), the term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and United States Virgin Islands.

(d) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect July 1, 1998.

SEC. 734. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title (other than subtitle C) $6,127,000,000 for each of fiscal years 1998 through 2001.

(b) RESERVATIONS.—Of the amount appropriated under subsection (a)—

(1) not more than 1.25 percent shall be reserved for carrying out section 717;

(2) not more than 0.2 percent shall be reserved for carrying out section 718;

(3) 4.3 percent shall be reserved for making incentive grants under section 732(a) and for the administration of this title;

(4) not more than 1.4 percent shall be reserved for carrying out section 773;

(5) 0.15 percent shall be reserved for carrying out sections 774 and 775 and the National Literacy Act of 1991 (20 U.S.C. 1201 note);

(6) not more than 6.7 percent shall be reserved for carrying out section 775A; and

(7) the remainder shall be reserved for making allotments under section 712.

(c) PROGRAM YEAR.—

(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) ADMINISTRATION.—Funds obligated for any program year may be expended by each recipient during the program year and the 2 succeeding program years and no amount shall be deobligated on account of a rate of expenditure that is consistent with the provisions of the State plan specified in section 714 that relate to workforce employment activities.

SEC. 735. EFFECTIVE DATE.

This subtitle shall take effect July 1, 1998.

Subtitle C—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. PURPOSES.

The purposes of this subtitle are—

(1) to maintain a Job Corps for at-risk youth as part of statewide systems;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of residential and nonresidential Job Corps centers in which enrollees will participate in intensive programs of workforce development activities;

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps; and

(5) to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens.

SEC. 742. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term ''at-risk youth'' means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term ''enrollee'' means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term ''Governor'' means the chief executive officer of a State.

(4) JOB CORPS.—The term ''Job Corps'' means the corps described in section 744.

(5) JOB CORPS CENTER.—The term ''Job Corps center'' means a center described in section 744.

SEC. 743. AUTHORITY OF GOVERNOR.

The duties and powers granted to a State by this subtitle shall be considered to be granted to the Governor of the State.

CHAPTER 2—JOB CORPS

SEC. 744. GENERAL AUTHORITY.

If a State receives an allotment under section 759, and a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755, the State shall use a portion of the funds made available through the allotment to maintain the center, and carry out activities described in this subtitle for individuals enrolled in a Job Corps and assigned to the center.

SEC. 745. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The State shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps.

(2) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(3) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

(c) INDIVIDUALS ELIGIBLE.—To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 746. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the State shall assign an enrollee to the Job Corps center within the State that is closest to the residence of the enrollee.

(2) AGREEMENTS WITH OTHER STATES.—The State may enter into agreements with 1 or more States to enroll individuals from the States in the Job Corps and assign the enrollees to Job Corps centers in the State.

SEC. 747. JOB CORPS CENTERS.

(a) DEVELOPMENT.—The State shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the establishment and operation of a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748.

(c) CIVILIAN CONSERVATION CENTERS.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(d) JOB CORPS OPERATORS.—To be eligible to receive funds under this chapter, an entity who entered into a contract with the Secretary of Labor that is in effect on the effective date of this section to carry out activities through a center under part B of title IV of the Job Training Partnership Act (as in effect on the day before the effective date of this section), shall enter into a contract with the State in which the center is located that contains provisions substantially similar to the provisions of the contract with the Secretary of Labor, as determined by the State.

SEC. 748. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment on completion of their enrollment.

(b) ARRANGEMENTS.—The State shall arrange for enrollees assigned to Job Corps centers in the State to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center located in a State shall be connected to the job placement accountability system of the State described in section 731(d).

SEC. 749. SUPPORT.

The State shall provide enrollees assigned to Job Corps centers in the State with such personal allowances as the State may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 750. OPERATING PLAN.

To be eligible to operate a Job Corps center and receive assistance under section 759 for program year 1998 or any subsequent program year, an entity shall prepare and submit, to the Governor of the State in which the center is located, and obtain the approval of the Governor for, an operating plan that shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan for the State submitted under section 714;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State.

SEC. 751. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The State shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such

standards of conduct shall include provisions forbidding violence, drug abuse, and other criminal activity.

(b) DISCIPLINARY MEASURES.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Corps if the director determines that the retention of the enrollee in the Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. If the director determines that an enrollee has engaged in an incident involving violence, drug abuse, or other criminal activity, the director shall immediately dismiss the enrollee from the Corps.

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the State.

SEC. 752. COMMUNITY PARTICIPATION.

The State shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities may include the use of any local workforce development boards established in the State under section 728(b) to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

SEC. 753. COUNSELING AND PLACEMENT.

The State shall ensure that enrollees assigned to Job Corps centers in the State receive counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

SEC. 754. LEASES AND SALES OF CENTERS.

(a) LEASES.—

(1) IN GENERAL.—The Secretary of Labor shall offer to enter into a lease with each State that has an approved State plan submitted under section 714 and in which 1 or more Job Corps centers are located.

(2) NOMINAL CONSIDERATION.—Under the terms of the lease, the Secretary of Labor shall lease the Job Corps centers in the State to the State in return for nominal consideration.

(3) INDEMNITY AGREEMENT.—To be eligible to lease such a center, a State shall enter into an agreement to hold harmless and indemnify the United States from any liability or claim for damages or injury to any person or property arising out of the lease.

(b) SALES.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary of Labor shall offer each State described in subsection (a)(1) the opportunity to purchase the Job Corps centers in the State in return for nominal consideration.

SEC. 755. CLOSURE OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS AUDIT.—Not later than March 31, 1997, the Federal Partnership shall conduct an audit of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the audit, including information indicating—

(1) the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part (referred to in this subtitle as a ''Job Corps center''), the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses; and

(5) the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report.

(b) RECOMMENDATIONS OF NATIONAL BOARD.—

(1) RECOMMENDATIONS.—The National Board shall, based on the results of the audit described in subsection (a), make recommendations to the Secretary of Labor, including identifying 25 Job Corps centers to be closed by September 30, 1997.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the National Board shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the audit described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the audit described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the National Board may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the National Board shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the National Board shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the National Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the National Board resulting from the audit described in subsection (a) together with the recommendations described in paragraph (1).

(c) CLOSURE.—The Secretary of Labor shall, after reviewing the report submitted under subsection (b)(3), close 25 Job Corps centers by September 30, 1997.

SEC. 756. INTERIM OPERATING PLANS FOR JOB CORPS CENTERS.

Part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.) is amended by inserting after section 439 the following section:

''SEC. 439A. OPERATING PLAN.

''(a) SUBMISSION OF PLAN.—To be eligible to operate a Job Corps center and receive assistance under this part for fiscal year 1997, an entity shall prepare and submit to the Secretary and the Governor of the State in which the center is located, and obtain the approval of the Secretary for, an operating plan that shall include, at a minimum, information indicating—

''(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the interim plan for the State submitted under section 763 of the Workforce Development Act of 1995;

''(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

''(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995 by the State as identified in the interim plan.

''(b) SUBMISSION OF COMMENTS.—Not later than 30 days after receiving an operating plan described in subsection (a), the Governor of the State in which the center is located may submit comments on the plan to the Secretary.

''(c) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities to be carried out through the statewide system of the State in which the center is located.''.

SEC. 757. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) INTERIM PROVISIONS.—Sections 754 and 755, and the amendment made by section 756, shall take effect on the date of enactment of this Act.

CHAPTER 3—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH

SEC. 759. WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.

(a) IN GENERAL.—For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under subsection (c) to States to assist the States in paying for the cost of carrying out workforce preparation activities for at-risk youth, as described in this section.

(b) STATE USE OF FUNDS.—

(1) CORE ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a

center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities, as described in subsection (e), to assist the entities in carrying out innovative programs to assist out-of-school at-risk youth in participating in school-to-work activities;

(B) make grants to eligible entities, as described in subsection (e), to assist the entities in providing work-based learning as a component of school-to-work activities, including summer jobs linked to year-round school-to-work programs; and

(C) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b)(2) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under subparagraph (A) or (B) of subsection (b)(2) from a State, an entity shall prepare and submit to the Governor of the State an application at such time, in such manner, and containing such information as the Governor may require.

(f) WITHIN STATE DISTRIBUTION.—Of the funds allotted to a State under subsection (c)(3) for workforce preparation activities for at-risk youth for a program year—

(1) 15 percent shall be reserved by the Governor to carry out such activities through the statewide system; and

(2) 85 percent shall be distributed to local entities to carry out such activities through the statewide system.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle, $2,100,000,000 for each of fiscal years 1998 through 2001.

(h) EFFECTIVE DATE.—This chapter shall take effect on July 1, 1998.

Subtitle D—Transition Provisions

SEC. 761. WAIVERS.

(a) WAIVER AUTHORITY.—

(1) IN GENERAL.—Notwithstanding any other provision of Federal law, and except as provided in subsection (d), the Secretary may waive any requirement under any provision of law relating to a covered activity, or of any regulation issued under such a provision, for—

(A) a State that requests such a waiver and submits an application as described in subsection (b); or

(B) a local entity that requests such a waiver and complies with the requirements of subsection (c);

in order to assist the State or local entity in planning or developing a statewide system or workforce development activities to be carried out through the statewide system.

(2) TERM.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each waiver approved pursuant to this section shall be for a period beginning on the date of the approval and ending on June 30, 1998.

(B) FAILURE TO SUBMIT INTERIM PLAN.—If a State receives a waiver under this section and fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997. If a local entity receives a waiver under this section, and the State in which the local entity is located fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997.

(b) STATE REQUEST FOR WAIVER.—

(1) IN GENERAL.—A State may submit to the Secretary a request for a waiver of 1 or more requirements referred to in subsection (a). The request may include a request for different waivers with respect to different areas within the State.

(2) APPLICATION.—To be eligible to receive a waiver described in subsection (a), a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information—

(A) identifying the requirement to be waived and the goal that the State (or the local agency applying to the State under subsection (c)) intends to achieve through the waiver;

(B) identifying, and describing the actions that the State will take to remove, similar State requirements;

(C) describing the activities to which the waiver will apply, including information on how the activities may be continued, or related to activities carried out, under the statewide system of the State;

(D) describing the number and type of persons to be affected by such waiver; and

(E) providing evidence of support for the waiver request by the State agencies or officials with jurisdiction over the requirement to be waived.

(c) LOCAL ENTITY REQUEST FOR WAIVER.—

(1) IN GENERAL.—A local entity that seeks a waiver of such a requirement shall submit to the State a request for the waiver and an application containing sufficient information to enable the State to comply with the requirements of subsection (b)(2). The State shall determine whether to submit a request and an application for a waiver to the Secretary, as provided in subsection (b).

(2) TIME LIMIT.—

(A) IN GENERAL.—The State shall make a determination concerning whether to submit the request and application for a waiver as described in paragraph (1) not later than 30 days after the date on which the State receives the application from the local entity.

(B) DIRECT SUBMISSION.—

(i) IN GENERAL.—If the State does not make a determination to submit or does not submit the request and application within the 30-day time period specified in subparagraph (A), the local entity may submit the request and application to the Secretary.

(ii) REQUIREMENTS.—In submitting such a request, the local entity shall obtain the agreement of the State involved to comply with the requirements of this section that would otherwise apply to a State submitting a request for a waiver. In reviewing an application submitted by a local entity, the Secretary shall comply with the requirements of this section that would otherwise apply to the Secretary with respect to review of such an application submitted by a State.

(d) WAIVERS NOT AUTHORIZED.—The Secretary may not waive any requirement of any provision referred to in subsection (a), or of any regulation issued under such provision, relating to—

(1) the allocation of funds to States, local entities, or individuals;

(2) public health or safety, civil rights, occupational safety and health, environmental protection, displacement of employees, or fraud and abuse;

(3) the eligibility of an individual for participation in a covered activity, except in a case in which the State or local entity can demonstrate that the individuals who would have been eligible to participate in such activity without the waiver will participate in a similar covered activity; or

(4) a required supplementation of funds by the State or a prohibition against the State supplanting such funds.

(e) ACTIVITIES.—Subject to subsection (d), the Secretary may approve a request for a waiver described in subsection (a) that would enable a State or local entity to—

(1) use the assistance that would otherwise have been used to carry out 2 or more covered activities (if the State or local entity were not using the assistance as described in this section)—

(A) to address the high priority needs of unemployed persons and at-risk youth in the appropriate State or community for workforce employment activities or workforce education activities;

(B) to improve efficiencies in the delivery of the covered activities; or

(C) in the case of overlapping or duplicative activities—

(i) by combining the covered activities and funding the combined activities; or

(ii) by eliminating 1 of the covered activities and increasing the funding to the remaining covered activity; and

(2) use the assistance that would otherwise have been used for administrative expenses relating to a covered activity (if the State or local entity were not using the assistance as described in this section) to pay for the cost of developing an interim State plan described in section 763 or a State plan described in section 714.

(f) APPROVAL OR DISAPPROVAL.—The Secretary shall approve or disapprove any request submitted pursuant to subsection (b) or (c), not later than 45 days after the date of the submission and shall issue a decision that shall include the reasons for approving or disapproving the request.

(g) FAILURE TO ACT.—If the Secretary fails to approve or disapprove the request within the 45-day period described in subsection (f), the request shall be deemed to be approved on the day after such period ends. If the Secretary subsequently determines that the waiver relates to a matter described in subsection (d) and issues a decision that includes the reasons for the determination, the waiver shall be deemed to terminate on the date of issuance of the decision.

(h) DEFINITION.—As used in this section:

(1) LOCAL ENTITY.—The term ''local entity'' means—

(A) a local educational agency, with respect to any act by a local agency or organization relating to a covered activity that is a workforce education activity; and

(B) the local public or private agency or organization responsible for carrying out the covered activity at issue, with respect to any act by a local agency or organization relating to any other covered activity.

(2) SECRETARY.—The term ''Secretary'' means—

(A) the Secretary of Labor, with respect to any act relating to a covered activity carried out by the Secretary of Labor;

(B) the Secretary of Education, with respect to any act relating to a covered activity carried out by the Secretary of Education; and

(C) the Secretary of Health and Human Services, with respect to any act relating to a covered activity carried out by the Secretary of Health and Human Services.

(3) STATE.—The term ''State'' means—

(A) a State educational agency, with respect to any act by a State entity relating to a covered activity that is a workforce education activity; and

(B) the Governor, with respect to any act by a State entity relating to any other covered activity.

(i) CONFORMING AMENDMENTS.—

(1) Section 501 of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6211) is amended—

(A) in subsection (a), by striking ''sections 502 and 503'' and inserting ''section 502'';

(B) in subsection (b)(2)(B)(ii)—

(i) by striking ''section 502(a)(1)(C) or 503(a)(1)(C), as appropriate,'' and inserting ''section 502(a)(1)(C)''; and

(ii) by striking ''section 502 or 503, as appropriate,'' and inserting ''section 502'';

(C) in subsection (c), by striking ''section 502 or 503'' and inserting ''section 502''; and

(D) by striking ''Secretaries'' each place the term appears and inserting ''Secretary of Education''.

(2) Section 502(b) of such Act (20 U.S.C. 6212(b)) is amended—

(A) in paragraph (4), by striking the semicolon and inserting ''; and'';

(B) in paragraph (5), by striking ''; and'' and inserting a period; and

(C) by striking paragraph (6).

(3) Section 503 of such Act (20 U.S.C. 6213) is repealed.

(4) Section 504 of such Act (20 U.S.C. 6214) is amended—

(A) in subsection (a)(2)(B), by striking clauses (i) and (ii) and inserting the following clauses:

''(i) the provisions of law listed in paragraphs (2) through (5) of section 502(b);

''(ii) the Job Training Partnership Act (29 U.S.C. 1501 et seq.); and

''(iii) the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).''; and

(B) in subsection (b), by striking ''paragraphs (1) through (3), and paragraphs (5) and (6), of section 503(b)'' and inserting ''paragraphs (2) through (4) and paragraphs (6) and (7) of section 505(b)''.

(5) Section 505(b) of such Act (20 U.S.C. 6215(b)) is amended to read as follows:

''(b) USE OF FUNDS.—A State may use, under the requirements of this Act, Federal funds that are made available to the State and combined under subsection (a) to carry out school-to-work activities, except that the provisions relating to—

''(1) the matters specified in section 502(c);

''(2) basic purposes or goals;

''(3) maintenance of effort;

''(4) distribution of funds;

''(5) eligibility of an individual for participation;

''(6) public health or safety, labor standards, civil rights, occupational safety and health, or environmental protection; or

''(7) prohibitions or restrictions relating to the construction of buildings or facilities;

that relate to the program through which the funds described in subsection (a)(2)(B) were made available, shall remain in effect with respect to the use of such funds.''.

SEC. 762. FLEXIBILITY DEMONSTRATION PROGRAM.

(a) DEFINITION.—As used in this section:

(1) ELIGIBLE STATE.—The term ''eligible State'' means a State that—

(A)(i) has submitted an interim State plan under section 763;

(ii) has an executed Memorandum of Understanding with the Federal Government; or

(iii) is a designated ''Ed-Flex Partnership State'' under section 311(e) of the Goals 2000: Educate America Act (20 U.S.C. 5891(e)); and

(B) waives State statutory or regulatory requirements relating to workforce development activities while holding local entities within the State that are effected by such waivers accountable for the performance of the participants who are affected by such waivers.

(2) LOCAL ENTITY; SECRETARY; STATE.—The terms ''local entity'', ''Secretary'', and ''State'' have the meanings given the terms in section 761(h).

(b) DEMONSTRATION PROGRAM.—

(1) ESTABLISHMENT.—In addition to providing for the waivers described in section 761(a), the Secretary shall establish a workforce flexibility demonstration program under which the Secretary shall permit not more than 6 eligible States (or local entities within such States) to waive any statutory or regulatory requirement applicable to any covered activity described in section 761(a), other than the requirements described in section 761(d).

(2) SELECTION OF PARTICIPANT STATES.—In carrying out the program under paragraph (1), the Secretary shall select for participation in the program 3 eligible States that each have a population of not less than 3,500,000 individuals and 3 eligible States that each have a population of not more than 3,500,000 individuals, as determined in accordance with the most recent decennial census of the population as provided by the Bureau of the Census.

(3) APPLICATION.—

(A) SUBMISSION.—To be eligible to participate in the program established under paragraph (1), a State shall prepare and submit an application, in accordance with section 761(b)(2), that includes—

(i) a description of the process the eligible State will use to evaluate applications from local entities requesting waivers of—

(I) Federal statutory or regulatory requirements described in section 761(a); and

(II) State statutory or regulatory requirements relating to workforce development activities; and

(ii) a detailed description of the State statutory or regulatory requirements relating to workforce development activities that the State will waive.

(B) APPROVAL.—The Secretary may approve an application submitted under subparagraph (A) if the Secretary determines that such application demonstrates substantial promise of assisting the State and local entities within such State in carrying out comprehensive reform of workforce development activities and in otherwise meeting the purposes of this title.

(C) LOCAL ENTITY APPLICATIONS.—A State participating in the program established under paragraph (1) shall not approve an application by a local entity for a waiver under this subsection unless the State determines that such waiver will assist the local entity in reaching the goals of the local entity.

(4) MONITORING.—A State participating in the program established under paragraph (1) shall annually monitor the activities of local entities receiving waivers under this subsection and shall submit an annual report regarding such monitoring to the Secretary. The Secretary shall periodically review the performance of such States and shall terminate the waiver of a State under this subsection if the Secretary determines, after notice and opportunity for a hearing, that the performance of such State has been inadequate to a level that justifies discontinuation of such authority.

(5) REFERENCE.—Each eligible State participating in the program established under paragraph (1) shall be referred to as a ''Work-Flex Partnership State''.

SEC. 763. INTERIM STATE PLANS.

(a) IN GENERAL.—For a State or local entity in a State to use a waiver received under section 761 or 762 through June 30, 1998, and for a State to be eligible to submit a State plan described in section 714 for program year 1998, the Governor of the State shall submit an interim State plan to the Federal Partnership. The Governor shall submit the plan not later than June 30, 1997.

(b) REQUIREMENTS.—The interim State plan shall comply with the requirements applicable to State plans described in section 714.

(c) PROGRAM YEAR.—In submitting the interim State plan, the Governor shall indicate whether the plan is submitted—

(1) for review and approval for program year 1997; or

(2) solely for review.

(d) REVIEW.—In reviewing an interim State plan, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may—

(1) in the case of a plan submitted for review and approval for program year 1997—

(A) approve the plan and permit the State to use a waiver as described in section 761 or 762 to carry out the plan; or

(B)(i) disapprove the plan and provide to the State reasons for the disapproval; and

(ii) direct the Federal Partnership to provide technical assistance to the State for developing an approvable plan to be submitted under section 714 for program year 1998; and

(2) in the case of a plan submitted solely for review, review the plan and provide to the State technical assistance for developing an approvable plan to be submitted under section 714 for program year 1998.

(e) EFFECT OF DISAPPROVAL.—Disapproval of an interim plan shall not affect the ability of a State to use a waiver as described in section 761 or 762 through June 30, 1998.

SEC. 764. APPLICATIONS AND PLANS UNDER COVERED ACTS.

Notwithstanding any other provision of law, no State or local entity shall be required to comply with any provision of a covered Act that would otherwise require the entity to submit an application or a plan to a Federal agency during fiscal year 1996 or 1997 for funding of a covered activity. In determining whether to provide funding to the State or local entity for the covered activity, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services, as appropriate, shall consider the last application or plan, as appropriate, submitted by the entity for funding of the covered activity.

SEC. 765. INTERIM ADMINISTRATION OF SCHOOL-TO-WORK PROGRAMS.

(a) IN GENERAL.—Any provision of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.) that grants authority to the Secretary of Labor or the Secretary of Education shall be considered to grant the authority to the Federal Partnership.

(b) EFFECTIVE DATE.—Subsection (a) shall take effect on October 1, 1996.

SEC. 766. INTERIM AUTHORIZATIONS OF APPROPRIATIONS.

(a) OLDER AMERICAN COMMUNITY SERVICE EMPLOYMENT ACT.—Section 508(a)(1) of the Older American Community Service Employment Act (42 U.S.C. 3056f(a)(1)) is amended by striking ''for fiscal years 1993, 1994, and 1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(b) CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(1) IN GENERAL.—Section 3(a) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2302(a)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1992 through 1998''.

(2) RESEARCH.—Section 404(d) of such Act (20 U.S.C. 2404(d)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1992 through 1998''.

(c) ADULT EDUCATION ACT.—

(1) IN GENERAL.—Section 313(a) of the Adult Education Act (20 U.S.C. 1201b(a)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(2) STATE LITERACY RESOURCE CENTERS.—Section 356(k) of such Act (20 U.S.C. 1208aa(k)) is amended by striking ''for each of the fiscal years 1994 and 1995'' and inserting ''for each of fiscal years 1994 and 1995''.

(3) BUSINESS, INDUSTRY, LABOR, AND EDUCATION PARTNERSHIPS FOR WORKPLACE LITERACY.—Section 371(e)(1) of such Act (20 U.S.C. 1211(e)(1)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(4) NATIONAL INSTITUTE FOR LITERACY.—Section 384(n)(1) of such Act (20 U.S.C. 1213c(n)(1)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1996'' and inserting ''for each of fiscal years 1992 through 1995''.

Subtitle E—National Activities

SEC. 771. FEDERAL PARTNERSHIP.

(a) ESTABLISHMENT.—There is established in the Department of Labor and the Department of Education a Workforce Development Partnership, under the joint control of the Secretary of Labor and the Secretary of Education.

(b) ADMINISTRATION.—Notwithstanding the Department of Education Organization Act (20 U.S.C. 3401 et seq.), the General Education Provisions Act (20 U.S.C. 1221 et seq.), the Act entitled ''An Act To Create a Department of Labor'', approved March 4, 1913 (29 U.S.C. 551 et seq.), and section 169 of the Job Training Partnership Act (29 U.S.C. 1579), the Secretary of Labor and the Secretary of Education, acting jointly, in accordance with the plan approved or determinations made by the President under section 776(c), shall provide for, and exercise final authority over, the effective and efficient administration of this title and the officers and employees of the Federal Partnership.

(c) RESPONSIBILITIES OF SECRETARY OF LABOR AND SECRETARY OF EDUCATION.—The Secretary of Labor and the Secretary of Education, working jointly through the Federal Partnership, shall—

(1) approve applications and plans under sections 714, 717, 718, and 763;

(2) award financial assistance under sections 712, 717, 718, 732(a), 759, and 774;

(3) approve State benchmarks in accordance with section 731(c); and

(4) apply sanctions described in section 732(b).

(d) WORKPLANS.—The Secretary of Labor and the Secretary of Education, acting jointly, shall prepare and submit the workplans described in sections 776(c) and 777(b).

(e) INFORMATION AND TECHNICAL ASSISTANCE RESPONSIBILITIES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, in appropriate cases, disseminate information and provide technical assistance to States on the best practices for establishing and carrying out activities through statewide systems, including model programs to provide structured work and learning experiences for welfare recipients.

SEC. 772. NATIONAL WORKFORCE DEVELOPMENT BOARD AND PERSONNEL.

(a) NATIONAL BOARD.—

(1) COMPOSITION.—The Federal Partnership shall be directed by a National Board that shall be composed of 13 individuals, including—

(A) 7 individuals who are representative of business and industry in the United States, appointed by the President by and with the advice and consent of the Senate;

(B) 2 individuals who are representative of labor and workers in the United States, appointed by the President by and with the advice and consent of the Senate;

(C) 2 individuals who are representative of education providers, 1 of whom is a State or local adult education provider and 1 of whom is a State or local vocational education provider, appointed by the President by and with the advice and consent of the Senate; and

(D) 2 Governors, representing different political parties, appointed by the President by and with the advice and consent of the Senate.

(2) TERMS.—Each member of the National Board shall serve for a term of 3 years, except that, as designated by the President—

(A) 5 of the members first appointed to the National Board shall serve for a term of 2 years;

(B) 4 of the members first appointed to the National Board shall serve for a term of 3 years; and

(C) 4 of the members first appointed to the National Board shall serve for a term of 4 years.

(3) VACANCIES.—Any vacancy in the National Board shall not affect the powers of the National Board, but shall be filled in the same manner as the original appointment. Any member appointed to fill such a vacancy shall serve for the remainder of the term for which the predecessor of such member was appointed.

(4) DUTIES AND POWERS OF THE NATIONAL BOARD.—

(A) OVERSIGHT.—Subject to section 771(b), the National Board shall oversee all activities of the Federal Partnership.

(B) RECOMMENDATIONS ABOUT IMPLEMENTATION.—If the Secretary of Labor and the Secretary of Education fail to reach agreement with respect to the implementation of their duties and responsibilities under this title, the National Board shall review the issues about which disagreement exists and make a recommendation to the President regarding a solution to the disagreement.

(5) CHAIRPERSON.—The position of Chairperson of the National Board shall rotate annually among the appointed members described in paragraph (1)(A).

(6) MEETINGS.—The National Board shall meet at the call of the Chairperson but not less often than 4 times during each calendar year. Seven members of the National Board shall constitute a quorum. All decisions of the National Board with respect to the exercise of the duties and powers of the National Board shall be made by a majority vote of the members of the National Board.

(7) COMPENSATION AND TRAVEL EXPENSES.—

(A) COMPENSATION.—In accordance with the plan approved or the determinations made by the President under section 776(c), each member of the National Board shall be compensated at a rate to be fixed by the President but not to exceed the daily equivalent of the maximum rate authorized for a position above GS–15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the National Board.

(B) EXPENSES.—While away from their homes or regular places of business on the business of the National Board, members of such National Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of

title 5, United States Code, for persons employed intermittently in the Government service.

(8) DATE OF APPOINTMENT.—The National Board shall be appointed not later than 120 days after the date of enactment of this Act.

(b) DUTIES AND POWERS OF THE FEDERAL PARTNERSHIP.—The Federal Partnership shall—

(1) oversee the development, maintenance, and continuous improvement of the nationwide integrated labor market information system described in section 773, and the relationship between such system and the job placement accountability system described in section 731(d);

(2) establish model benchmarks for each of the benchmarks referred to in paragraph (1), (2), or (3) of section 731(c), at achievable levels based on existing (as of the date of the establishment of the benchmarks) workforce development efforts in the States;

(3) negotiate State benchmarks with States in accordance with section 731(c);

(4) provide advice to the Secretary of Labor and the Secretary of Education regarding the review and approval of applications and plans described in section 771(c)(1) and the approval of financial assistance described in section 771(c)(2);

(5) receive and review reports described in section 731(a);

(6) prepare and submit to the appropriate committees of Congress an annual report on the absolute and relative performance of States toward reaching the State benchmarks;

(7) provide advice to the Secretary of Labor and the Secretary of Education regarding applying sanctions described in section 732(b);

(8) review all federally funded programs providing workforce development activities, other than programs carried out under this title, and submit recommendations to Congress on how the federally funded programs could be integrated into the statewide systems of the States, including recommendations on the development of common terminology for activities and services provided through the programs;

(9) prepare an annual plan for the nationwide integrated labor market information system, as described in section 773(b)(2); and

(10) perform the duties specified for the Federal Partnership in this title.

(c) DIRECTOR.—

(1) IN GENERAL.—There shall be in the Federal Partnership a Director, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) COMPENSATION.—The Director shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(3) DUTIES.—The Director shall make recommendations to the National Board regarding the activities described in subsection (b).

(4) DATE OF APPOINTMENT.—The Director shall be appointed not later than 120 days after the date of enactment of this Act.

(d) PERSONNEL.—

(1) APPOINTMENTS.—The Director may appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Federal Partnership. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with title 5, United States Code.

(2) EXPERTS AND CONSULTANTS.—The Director may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate such experts and consultants for each day (including travel time) at rates not in excess of the rate of pay for level IV of the Executive Schedule under section 5315 of such title. The Director may pay experts and consultants who are serving away from their homes or regular place of business travel expenses and per diem in lieu of subsistence at rates authorized by sections 5702 and 5703 of such title for persons in Government service employed intermittently.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Federal Partnership without reimbursement, and such detail shall be without interruption or loss of civil service or privilege. The Secretary of Education and the Secretary of Labor shall detail a sufficient number of employees to the Federal Partnership for the period beginning October 1, 1996 and ending June 30, 1998 to carry out the functions of the Federal Partnership during such period.

(4) USE OF VOLUNTARY AND UNCOMPENSATED SERVICES.—Notwithstanding section 1342 of title 31, United States Code, the Secretary of Labor and the Secretary of Education are authorized to accept voluntary and uncompensated services in furtherance of the purposes of this title.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for fiscal years 1996 and 1997 $500,000 to the National Board for the administration of the duties and responsibilities of the Federal Partnership under this title.

SEC. 773. LABOR MARKET INFORMATION.

(a) FEDERAL RESPONSIBILITIES.—The Federal Partnership, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide integrated labor market information system that shall include—

(1) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems, that, taken together, shall enumerate, estimate, and project the supply and demand for labor at the substate, State, and national levels in a timely manner, including data on—

(A) the demographics, socioeconomic characteristics, and current employment status of the substate, State, and national populations (as of the date of the collection of the data), including self-employed, part-time, and seasonal workers;

(B) job vacancies, education and training requirements, skills, wages, benefits, working conditions, and industrial distribution, of occupations, as well as current and projected employment opportunities and trends by industry and occupation;

(C) the educational attainment, training, skills, skill levels, and occupations of the populations;

(D) information maintained in a longitudinal manner on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom the information is collected by the States; and

(E) the incidence, industrial and geographical location, and number of workers displaced by permanent layoffs and plant closings;

(2) State and substate area employment and consumer information (which shall be current, comprehensive, automated, accessible, easy to understand, and in a form useful for facilitating immediate employment, entry into education and training programs, and career exploration) on—

(A) job openings, locations, hiring requirements, and application procedures, including profiles of industries in the local labor market that describe the nature of work performed, employment requirements, and patterns in wages and benefits;

(B) jobseekers, including the education, training, and employment experience of the jobseekers; and

(C) the cost and effectiveness of providers of workforce employment activities, workforce education activities, and flexible workforce activities, including the percentage of program completion, acquisition of skills to meet industry-recognized skill standards, continued education, job placement, and earnings, by participants, and other information that may be useful in facilitating informed choices among providers by participants;

(3) technical standards for labor market information that will—

(A) ensure compatibility of the information and the ability to aggregate the information from substate areas to State and national levels;

(B) support standardization and aggregation of the data from administrative reporting systems;

(C) include—

(i) classification and coding systems for industries, occupations, skills, programs, and courses;

(ii) nationally standardized definitions of labor market terms, including terms related to State benchmarks established pursuant to section 731(c);

(iii) quality control mechanisms for the collection and analysis of labor market information; and

(iv) common schedules for collection and dissemination of labor market information; and

(D) eliminate gaps and duplication in statistical undertakings, with a high priority given to the systemization of wage surveys;

(4) an analysis of data and information described in paragraphs (1) and (2) for uses such as—

(A) national, State, and substate area economic policymaking;

(B) planning and evaluation of workforce development activities;

(C) the implementation of Federal policies, including the allocation of Federal funds to States and substate areas; and

(D) research on labor market dynamics;

(5) dissemination mechanisms for data and analysis, including mechanisms that may be standardized among the States; and

(6) programs of technical assistance for States and substate areas in the development, maintenance, utilization, and continuous improvement of the data, information, standards, analysis, and dissemination mechanisms, described in paragraphs (1) through (5).

(b) JOINT FEDERAL-STATE RESPONSIBILITIES.—

(1) IN GENERAL.—The nationwide integrated labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and the States receiving financial assistance under this title.

(2) ANNUAL PLAN.—The Federal Partnership shall, with the assistance of the Bureau of Labor Statistics and other Federal agencies, where appropriate, prepare an annual plan that shall be the mechanism for achieving the cooperative Federal-State governance structure for the nationwide integrated labor market information system. The plan shall—

(A) establish goals for the development and improvement of a nationwide integrated labor market information system based on information needs for achieving economic growth and productivity, accountability, fund allocation equity, and an understanding of labor market characteristics and dynamics;

(B) describe the elements of the system, including—

(i) standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in paragraphs (1) and (2) of subsection (a); and

(ii) assurances that—

(I) data will be sufficiently timely and detailed for uses including the uses described in subsection (a)(4);

(II) administrative records will be standardized to facilitate the aggregation of data from substate areas to State and national levels and to support the creation of new statistical series from program records; and

(III) paperwork and reporting requirements on employers and individuals will be reduced;

(C) recommend needed improvements in administrative reporting systems to be used for the nationwide integrated labor market information system;

(D) describe the current spending on integrated labor market information activities from all sources, assess the adequacy of the funds spent, and identify the specific budget needs of the Federal Government and States with respect to implementing and improving the nationwide integrated labor market information system;

(E) develop a budget for the nationwide integrated labor market information system that—

(i) accounts for all funds described in subparagraph (D) and any new funds made available pursuant to this title; and

(ii) describes the relative allotments to be made for—

(I) operating the cooperative statistical programs pursuant to subsection (a)(1);

(II) developing and providing employment and consumer information pursuant to subsection (a)(2);

(III) ensuring that technical standards are met pursuant to subsection (a)(3); and

(IV) providing the analysis, dissemination mechanisms, and technical assistance under paragraphs (4), (5), and (6) of subsection (a), and matching data;

(F) describe the involvement of States in developing the plan by holding formal consultations conducted in cooperation with representatives of the Governors of each State or the State workforce development board described in section 715, where appropriate, pursuant to a process established by the Federal Partnership; and

(G) provide for technical assistance to the States for the development of statewide comprehensive labor market information systems described in subsection (c), including assistance with the development of easy-to-use software and hardware, or uniform information displays.

For purposes of applying Office of Management and Budget Circular A–11 to determine persons eligible to participate in deliberations relating to budget issues for the development of the plan, the representatives of the Governors of each State and the State workforce development board described in subparagraph (F) shall be considered to be employees of the Department of Labor.

(c) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this title, the Governor of a State shall—

(A) establish an interagency process for the oversight of a statewide comprehensive labor market information system and for the participation of the State in the cooperative Federal-State governance structure for the nationwide integrated labor market information system; and

(B) designate a single State agency or entity within the State to be responsible for the management of the statewide comprehensive labor market information system.

(2) DUTIES.—In order to receive Federal financial assistance under this title, the State agency or entity within the State designated under paragraph (1)(B) shall—

(A) consult with employers and local workforce development boards described in section 728(b), where appropriate, about the labor market relevance of the data to be collected and displayed through the statewide comprehensive labor market information system;

(B) develop, maintain, and continuously improve the statewide comprehensive labor market information system, which shall—

(i) include all of the elements described in paragraphs (1), (2), (3), (4), (5), and (6) of subsection (a); and

(ii) provide the consumer information described in clauses (v) and (vi) of section 716(a)(2)(B) in a manner that shall be responsive to the needs of business, industry, workers, and jobseekers;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination, through the statewide comprehensive labor market information system;

(D) conduct such other data collection, analysis, and dissemination activities to ensure that State and substate area labor market information is comprehensive;

(E) actively seek the participation of other State and local agencies, with particular attention to State education, economic development, human services, and welfare agencies, in data collection, analysis, and dissemination activities in order to ensure complementarity and compatibility among data;

(F) participate in the development of the national annual plan described in subsection (b)(2); and

(G) ensure that the matches required for the job placement accountability system by section 731(d)(2)(A) are made for the State and for other States.

(3) RULE OF CONSTRUCTION.—Nothing in this title shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this title.

(d) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 774. NATIONAL CENTER FOR RESEARCH IN EDUCATION AND WORKFORCE DEVELOPMENT.

(a) GRANTS AUTHORIZED.—From amounts made available under section 734(b)(5), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, are authorized to award a grant, on a competitive basis, to an institution of higher education, public or private nonprofit organization or agency, or a consortium of such institutions, organizations, or agencies, to enable such institution, organization, agency, or consortium to establish a national center to carry out the activities described in subsection (b).

(b) AUTHORIZED ACTIVITIES.—Grant funds made available under this section shall be used by the national center assisted under subsection (a)—

(1) to increase the effectiveness and improve the implementation of workforce development programs, including conducting research and development and providing technical assistance with respect to—

(A) combining academic and vocational education;

(B) connecting classroom instruction with work-based learning;

(C) creating a continuum of educational programs that provide multiple exit points for employment, which may include changes or development of instructional materials or curriculum;

(D) establishing high quality support services for all students to ensure access to workforce development programs, educational success, and job placement assistance;

(E) developing new models for remediation of basic academic skills, which models shall incorporate appropriate instructional methods, rather than using rote and didactic methods;

(F) identifying ways to establish links among educational and job training programs at the State and local levels;

(G) developing new models for career guidance, career information, and counseling services;

(H) identifying economic and labor market changes that will affect workforce needs;

(I) developing model programs for the transition of members of the Armed Forces from military service to civilian employment;

(J) conducting preparation of teachers, counselors, administrators, and other professionals, who work with programs funded under this title; and

(K) obtaining information on practices in other countries that may be adapted for use in the United States;

(2) to provide assistance to States and local recipients of assistance under this title in developing and using systems of performance measures and standards for improvement of programs and services; and

(3) to maintain a clearinghouse that will provide data and information to Federal, State, and local organizations and agencies about the condition of statewide systems and programs funded under this title, which data and information shall be disseminated in a form that is useful to practitioners and policymakers.

(c) OTHER ACTIVITIES.—The Federal Partnership may request that the national center assisted under subsection (a) conduct activities not described in subsection (b), or study topics not described in subsection (b), as the Federal Partnership determines to be necessary to carry out this title.

(d) IDENTIFICATION OF CURRENT NEEDS.—The national center assisted under subsection (a) shall identify current needs (as of the date of the identification) for research and technical assistance through a variety of sources including a panel of Federal, State, and local level practitioners.

(e) SUMMARY REPORT.—The national center assisted under subsection (a) shall annually prepare and submit to the Federal Partnership and Congress a report summarizing the research findings obtained, and the results of development and technical assistance activities carried out, under this section.

(f) DEFINITION.—As used in this section, the term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(g) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 775. NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION PROGRAMS.

(a) IN GENERAL.—The Secretary of Education (referred to in this section as the ''Secretary'') shall conduct a national assessment of vocational education programs assisted under this title, through studies and analyses conducted independently through competitive awards.

(b) INDEPENDENT ADVISORY PANEL.—The Secretary shall appoint an independent advisory panel, consisting of vocational education administrators, educators, researchers, and representatives of business, industry, labor, career guidance and counseling professionals, and other relevant groups, to advise the Secretary on the implementation

of such assessment, including the issues to be addressed and the methodology of the studies involved, and the findings and recommendations resulting from the assessment. The panel, in the discretion of the panel, may submit to Congress an independent analysis of the findings and recommendations resulting from the assessment. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the panel established under this subsection.

(c) CONTENTS.—The assessment required under subsection (a) shall include descriptions and evaluations of—

(1) the effect of this title on State and tribal administration of vocational education programs and on local vocational education practices, including the capacity of State, tribal, and local vocational education systems to address the purposes of this title;

(2) expenditures at the Federal, State, tribal, and local levels to address program improvement in vocational education, including the impact of Federal allocation requirements (such as within-State distribution formulas) on the delivery of services;

(3) preparation and qualifications of teachers of vocational and academic curricula in vocational education programs, as well as shortages of such teachers;

(4) participation in vocational education programs;

(5) academic and employment outcomes of vocational education, including analyses of—

(A) the effect of educational reform on vocational education;

(B) the extent and success of integration of academic and vocational curricula;

(C) the success of the school-to-work transition; and

(D) the degree to which vocational training is relevant to subsequent employment;

(6) employer involvement in, and satisfaction with, vocational education programs;

(7) the effect of benchmarks, performance measures, and other measures of accountability on the delivery of vocational education services; and

(8) the degree to which minority students are involved in vocational student organizations.

(d) CONSULTATION.—

(1) IN GENERAL.—The Secretary shall consult with the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate in the design and implementation of the assessment required under subsection (a).

(2) REPORTS.—The Secretary shall submit to Congress—

(A) an interim report regarding the assessment on or before January 1, 2000; and

(B) a final report, summarizing all studies and analyses that relate to the assessment and that are completed after the assessment, on or before July 1, 2000.

(3) PROHIBITION.—Notwithstanding any other provision of law or regulation, the reports required by this subsection shall not be subject to any review outside of the Department of Education before their transmittal to Congress, but the President, the Secretary, and the independent advisory panel established under subsection (b) may make such additional recommendations to Congress with respect to the assessment as the President, Secretary, or panel determine to be appropriate.

(e) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 775A. NATIONAL ACTIVITIES.

(a) WORKFORCE EMPLOYMENT.—

(1) GRANTS.—From the amounts reserved under section 734(b)(6) for each fiscal year, an amount, not to exceed 75 percent of the amounts so reserved, shall be available to the Secretary of Labor for national activities that relate to workforce employment activities and that are appropriately administered at the national level, including awarding—

(A) discretionary grants to provide adjustment assistance to workers affected by major economic dislocations such as a closure, layoff, or realignment described in section 703(8)(B);

(B) discretionary grants to provide disaster relief employment assistance to areas that have suffered an emergency or major disaster;

(C) grants for programs to provide workforce employment activities for Indians;

(D) grants for programs to provide workforce employment activities for low-income migrant or seasonal farmworkers, as defined in section 2281(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 5177a(b)); and

(E) grants for partnerships between the Secretary of Labor and national organizations possessing special expertise for developing, organizing, and administering workforce employment activities at the national, State, and local levels to enable such partnerships to carry out such development, organization, and administration.

(2) ADDITIONAL ACTIVITIES.—From the amounts reserved under section 734(b)(6) for each fiscal year, an amount, not to exceed 15 percent of the amounts so reserved, shall be available to the Secretary of Labor for additional national activities that relate to workforce employment activities and that are appropriately administered at the national level, such as data collection, research and development, demonstration projects, dissemination, technical assistance, and evaluation activities, relating to workforce employment activities.

(b) WORKFORCE EDUCATION.—From the amounts reserved under section 734(b)(6) for each fiscal year, an amount, not to exceed 10 percent of the amounts so reserved, shall be available to the Secretary of Education for national activities that relate to workforce education activities and that are appropriately administered at the national level, including—

(1) national activities relating to workforce education activities such as data collection, research and development, demonstration projects, dissemination, technical assistance, and evaluation activities, relating to workforce education activities; and

(2) workforce education activities that are provided to Indians and Native Hawaiians and consistent with the purposes of this title.

(c) AWARDS FOR EXCELLENCE.—The Secretary of Labor and the Secretary of Education, from the amounts reserved under section 734(b)(6) and not used in accordance with subsections (a) and (b) for each fiscal year, and through a peer review process, may make performance awards to 1 or more States that have—

(1) implemented exemplary workforce employment activities or workforce education activities;

(2) implemented exemplary systems of school-to-work activities; or

(3) implemented exemplary one-stop delivery, as described in section 716(a)(2)(A).

(d) DEFINITIONS.—As used in this section:

(1) INDIAN.—The term ''Indian'' has the same meaning given such term in section 4(d) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(d)).

(2) NATIVE HAWAIIAN.—The term ''Native Hawaiian'' has the same meaning given such term in section 9212(1) of the Native Hawaiian Education Act (20 U.S.C. 7912(1)).

SEC. 776. TRANSFERS TO FEDERAL PARTNERSHIP.

(a) DEFINITIONS.—For purposes of this section, unless otherwise provided or indicated by the context—

(1) the term ''Federal agency'' has the meaning given to the term ''agency'' by section 551(1) of title 5, United States Code;

(2) the term ''function'' means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(3) the term ''office'' includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(b) TRANSFER OF FUNCTIONS.—There are transferred to the appropriate Secretary in the Federal Partnership, in accordance with subsection (c), all functions that the Secretary of Labor or the Secretary of Education exercised before the effective date of this section (including all related functions of any officer or employee of the Department of Labor or the Department of Education) that relate to a covered activity and that are minimally necessary to carry out the functions of the Federal Partnership. The authority of a transferred employee to carry out a function that relates to a covered activity shall terminate on July 1, 1998.

(c) TRANSITION WORKPLAN.—

(1) IN GENERAL.—Not later than 120 days after the date of enactment of this Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the National Board a proposed workplan as described in paragraph (2). The Secretary of Labor and the Secretary of Education shall also submit the plan to the President, the Committee on Economic and Educational Opportunities of the House of Representatives, and the Committee on Labor and Human Resources of the Senate for review and comment.

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) an analysis of the functions that officers and employees of the Department of Labor and the Department of Education carry out (as of the date of the submission of the workplan) that relate to a covered activity;

(B) information on the levels of personnel and funding used to carry out the functions (as of such date);

(C) a determination of the functions described in subparagraph (A) that are minimally necessary to carry out the functions of the Federal Partnership;

(D) information on the levels of personnel and other resources that are minimally necessary to carry out the functions of the Federal Partnership;

(E) a determination of the manner in which the Secretary of Labor and the Secretary of Education will provide personnel and other resources of the Department of Labor and the Department of Education for the Federal Partnership;

(F) a determination of the appropriate Secretary to receive the personnel, resources, and related items to be transferred under this section, based on factors including increased efficiency and elimination of duplication of functions;

(G) a determination of the proposed organizational structure for the Federal Partnership; and

(H) a determination of the manner in which the Secretary of Labor and the Secretary of Education, acting jointly through the Federal Partnership, will carry out their duties and responsibilities under this title.

(3) REVIEW BY NATIONAL BOARD.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the National Board shall—

(i) review and concur with the workplan; or

(ii) reject the workplan and prepare and submit to the President a revised workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the National Board concurs with the proposed workplan, the functions described in paragraph (2)(C), as determined in the workplan, shall be transferred under subsection (b).

(4) REVIEW BY THE PRESIDENT.—

(A) IN GENERAL.—Not later than 30 days after the date of submission of a revised workplan under paragraph (3)(A)(ii), the President shall—

(i) review and approve the workplan; or

(ii) reject the workplan and prepare an alternative workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the President approves the revised workplan, or prepares the alternative workplan, the functions described in paragraph (2)(C), as determined in such revised or alternative workplan, shall be transferred under subsection (b).

(C) SPECIAL RULE.—If the President takes no action on the revised workplan submitted under paragraph (3)(A)(ii) within the 30-day period described in subparagraph (A), the Secretary of Labor, the Secretary of Education, and the National Board may attempt to reach agreement on a compromise workplan. If the Secretary of Labor, the Secretary of Education, and the National Board reach such agreement, the functions described in paragraph (2)(C), as determined in such compromise workplan, shall be transferred under subsection (b). If, after an additional 15-day period, the Secretary of Labor, the Secretary of Education and the National Board are unable to reach such agreement, the revised workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(C), as determined in the revised workplan, shall be transferred under subsection (b).

(5) DETERMINATION BY PRESIDENT.—

(A) IN GENERAL.—In the event that the Secretary of Labor and the Secretary of Education fail to reach agreement regarding, and submit, a proposed workplan described in paragraph (2), the President shall make the determinations described in paragraph (2)(C). The President shall delegate full responsibility for administration of this title to 1 of the 2 Secretaries. Such Secretary shall be considered to be the appropriate Secretary for purposes of this title and shall have authority to carry out any function that the Secretaries would otherwise be authorized to carry out jointly.

(B) TRANSFERS.—The functions described in paragraph (2)(C), as determined by the President under subparagraph (A), shall be transferred under subsection (b). All positions of personnel that relate to a covered activity and that, prior to the transfer, were within the Department headed by the other of the 2 Secretaries shall be separated from service as provided in subsection (i)(2)(A).

(d) DELEGATION AND ASSIGNMENT.—Except where otherwise expressly prohibited by law or otherwise provided by this section, the National Board may delegate any function transferred or granted to the Federal Partnership after the effective date of this section to such officers and employees of the Federal Partnership as the National Board may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the National Board under this subsection or under any other provision of this section shall relieve such National Board of responsibility for the administration of such functions.

(e) REORGANIZATION.—The National Board may allocate or reallocate any function transferred or granted to the Federal Partnership after the effective date of this section among the officers of the Federal Partnership, and establish, consolidate, alter, or discontinue such organizational entities in the Federal Partnership as may be necessary or appropriate.

(f) RULES.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may prescribe, in accordance with the provisions of chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, determine to be necessary or appropriate to administer and manage the functions of the Federal Partnership.

(g) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—

(1) IN GENERAL.—Except as otherwise provided in this section, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the appropriate Secretary in the Federal Partnership. Unexpended funds transferred pursuant to this subsection shall be used only to carry out the functions of the Federal Partnership.

(2) EXISTING FACILITIES AND OTHER FEDERAL RESOURCES.—Pursuant to paragraph (1), the Secretary of Labor and the Secretary of Education shall supply such office facilities, office supplies, support services, and related expenses as may be minimally necessary to carry out the functions of the Federal Partnership. None of the funds made available under this title may be used for the construction of office facilities for the Federal Partnership.

(h) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the objectives of this section.

(i) EFFECT ON PERSONNEL.—

(1) TERMINATION OF CERTAIN POSITIONS.—Positions whose incumbents are appointed by the President, by and with the advice and consent of the Senate, the functions of which are transferred by this section, shall terminate on the effective date of this section.

(2) ACTIONS.—

(A) IN GENERAL.—The Secretary of Labor and the Secretary of Education shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that the positions of personnel that relate to a covered activity and are not transferred under subsection (b) are separated from service.

(B) SCOPE.—The Secretary of Labor and the Secretary of Education shall take the actions described in subparagraph (A) with respect to not less than ⅓ of the positions of personnel that relate to a covered activity.

(j) SAVINGS PROVISIONS.—

(1) SUITS NOT AFFECTED.—The provisions of this section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.

(2) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Department of Labor or the Department of Education, or by or against any individual in the official capacity of such individual as an officer of the Department of Labor or the Department of Education, shall abate by reason of the enactment of this section.

(k) TRANSITION.—The National Board may utilize—

(1) the services of officers, employees, and other personnel of the Department of Labor or the Department of Education, other than personnel of the Federal Partnership, with respect to functions transferred to the Federal Partnership by this section; and

(2) funds appropriated to such functions;

for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.

(l) REFERENCES.—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—

(1) the Secretary of Labor or the Secretary of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership; and

(2) the Department of Labor or the Department of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership.

(m) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to in paragraph (1).

(n) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (c) shall take effect on the date of enactment of this Act.

SEC. 777. TRANSFERS TO OTHER FEDERAL AGENCIES AND OFFICES.

(a) TRANSFER.—There are transferred to the appropriate receiving agency, in accordance with subsection (b), all functions that the Secretary of Labor, acting through the Employment and Training Administration, or the Secretary of Education, acting through the Office of Vocational and Adult Education, exercised before the effective date of this section (including all related functions of any officer or employee of the Employment and Training Administration or the Office of Vocational and Adult Education) that do not relate to a covered activity.

(b) DETERMINATIONS OF FUNCTIONS AND APPROPRIATE RECEIVING AGENCIES.—

(1) TRANSITION WORKPLAN.—Not later than 180 days after the date of enactment of this

Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the President a proposed workplan that specifies the steps that the Secretaries will take, during the period ending on July 1, 1998, to carry out the transfer described in subsection (a).

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) a determination of the functions that officers and employees of the Employment and Training Administration and the Office of Vocational and Adult Education carry out (as of the date of the submission of the workplan) that do not relate to a covered activity; and

(B) a determination of the appropriate receiving agencies for the functions, based on factors including increased efficiency and elimination of duplication of functions.

(3) REVIEW.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the President shall—

(i) review and approve the workplan and submit the workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate; or

(ii) reject the workplan, prepare an alternative workplan that contains the determinations described in paragraph (2), and submit the alternative workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(B) FUNCTIONS TRANSFERRED.—If the President approves the proposed workplan, or prepares the alternative workplan, the functions described in paragraph (2)(A), as determined in such proposed or alternative workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in such proposed or alternative workplan.

(C) SPECIAL RULE.—If the President takes no action on the proposed workplan submitted under paragraph (1) within the 45-day period described in subparagraph (A), such workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(A), as determined in the proposed workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in the proposed workplan.

(4) REPORT.—Not later than July 1, 1998, the Secretary of Education and the Secretary of Labor shall submit to the appropriate committees of Congress information on the transfers required by this section.

(c) APPLICATION OF AUTHORITIES.—

(1) IN GENERAL.—

(A) APPLICATION.—Subsection (a), and subsections (d) through (m), of section 776 (other than subsections (f), (g)(2), (i)(2), and (m)) shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 776.

(B) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) of section 776 shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 776.

(2) REFERENCES.—For purposes of the application of the subsections described in paragraph (1) (other than subsections (g)(2) and (i)(2) of section 776) to transfers under this section—

(A) references to the Federal Partnership shall be deemed to be references to the appropriate receiving agency, as determined in the approved or alternative workplan referred to in subsection (b)(3);

(B) references to the Secretary of Labor and the Secretary of Education, Director, or National Board shall be deemed to be references to the head of the appropriate receiving agency; and

(C) references to transfers in section 776 shall be deemed to include transfers under this section.

(3) ADMINISTRATION.—Unexpended funds transferred pursuant to this section shall be used only for the purposes for which the funds were originally authorized and appropriated.

(4) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and

(B) that are in effect on the effective date of this section or were final before the effective date of this section and are to become effective on or after the effective date of this section;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the appropriate receiving agency or other authorized official, a court of competent jurisdiction, or by operation of law.

(5) PROCEEDINGS NOT AFFECTED.—

(A) IN GENERAL.—The provisions of this section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the Department of Labor or the Department of Education on the date this section takes effect, with respect to functions transferred by this section.

(B) CONTINUATION.—Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to such orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law.

(C) CONSTRUCTION.—Nothing in this paragraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(6) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administrative action relating to the preparation or promulgation of a regulation by the Department of Labor or the Department of Education relating to a function transferred under this section may be continued by the appropriate receiving agency with the same effect as if this section had not been enacted.

(d) CONSTRUCTION.—Nothing in this section shall be construed to require the transfer of any function described in subsection (b)(2)(A) to the Federal Partnership.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsection (c)(1)(B) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (b) shall take effect on the date of enactment of this Act.

SEC. 778. ELIMINATION OF CERTAIN OFFICES.

(a) TERMINATION.—The Office of Vocational and Adult Education and the Employment and Training Administration shall terminate on July 1, 1998.

(b) OFFICE OF VOCATIONAL AND ADULT EDUCATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking ''Assistant Secretaries of Education (10)'' and inserting ''Assistant Secretaries of Education (9)''.

(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—

(A) Section 202 of the Department of Education Organization Act (20 U.S.C. 3412) is amended—

(i) in subsection (b)(1)—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D) through (F) as subparagraphs (C) through (E), respectively;

(ii) by striking subsection (h); and

(iii) by redesignating subsection (i) as subsection (h).

(B) Section 206 of such Act (20 U.S.C. 3416) is repealed.

(C) Section 402(c)(1) of the Improving America's Schools Act of 1994 (20 U.S.C. 9001(c)(1)) is amended by striking ''established under'' and all that follows and inserting a semicolon.

(3) GOALS 2000: EDUCATE AMERICA ACT.—Section 931(h)(3)(A) of the Goals 2000: Educate America Act (20 U.S.C. 6031(h)(3)(A)) is amended—

(A) by striking clause (iii); and

(B) by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(c) EMPLOYMENT AND TRAINING ADMINISTRATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking ''Assistant Secretaries of Labor (10)'' and inserting ''Assistant Secretaries of Labor (9)''.

(2) VETERANS' BENEFITS AND PROGRAMS IMPROVEMENT ACT OF 1988.—Section 402(d)(3) of the Veterans' Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended by striking ''and under any other program administered by the Employment and Training Administration of the Department of Labor''.

(3) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code, is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8) through (12) as paragraphs (7) through (11), respectively.

(4) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—The last sentence of section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) is amended by striking ''or the Office of Job Training''.

(d) UNITED STATES EMPLOYMENT SERVICE.—

(1) TITLE 5, UNITED STATES CODE.—Section 3327 of title 5, United States Code, is amended—

(A) in subsection (a), by striking ''the employment offices of the United States Employment Service'' and inserting ''Governors''; and

(B) in subsection (b), by striking ''of the United States Employment Service''.

(2) TITLE 10, UNITED STATES CODE.—

(A) Section 1143a(d) of title 10, United States Code, is amended by striking paragraph (3).

(B) Section 2410k(b) of title 10, United States Code, is amended by striking '', and where appropriate the Interstate Job Bank (established by the United States Employment Service),''.

(3) INTERNAL REVENUE CODE OF 1986.—Section 51 of the Internal Revenue Code of 1986 is amended by striking subsection (g).

(4) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—Section 4468 of the National Defense Authorization Act for Fiscal Year 1993 (29 U.S.C. 1662d–1 note) is repealed.

(5) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code (as amended by subsection (c)(3)), is further amended—

(A) by striking paragraph (10); and

(B) by redesignating paragraph (11) as paragraph (10).

(6) TITLE 39, UNITED STATES CODE.—

(A) Section 3202(a)(1) of title 39, United States Code is amended—

(i) in subparagraph (D), by striking the semicolon and inserting ''; and'';

(ii) by striking subparagraph (E); and

(iii) by redesignating subparagraph (F) as subparagraph (E).

(B) Section 3203(b) of title 39, United States Code, is amended by striking ''(1)(E), (2), and (3)'' and inserting ''(2) and (3)''.

(C) Section 3206(b) of title 39, United States Code, is amended by striking ''(1)(F)'' and inserting ''(1)(E)''.

(7) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) (as amended by subsection (c)(4)) is further amended by striking the last sentence.

(e) REORGANIZATION PLANS.—Except with respect to functions transferred under section 777, the authority granted to the Employment and Training Administration, the Office of Vocational and Adult Education, or any unit of the Employment and Training Administration or the Office of Vocational and Adult Education by any reorganization plan shall terminate on July 1, 1998.

Subtitle F—Repeals of Employment and Training and Vocational and Adult Education Programs

SEC. 781. REPEALS.

(a) IMMEDIATE REPEALS.—The following provisions are repealed:

(1) Section 204 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a note).

(2) Title II of Public Law 95–250 (92 Stat. 172).

(3) The Displaced Homemakers Self-Sufficiency Assistance Act (29 U.S.C. 2301 et seq.).

(4) Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 211).

(5) Subtitle C of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11441 et seq.).

(6) Section 5322 of title 49, United States Code.

(7) Subchapter I of chapter 421 of title 49, United States Code.

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) Sections 235 and 236 of the Trade Act of 1974 (19 U.S.C. 2295 and 2296), and paragraphs (1) and (2) of section 250(d) of such Act (19 U.S.C. 2331(d)).

(2) The Adult Education Act (20 U.S.C. 1201 et seq.).

(3) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(4) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(5) The Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(6) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(7) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(8) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

(c) EFFECTIVE DATES.—

(1) IMMEDIATE REPEALS.—The repeals made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SUBSEQUENT REPEALS.—The repeals made by subsection (b) shall take effect on July 1, 1998.

SEC. 782. CONFORMING AMENDMENTS.

(a) IMMEDIATE REPEALS.—

(1) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(2) REFERENCES TO TITLE II OF PUBLIC LAW 95–250.—Section 103 of Public Law 95–250 (16 U.S.C. 791) is amended—

(A) by striking the second sentence of subsection (a); and

(B) by striking the second sentence of subsection (b).

(3) REFERENCES TO SUBTITLE C OF TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(A) Section 762(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11472(a)) is amended—

(i) by striking ''each of the following programs'' and inserting ''the emergency community services homeless grant program established in section 751''; and

(ii) by striking ''tribes:'' and all that follows and inserting ''tribes.''.

(B) The table of contents of such Act is amended by striking the items relating to subtitle C of title VII of such Act.

(4) REFERENCES TO TITLE 49, UNITED STATES CODE.—

(A) Sections 5313(b)(1) and 5314(a)(1) of title 49, United States Code, are amended by striking ''5317, and 5322'' and inserting ''and 5317''.

(B) The table of contents for chapter 53 of title 49, United States Code, is amended by striking the item relating to section 5322.

(b) SUBSEQUENT REPEALS.—

(1) REFERENCES TO THE CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(A) Section 245A(h)(4)(C) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(C)) is amended by striking ''Vocational Education Act of 1963'' and inserting ''Workforce Development Act of 1995''.

(B) The Goals 2000: Educate America Act (20 U.S.C. 5801 et seq.) is amended—

(i) in section 306 (20 U.S.C. 5886)—

(I) in subsection (c)(1)(A), by striking all beginning with '' which process'' through ''Act'' and inserting ''which process shall include coordination with the benchmarks described in section 731(c)(2) of the Workforce Development Act of 1995''; and

(II) in subsection (l), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995''; and

(ii) in section 311(b) (20 U.S.C. 5891(b)), by striking paragraph (6).

(C) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(i) in section 1114(b)(2)(C)(v) (20 U.S.C. 6314(b)(2)(C)(v)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995'';

(ii) in section 9115(b)(5) (20 U.S.C. 7815(b)(5)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995'';

(iii) in section 14302(a)(2) (20 U.S.C. 8852(a)(2))—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively; and

(iv) in the matter preceding subparagraph (A) of section 14307(a)(1) (20 U.S.C. 8857(a)(1)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995''.

(D) Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking ''(20 U.S.C. 2397h(3)'' and inserting '', as such section was in effect on the day preceding the date of enactment of the Workforce Development Act of 1995''.

(E) Section 563 of the Improving America's Schools Act of 1994 (20 U.S.C. 6301 note) is amended by striking ''the date of enactment of an Act reauthorizing the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)'' and inserting ''July 1, 1998''.

(F) Section 135(c)(3)(B) of the Internal Revenue Code of 1986 (26 U.S.C. 135(c)(3)(B)) is amended—

(i) by striking ''subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act'' and inserting ''subparagraph (C) or (D) of section 703(2) of the Workforce Development Act of 1995''; and

(ii) by striking ''any State (as defined in section 521(27) of such Act)'' and inserting ''any State or outlying area (as the terms 'State' and 'outlying area' are defined in section 703 of such Act)''.

(G) Section 101(a)(11)(A) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(11)(A)) is amended by striking ''Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)'' and inserting ''Workforce Development Act of 1995''.

(H) Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking ''Carl D. Perkins Vocational Education Act'' and inserting ''Workforce Development Act of 1995''.

(I) Section 104 of the Vocational Education Amendments of 1968 (82 Stat. 1091) is amended by striking ''section 3 of the Carl D. Perkins Vocational Education Act'' and inserting ''the Workforce Development Act of 1995''.

(2) REFERENCES TO THE ADULT EDUCATION ACT.—

(A) Subsection (b) of section 402 of the Refugee Education Assistance Act (8 U.S.C. 1522, note) is repealed.

(B) Paragraph (20) of section 3 of the Library Services and Construction Act (20 U.S.C. 351a(20)) is amended to read as follows:

''(20) The term 'educationally disadvantaged adult' means an individual who—

''(A) is age 16 or older, or beyond the age of compulsory school attendance under State law;

''(B) is not enrolled in secondary school;

''(C) demonstrates basic skills equivalent to or below that of students at the fifth grade level; or

''(D) has been placed in the lowest or beginning level of an adult education program when that program does not use grade level equivalencies as a measure of students' basic skills.''.

(C)(i) Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(ii) Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(iii) Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking ''an adult basic education program under the Adult Education Act'' and inserting ''adult

education activities under the Workforce Development Act of 1995''.

(iv) Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking ''section 312 of the Adult Education Act'' and inserting ''section 703 of the Workforce Development Act of 1995''.

(v) Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking ''section 312(2) of the Adult Education Act'' and inserting ''section 703 of the Workforce Development Act of 1995''.

(D) Section 203(b)(8) of the Older Americans Act (42 U.S.C. 3013(b)(8)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(3) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by section 781(b).

(4) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to under paragraph (3).

TITLE VIII—WORKFORCE DEVELOPMENT-RELATED ACTIVITIES

Subtitle A—Amendments to the Rehabilitation Act of 1973

SEC. 801. REFERENCES.

Except as otherwise expressly provided in this subtitle, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.).

SEC. 802. FINDINGS AND PURPOSES.

Section 2 (29 U.S.C. 701) is amended—

(1) in subsection (a)(4), by striking ''the provision of individualized training, independent living services, educational and support services,'' and inserting ''implementation of a statewide workforce development system that provides meaningful and effective participation for individuals with disabilities in workforce development activities and activities carried out through the vocational rehabilitation program established under title I, and through the provision of independent living services, support services,''; and

(2) in subsection (b)(1)(A), by inserting ''statewide workforce development systems that include, as integral components,'' after ''(A)''.

SEC. 803. CONSOLIDATED REHABILITATION PLAN.

(a) IN GENERAL.—Section 6 (29 U.S.C. 705) is repealed.

(b) CONFORMING AMENDMENT.—The table of contents for the Act is amended by striking the item relating to section 6.

SEC. 804. DEFINITIONS.

Section 7 (29 U.S.C. 706) is amended by adding at the end the following new paragraphs:

''(36) The term 'statewide workforce development system' means a statewide system, as defined in section 703 of the Workforce Development Act of 1995.

''(37) The term 'workforce development activities' has the meaning given the term in section 703 of the Workforce Development Act of 1995.

''(38) The term 'workforce employment activities' means the activities described in paragraphs (2) through (8) of section 716(a) of the Workforce Development Act of 1995, including activities described in section 716(a)(6) of such Act provided through a voucher described in section 716(a)(9) of such Act.''.

SEC. 805. ADMINISTRATION.

Section 12(a)(1) (29 U.S.C. 711(a)(1)) is amended by inserting '', including providing assistance to achieve the meaningful and effective participation by individuals with disabilities in the activities carried out through a statewide workforce development system'' before the semicolon.

SEC. 806. REPORTS.

Section 13 (29 U.S.C. 712) is amended in the fourth sentence by striking ''The data elements'' and all that follows through ''age,'' and inserting the following: ''The information shall include all information that is required to be submitted in the report described in section 731(a) of the Workforce Development Act of 1995 and that pertains to the employment of individuals with disabilities, including information on age,''.

SEC. 807. EVALUATION.

Section 14(a) (29 U.S.C. 713(a)) is amended in the third sentence by striking ''to the extent feasible,'' and all that follows through the end of the sentence and inserting the following: ''to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 731(c) of the Workforce Development Act of 1995. For purposes of this section, the Secretary may modify or supplement such benchmarks after consultation with the National Board established under section 772 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program established under title I and activities carried out under other provisions of this Act.''.

SEC. 808. DECLARATION OF POLICY.

Section 100(a) (29 U.S.C. 720(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (E), by striking ''; and'' and inserting a semicolon;

(B) in subparagraph (F)—

(i) by inserting ''workforce development activities and'' before ''vocational rehabilitation services''; and

(ii) by striking the period and inserting ''; and''; and

(C) by adding at the end the following subparagraph:

''(G) linkages between the vocational rehabilitation program established under this title and other components of the statewide workforce development system are critical to ensure effective and meaningful participation by individuals with disabilities in workforce development activities.''; and

(2) in paragraph (2)—

(A) by striking ''a comprehensive'' and inserting ''statewide comprehensive''; and

(B) by striking ''program of vocational rehabilitation that is designed'' and inserting ''programs of vocational rehabilitation, each of which is—

''(A) an integral component of a statewide workforce development system; and

''(B) designed''.

SEC. 809. STATE PLANS.

(a) IN GENERAL.—Section 101(a) (29 U.S.C. 721(a)) is amended—

(1) in the first sentence, by striking '', or shall submit'' and all that follows through ''et seq.)'' and inserting '', and shall submit the State plan on the same dates as the State submits the State plan described in section 714 of the Workforce Development Act of 1995 to the Federal Partnership established under section 771 of such Act'';

(2) by inserting after the first sentence the following: ''The State shall also submit the State plan for vocational rehabilitation services for review and comment to any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995, which shall submit the comments on the State plan to the designated State unit.'';

(3) by striking paragraphs (10), (12), (13), (15), (17), (19), (23), (27), (28), (30), (34), and (35);

(4) in paragraph (20), by striking ''(20)'' and inserting ''(B)'';

(5) by redesignating paragraphs (3), (4), (5), (6), (7), (8), (9), (14), (16), (18), (21), (22), (24), (25), (26), (29), (31), (32), (33), and (36) as paragraphs (4), (5), (6), (7), (8), (9), (10), (12), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), and (24), respectively;

(6) in paragraph (1)(B)—

(A) by redesignating clauses (i), (ii), and (iii) as clauses (ii), (iii), and (iv), respectively; and

(B) by inserting before clause (ii) (as redesignated in subparagraph (A)) the following: ''(i) a State entity primarily responsible for implementing workforce employment activities through the statewide workforce development system of the State,'';

(7) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking ''(1)(B)(i)'' and inserting ''(1)(B)(ii)''; and

(B) in subparagraph (B)(ii), by striking ''(1)(B)(ii)'' and inserting ''(1)(B)(iii)'';

(8) by inserting after paragraph (2) the following paragraph:

''(3) provide a plan for expanding and improving vocational rehabilitation services for individuals with disabilities on a statewide basis, including—

''(A) a statement of values and goals;

''(B) evidence of ongoing efforts to use outcome measures to make decisions about the effectiveness and future direction of the vocational rehabilitation program established under this title in the State; and

''(C) information on specific strategies for strengthening the program as an integral component of the statewide workforce development system established in the State, including specific innovative, state-of-the-art approaches for achieving sustained success in improving and expanding vocational rehabilitation services provided through the program, for all individuals with disabilities who seek employment, through plans, policies, and procedures that link the program with other components of the system, including plans, policies, and procedures relating to—

''(i) entering into cooperative agreements, between the designated State unit and appropriate entities responsible for carrying out the other components of the statewide workforce development system, which agreements may provide for—

''(I) provision of intercomponent staff training and technical assistance regarding the availability and benefits of, and eligibility standards for, vocational rehabilitation services, and regarding the provision of equal, effective, and meaningful participation by individuals with disabilities in workforce employment activities in the State through program accessibility, use of nondiscriminatory policies and procedures, and provision of reasonable accommodations, auxiliary aids and services, and rehabilitation technology, for individuals with disabilities;

''(II) use of information and financial management systems that link all components of the statewide workforce development system, that link the components to other electronic networks, and that relate to such subjects as labor market information, and information on job vacancies, skill qualifications, career planning, and workforce development activities;

''(III) use of customer service features such as common intake and referral procedures, customer data bases, resource information, and human service hotlines;

''(IV) establishment of cooperative efforts with employers to facilitate job placement and to develop and sustain working relationships with employers, trade associations, and labor organizations;

''(V) identification of staff roles and responsibilities and available resources for each entity that carries out a component of the statewide workforce development system with regard to paying for necessary services (consistent with State law); and

''(VI) specification of procedures for resolving disputes among such entities; and

''(ii) providing for the replication of such cooperative agreements at the local level between individual offices of the designated State unit and local entities carrying out activities through the statewide workforce development system;'';

(9) in paragraph (6) (as redesignated in paragraph (5))—

(A) by striking subparagraph (A) and inserting the following:

''(A) contain the plans, policies, and methods to be followed in carrying out the State plan and in the administration and supervision of the plan, including—

''(i)(I) the results of a comprehensive, statewide assessment of the rehabilitation needs of individuals with disabilities (including individuals with severe disabilities, individuals with disabilities who are minorities, and individuals with disabilities who have been unserved, or underserved, by the vocational rehabilitation system) who are residing within the State; and

''(II) the response of the State to the assessment;

''(ii) a description of the method to be used to expand and improve services to individuals with the most severe disabilities, including individuals served under part C of title VI;

''(iii) with regard to community rehabilitation programs—

''(I) a description of the method to be used (such as a cooperative agreement) to utilize the programs to the maximum extent feasible; and

''(II) a description of the needs of the programs, including the community rehabilitation programs funded under the Act entitled ''An Act to Create a Committee on Purchases of Blind-made Products, and for other purposes'', approved June 25, 1938 (commonly known as the Wagner-O'Day Act; 41 U.S.C. 46 et seq.) and such programs funded by State use contracting programs; and

''(iv) an explanation of the methods by which the State will provide vocational rehabilitation services to all individuals with disabilities within the State who are eligible for such services, and, in the event that vocational rehabilitation services cannot be provided to all such eligible individuals with disabilities who apply for such services, information—

''(I) showing and providing the justification for the order to be followed in selecting individuals to whom vocational rehabilitation services will be provided (which order of selection for the provision of vocational rehabilitation services shall be determined on the basis of serving first the individuals with the most severe disabilities in accordance with criteria established by the State, and shall be consistent with priorities in such order of selection so determined, and outcome and service goals for serving individuals with disabilities, established in regulations prescribed by the Commissioner);

''(II) showing the outcomes and service goals, and the time within which the outcomes and service goals may be achieved, for the rehabilitation of individuals receiving such services; and

''(III) describing how individuals with disabilities who will not receive such services if such order is in effect will be referred to other components of the statewide workforce development system for access to services offered by the components;''; and

(B) by striking subparagraph (C) and inserting the following subparagraphs:

''(C) with regard to the statewide assessment of rehabilitation needs described in subparagraph (A)(i)—

''(i) provide that the State agency will make reports at such time, in such manner, and containing such information, as the Commissioner may require to carry out the functions of the Commissioner under this title, and comply with such provisions as are necessary to assure the correctness and verification of such reports; and

''(ii) provide that reports made under clause (i) will include information regarding individuals with disabilities and, if an order of selection described in subparagraph (A)(iv)(I) is in effect in the State, will separately include information regarding individuals with the most severe disabilities, on—

''(I) the number of such individuals who are evaluated and the number rehabilitated;

''(II) the costs of administration, counseling, provision of direct services, development of community rehabilitation programs, and other functions carried out under this Act; and

''(III) the utilization by such individuals of other programs pursuant to paragraph (11); and

''(D) describe—

''(i) how a broad range of rehabilitation technology services will be provided at each stage of the rehabilitation process;

''(ii) how a broad range of such rehabilitation technology services will be provided on a statewide basis; and

''(iii) the training that will be provided to vocational rehabilitation counselors, client assistance personnel, personnel of the providers of one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995, and other related services personnel;'';

(10) in subparagraph (A) of paragraph (8) (as redesignated in paragraph (5))—

(A) in clause (i)(II), by striking '', based on projections'' and all that follows through ''relevant factors''; and

(B) by striking clauses (iii) and (iv) and inserting the following clauses:

''(iii) a description of the ways in which the system for evaluating the performance of rehabilitation counselors, coordinators, and other personnel used in the State facilitates the accomplishment of the purpose and policy of this title, including the policy of serving, among others, individuals with the most severe disabilities;

''(iv) provide satisfactory assurances that the system described in clause (iii) in no way impedes such accomplishment; and'';

(11) in paragraph (9) (as redesignated in paragraph (5)) by striking ''required—'' and all that follows through ''(B) prior'' and inserting ''required prior'';

(12) in paragraph (10) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in subparagraph (C), by striking ''plan in accordance with such program'' and inserting ''State plan in accordance with the employment plan'';

(13) in paragraph (11)—

(A) in subparagraph (A), by striking ''State's public'' and all that follows and inserting ''State programs that are not part of the statewide workforce development system of the State;''; and

(B) in subparagraph (C)—

(i) by striking ''if appropriate—'' and all that follows through ''entering into'' and inserting ''if appropriate, entering into'';

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

(iii) by indenting the clauses and aligning the margins of the clauses with the margins of clause (ii) of subparagraph (A) of paragraph (8) (as redesignated in paragraph (5));

(14) in paragraph (14) (as redesignated in paragraph (5))—

(A) by striking ''(14)'' and inserting ''(14)(A)''; and

(B) by inserting before the semicolon the following '', and, in the case of the designated State unit, will take actions to take such views into account that include providing timely notice, holding public hearings, preparing a summary of hearing comments, and documenting and disseminating information relating to the manner in which the comments will affect services; and'';

(15) in paragraph (16) (as redesignated in paragraph (5)), by striking ''referrals to other Federal and State programs'' and inserting ''referrals within the statewide workforce development system of the State to programs''; and

(16) in paragraph (17) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in subparagraph (C)—

(i) in clause (ii), by striking ''; and'' and inserting a semicolon;

(ii) in clause (iii), by striking the semicolon and inserting ''; and''; and

(iii) by adding at the end the following clause:

''(iv) the manner in which students who are individuals with disabilities and who are not in special education programs can access and receive vocational rehabilitation services, where appropriate;''.

(b) CONFORMING AMENDMENTS.—

(1) Section 7 (29 U.S.C. 706) is amended—

(A) in paragraph (3)(B)(ii), by striking ''101(a)(1)(B)(i)'' and inserting ''101(a)(1)(B)(ii)''; and

(B) in paragraph (22)(A)(i)(II), by striking ''101(a)(5)(A)'' each place it appears and inserting ''101(a)(6)(A)(iv)''.

(2) Section 12(d) (29 U.S.C. 711(d)) is amended by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''.

(3) Section 101(a) (29 U.S.C. 721(a)) is amended—

(A) in paragraph (1)(A), by striking ''paragraph (4) of this subsection'' and inserting ''paragraph (5)'';

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''paragraph (1)(B)(i)'' and inserting ''paragraph (1)(B)(ii)''; and

(ii) in subparagraph (B)(i), by striking ''paragraph (1)(B)(ii)'' and inserting ''paragraph (1)(B)(iii)'';

(C) in paragraph (17) (as redesignated in subsection (a)(5)), by striking ''paragraph (11)(C)(ii)'' and inserting ''paragraph (11)(C)'';

(D) in paragraph (22) (as redesignated in subsection (a)(5)), by striking ''paragraph (36)'' and inserting ''paragraph (24)''; and

(E) in subparagraph (C) of paragraph (24) (as redesignated in subsection (a)(5)), by striking ''101(a)(1)(A)(i)'' and inserting ''paragraph (1)(A)(i)''.

(4) Section 102 (29 U.S.C. 722) is amended—

(A) in subsection (a)(3), by striking ''101(a)(24)'' and inserting ''101(a)(17)''; and

(B) in subsection (d)(2)(C)(ii)—

(i) in subclause (II), by striking ''101(a)(36)'' and inserting ''101(a)(24)''; and

(ii) in subclause (III), by striking ''101(a)(36)(C)(ii)'' and inserting ''101(a)(24)(C)(ii)''.

(5) Section 105(a)(1) (29 U.S.C. 725(a)(1)) is amended by striking ''101(a)(36)'' and inserting ''101(a)(24)''.

(6) Section 107(a) (29 U.S.C. 727(a)) is amended—

(A) in paragraph (2)(F), by striking ''101(a)(32)'' and inserting ''101(a)(22)'';

(B) in paragraph (3)(A), by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''; and

(C) in paragraph (4), by striking ''101(a)(35)'' and inserting ''101(a)(8)(A)(iii)''.

(7) Section 111(a) (29 U.S.C. 731(a)) is amended—

(A) in paragraph (1), by striking ''and development and implementation'' and all that follows through ''referred to in section 101(a)(34)(B)''; and

(B) in paragraph (2)(A), by striking ''and such payments shall not be made in an amount which would result in a violation of the provisions of the State plan required by section 101(a)(17)''.

(8) Section 124(a)(1)(A) (29 U.S.C. 744(a)(1)(A)) is amended by striking ''(not including sums used in accordance with section 101(a)(34)(B))''.

(9) Section 315(b)(2) (29 U.S.C. 777e(b)(2)) is amended by striking ''101(a)(22)'' and inserting ''101(a)(16)''.

(10) Section 635(b)(2) (29 U.S.C. 795n(b)(2)) is amended by striking ''101(a)(5)'' and inserting ''101(a)(6)(A)(i)(I)''.

(11) Section 802(h)(2)(B)(ii) (29 U.S.C. 797a(h)(2)(B)(ii)) is amended by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''.

(12) Section 102(e)(23)(A) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2212(e)(23)(A)) is amended by striking ''section 101(a)(36) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(36))'' and inserting ''section 101(a)(24) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(24))''.

SEC. 810. INDIVIDUALIZED EMPLOYMENT PLANS.

(a) IN GENERAL.—Section 102 (29 U.S.C. 722) is amended—

(1) by striking the section heading and inserting the following:

''SEC. 102. INDIVIDUALIZED EMPLOYMENT PLANS.'';

(2) in subsection (a)(6), by striking ''written rehabilitation program'' and inserting ''employment plan'';

(3) in subsection (b)—

(A) in paragraph (1)(A)—

(i) in clause (i), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(ii) in clause (ii), by striking ''program'' and inserting ''plan'';

(B) in paragraph (1)(B)—

(i) in the matter preceding clause (i), by striking ''written rehabilitation program'' and inserting ''employment plan'';

(ii) in clause (iv)—

(I) by striking subclause (I) and inserting the following:

''(I) include a statement of the specific vocational rehabilitation services to be provided (including, if appropriate, rehabilitation technology services and training in how to use such services) that includes specification of the public or private entity that will provide each such vocational rehabilitation service and the projected dates for the initiation and the anticipated duration of each such service; and'';

(II) by striking subclause (II); and

(III) by redesignating subclause (III) as subclause (II); and

(iii) in clause (xi)(I), by striking ''program'' and inserting ''plan'';

(C) in paragraph (1)(C), by striking ''written rehabilitation program and amendments to the program'' and inserting ''employment plan and amendments to the plan''; and

(D) in paragraph (2)—

(i) by striking ''program'' each place the term appears and inserting ''plan''; and

(ii) by striking ''written rehabilitation'' each place the term appears and inserting ''employment'';

(4) in subsection (c)—

(A) in paragraph (1), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) by striking ''written program'' each place the term appears and inserting ''plan''; and

(5) in subsection (d)—

(A) in paragraph (5), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in paragraph (6)(A), by striking the second sentence.

(b) CONFORMING AMENDMENTS.—

(1) The table of contents for the Act is amended by striking the item relating to section 102 and inserting the following:

''Sec. 102. Individualized employment plans.''.

(2) Paragraphs (22)(B) and (27)(B), and subparagraphs (B) and (C) of paragraph (34) of section 7 (29 U.S.C. 706), section 12(e)(1) (29 U.S.C. 711(e)(1)), section 501(e) (29 U.S.C. 791(e)), subparagraphs (C), (D), and (E) of section 635(b)(6) (29 U.S.C. 795n(b)(6) (C), (D), and (E)), section 802(g)(8)(B) (29 U.S.C. 797a(g)(8)(B)), and section 803(c)(2)(D) (29 U.S.C. 797b(c)(2)(D)) are amended by striking ''written rehabilitation program'' each place the term appears and inserting ''employment plan''.

(3) Section 7(22)(B)(i) (29 U.S.C. 706(22)(B)(i)) is amended by striking ''rehabilitation program'' and inserting ''employment plan''.

(4) Section 107(a)(3)(D) (29 U.S.C. 727(a)(3)(D)) is amended by striking ''written rehabilitation programs'' and inserting ''employment plans''.

(5) Section 101(b)(7)(A)(ii)(II) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2211(b)(7)(A)(ii)(II)) is amended by striking ''written rehabilitation program'' and inserting ''employment plan''.

SEC. 811. SCOPE OF VOCATIONAL REHABILITATION SERVICES.

Section 103 (29 U.S.C. 723) is amended—

(1) in subsection (a)(4)—

(A) in subparagraph (B), by striking ''surgery or'';

(B) in subparagraph (D), by striking the comma at the end and inserting '', and'';

(C) by striking subparagraph (E); and

(D) by redesignating subparagraph (F) as subparagraph (E); and

(2) in subsection (b)(1), by striking ''the most severe''.

SEC. 812. STATE REHABILITATION ADVISORY COUNCIL.

(a) IN GENERAL.—Section 105 (29 U.S.C. 725) is amended—

(1) in subsection (b)(1)(A)(vi), by inserting before the semicolon the following: ''who, to the extent feasible, are members of any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995''; and

(2) in subsection (c)—

(A) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively;

(B) by inserting after paragraph (2) the following new paragraph:

''(3) advise the designated State agency and the designated State unit regarding strategies for ensuring that the vocational rehabilitation program established under this title becomes an integral part of the statewide workforce development system of the State;''; and

(C) in paragraph (6) (as redesignated in subparagraph (A))—

(i) by striking ''6024), and'' and inserting ''6024),''; and

(ii) by striking the semicolon at the end and inserting the following: '', and any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995;''.

(b) CONFORMING AMENDMENT.—Subparagraph (B)(iv), and clauses (ii)(I) and (iii)(I) of subparagraph (C), of paragraph (24) (as redesignated in section 409(a)(5)) of section 101(a) (29 U.S.C. 721(a)) are amended by striking ''105(c)(3)'' and inserting ''105(c)(4)''.

SEC. 813. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

Section 106(a)(1) (29 U.S.C. 726(a)(1)) is amended—

(1) by striking ''1994'' and inserting ''1996''; and

(2) by striking the period and inserting the following: ''that shall, to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 731(c) of the Workforce Development Act of 1995. For purposes of this section, the Commissioner may modify or supplement such benchmarks, after consultation with the National Board established under section 772 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program.''.

SEC. 814. REPEALS.

(a) IN GENERAL.—Title I (29 U.S.C. 720 et seq.) is amended—

(1) by repealing part C; and

(2) by redesignating parts D and E as parts C and D, respectively.

(b) CONFORMING AMENDMENTS.—The table of contents for the Act is amended—

(1) by striking the items relating to part C of title I; and

(2) by striking the items relating to parts D and E of title I and inserting the following:

''PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

''Sec. 130. Vocational rehabilitation services grants.

''PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

''Sec. 140. Review of data collection and reporting system.

''Sec. 141. Exchange of data.''.

SEC. 815. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this subtitle shall take effect on the date of enactment of this Act.

(b) STATEWIDE SYSTEM REQUIREMENTS.—The changes made in the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) by the amendments made by this subtitle that relate to State benchmarks, or other components of a statewide system, shall take effect—

(1) in a State that submits and obtains approval of an interim plan under section 763 for program year 1997, on July 1, 1997; and

(2) in any other State, on July 1, 1998.

Subtitle B—Amendments to Immigration and Nationality Act

SEC. 821. PROHIBITION ON USE OF FUNDS FOR CERTAIN EMPLOYMENT ACTIVITIES.

Section 412(c)(1) of the Immigration and Nationality Act is amended by adding at the end the following new subparagraph:

''(D) Funds available under this paragraph may not be provided to States for workforce employment activities authorized and funded under the Workforce Development Act of 1995.''.

Subtitle C—Amendments to the National Literacy Act of 1991

SEC. 831. NATIONAL INSTITUTE FOR LITERACY.

Section 102 of the National Literacy Act of 1991 (20 U.S.C. 1213c note) is amended to read as follows:

"SEC. 102. NATIONAL INSTITUTE FOR LITERACY.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—There is established the National Institute for Literacy (in this section referred to as the 'Institute'). The Institute shall be administered by the National Board established under section 772 of the Workforce Development Act of 1995 (in this section referred to as the 'National Board'). The National Board may include in the Institute any research and development center, institute, or clearinghouse that the National Board determines is appropriately included in the Institute.

''(2) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education or the Department of Labor.

''(3) RECOMMENDATIONS.—The National Board shall consider the recommendations of the National Institute Council established under subsection (d) in planning the goals of the Institute and in the implementation of any programs to achieve such goals. The daily operations of the Institute shall be carried out by the Director of the Institute appointed under subsection (g). If such Council's recommendations are not followed, the National Board shall provide a written explanation to such Council concerning actions the National Board has taken that includes the National Board's reasons for not following such Council's recommendations with respect to such actions. Such Council may also request a meeting with the National Board to discuss such Council's recommendations.

''(b) DUTIES.—

''(1) IN GENERAL.—The Institute is authorized, in order to improve the quality and accountability of the adult basic skills and literacy delivery system, to—

''(A) coordinate the support of research and development on literacy and basic skills education across Federal agencies and carry out basic and applied research and development on topics such as—

''(i) identifying effective models of basic skills and literacy education for adults and families that are essential to success in job training, work, the family, and the community;

''(ii) carrying out evaluations of the effectiveness of literacy and adult education programs and services, including those supported by this Act; and

''(iii) supporting the development of models at the State and local level of accountability systems that consist of goals, performance measures, benchmarks, and assessments that can be used to improve the quality of literacy and adult education services;

''(B) provide technical assistance, information, and other program improvement activities to national, State, and local organizations, such as—

''(i) providing information and training to State and local workforce development boards and one-stop centers concerning how literacy and basic skills services can be incorporated in a coordinated workforce development model;

''(ii) improving the capacity of national, State, and local public and private literacy and basic skills professional development and technical assistance organizations, such as the State Literacy Resource Centers established under section 103; and

''(iii) providing information on-line and in print to all literacy and basic skills programs about best practices, models of collaboration for effective workforce, family, English as a Second Language, and other literacy programs, and other informational and communication needs; and

''(C) work with the National Board, the Departments of Education, Labor, and Health and Human Services, and the Congress to ensure that they have the best information available on literacy and basic skills programs in formulating Federal policy around the issues of literacy, basic skills, and workforce development.

''(2) CONTRACTS, COOPERATIVE AGREEMENTS, AND GRANTS.—The Institute may enter into contracts or cooperative agreements with, or make grants to, individuals, public or private nonprofit institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute. Such grants, contracts, or agreements shall be subject to the laws and regulations that generally apply to grants, contracts, or agreements entered into by Federal agencies.

''(c) LITERACY LEADERSHIP.—

''(1) FELLOWSHIPS.—The Institute is, in consultation with the Council, authorized to award fellowships, with such stipends and allowances that the Director considers necessary, to outstanding individuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.

''(2) USE OF FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

''(3) DESIGNATION.—Individuals receiving fellowships pursuant to this subsection shall be known as ''Literacy Leader Fellows''.

''(d) NATIONAL INSTITUTE COUNCIL.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT.—There is established the National Institute Council (in this section referred to as the ''Council''). The Council shall consist of 10 individuals appointed by the President with the advice and consent of the Senate from individuals who—

''(i) are not otherwise officers or employees of the Federal Government;

''(ii) are representative of entities or groups described in subparagraph (B); and

''(iii) are chosen from recommendations made to the President by individuals who represent such entities or groups.

''(B) ENTITIES OR GROUPS.—Entities or groups described in this subparagraph are—

''(i) literacy organizations and providers of literacy services, including—

''(I) providers of literacy services receiving assistance under this Act; and

''(II) nonprofit providers of literacy services;

''(ii) businesses that have demonstrated interest in literacy programs;

''(iii) literacy students;

''(iv) experts in the area of literacy research;

''(v) State and local governments; and

''(vi) organized labor.

''(2) DUTIES.—The Council shall—

''(A) make recommendations concerning the appointment of the Director and staff of the Institute;

''(B) provide independent advice on the operation of the Institute; and

''(C) receive reports from the National Board and the Director.

''(3) Except as otherwise provided, the Council established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act.

''(4) APPOINTMENT.—

''(A) DURATION.—Each member of the Council shall be appointed for a term of 3 years. Any such member may be appointed for not more than 2 consecutive terms.

''(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that members' term until a successor has taken office. A vacancy in the Council shall be filled in the manner in which the original appointment was made. A vacancy in the Council shall not affect the powers of the Council.

''(5) QUORUM.—A majority of the members of the Council shall constitute a quorum but a lesser number may hold hearings. Any recommendation may be passed only by a majority of its members present.

''(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Council shall be elected by the members. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

''(7) MEETINGS.—The Council shall meet at the call of the Chairperson or a majority of its members.

''(e) GIFTS, BEQUESTS, AND DEVISES.—The Institute and the Council may accept (but not solicit), use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Institute or the Council, respectively. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Institute or the Council, respectively.

''(f) MAILS.—The Council and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

''(g) STAFF.—The National Board, after considering recommendations made by the Council, shall appoint and fix the pay of a Director of the Institute and staff of the Institute.

''(h) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director of the Institute and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for GS–15 of the General Schedule.

''(i) EXPERTS AND CONSULTANTS.—The Council and the Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

''(j) REPORT.—The Institute shall submit a report to the Congress biennially. Each report submitted under this subsection shall include—

''(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for such fiscal year;

''(2) a description of how plans for the operation of the Institute for the succeeding fiscal year will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the National Board, Department of Education, the Department of Labor, and the Department of Health and Human Services; and

''(3) any additional minority, or dissenting views submitted by members of the Council.

''(k) FUNDING.—Any amounts appropriated to the National Board, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.''.

SEC. 832. STATE LITERACY RESOURCE CENTERS.

Section 103 of the National Literacy Act of 1991 is amended to read as follows:

''SEC. 103. STATE LITERACY RESOURCE CENTERS.

''(a) PURPOSE.—The purpose of this section is to establish a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to eliminate illiteracy by—

''(1) stimulating the coordination of literacy services;

''(2) enhancing the capacity of State and local organizations to provide literacy services; and

''(3) serving as a reciprocal link between the National Institute for Literacy established under section 102 and service providers for the purpose of sharing information, data, research, and expertise and literacy resources.

''(b) ESTABLISHMENT.—From amounts appropriated pursuant to section 734(b)(5) of the Workforce Develop-

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AMENDMENT NO. 2647

At the end of section 716, add the following new subsection:

(h) ALL ASPECTS OF AN INDUSTRY.—

(1) DEFINITION.—As used in this subsection, the term ''all aspects of an industry'', used with respect to a participant, means all aspects of the industry or industry sector the participant is preparing to enter, including planning, management, finances, technical and production skills, underlying principles of technology, labor and community issues, health and safety issues, and environmental issues, related to such industry or industry sector.

(2) WORKFORCE EDUCATION ACTIVITIES AND SCHOOL-TO-WORK ACTIVITIES.—Each State that receives an allotment under section 712 shall ensure that the workforce education activities and school-to-work activities carried out with funds made available through the allotment provide strong experience in and understanding of all aspects of an industry relating to the career major of each participant in either type of activities.

(3) STATE PLAN REQUIREMENT.—To be eligible to receive an allotment under section 712, the State shall specify, in the portion of the State plan described in section 714(c)(3) (relating to workforce education activities), how the activities will provide participants with the experience and understanding described in paragraph (2).

(4) STATE BENCHMARKS.—In developing and identifying State benchmarks that measure student mastery of academic knowledge and work readiness skills under section 731(c)(2)(A), the State shall develop and identify State benchmarks that measure the understanding of all aspects of an industry by student participants.

AMENDMENT NO. 2648

On page 323, line 8, strike ''under the direction of the National Board'' and insert ''under the joint direction of the Secretary of Labor and the Secretary of Education''.

On page 469, lines 4 and 5, strike ''The Federal Partnership shall be directed by'' and insert ''There shall be in the Federal Partnership''.

On page 470, lines 20 and 21, strike ''oversee all activities'' and insert ''provide advice to the Secretary of Labor and the Secretary of Education regarding all activities''.

On page 476, line 19, strike ''to the National Board''.

On page 496, line 4, strike ''to the National Board'' and insert ''to the President''.

On page 496, lines 7 through 9, strike ''the President, the Committee on Economic and Educational Opportunities of the House of Representatives,'' and insert ''the Committee on Economic and Educational Opportunities of the House of Representatives''.

Beginning on page 497, strike line 25 and all that follows through page 500, line 4, and insert the following:

(3) REVIEW.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the President shall—

(i) review and approve the workplan; or

(ii) reject the workplan, prepare an alternative workplan that contains the analysis, information, and determinations described in paragraph (2), and submit the alternative workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(B) FUNCTIONS TRANSFERRED.—If the President approves the proposed workplan, or prepares the alternative workplan, the functions described in paragraph (2)(C), as determined in such proposed or alternative workplan, shall be transferred under subsection (b).

(C) SPECIAL RULE.—If the President takes no action on the proposed workplan submitted under paragraph (1) within the 45-day period described in subparagraph (A), such workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(C), as determined in the proposed workplan, shall be transferred under subsection (b).

(4) REPORT.—Not later than July 1, 1998, the Secretary of Education and the Secretary of Labor shall submit to the appropriate committees of Congress information on the transfers required by this section.

On page 501, line 5, strike ''National Board'' and insert ''Secretary of Labor and Secretary of Education, acting jointly''.

On page 501, lines 8 and 9, strike ''National Board'' and insert ''Secretaries''.

On page 501, lines 11 and 12, strike ''National Board'' and insert ''Secretary of Labor and Secretary of Education''.

On page 501, line 13, strike ''National Board'' and insert ''Secretaries''.

On page 501, line 15, strike ''National Board'' and insert ''Secretary of Labor and Secretary of Education, acting jointly''.

On page 505, line 9, strike ''National Board'' and insert ''Secretary of Labor and Secretary of Education, acting jointly''.

On page 511, lines 4 and 5, strike ''Director, or National Board'' and insert ''or Director,''.

On page 558, strike lines 15 through 18 and insert the following:

administered by the Secretary of Education (referred to in this section as the 'Secretary'). The Secretary may include in

On page 558, line 20, strike ''National Board'' and insert ''Secretary''.

On page 559, lines 1 and 2, strike ''National Board'' and insert ''Secretary''.

On page 559, lines 9 and 10, strike ''National Board'' and insert ''Secretary''.

On page 559, line 11, strike ''National Board'' and insert ''Secretary''.

On page 559, line 12, strike ''National Board's'' and insert ''Secretary's''.

On page 559, line 15, strike ''National Board'' and insert ''Secretary''.

On page 564, lines 19 and 20, strike ''National Board'' and insert ''Secretary''.

On page 566, line 18, strike ''National Board'' and insert ''Secretary''.

On page 567, line 22, strike ''National Board,''.

On page 568, lines 3 and 4, strike ''the National Board,''.

On page 569, line 3, strike ''National Board'' and insert ''Secretary of Education (referred to in this section as the 'Secretary')''.

On page 569, line 9, strike ''National Board'' and insert ''Secretary''.

On page 572, line 24, strike ''National Board'' and insert ''Secretary''.

On page 573, line 22, strike ''National Board'' and insert ''Secretary''.

On page 575, line 5, strike ''National Board'' and insert ''Secretary''.

On page 575, line 10, strike ''National Board'' and insert ''Secretary''.

On page 575, line 15, strike ''National Board'' and insert ''Secretary''.

AMENDMENT NO. 2649

At the end of section 716, add the following new subsection:

(h) NONTRADITIONAL OCCUPATIONS.—

(1) DEFINITION.—The term ''nontraditional occupation'', used with respect to women or men, refers to an occupation or field of work in which women or men, respectively, comprise less than 25 percent of the individuals employed in such occupation or field of work.

(2) WORK FORCE EMPLOYMENT ACTIVITIES.—Each State that receives an allotment under section 712 may, in carrying out work force employment activities with funds made available through the allotment, carry out—

(A) programs encouraging women and men to consider nontraditional occupations for women and men, respectively; and

(B) development and training relating to provision of effective services, including the provision of current information (as of the date of the provision) on high-wage, high-demand occupations, to individuals with multiple barriers to employment.

(3) WORK FORCE EDUCATION ACTIVITIES.—Each State that receives an allotment under section 712 shall ensure that the work force education activities carried out with funds made available through the allotment provide exposure to high-wage, high-skill careers.

(4) STATE BENCHMARKS.—In developing and identifying State benchmarks under section 731(c)(1), the State shall develop and identify State benchmarks that measure the understanding of all aspects of an industry by participants.

AMENDMENT NO. 2650

At the end of subtitle C, add the following:

SEC. 760. NONTRADITIONAL OCCUPATIONS.

(a) DEFINITION.—The term ''nontraditional occupation'', used with respect to women or men, refers to an occupation or field of work in which women or men, respectively, comprise less than 25 percent of the individuals employed in such occupation or field of work.

(b) JOB CORPS.—A State that receives funds through an allotment made under section 759(c)(2) shall ensure that enrollees assigned to Job Corps centers in the State receive career awareness activities relating to nontraditional occupations for women and men.

(c) PERMISSIBLE WORKFORCE PREPARATION ACTIVITIES.—A State that receives funds through an allotment made under section 759(c)(3) and uses the funds to assist entities in providing work-based learning as a component of school-to-work activities under section 759(b)(2)(B) shall ensure that the work-based learning includes career exploration programs and occupational skill training relating to nontraditional occupations for women and men.

AMENDMENT NO. 2651

On page 340, line 9, after ''State'' insert the following: '', including how the State will develop, adopt, or use industry-recognized skill standards, such as the skill standards endorsed by the National Skill Standards Board, to identify skill needs for current (as of the date of submission of the plan) and emerging occupations''.

AMENDMENT NO. 2652

Beginning on page 349, strike line 6 and all that follows through page 351, line 20, and insert the following:

dent performance measures, including measures of academic and occupational skills at levels specified in challenging standards, such as the student performance standards certified by the National Education Standards and Improvement Council (and not disapproved by the National Education Goals Panel) and the skill standards endorsed by the National Skill Standards Board, that are developed, adopted, or used by the State.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan;

(3) the Federal Partnership determines that the State, in preparing the plan, has described activities that will enable the State to meet the State benchmarks; and

(4) the State benchmarks for the State have

AMENDMENT NO. 2653

In section 714(c)(2)(E), strike ''labor market information'' and insert ''labor market and occupational information (referred to in this Act as 'labor market information')''.

AMENDMENT NO. 2654

Strike section 773 and insert the following:

SEC. 773. LABOR MARKET INFORMATION.

(a) FEDERAL RESPONSIBILITIES.—The Federal Partnership, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide integrated labor market information system that shall include—

(1) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems, that, taken together, shall enumerate, estimate, and project the supply and demand for labor at the substate, State, and national levels in a timely manner, including data on—

(A) the demographics, socioeconomic characteristics, and current employment status of the substate, State, and national populations (as of the date of the collection of the data), including self-employed, part-time, and seasonal workers;

(B) job vacancies, education and training requirements, skills, wages, benefits, working conditions, and industrial distribution, of occupations, as well as current and projected employment opportunities and trends by industry and occupation;

(C) the educational attainment, training, skills, skill levels, and occupations of the populations;

(D) information maintained in a longitudinal manner on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom the information is collected by the States; and

(E) the incidence, industrial and geographical location, and number of workers displaced by permanent layoffs and plant closings;

(2) State and substate area employment and consumer information (which shall be current, comprehensive, automated, accessible, easy to understand, and in a form useful for facilitating immediate employment, entry into education and training programs, and career exploration) on—

(A) job openings, locations, hiring requirements, and application procedures, including profiles of industries in the local labor market that describe the nature of work performed, employment requirements, and patterns in wages and benefits;

(B) jobseekers, including the education, training, and employment experience of the jobseekers; and

(C) the cost and effectiveness of providers of workforce employment activities, workforce education activities, and flexible workforce activities, including the percentage of program completion, acquisition of skills to meet industry-recognized skill standards, continued education, job placement, and earnings, by participants, and other information that may be useful in facilitating informed choices among providers by participants;

(3) technical standards for labor market information that will—

(A) ensure compatibility of the information and the ability to aggregate the information from substate areas to State and national levels;

(B) support standardization and aggregation of the data from administrative reporting systems;

(C) include—

(i) classification and coding systems for industries, occupations, skills, programs, and courses;

(ii) nationally standardized definitions of labor market and occupational terms, including terms related to State benchmarks established pursuant to section 731(c);

(iii) quality control mechanisms for the collection and analysis of labor market information; and

(iv) common schedules for collection and dissemination of labor market information; and

(D) eliminate gaps and duplication in statistical undertakings, with a high priority given to the systemization of wage surveys;

(4) an analysis of data and information described in paragraphs (1) and (2) for uses such as—

(A) national, State, and substate area economic policymaking;

(B) planning and evaluation of workforce development activities;

(C) the implementation of Federal policies, including the allocation of Federal funds to States and substate areas; and

(D) research on labor market and occupational dynamics;

(5) dissemination mechanisms for data and analysis, including mechanisms that may be standardized among the States; and

(6) programs of technical assistance for States and substate areas in the development, maintenance, utilization, and continuous improvement of the data, information, standards, analysis, and dissemination mechanisms, described in paragraphs (1) through (5).

(b) JOINT FEDERAL-STATE RESPONSIBILITIES.—

(1) IN GENERAL.—The nationwide integrated labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and the States receiving financial assistance under this title.

(2) ANNUAL PLAN.—The Federal Partnership shall, with the assistance of the Bureau of Labor Statistics and other Federal agencies, where appropriate, prepare an annual plan that shall be the mechanism for achieving the cooperative Federal-State governance structure for the nationwide integrated labor market information system. The plan shall—

(A) establish goals for the development and improvement of a nationwide integrated labor market information system based on information needs for achieving economic growth and productivity, accountability, fund allocation equity, and an understanding of labor market and occupational characteristics and dynamics;

(B) describe the elements of the system, including—

(i) standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in paragraphs (1) and (2) of subsection (a); and

(ii) assurances that—

(I) data will be sufficiently timely and detailed for uses including the uses described in subsection (a)(4);

(II) administrative records will be standardized to facilitate the aggregation of data from substate areas to State and national levels and to support the creation of new statistical series from program records; and

(III) paperwork and reporting requirements on employers and individuals will be reduced;

(C) recommend needed improvements in administrative reporting systems to be used for the nationwide integrated labor market information system;

(D) describe the current spending on integrated labor market information activities from all sources, assess the adequacy of the funds spent, and identify the specific budget needs of the Federal Government and States with respect to implementing and improving the nationwide integrated labor market information system;

(E) develop a budget for the nationwide integrated labor market information system that—

(i) accounts for all funds described in subparagraph (D) and any new funds made available pursuant to this title; and

(ii) describes the relative allotments to be made for—

(I) operating the cooperative statistical programs pursuant to subsection (a)(1);

(II) developing and providing employment and consumer information pursuant to subsection (a)(2);

(III) ensuring that technical standards are met pursuant to subsection (a)(3); and

(IV) providing the analysis, dissemination mechanisms, and technical assistance under paragraphs (4), (5), and (6) of subsection (a), and matching data;

(F) describe the involvement of States in developing the plan by holding formal consultations conducted in cooperation with representatives of the Governors of each State or the State workforce development board described in section 715, where appropriate, pursuant to a process established by the Federal Partnership; and

(G) provide for technical assistance to the States for the development of statewide comprehensive labor market information systems described in subsection (c), including assistance with the development of easy-to-use software and hardware, or uniform information displays.

For purposes of applying Office of Management and Budget Circular A–11 to determine persons eligible to participate in deliberations relating to budget issues for the development of the plan, the representatives of the Governors of each State and the State workforce development board described in subparagraph (F) shall be considered to be employees of the Department of Labor.

(c) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this title, the Governor of a State shall—

(A) establish an interagency process for the oversight of a statewide comprehensive labor market information system and for the participation of the State in the cooperative Federal-State governance structure for the nationwide integrated labor market information system; and

(B) designate a single State agency or entity within the State to be responsible for the management of the statewide comprehensive labor market information system.

(2) DUTIES.—In order to receive Federal financial assistance under this title, the State agency or entity within the State designated under paragraph (1)(B) shall—

(A) consult with employers and local workforce development boards described in section 728(b), where appropriate, about the labor market relevance of the data to be collected and displayed through the statewide comprehensive labor market information system;

(B) develop, maintain, and continuously improve the statewide comprehensive labor market information system, which shall—

(i) include all of the elements described in paragraphs (1), (2), (3), (4), (5), and (6) of subsection (a); and

(ii) provide the consumer information described in clauses (v) and (vi) of section 716(a)(2)(B) in a manner that shall be responsive to the needs of business, industry, workers, and jobseekers;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination, through the statewide comprehensive labor market information system;

(D) conduct such other data collection, analysis, and dissemination activities to ensure that State and substate area labor market information is comprehensive;

(E) actively seek the participation of other State and local agencies, with particular attention to State education, economic development, human services, and welfare agencies, in data collection, analysis, and dissemination activities in order to ensure complementarity and compatibility among data;

(F) participate in the development of the national annual plan described in subsection (b)(2); and

(G) ensure that the matches required for the job placement accountability system by section 731(d)(2)(A) are made for the State and for other States.

(3) RULE OF CONSTRUCTION.—Nothing in this title shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this title.

(d) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

AMENDMENT NO. 2655

In section 101(a)(3)(C)(i)(II) of the Rehabilitation Act of 1973, as amended by section 809(a)(8), strike ''labor market information'' and insert ''labor market and occupational information''.

AMENDMENT NO. 2656

On page 465, strike lines 4 through 12.

AMENDMENT NO. 2657

On page 363, beginning with line 12, strike all through page 364, line 13, and insert the following:

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this title for workforce education activities to carry out, through the statewide workforce development system, activities that include—

(1) ensuring that all students, including students who are members of special populations, have the opportunity to achieve to challenging State academic standards and industry-based skill standards;

(2) promoting the integration of academic and vocational education;

(3) supporting career majors in broad occupational clusters or industry sectors;

(4) effectively linking secondary education and postsecondary education, including implementing tech-prep programs;

(5) providing students with strong experience in, and understanding of, all aspects of the industry such students are preparing to enter;

(6) providing connecting activities that link each youth participating in workforce education activities under this subsection with an employer in an industry or occupation relating to the career of such youth;

(7) combining school-based and work-based instruction, including instruction in general workplace competencies;

(8) providing school-site and workplace mentoring;

(9) providing a planned program of job training and work experience that is coordinated with school-based learning;

(10) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, career exploration, exposure to high-wage, high-skill careers, and guidance information, to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(11) expanding, improving, and modernizing quality vocational education programs;

(12) improving access to quality vocational education programs for at-risk youth;

(13) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(14) providing programs for adults and out-of-school youth to complete their secondary education; or

(15) providing programs of family and work-place literacy.

AMENDMENT NO. 2658

Beginning on page 328, line 10, strike all through page 451, line 11, and insert the following:

ernor, in cooperation with the State educational agency and a local educational agency, that reflects, to the extent feasible, a local labor market in a State.

(31) TECH-PREP PROGRAM.—The term ''tech-prep program'' means a program of study that—

(A) combines at least 2 years of secondary education (as determined under State law) and 2 years of postsecondary education in a nonduplicative sequence;

(B) integrates academic and vocational instruction and utilizes worksite learning where appropriate;

(C) provides technical preparation in an area such as engineering technology, applied science, a mechanical, industrial, or practical art or trade, agriculture, a health occupation, business, or applied economics;

(D) builds student competence in mathematics, science, communications, economics, and workplace skills, through applied academics and integrated instruction in a coherent sequence of courses;

(E) leads to an associate degree or a certificate in a specific career field; and

(F) leads to placement in appropriate employment or further education.

(32) VETERAN.—The term ''veteran'' has the meaning given the term in section 101(2) of title 38, United States Code.

(33) VOCATIONAL EDUCATION.—The term ''vocational education'' means organized educational programs that—

(A) offer a sequence of courses that provide individuals with the academic knowledge and skills the individuals need to prepare for further education and careers in current or emerging employment sectors; and

(B) include competency-based applied learning that contributes to the academic knowledge, higher-order reasoning and problem-solving skills, work attitudes, general employability skills, and occupational-specific skills, of an individual.

(34) VOCATIONAL REHABILITATION PROGRAM.—The term ''vocational rehabilitation program'' means a program assisted under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

(35) WELFARE ASSISTANCE.—The term ''welfare assistance'' means—

(A) assistance provided under part A of title IV of the Social Security Act; and

(B) assistance provided under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(36) WELFARE RECIPIENT.—The term ''welfare recipient'' means—

(A) an individual who receives assistance under part A of title IV of the Social Security Act; and

(B) an individual who—

(i) is not an individual described in subparagraph (A); and

(ii) receives assistance under the Food Stamp Act of 1977.

(37) WORKFORCE DEVELOPMENT ACTIVITIES.—The term ''workforce development activities'' means workforce education activities, workforce employment activities, flexible workforce activities, and economic development activities (within a State that is eligible to carry out such activities).

(38) WORKFORCE EDUCATION ACTIVITIES.—The term ''workforce education activities'' means the activities described in section 716(b).

(39) WORKFORCE EMPLOYMENT ACTIVITIES.—The term ''workforce employment activities'' means the activities described in paragraphs (2) through (8) of section 716(a), including activities described in section 716(a)(6) provided through a voucher described in section 716(a)(9).

(40) WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.—The term ''workforce preparation activities for at-risk youth'' means the activities described in section 759(b), carried out for at-risk youth.

Subtitle B—Statewide Workforce Development Systems

CHAPTER 1—PROVISIONS FOR STATES AND OTHER ENTITIES

SEC. 711. STATEWIDE WORKFORCE DEVELOPMENT SYSTEMS ESTABLISHED.

For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under section 712 to States to assist the States in paying for the cost of establishing and carrying out activities through statewide workforce development systems, in accordance with this subtitle.

SEC. 712. STATE ALLOTMENTS.

(a) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State with a State plan approved under section 714 an amount equal to the total of the amounts made available under subparagraphs (A), (B), (C), and (D) of subsection (b)(2), adjusted in accordance with subsection (c).

(b) ALLOTMENTS BASED ON POPULATIONS.—

(1) DEFINITIONS.—As used in this subsection:

(A) ADULT RECIPIENT OF ASSISTANCE.—The term ''adult recipient of assistance'' means a recipient of assistance under a State program funded under part A of title IV of the Social Security Act who is not a minor child (as defined in section 402(c)(1) of such Act).

(B) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(i) is not less than age 18;

(ii) is not more than age 64; and

(iii) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(C) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(2) CALCULATION.—Except as provided in subsection (c), from the amount reserved under section 734(b)(1), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership—

(A) using funds equal to 60 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State bears to the total number of such individuals in all States;

(B) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in all States;

(C) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in all States; and

(D) using funds equal to 20 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average monthly number of adult recipients of assistance (as determined by the Secretary of Health and Human Services for the most recent 12-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average monthly number of adult recipients of assistance (as so determined) in all States.

(c) ADJUSTMENTS.—

(1) DEFINITION.—As used in this subsection, the term ''national average per capita payment'', used with respect to a program year, means the amount obtained by dividing—

(A) the total amount allotted to all States under this section for the program year; by

(B) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in all States.

(2) MINIMUM ALLOTMENT.—Except as provided in paragraph (3), no State with a State plan approved under section 714 for a program year shall receive an allotment under this section for the program year in an amount that is less than 0.5 percent of the amount reserved under section 734(b)(1) for the program year.

(3) LIMITATION.—No State that receives an increase in an allotment under this section for a program year as a result of the application of paragraph (2) shall receive an allotment under this section for the program year in an amount that is more than the product obtained by multiplying—

(A) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State; and

(B) the product obtained by multiplying—

(i) 1.3; and

(ii) the national average per capita payment for the program year.

SEC. 713. STATE APPORTIONMENT BY ACTIVITY.

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712 and the funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this title for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities;

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the ''flex account'') equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 712 to a State, the Secretary of Labor and the Secretary of Education, acting jointly, shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 714; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 714.

SEC. 714. STATE PLANS.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 712, the Governor of the State shall submit to the Federal Partnership, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a ''State plan''), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan in consultation, where appropriate, with the State postsecondary education agency and with community colleges.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B),

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vi) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(vii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the

criteria that will be developed in cooperation with the State educational agency and used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term ''Alaska Native'' means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms ''Indian'', ''Indian tribe'', and ''tribal organization'' have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms ''Native Hawaiian'' and ''Native Hawaiian organization'' have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term ''tribally controlled community college'' has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term ''tribally controlled postsecondary vocational institution'' means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 718. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (1) and (3) of section 713(a) for workforce employment activities shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment

activities through the statewide system, of which not more than 20 percent of such 25 percent may be used for administrative expenses; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of assistance, as determined using the definitions specified and the determinations described in section 712(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships described in section 728(a) or, where established, local workforce development boards described in section 728(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 713(a) for workforce education activities shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 722, 723, or 724, to carry out workforce education activities through the statewide system.

(3) STATE ACTIVITIES.—Activities to be carried out under paragraph (2)(A) may include professional development, technical assistance, and program assessment activities.

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 722, 723, and 724 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this subtitle shall be construed to prohibit any individual, entity, or agency in a State (other than the State educational agency) that is administering workforce education activities or setting education policies consistent with authority under State law for workforce education activities, on the day preceding the date of enactment of this Act from continuing to administer or set education policies consistent with authority under State law for such activities under this subtitle.

SEC. 722. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section and section 725, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) by such agency for secondary school vocational education under section 721(b)(3)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely-populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this subtitle shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 721(b)(3)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Federal Partnership that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4),

any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 723. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 725, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 721(b)(3)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) from such remainder bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Federal Partnership may waive the application of subsection (a) in the case of any State educational agency that submits to the Federal Partnership an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families receiving assistance under a State program funded under part A of title IV of the Social Security Act;

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITION.—For the purposes of this section—

(1) the term ''eligible institution'' means a postsecondary educational institution, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term ''low-income'', used with respect to a person, means a person who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(3) the term ''Pell Grant recipient'' means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

SEC. 724. DISTRIBUTION FOR ADULT EDUCATION.

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for adult education under section 721(b)(3)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 721(b)(3)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the purposes of this title; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 725. SPECIAL RULE FOR MINIMAL ALLOCATION.

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 722 or 723 such agency may, notwithstanding the provisions of section 722 or 723, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 723(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term ''minimal amount'' means not more than 15 percent of the total amount made available by the State educational agency under section 721(b)(3)(A) for section 722 or 723, respectively, for such program year.

SEC. 726. REDISTRIBUTION.

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 722 or 723 does not expend all of the amounts distributed to such entity for such year under section 722 or 723, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 722 or 723, respectively.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 722 or 723 and the State educational agency is unable to redistribute such amounts according to section 722 or 723, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

SEC. 727. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this subtitle for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term ''eligible entity'' means an entity eligible for financial assistance under section 722, 723, or 724 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 716(b), and other workforce education activities, will be carried out with funds received under this subtitle;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently evaluate and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

SEC. 728. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools, local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, community-based organizations, and veterans, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board);

collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, jobseekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 712, to meet the State goals and reach the State benchmarks; and

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the workforce development activities carried out in the substate area;

(B) entering into local agreements with the Governor as described in subsection (a);

(C) overseeing the operations of the one-stop delivery of core services described in section 716(a)(2) in the substate area, including the responsibility to—

(i) designate local entities to operate the one-stop delivery in the substate area, consistent with the criteria referred to in section 716(a)(2); and

(ii) develop and approve the budgets and annual operating plans of the providers of the one-stop delivery; and

(D) submitting annual reports to the Governor on the progress being made in the substate area toward meeting the State goals and reaching the State benchmarks.

(5) CONSULTATION.—A local workforce development board that serves a substate area shall conduct the functions described in paragraph (4) in consultation with the chief elected officials in the substate area.

(c) ECONOMIC DEVELOPMENT ACTIVITIES.—A State shall be eligible to use the funds made available through the flex account for flexible workforce activities to carry out economic development activities if—

(1) the boards described in section 715 and subsection (b) are established in the State; or

(2) in the case of a State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle, the board described in section 715 is established in the State.

SEC. 729. CONSTRUCTION.

Nothing in this title shall be construed—

(1) to prohibit a local educational agency (or a consortium thereof) that receives assistance under section 722, from working with an eligible entity (or consortium thereof) that receives assistance under section 723, to carry out secondary school vocational education activities in accordance with this title; or

(2) to prohibit an eligible entity (or consortium thereof) that receives assistance under section 723, from working with a local educational agency (or consortium thereof) that receives assistance under section 722, to carry out postsecondary and adult vocational education activities in accordance with this title.

CHAPTER 3—ADMINISTRATION

SEC. 731. ACCOUNTABILITY.

(a) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall annually prepare and submit to the Federal Partnership, a report that states how the State is performing on State benchmarks specified in this section, which relate to workforce development activities carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

(2) CONSOLIDATED REPORT.—In lieu of submitting separate reports under paragraph (1) and section 409(a) of the Social Security Act, the State may prepare a consolidated report. Any consolidated report prepared under this paragraph shall contain the information described in paragraph (1) and subsections (a) through (h) of section 409 of the Social Security Act. The State shall submit any consolidated report prepared under this paragraph to the Federal Partnership, the Secretary of Agriculture, and the Secretary of Health and Human Services, on the dates specified in section 409(a) of the Social Security Act.

(b) GOALS.—

(1) MEANINGFUL EMPLOYMENT.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of assisting participants in obtaining meaningful unsubsidized employment opportunities in the State.

(2) EDUCATION.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of enhancing and developing more fully the academic, occupational, and literacy skills of all segments of the population of the State.

(c) BENCHMARKS.—

(1) MEANINGFUL EMPLOYMENT.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(1), which shall include, at a minimum, measures of—

(A) placement in unsubsidized employment of participants;

(B) retention of the participants in such employment (12 months after completion of the participation); and

(C) increased earnings for the participants.

(2) EDUCATION.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(2), which shall include, at a minimum, measures of—

(A) student mastery of academic knowledge and work readiness skills;

(B) student mastery of occupational and industry-recognized skills according to skill proficiencies for students in career preparation programs;

(C) placement in, retention in, and completion of secondary education (as determined under State law) and postsecondary education, and placement and retention in employment and in military service; and

(D) mastery of the literacy, knowledge, and skills adults need to be productive and responsible citizens and to become more actively involved in the education of their children.

(3) POPULATIONS.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure progress toward meeting the goals described in subsection (b) for populations including, at a minimum—

(A) welfare recipients (including a benchmark for welfare recipients described in section 3(36)(B));

(B) individuals with disabilities;

(C) older workers;

(D) at-risk youth;

(E) dislocated workers; and

(F) veterans.

(4) SPECIAL RULE.—If a State has developed for all students in the State performance indicators, attainment levels, or assessments for skills according to challenging academic, occupational, or industry-recognized skill proficiencies, the State shall use such performance indicators, attainment levels, or assessments in measuring the progress of all students served under this title in attaining the skills.

(5) NEGOTIATIONS.—

(A) INITIAL DETERMINATION.—On receipt of a State plan submitted under section 714, the Federal Partnership shall, not later than 30 days after the date of the receipt, determine—

(i) how the proposed State benchmarks identified by the State in the State plan compare to the model benchmarks established by the Federal Partnership under section 772(b)(2);

(ii) how the proposed State benchmarks compare with State benchmarks proposed by other States in their State plans; and

(iii) whether the proposed State benchmarks, taken as a whole, are sufficient—

(I) to enable the State to meet the State goals; and

(II) to make the State eligible for an incentive grant under section 732(a).

(B) NOTIFICATION.—The Federal Partnership shall immediately notify the State of the determinations referred to in subparagraph (A). If the Federal Partnership determines that the proposed State benchmarks are not sufficient to make the State eligible for an incentive grant under section 732(a), the Federal Partnership shall provide the State with guidance on the steps the State may take to allow the State to become eligible for the grant.

(C) REVISION.—Not later than 30 days after the date of receipt of the notification referred to in subparagraph (B), the State may revise some or all of the State benchmarks identified in the State plan in order to become eligible for the incentive grant or provide reasons why the State benchmarks should be sufficient to make the State eligible for the incentive grant.

(D) DETERMINATION.—After reviewing any revised State benchmarks or information submitted by the State in accordance with subparagraph (C), the Federal Partnership shall make a determination on the eligibility of the State for the incentive grant, as described in paragraph (6), and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award a grant to the State under section 732(a).

(6) INCENTIVE GRANTS.—Each State that sets high benchmarks under paragraph (1), (2), or (3) and reaches or exceeds the benchmarks, as determined by the Federal Partnership, shall be eligible to receive an incentive grant under section 732(a).

(7) SANCTIONS.—A State that has failed to demonstrate sufficient progress toward reaching the State benchmarks established under this subsection for the 3 years covered by a State plan described in section 714, as determined by the Federal Partnership, may be subject to sanctions under section 732(b).

(d) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall establish a job placement accountability system, which will provide a uniform set of data to track the progress of the State toward reaching the State benchmarks.

(2) DATA.—

(A) IN GENERAL.—In order to maintain data relating to the measures described in subsection (c)(1), each such State shall establish a job placement accountability system using quarterly wage records available through the unemployment insurance system. The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), in conjunction with the Commissioner of Labor Statistics, shall maintain the job placement accountability system and match information on participants served by the statewide systems of the State and other States with quarterly employment and earnings records.

(B) REIMBURSEMENT.—Each local entity that carries out workforce employment activities or workforce education activities and that receives funds under this subtitle shall provide information regarding the social security numbers of the participants served by the entity and such other information as the State may require to the State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B).

(C) CONFIDENTIALITY.—The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), shall protect the confidentiality of information obtained through the job placement accountability system through the use of recognized security procedures.

(e) INDIVIDUAL ACCOUNTABILITY.—Each State that receives an allotment under section 712 shall devise and implement procedures to provide, in a timely manner, information on participants in activities carried out through the statewide system who are participating as a condition of receiving welfare assistance. The procedures shall require that the State provide the information to the State and local agencies carrying out the programs through which the welfare assistance is provided, in a manner that ensures that the agencies can monitor compliance with the conditions regarding the receipt of the welfare assistance.

SEC. 732. INCENTIVES AND SANCTIONS.

(a) INCENTIVES.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award incentive grants of not more than $15,000,000 per program year to a State that—

(A) reaches or exceeds State benchmarks established under section 731(c), with an emphasis on the benchmarks established under section 731(c)(3), in accordance with section 731(c)(6); or

(B) demonstrates to the Federal Partnership that the State has made substantial reductions in the number of adult recipients of assistance, as defined in section 712(b)(1)(A), resulting from increased placement of such adult recipients in unsubsidized employment.

(2) USE OF FUNDS.—A State that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(b) SANCTIONS.—

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—If the Federal Partnership determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 731(c) for the 3 years covered by a State plan described in section 714, the Federal

Partnership shall provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may reduce the allotment of the State under section 712 by not more than 10 percent per program year for not more than 3 years. The Federal Partnership may determine that the failure of the State to demonstrate such progress is attributable to the workforce employment activities, workforce education activities, or flexible workforce activities, of the State and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may decide to reduce only the portion of the allotment for such activities.

(2) EXPENDITURE CONTRARY TO TITLE.—If the Governor of a State determines that a local entity that carries out workforce employment activities in a substate area of the State has expended funds made available under this title in a manner contrary to the purposes of this title, and such expenditures do not constitute fraudulent activity, the Governor may deduct an amount equal to the funds from a subsequent program year allocation to the substate area.

(c) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may use an amount retained as a result of a reduction in an allotment made under subsection (b)(1) to award an incentive grant under subsection (a).

SEC. 733. UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking clause (ii) and inserting the following:

''(ii) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and''; and

(ii) in clause (iii), by striking ''carrying into effect section 4103'' and ''carrying out the activities described in sections 4103, 4103A, 4104, and 4104A''; and

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking ''Department of Labor'' and inserting ''Department of Labor or the Workforce Development Partnership, as appropriate,''; and

(ii) by striking clause (iii) and inserting the following:

''(iii) the Workforce Development Act of 1995,''; and

(2) in the first sentence of paragraph (4), by striking ''the total cost'' and all that follows through ''the President determines'' and inserting ''the total cost of administering the statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and of the necessary expenses of the Workforce Development Partnership for the performance of the functions of the partnership under such Act, as the President determines''.

(b) GUAM; UNITED STATES VIRGIN ISLANDS.—From the total amount made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) (referred to in this section as the ''total amount'') for each fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly, shall first allot to Guam and the United States Virgin Islands an amount that, in relation to the total amount for the fiscal year, is equal to the allotment percentage that each received of amounts available under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) in fiscal year 1983.

(c) STATES.—

(1) ALLOTMENTS.—

(A) IN GENERAL.—Subject to paragraphs (2) and (3), the Secretary of Labor and the Secretary of Education, acting jointly, shall (after making the allotments required by subsection (b)) allot the remainder of the total amount for each fiscal year among the States as follows:

(i) CIVILIAN LABOR FORCE.—Two-thirds of such remainder shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States.

(ii) UNEMPLOYED INDIVIDUALS.—One-third of such remainder shall be allotted on the basis of the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States.

(B) CALCULATION.—For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the most recent calendar year available, as determined by the Secretary of Labor and the Secretary of Education, acting jointly.

(2) MINIMUM PERCENTAGE.—No State allotment under this section for any fiscal year shall be a smaller percentage of the total amount for the fiscal year than 90 percent of the allotment percentage for the State for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this section, the Secretary of Labor and the Secretary of Education, acting jointly, shall determine the allotment percentage for each State for fiscal year 1984, which shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for fiscal year 1983. For the purpose of this section, for each succeeding fiscal year, the allotment percentage for each such State shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for the preceding fiscal year.

(3) MINIMUM ALLOTMENT.—For each fiscal year, no State shall receive a total allotment under paragraphs (1) and (2) that is less than 0.28 percent of the total amount for such fiscal year.

(4) ESTIMATES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, not later than March 15 of each fiscal year, provide preliminary planning estimates and shall, not later than May 15 of each fiscal year, provide final planning estimates, showing the projected allocation for each State for the following year.

(5) DEFINITION.—Notwithstanding section 703, as used in paragraphs (2) through (4), the term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and United States Virgin Islands.

(d) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect July 1, 1998.

SEC. 734. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title (other than subtitle C) $6,127,000,000 for each of fiscal years 1998 through 2001.

(b) RESERVATIONS.—Of the amount appropriated under subsection (a)—

(1) 92.7 percent shall be reserved for making allotments under section 712;

(2) 1.25 percent shall be reserved for carrying out section 717;

(3) 0.2 percent shall be reserved for carrying out section 718;

(4) 4.3 percent shall be reserved for making incentive grants under section 732(a) and for the administration of this title;

(5) 1.4 percent shall be reserved for carrying out section 773; and

(6) 0.15 percent shall be reserved for carrying out sections 774 and 775 and the National Literacy Act of 1991 (20 U.S.C. 1201 note).

(c) PROGRAM YEAR.—

(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) ADMINISTRATION.—Funds obligated for any program year may be expended by each recipient during the program year and the 2 succeeding program years and no amount shall be deobligated on account of a rate of expenditure that is consistent with the provisions of the State plan specified in section 714 that relate to workforce employment activities.

SEC. 735. EFFECTIVE DATE.

This subtitle shall take effect July 1, 1998.

Subtitle C—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. PURPOSES.

The purposes of this subtitle are—

(1) to maintain a Job Corps for at-risk youth as part of statewide systems;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of residential and nonresidential Job Corps centers in which enrollees will participate in intensive programs of workforce development activities;

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps; and

(5) to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens.

SEC. 742. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term ''at-risk youth'' means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term ''enrollee'' means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term ''Governor'' means the chief executive officer of a State.

(4) JOB CORPS.—The term ''Job Corps'' means the corps described in section 744.

(5) JOB CORPS CENTER.—The term ''Job Corps center'' means a center described in section 744.

SEC. 743. AUTHORITY OF GOVERNOR.

The duties and powers granted to a State by this subtitle shall be considered to be granted to the Governor of the State.

CHAPTER 2—JOB CORPS

SEC. 744. GENERAL AUTHORITY.

If a State receives an allotment under section 759, and a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755, the State shall use a portion of the funds made available through the allotment to maintain the center, and carry out activities described in this subtitle for individuals enrolled in a Job Corps and assigned to the center.

SEC. 745. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The State shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps.

(2) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(3) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

(c) INDIVIDUALS ELIGIBLE.—To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 746. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the State shall assign an enrollee to the Job Corps center within the State that is closest to the residence of the enrollee.

(2) AGREEMENTS WITH OTHER STATES.—The State may enter into agreements with 1 or more States to enroll individuals from the States in the Job Corps and assign the enrollees to Job Corps centers in the State.

SEC. 747. JOB CORPS CENTERS.

(a) DEVELOPMENT.—The State shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the establishment and operation of a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748.

(c) CIVILIAN CONSERVATION CENTERS.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(d) JOB CORPS OPERATORS.—To be eligible to receive funds under this chapter, an entity who entered into a contract with the Secretary of Labor that is in effect on the effective date of this section to carry out activities through a center under part B of title IV of the Job Training Partnership Act (as in effect on the day before the effective date of this section), shall enter into a contract with the State in which the center is located that contains provisions substantially similar to the provisions of the contract with the Secretary of Labor, as determined by the State.

SEC. 748. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment on completion of their enrollment.

(b) ARRANGEMENTS.—The State shall arrange for enrollees assigned to Job Corps centers in the State to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center located in a State shall be connected to the job placement accountability system of the State described in section 731(d).

SEC. 749. SUPPORT.

The State shall provide enrollees assigned to Job Corps centers in the State with such personal allowances as the State may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 750. OPERATING PLAN.

To be eligible to operate a Job Corps center and receive assistance under section 759 for program year 1998 or any subsequent program year, an entity shall prepare and submit, to the Governor of the State in which the center is located, and obtain the approval of the Governor for, an operating plan that shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan for the State submitted under section 714;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State.

SEC. 751. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The State shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding violence, drug abuse, and other criminal activity.

(b) DISCIPLINARY MEASURES.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Corps if the director determines that the retention of the enrollee in the Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. If the director determines that an enrollee has engaged in an incident involving violence, drug abuse, or other criminal activity, the director shall immediately dismiss the enrollee from the Corps.

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the State.

SEC. 752. COMMUNITY PARTICIPATION.

The State shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities may include the use of any local workforce development boards established in the State under section 728(b) to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

SEC. 753. COUNSELING AND PLACEMENT.

The State shall ensure that enrollees assigned to Job Corps centers in the State receive counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

SEC. 754. LEASES AND SALES OF CENTERS.

(a) LEASES.—

(1) IN GENERAL.—The Secretary of Labor shall offer to enter into a lease with each State that has an approved State plan submitted under section 714 and in which 1 or more Job Corps centers are located.

(2) NOMINAL CONSIDERATION.—Under the terms of the lease, the Secretary of Labor shall lease the Job Corps centers in the State to the State in return for nominal consideration.

(3) INDEMNITY AGREEMENT.—To be eligible to lease such a center, a State shall enter into an agreement to hold harmless and indemnify the United States from any liability or claim for damages or injury to any person or property arising out of the lease.

(b) SALES.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary of Labor shall offer each State described in subsection (a)(1) the opportunity to purchase the Job Corps centers in the State in return for nominal consideration.

SEC. 755. CLOSURE OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS AUDIT.—Not later than March 31, 1997, the Federal Partnership shall conduct an audit of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the audit, including information indicating—

(1) the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part (referred to in this subtitle as a ''Job Corps center''), the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses; and

(5) the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report.

(b) RECOMMENDATIONS OF NATIONAL BOARD.—

(1) RECOMMENDATIONS.—The National Board shall, based on the results of the audit described in subsection (a), make recommendations to the Secretary of Labor, including identifying 25 Job Corps centers to be closed by September 30, 1997.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the National Board shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the audit described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the audit described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the National Board may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the National Board shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the National Board shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the National Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the National Board resulting from the audit described in subsection (a) together with the recommendations described in paragraph (1).

(c) CLOSURE.—The Secretary of Labor shall, after reviewing the report submitted under subsection (b)(3), close 25 Job Corps centers by September 30, 1997.

SEC. 756. INTERIM OPERATING PLANS FOR JOB CORPS CENTERS.

Part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.) is amended by inserting after section 439 the following section:

''SEC. 439A. OPERATING PLAN.

''(a) SUBMISSION OF PLAN.—To be eligible to operate a Job Corps center and receive assistance under this part for fiscal year 1997, an entity shall prepare and submit to the Secretary and the Governor of the State in which the center is located, and obtain the approval of the Secretary for, an operating plan that shall include, at a minimum, information indicating—

''(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the interim plan for the State submitted under section 763 of the Workforce Development Act of 1995;

''(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

''(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995 by the State as identified in the interim plan.

''(b) SUBMISSION OF COMMENTS.—Not later than 30 days after receiving an operating plan described in subsection (a), the Governor of the State in which the center is located may submit comments on the plan to the Secretary.

''(c) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities to be carried out through the statewide system of the State in which the center is located.''.

SEC. 757. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) INTERIM PROVISIONS.—Sections 754 and 755, and the amendment made by section 756, shall take effect on the date of enactment of this Act.

CHAPTER 3—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH

SEC. 759. WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.

(a) IN GENERAL.—For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under subsection (c) to States to assist the States in paying for the cost of carrying out workforce preparation activities for at-risk youth, as described in this section.

(b) STATE USE OF FUNDS.—

(1) CORE ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants, in cooperation with the State educational agency, to eligible entities, as described in subsection (e), to assist the entities in carrying out innovative programs to assist out-of-school at-risk youth in participating in school-to-work activities;

(B) make grants, in cooperation with the State educational agency, to eligible entities, as described in subsection (e), to assist the entities in providing work-based learning as a component of school-to-work activities, including summer jobs linked to year-round school-to-work programs; and

(C) carry out, in cooperation with the State educational agency, other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds

that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b)(2) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under subparagraph (A) or (B) of subsection (b)(2) from a State, an entity shall prepare and submit to the Governor of the State an application at such time, in such manner, and containing such information as the Governor may require.

(f) WITHIN STATE DISTRIBUTION.—Of the funds allotted to a State under subsection (c)(3) for workforce preparation activities for at-risk youth for a program year—

(1) 15 percent shall be reserved by the Governor to carry out such activities through the statewide system; and

(2) 85 percent shall be distributed to local entities to carry out such activities through the statewide system.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle, $2,100,000,000 for each of fiscal years 1998 through 2001.

(h) EFFECTIVE DATE.—This chapter shall take effect on July 1, 1998.

Subtitle D—Transition Provisions

SEC. 761. WAIVERS.

(a) WAIVER AUTHORITY.—

(1) IN GENERAL.—Notwithstanding any other provision of Federal law, and except as provided in subsection (d), the Secretary may waive any requirement under any provision of law relating to a covered activity, or of any regulation issued under such a provision, for—

(A) a State that requests such a waiver and submits an application as described in subsection (b); or

(B) a local entity that requests such a waiver and complies with the requirements of subsection (c);

in order to assist the State or local entity in planning or developing a statewide system or workforce development activities to be carried out through the statewide system.

(2) TERM.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each waiver approved pursuant to this section shall be for a period beginning on the date of the approval and ending on June 30, 1998.

(B) FAILURE TO SUBMIT INTERIM PLAN.—If a State receives a waiver under this section and fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997. If a local entity receives a waiver under this section, and the State in which the local entity is located fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997.

(b) STATE REQUEST FOR WAIVER.—

(1) IN GENERAL.—A State may submit to the Secretary a request for a waiver of 1 or more requirements referred to in subsection (a). The request may include a request for different waivers with respect to different areas within the State.

(2) APPLICATION.—To be eligible to receive a waiver described in subsection (a), a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information—

(A) identifying the requirement to be waived and the goal that the State (or the local agency applying to the State under subsection (c)) intends to achieve through the waiver;

(B) identifying, and describing the actions that the State will take to remove, similar State requirements;

(C) describing the activities to which the waiver will apply, including information on how the activities may be continued, or related to activities carried out, under the statewide system of the State;

(D) describing the number and type of persons to be affected by such waiver; and

(E) providing evidence of approval of the

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Beginning on page 341, line 7, strike all through page 406, line 13, and insert the following:

tion of business, industry, labor, and the education community in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, the education community, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B),

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vi) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(vii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver.

The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;
through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term ''Alaska Native'' means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms ''Indian'', ''Indian tribe'', and ''tribal organization'' have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms ''Native Hawaiian'' and ''Native Hawaiian organization'' have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term ''tribally controlled community college'' has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term ''tribally controlled postsecondary vocational institution'' means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 718. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (1) and (3) of section 713(a) for workforce employment activities shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment activities through the statewide system, of which not more than 20 percent of such 25 percent may be used for administrative expenses; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of assistance, as determined using the definitions specified and the determinations described in section 712(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships described in section 728(a) or, where established, local workforce development boards described in section 728(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 713(a) for workforce education activities shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 722, 723, or 724, to carry out workforce education activities through the statewide system.

(3) STATE ACTIVITIES.—Activities to be carried out under paragraph (2)(A) may include professional development, technical assistance, and program assessment activities.

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 722, 723, and 724 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this subtitle shall be construed to prohibit any individual, entity, or agency in a State (other than the State educational agency) that is administering workforce education activities or setting education policies consistent with authority under State law for workforce education activities, on the day preceding the date of enactment of this Act from continuing to administer or set education policies consistent with authority under State law for such activities under this subtitle.

SEC. 722. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section and section 725, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) by such agency for secondary school vocational education under section 721(b)(3)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely-populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this subtitle shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 721(b)(3)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Federal Partnership that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 723. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 725, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 721(b)(3)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) from such remainder bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Federal Partnership may waive the application of subsection (a) in the case of any State educational agency that submits to the Federal Partnership an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families receiving assistance under a State program funded under part A of title IV of the Social Security Act;

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITION.—For the purposes of this section—

(1) the term ''eligible institution'' means a postsecondary educational institution, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term ''low-income'', used with respect to a person, means a person who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(3) the term ''Pell Grant recipient'' means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

SEC. 724. DISTRIBUTION FOR ADULT EDUCATION.

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for

adult education under section 721(b)(3)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 721(b)(3)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the purposes of this title; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 725. SPECIAL RULE FOR MINIMAL ALLOCATION.

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 722 or 723 such agency may, notwithstanding the provisions of section 722 or 723, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 723(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term ''minimal amount'' means not more than 15 percent of the total amount made available by the State educational agency under section 721(b)(3)(A) for section 722 or 723, respectively, for such program year.

SEC. 726. REDISTRIBUTION.

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 722 or 723 does not expend all of the amounts distributed to such entity for such year under section 722 or 723, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 722 or 723, respectively.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 722 or 723 and the State educational agency is unable to redistribute such amounts according to section 722 or 723, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

SEC. 727. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this subtitle for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term ''eligible entity'' means an entity eligible for financial assistance under section 722, 723, or 724 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 716(b), and other workforce education activities, will be carried out with funds received under this subtitle;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently evaluate and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

SEC. 728. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools (including individuals representing teachers), local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, community-based organizations, and veterans, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board);

collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, jobseekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 712, to meet the State goals and reach the State benchmarks; and

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, labor, and the education community in the devel-

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AMENDMENT NO. 2660

On page 489, line 18, insert ''volunteers,'' after ''teachers,''.

KERRY AMENDMENT NO. 2661

Mr. MOYNIHAN (for Mr. KERRY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 124, beginning on line 16, strike all through page 133, line 18, and insert the following:

SEC. 201. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI BENEFITS.

Paragraph (1) of section 1614(a) (42 U.S.C. 1382c(a)) is amended—

(1) in subparagraph (B)(i), by striking ''either'' and all that follows through '', or'' and inserting ''(I) a citizen; (II) a noncitizen who is granted asylum under section 208 of the Immigration and Nationality Act or whose deportation has been withheld under section 243(h) of such Act for a period of not more than 5 years after the date of arrival into the United States; (III) a noncitizen who is admitted to the United States as a refugee under section 207 of such Act for not more than such 5-year period; (IV) a noncitizen, lawfully present in any State (or any territory or possession of the United States), who is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage or who is the spouse or unmarried dependent child of such veteran; or (V) a noncitizen who has worked sufficient calendar quarters of coverage to be a fully insured individual for benefits under title II, or''; and

(2) by adding at the end the following new flush sentence:

''For purposes of subparagraph (B)(i)(IV), the determination of whether a noncitizen is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. A noncitizen shall not be considered to be lawfully present in the United States for purposes of this title merely because the noncitizen may be considered to be permanently residing in the United States under color of law for purposes of any particular program.''.

SEC. 202. 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.

Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following new paragraph:

''(5) An individual shall not be considered an eligible individual for purposes of this title during the 10-year period beginning on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under part A of title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.''.

SEC. 203. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)) is amended by adding at the end the following new paragraph:

''(6) A person shall not be an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

''(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

''(B) violating a condition of probation or parole imposed under Federal or State law.''.

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following new paragraph:

''(4) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of benefits under this title, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

''(A) the recipient—

''(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

''(ii) is violating a condition of probation or parole imposed under Federal or State law; or

''(iii) has information that is necessary for the officer to conduct the officer's official duties; and

''(B) the location or apprehension of the recipient is within the officer's official duties.''.

SEC. 204. EFFECTIVE DATES; APPLICATION TO CURRENT RECIPIENTS.

(a) SECTION 201.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by section 201 shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) APPLICATION AND NOTICE.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by section 201, such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

(B) REAPPLICATION.—

(i) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, each individual notified pursuant to subparagraph (A) who desires to reapply for benefits under title XVI of the Social Security Act, as amended by this title, shall reapply to the Commissioner of Social Security.

(ii) DETERMINATION OF ELIGIBILITY.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall determine the eligibility of each individual who reapplies for benefits under clause (i) pursuant to the procedures of such title.

(b) OTHER AMENDMENTS.—The amendments made by sections 202 and 203 shall take effect on the date of the enactment of this Act.

Subtitle B—Benefits for Disabled Children

SEC. 211. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

KERRY AMENDMENT NO. 2662

Mr. MOYNIHAN (for Mr. KERRY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 122, between lines 11 and 12, insert:

SEC. 110. DEMONSTRATION PROJECTS FOR SCHOOL UTILIZATION.

(a) FINDINGS.—It is the goal of the United States that children grow to be self-sufficient citizens, that parents equip themselves to provide the best parental care and guidance to their children, and that welfare dependency, crime, and the deterioration of neighborhoods be eliminated. It will contribute to these goals to increase the level of parents' involvement in their children's

school and other activities, to increase the amount of time parents spend with or in close proximity to their children, to increase the portion of the day and night when children are in a safe and healthy environment and not exposed to unfavorable influences, to increase the opportunities for children to participate in safe, healthy, and enjoyable extra-curricular and organized developmental and recreational activities, and to make more accessible the opportunities for parents, especially those dependent on public assistance, to increase and enhance their parenting and living skills. All of these contributions can be facilitated by establishing the neighborhood public school as a focal point for such activities and by extending the hours of the day in which its facilities are available for such activities.

(b) GRANTS.—The Secretary of Education (hereafter in this section referred to as the ''Secretary'') shall make demonstration grants as provided in subsection (c) to States to enable them to increase the number of hours during each day when existing public school facilities are available for use for the purposes set forth in subsection (d).

(c) SELECTION OF STATES.—The Secretary shall make grants to not more than 5 States for demonstration projects in accordance with this section. Each State shall select the number and location of schools based on the amount of funds it deems necessary for a school properly to achieve the goals of this program. The schools selected must have a significant percentage of students receiving benefits under part A of title IV of the Social Security Act. No more than 2 percent of the grant to any State shall be used for administrative expenses of any kind by any entity (except that none of the activities set forth in paragraphs (1) and (2) of subsection (d) shall be considered an administrative activity the expenses for which are limited by this subsection).

(d) USE OF FUNDS.—The grants made under subsection (b), in order that school facilities can be more fully utilized, shall be used to provide funding for, among other things—

(1) extending the length of the school day, expanding the scope of student programs offered before and after pre-existing school hours, enabling volunteers and parents or professionals paid from other sources to teach, tutor, coach, organize, advise, or monitor students before and after pre-existing school hours, and providing security, supplies, utilities, and janitorial services before and after pre-existing school hours for these programs,

(2) making the school facilities available for community and neighborhood clubs, civic associations and organizations, Boy and Girl Scouts and similar organizations, adult education classes, organized sports, parental education classes, and other educational, recreational, and social activities.

None of the funds provided under this section can be used to supplant funds already provided to a school facility for services, equipment, personnel, or utilities nor can funds be used to pay costs associated with operating school facilities during hours those facilities are already available for student or community use.

(e) APPLICATIONS.—

(1) IN GENERAL.—The Governor of each State desiring to conduct a demonstration project under this section shall prepare and submit to the Secretary an application in such manner and containing such information as the Secretary may require. The Secretary shall actively encourage States to submit such applications.

(2) APPROVAL.—The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this section and shall approve such applications in a number of States to be determined by the Secretary (not to exceed 5), taking into account the overall funding levels available under this section.

(f) DURATION.—A demonstration project under this section shall be conducted for not more than 4 years plus an additional time period of up to 12 months for final evaluation and reporting. The Secretary may terminate a project if the Secretary determines that the State conducting the project is not in substantial compliance with the terms of the application approved by the Secretary under this section.

(g) EVALUATION PLAN.—

(1) STANDARDS.—Not later than 3 months after the date of the enactment of this section, the Secretary shall develop standards for evaluating the effectiveness of each demonstration project in contributing toward meeting the objectives set forth in subsection (a), which shall include the requirement that an independent expert entity selected by the Secretary provide an evaluation of all demonstration projects, which evaluations shall be included in the appropriate State's annual and final reports to the Secretary under subsection (h)(1).

(2) SUBMISSION OF PLAN.—Each State conducting a demonstration project under this section shall submit an evaluation plan (meeting the standards developed by the Secretary under paragraph (1)) to the Secretary not later than 90 days after the State is notified of the Secretary's approval for such project. A State shall not receive any Federal funds for the operation of the demonstration project until the Secretary approves such evaluation plan.

(h) REPORTS.—

(1) STATE.—A State that conducts a demonstration project under this section shall prepare and submit to the Secretary annual and final reports in accordance with the State's evaluation plan under subsection (g)(2) for such demonstration project.

(2) SECRETARY.—The Secretary shall prepare and submit to the Congress annual reports concerning each demonstration project under this Act.

(i) AUTHORIZATIONS.—

(1) GRANTS.—There are authorized to be appropriated for grants under subsection (b) for each of fiscal years 1996, 1997, 1998, 1999, and 2000, $10,000,000.

(2) ADMINISTRATION.—There are authorized to be appropriated $1,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 for the administration of this section by the Secretary, including development of standards and evaluation of all demonstration projects by an independent expert entity under subsection (g)(1).

KERRY AMENDMENTS NOS. 2663–2664

Mr. MOYNIHAN (for Mr. KERRY) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2663

On page 122, between lines 11 and 12, insert:

SEC. 110. DEMONSTRATION PROJECTS FOR SCHOOL UTILIZATION.

(a) FINDINGS.—It is the goal of the United States that children grow to be self-sufficient citizens, that parents equip themselves to provide the best parental care and guidance to their children, and that welfare dependency, crime, and the deterioration of neighborhoods be eliminated. It will contribute to these goals to increase the level of parents' involvement in their children's school and other activities, to increase the amount of time parents spend with or in close proximity to their children, to increase the portion of the day and night when children are in a safe and healthy environment and not exposed to unfavorable influences, to increase the opportunities for children to participate in safe, healthy, and enjoyable extra-curricular and organized developmental and recreational activities, and to make more accessible the opportunities for parents, especially those dependent on public assistance, to increase and enhance their parenting and living skills. All of these contributions can be facilitated by establishing the neighborhood public school as a focal point for such activities and by extending the hours of the day in which its facilities are available for such activities.

(b) GRANTS.—The Secretary of Education (hereafter in this section referred to as the ''Secretary'') shall make demonstration grants as provided in subsection (c) to States to enable them to increase the number of hours during each day when existing public school facilities are available for use for the purposes set forth in subsection (d).

(c) SELECTION OF STATES.—The Secretary shall make grants to not more than 5 States for demonstration projects in accordance with this section. Each State shall select the number and location of schools based on the amount of funds it deems necessary for a school properly to achieve the goals of this program. The schools selected must have a significant percentage of students receiving benefits under part A of title IV of the Social Security Act. No more than 2 percent of the grant to any State shall be used for administrative expenses of any kind by any entity (except that none of the activities set forth in paragraphs (1) and (2) of subsection (d) shall be considered an administrative activity the expenses for which are limited by this subsection).

(d) USE OF FUNDS.—The grants made under subsection (b), in order that school facilities can be more fully utilized, shall be used to provide funding for, among other things—

(1) extending the length of the school day, expanding the scope of student programs offered before and after pre-existing school hours, enabling volunteers and parents or professionals paid from other sources to teach, tutor, coach, organize, advise, or monitor students before and after pre-existing school hours, and providing security, supplies, utilities, and janitorial services before and after pre-existing school hours for these programs,

(2) making the school facilities available for community and neighborhood clubs, civic associations and organizations, Boy and Girl Scouts and similar organizations, adult education classes, organized sports, parental education classes, and other educational, recreational, and social activities.

None of the funds provided under this section can be used to supplant funds already provided to a school facility for services, equipment, personnel, or utilities nor can funds be used to pay costs associated with operating school facilities during hours those facilities are already available for student or community use.

(e) APPLICATIONS.—

(1) IN GENERAL.—The Governor of each State desiring to conduct a demonstration project under this section shall prepare and submit to the Secretary an application in such manner and containing such information as the Secretary may require. The Secretary shall actively encourage States to submit such applications.

(2) APPROVAL.—The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this section and shall approve such applications in a number of States to be determined by the Secretary (not to exceed 5),

taking into account the overall funding levels available under this section.

(f) DURATION.—A demonstration project under this section shall be conducted for not more than 4 years plus an additional time period of up to 12 months for final evaluation and reporting. The Secretary may terminate a project if the Secretary determines that the State conducting the project is not in substantial compliance with the terms of the application approved by the Secretary under this section.

(g) EVALUATION PLAN.—

(1) STANDARDS.—Not later than 3 months after the date of the enactment of this section, the Secretary shall develop standards for evaluating the effectiveness of each demonstration project in contributing toward meeting the objectives set forth in subsection (a), which shall include the requirement that an independent expert entity selected by the Secretary provide an evaluation of all demonstration projects, which evaluations shall be included in the appropriate State's annual and final reports to the Secretary under subsection (h)(1).

(2) SUBMISSION OF PLAN.—Each State conducting a demonstration project under this section shall submit an evaluation plan (meeting the standards developed by the Secretary under paragraph (1)) to the Secretary not later than 90 days after the State is notified of the Secretary's approval for such project. A State shall not receive any Federal funds for the operation of the demonstration project until the Secretary approves such evaluation plan.

(h) REPORTS.—

(1) STATE.—A State that conducts a demonstration project under this section shall prepare and submit to the Secretary annual and final reports in accordance with the State's evaluation plan under subsection (g)(2) for such demonstration project.

(2) SECRETARY.—The Secretary shall prepare and submit to the Congress annual reports concerning each demonstration project under this Act.

(i) AUTHORIZATIONS.—

(1) GRANTS.—There are authorized to be appropriated for grants under subsection (b) for each of fiscal years 1996, 1997, 1998, 1999, and 2000, $10,000,000.

(2) ADMINISTRATION.—There are authorized to be appropriated $1,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 for the administration of this section by the Secretary, including development of standards and evaluation of all demonstration projects by an independent expert entity under subsection (g)(1).

SEC. 111. STUDY OF SCHOOLS WITH STUDENTS FAILING TO ENTER WORKFORCE.

(a) STUDY.—The Secretary of Education shall conduct a study to—

(1) determine which high schools have the highest proportion of students, both those who graduate and those who drop out before graduating, who never reach the workforce, and establish the reasons for such disproportionate failure, and

(2) measure the educational effectiveness of existing innovative educational mechanisms, including charter schools, extended school days, the community schools program, and child care programs, in increasing the proportion of a school's students who become a part of the workforce.

(b) REPORT.—The Secretary shall, not later than January 1, 1997, report to the Congress the results of the study conducted under subsection (a), including recommendations with respect to measures which prove effective in assisting schools in preparing students for the workforce.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $7,000,000 to carry out the purposes of this section.

SEC. 112. SCHOOL CARE FOR CHILDREN OF INDIVIDUALS REQUIRED TO WORK.

Notwithstanding any other provision of, or amendment made by, this title, if a State requires an individual receiving assistance under a State program funded under part A of title IV to engage in work activities, the State shall provide adult-supervised care to each school-age child of the individual before and after school during the hours during which the individual is working and in transit between home and work. Such care shall be provided at the location where each child attends school. Comparable activities shall be provided during the same daily time periods for all days during which the individual is working but school is not in session.

SEC. 113. PARENTAL RESPONSIBILITY CONTRACTS.

(a) ASSESSMENT.—Notwithstanding any other provision of, or amendment made by, this title, each State to which a grant is made under section 403 of the Social Security Act shall provide that the State agency, through a case manager, shall make an initial assessment of the education level, parenting skills, and history of parenting activities and involvement of each parent who is applying for financial assistance under the plan.

(b) PARENTAL RESPONSIBILITY CONTRACTS.—On the basis of the assessment made under subsection (a) with respect to each parent applicant, the case manager, in consultation with the parent applicant (hereafter in this subsection referred to as the ''client''), and, if possible, the client's spouse if one is present, shall develop a parental responsibility contract for the client, which meets the following requirements:

(1) Sets forth the obligations of the client, including all of the following the case manager believes are within the ability and capacity of the client, are not incompatible with the employment or school activities of the client, and are not inconsistent with each other in the client's case or with the well being of the client's children:

(A) Attend school, if necessary, and maintain certain grades and attendance.

(B) Keep school-age children of the client in school.

(C) Immunize children of the client.

(D) Attend parenting and money management classes.

(E) Participate in parent and teachers associations and other activities intended to involve parents in their children's school activities and in the affairs of their children's school.

(F) Attend school activities with their children where attendance or participation by both children and parents is appropriate.

(G) Undergo appropriate substance abuse treatment counseling.

(H) Any other appropriate activity, at the option of the State.

(2) Provides that the client shall accept any bona fide offer of unsubsidized full-time employment, unless the client has good cause for not doing so.

(c) PENALTIES FOR NONCOMPLIANCE WITH PARENTAL RESPONSIBILITY CONTRACT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the following penalties shall apply:

(A) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND ACTS OF NON-COMPLIANCE.—The State plan shall provide that the amount of assistance otherwise payable under this part to a family that includes a client who, with respect to a parental responsibility contract signed by the client, commits an act of noncompliance without good cause, shall be reduced by—

(i) 33 percent for the 1st such act of noncompliance; or

(ii) 66 percent for the 2nd such act of noncompliance.

(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State shall provide that in the case of the 3rd or subsequent such act of noncompliance, the family of which the client is a member shall not thereafter be eligible for assistance under this part.

(C) LENGTH OF PENALTIES.—The penalty for an act of noncompliance shall not exceed the greater of—

(i) in the case of—

(I) the 1st act of noncompliance, 1 month,

(II) the 2nd act of noncompliance, 3 months, or

(III) the 3rd or subsequent act of noncompliance, 6 months; or

(ii) the period ending with the cessation of such act of noncompliance.

(D) DENIAL OF ASSISTANCE TO ADULTS REFUSING TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—The State plan shall provide that if an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment without good cause, such act of noncompliance shall be considered a 3rd or subsequent act of noncompliance.

(2) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

SEC. 114. AMENDMENT TO GOALS 2000: EDUCATE AMERICA ACT.

Section 102 of the Goals 2000: Educate America Act (20 U.S.C. 5812) is amended by adding at the end the following new paragraph:

''(9) SELF-SUFFICIENCY.—By the year 2000, fewer Americans will need to rely on welfare benefits because—

''(A) schools will place greater emphasis on equipping all students to achieve economic self-sufficiency in adulthood, regardless of whether they pursue higher education;

''(B) schools will not compromise educational standards in order to graduate students who have not achieved the recognized educational competency levels applicable to high school graduates; and

''(C) schools will focus more attention and resources on ensuring that children from families who receive public assistance, or are at risk of needing public assistance, make expected scholastic progress throughout their elementary and secondary schooling or are provided with special assistance and directed to remedial programs and activities designed to return them to expected levels of progress.''

AMENDMENT NO. 2664

On page 122, between lines 11 and 12, insert:

SEC. 110. PARENTAL RESPONSIBILITY CONTRACTS.

(a) ASSESSMENT.—Notwithstanding any other provision of, or amendment made by, this title, each State to which a grant is made under section 403 of the Social Security Act shall provide that the State agency, through a case manager, shall make an initial assessment of the education level, parenting skills, and history of parenting activities and involvement of each parent who is applying for financial assistance under the plan.

(b) PARENTAL RESPONSIBILITY CONTRACTS.—On the basis of the assessment made under subsection (a) with respect to each parent applicant, the case manager, in consultation with the parent applicant (hereafter in this subsection referred to as the ''client'') and, if possible, the client's spouse if one is present, shall develop a parental responsibility contract for the client, which meets the following requirements:

(1) Sets forth the obligations of the client, including all of the following the case manager believes are within the ability and capacity of the client, are not incompatible with the employment or school activities of the client, and are not inconsistent with each other in the client's case or with the well being of the client's children:

(A) Attend school, if necessary, and maintain certain grades and attendance.

(B) Keep school-age children of the client in school.

(C) Immunize children of the client.

(D) Attend parenting and money management classes.

(E) Participate in parent and teacher associations and other activities intended to involve parents in their children's school activities and in the affairs of their children's school.

(F) Attend school activities with their children where attendance or participation by both children and parents is appropriate.

(G) Undergo appropriate substance abuse treatment counseling.

(H) Any other appropriate activity, at the option of the State.

(2) Provides that the client shall accept any bona fide offer of unsubsidized full-time employment, unless the client has good cause for not doing so.

(c) PENALTIES FOR NONCOMPLIANCE WITH PARENTAL RESPONSIBILITY CONTRACT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the following penalties shall apply:

(A) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND ACTS OF NON-COMPLIANCE.—The State plan shall provide that the amount of assistance otherwise payable under this part to a family that includes a client who, with respect to a parental responsibility contract signed by the client, commits an act of noncompliance without good cause, shall be reduced by—

(i) 33 percent for the 1st such act of noncompliance; or

(ii) 66 percent for the 2nd such act of noncompliance.

(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State shall provide that in the case of the 3rd or subsequent such act of noncompliance, the family of which the client is a member shall not thereafter be eligible for assistance under this part.

(C) LENGTH OF PENALTIES.—The penalty for an act of noncompliance shall not exceed the greater of—

(i) in the case of—

(I) the 1st act of noncompliance, 1 month,

(II) the 2nd act of noncompliance, 3 months, or

(III) the 3rd or subsequent act of noncompliance, 6 months; or

(ii) the period ending with the cessation of such act of noncompliance.

(D) DENIAL OF ASSISTANCE TO ADULTS REFUSING TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—The State plan shall provide that if an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment without good cause, such act of noncompliance shall be considered a 3rd or subsequent act of noncompliance.

(2) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

HARKIN AMENDMENT NO. 2665

Mr. MOYNIHAN (for Mr. HARKIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 10, line 10, strike all through page 77, line 21, and insert the following:

(b) REDUCTION IN INDIVIDUAL TAX RATES.—Section 1 of the Internal Revenue Code of 1986 (relating to tax imposed) is amended by adding at the end the following new subsection:

''(i) ADJUSTMENTS IN TAX TABLES TO REFLECT REPEAL OF CERTAIN PROGRAMS.—

''(1) IN GENERAL.—Not later than December 15 of 1995, and each subsequent calendar year, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in subsections (a), (b), (c), (d), and (e) (after the application of subsection (f)) with respect to taxable years beginning in the succeeding calendar year.

''(2) METHOD OF PRESCRIBING TABLES.—The tables under paragraph (1) shall be prescribed by reducing the rates of tax proportionately such that the resulting loss of revenue for such calendar year equals the estimated total expenditures for the fiscal year in which such calendar year begins for part A of title IV of the Social Security Act as proposed to be added by Senate amendment numbered 2280 (as in effect on September 8, 1995).

Beginning on page 83, line 16, strike through page 86, line 3.

Beginning on page 87, line 6, strike through page 120, line 8.

Beginning on page 122, line 12, strike through page 124, line 12.

BREAUX (AND OTHERS) AMENDMENTS NOS. 2666–2667

Mr. MOYNIHAN (for Mr. BREAUX, Mr. KENNEDY, Mr. PELL, and Mr. DASCHLE) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2666

In section 702(a)(8), strike ''private sector leadership in designing'' and insert ''private sector leadership and the diverse and changing demands of employers and workers in designing''.

In section 702(b)(1), insert before the semicolon the following: ''and to respond more effectively to changing local labor markets''.

In section 703(29), insert before the period the following: ''and designed to ensure that local labor and education and training markets are responsive to the diverse and changing demands of employers and workers''.

In section 716(a)(2)(B)(viii), strike ''; and'' and insert a semicolon.

In section 716(a)(2)(B)(ix), strike the period and insert ''; and''.

At the end of section 716(a)(2)(B), add the following:

(x) establishment of such system of individual skill grants as will enable dislocated workers who are unable to find new jobs through the core services described in clauses (i) through (ix), and who are unable to obtain other grant assistance (such as a Pell Grant), to learn new skills to find new jobs.

In section 716(a)(9), strike ''provided under this subtitle'' and insert ''provided under this subtitle for persons age 18 or older who are unable to obtain other assistance (such as a Pell Grant)''.

At the end of section 731(b), add the following new paragraph:

(3) RESPONSIVENESS TO MARKET DEMAND.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of ensuring that the local labor and education and training markets in the State are responsive to the diverse and changing demands of employers and workers.

At the end of section 731(c), add the following:

(8) RESPONSIVENESS TO MARKET DEMAND.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State in meeting the goal described in subsection (b)(3).

In section 732(a)(1)(A), strike ''; or'' and insert a semicolon.

In section 732(a)(1)(B), strike the period and insert ''; or''.

At the end of section 732(a)(1), add the following:

(C) demonstrates to the Federal Partnership that the State has made a substantial increase in the number of dislocated workers placed in unsubsidized employment, the reemployment wage rates of the workers, or the speed of reemployment of the workers through the use of training vouchers or other continually improving systems that respond effectively to the diverse and changing demands of local employers and workers.

AMENDMENT NO. 2667

Beginning on page 345, strike line 14 and all that follows through page 370, line 19, and insert the following:

(vii) the steps the State will take over the 3 years covered by the plan to comply with the requirements specified in section 716(a)(3) relating to the provision of education and training services;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), (4), and (5); and

(B) may be used to carry out the activities described in paragraphs (6), (7), (8), and (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) EDUCATION AND TRAINING SERVICES.—

(A) IN GENERAL.—The State shall use a portion of the funds described in paragraph (1) to provide education and training services in accordance with this paragraph to adults, each of whom—

(i) is unable to obtain employment through core services described in paragraph (2)(B);

(ii) needs the education and training services in order to obtain employment, as determined through—

(I) an initial assessment under paragraph (2)(B)(ii); or

(II) a comprehensive and specialized assessment; and

(iii) is unable to obtain other grant assistance, such as a Pell Grant provided under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), for such services.

(B) TYPES OF SERVICES.—Such education and training services may include the following:

(i) Occupational skills training, including training for nontraditional employment.

(ii) On-the-job training.

(iii) Services that combine workplace training with related instruction.

(iv) Skill upgrading and retraining.

(v) Entrepreneurial training.

(vi) Preemployment training to enhance basic workplace competencies, provided to individuals who are determined under guidelines developed by the Federal Partnership to be low-income.

(vii) Customized training conducted with a commitment by an employer or group of employers to employ an individual on successful completion of the training.

(C) USE OF VOUCHERS FOR DISLOCATED WORKERS.—

(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), education and training services described in subparagraph (B) shall be provided to dislocated workers through a system of vouchers that is administered through one-stop delivery described in paragraph (2).

(ii) EXCEPTIONS.—Education and training services described in subparagraph (B) may be provided to dislocated workers in a substate area through a contract for services in lieu of a voucher if—

(I) the local partnership described in section 728(a), or local workforce development board described in section 728(b), for the substate area determines there are an insufficient number of eligible entities in the substate area to effectively provide the education and training services through a voucher system;

(II) the local partnership or local workforce development board determines that the eligible entities in the substate area are unable to effectively provide the education and training services to special participant populations; or

(III) the local partnership or local workforce development board decides that the education and training services shall be provided through a direct contract with a community-based organization serving special participant populations.

(iii) PROHIBITION ON PROVISION OF ON-THE-JOB TRAINING THROUGH VOUCHERS.—On-the-job training provided under this paragraph shall not be provided through a voucher system.

(D) ELIGIBILITY OF EDUCATION AND TRAINING SERVICE PROVIDERS.—

(i) ELIGIBILITY REQUIREMENTS.—An entity shall be eligible to provide the education and training services through a program carried out under this paragraph and receive funds from the portion described in subparagraph (A) through the receipt of vouchers if—

(I)(aa) the entity is eligible to carry out the program under title IV of the Higher Education Act of 1965; or

(bb) the entity is eligible to carry out the program under an alternative eligibility procedure established by the Governor of the State that includes criteria for minimum acceptable levels of performance; and

(II) the entity submits accurate performance-based information required pursuant to clause (ii), except that entities described in subclause (I)(aa) shall only be required to provide information for programs other than programs leading to a degree.

(ii) PERFORMANCE-BASED INFORMATION.—The State shall identify performance-based information that is to be submitted by an entity for the entity to be eligible to provide the services, and receive the funds, described in clause (i). Such information shall include information relating to—

(I) the percentage of students completing the programs, if any, through which the entity provides education and training services described in subparagraph (B), as of the date of the submission;

(II) the rates of licensure of graduates of the programs;

(III) the percentage of graduates of the programs meeting skill standards and certification requirements endorsed by the National Skill Standards Board established under the Goals 2000: Educate America Act;

(IV) the rates of placement and retention in employment, and earnings, of the graduates of the programs;

(V) the percentage of students in such a program who obtained employment in an occupation related to the program; and

(VI) the warranties or guarantees provided by such entity relating to the skill levels or employment to be attained by recipients of the education and training services provided by the entity under this paragraph.

(iii) ADMINISTRATION.—The Governor shall designate a State agency to collect, verify, and disseminate the performance-based information submitted pursuant to clause (ii).

(iv) ON-THE-JOB TRAINING EXCEPTION.—Entities shall not be subject to the requirements of clauses (i) through (iii) with respect to on-the-job training activities.

(4) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(5) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(6) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(7) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) training to develop work habits to help individuals obtain and retain employment;

(B) rapid response assistance for dislocated workers;

(C) preemployment and work maturity skills training for youth;

(D) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(E) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(F) case management services;

(G) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(H) followup services for participants who are placed in unsubsidized employment; and

(I) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(8) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(9) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for

1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;
through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(7) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(7) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(7), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(7); and

(ii) are otherwise unable to obtain such services.

(h) SPECIAL RULE.—References in section 703(39), and section 7(38) of the Rehabilitation Act of 1973, to section 716(a)(8) shall be deemed to be references to section 716(a)(9).

MIKULSKI AMENDMENTS NOS. 2668–2669

Mr. MOYNIHAN (for Ms. MIKULSKI) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2668

On page 520, strike lines 17 through 19 and insert the following:

(7) Title VII of the Stewart B. McKinney

AMENDMENT NO. 2669

On page 10, line 24, insert ''in a way that does not encourage the break up of 2-parent families'' after ''minor children''.

On page 12, between lines 22 and 23, insert the following:

''(G) Develop and implement, in cases where appropriate and beneficial to the child, a program that encourages participation of both parents in the parenting of the child or children and encourages two-parent families.

On page 17, line 22, strike ''amount (if any) determined under subparagraph (B)'' and insert ''amount determined under subparagraphs (B) and (C)''.

On page 18, between lines 15 and 16, insert the following:

''(C) AMOUNT DETERMINED.—The amount determined under this subparagraph is the amount which bears the same ratio to the amount specified under section 413A(h) as the amount otherwise determined for such State under subparagraph (A) (without regard to the reduction determined under this subparagraph) bears to $16,795,323.

On page 18, line 16, strike ''(C)'' and insert ''(D)''.

On page 18, line 21, strike ''subparagraph (B)'' and insert ''subparagraphs (B) and (C)''.

On page 22, line 15, strike ''and''.

On page 22, line 17, strike the period and insert ''; and''.

On page 22, between lines 17 and 18, insert:

''(iii) grants to States under section 413A.

On page 42, between lines 21 and 22, insert the following:

''(f) DISREGARD OF FIRST $50 OF CHILD SUPPORT.—A State to which a grant is made under section 403 shall, in determining the eligibility of a family for assistance under the State program funded under this part, disregard for any month the first $50 of any child support payments received by such family received in that month.

On page 50, line 5, strike the period and insert a semicolon.

On page 50, between lines 5 and 6, insert the following:

''except that if a State elects to deny benefits under this subsection the State shall certify to the Secretary that the State has established financial incentives to encourage recipients of assistance to marry. Such incentives must permit recipients who marry to retain benefits that are at least equal in value to the amount of the penalty imposed on other families under this subsection.''.

On page 51, between lines 11 and 12 , insert the following new subsection:

''(e) PROHIBITION OF THE 100 HOUR RULE.—A State to which a grant is made under section 403 may not deny an individual eligibility for assistance under such grant solely on the basis of the number of hours worked by the spouse of the individual.

On page 51, line 12, strike ''(e)'' and insert ''(f).

On page 69, between lines 22 and 23, insert the following:

''SEC. 413A. TRAINING AND EMPLOYMENT FOR NON-CUSTODIAL PARENTS.

''(a) IN GENERAL.—The Secretary shall make grants to States with applications approved under this section to conduct programs of training and employment opportunities for noncustodial parents in accordance with the requirements of this section.

''(b) APPLICATION.—

''(1) IN GENERAL.—Each State desiring to conduct a program under this section shall prepare and submit to the Secretary an application described in paragraph (2) at such time, in such manner, and containing such information as the Secretary may require.

''(2) APPLICATION DESCRIBED.—An application to conduct a program under this section shall—

''(A) describe the political subdivision or subdivisions, or other identifiable areas of the State where the program will be conducted;

''(B) describe the services that will be provided to participants, including the training, job readiness services, and employment opportunities that will be available, and indicate whether these will be provided through the program under this part or whether some or all of the activities under this subsection will be conducted as a separate program;

''(C) describe the supportive services that will be provided to enhance the participant's involvement in the program and ability to

obtain employment and meet his or her child support obligations;

''(D) indicate whether the State will conduct a random assignment evaluation of the effects of the program on improved responsibility in meeting child support obligations; and

''(E) provide assurance that the State's program will comply with the requirements of this subsection.

''(c) ELIGIBILITY FOR PARTICIPATION IN THE PROGRAM.—The application described in subsection (b)(1) shall provide that a noncustodial parent will be eligible to commence participation in the program under this section if his or her child is receiving assistance under the State program funded under this part or if the noncustodial parent owes past-due child support which has been assigned to the State and is unemployed. Paternity must be established before a noncustodial father may enter the program, and the noncustodial parent must be cooperating in the establishment of a child support obligation and the entry of an award. If a parent who has been participating in the program ceases to be eligible therefore because the child with respect to whom the support obligation exists is no longer eligible for assistance under the State program funded under this part, the State must nonetheless allow the participant to complete the training or program activity.

''(d) NO GUARANTEE OF PARTICIPATION OR ACCESS TO SERVICES.—A State conducting a program under this section shall not be required—

''(1) to accept all applicants even though they meet the criteria of subsection (c); or

''(2) to provide the same training, services, or employment opportunities to all participants.

''(e) WAGES.—The State agency shall assure that wages will be paid for work performed by the participant and may provide for the payment of training stipends.

''(f) CHILD SUPPORT.—

''(1) GARNISHMENT.—The State agency shall garnish subsidized wages, or any stipends, paid in connection with a non-custodial parent's participation in the program under this section, and remit them to the State agency administering the State plan approved under part D for distribution as a child support collection in accordance with the provisions of that part.

''(2) CREDITING OF PAST DUE AMOUNTS.—The State may provide, if, with respect to an individual participating in the program under this section, it has jurisdiction over the child support obligation being enforced, that hours of participation in program activities may, or a reasonable basis, be credited to reduce amounts of past-due child support owed to such State agency by the individual.

''(g) MINIMUM PARTICIPATION RATE.—For purposes of determining the minimum participation rates for a fiscal year under section 404, an individual participating in the program under this section shall be included in the number determined under section 404(b)(1)(B)(i)(I) for purposes of determining the participation rate for 2-parent families under section 404(b)(2).

''(h) FUNDING.—The following amounts shall be available to make grants under this section:

''(1) $80,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 1996.

''(2) $100,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 1997.

''(3) $130,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 1998.

''(4) $150,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 1999.

''(5) $175,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 2000.

On page 580, between lines 22 and 23, insert the following:

''(1) FOR ALL FAMILIES.—The State shall distribute the first $50 of such amount to the family.

On page 580, line 23, strike ''(1)'' and insert ''(2)''.

On page 581, line 5, strike ''(2)'' and insert ''(3)''.

On page 583, line 3, strike ''(3)'' and insert ''(4)''.

On page 641, between lines 11 and 12, insert the following:

SEC. 426. DURATION OF SUPPORT.

Section 466(a) (42 U.S.C. 666(a)), as amended by this Act, is amended—

(1) by inserting after paragraph (16) the following new paragraph:

''(17) Procedures under which the State—

''(A) requires a continuing support obligation by the noncustodial parent until at least the later of the date on which a child for whom a support obligation is owed reaches the age of 18, or graduates from or is no longer enrolled in secondary school or its equivalent, unless a child marries, joins the United States armed forces, or is otherwise emancipated under State law;

''(B)(i) provides that courts or administrative agencies with child support jurisdiction have the discretionary power, until the date on which the child involved reaches the age of 22, pursuant to criteria established by the State, to order child support, payable directly or indirectly (support may be paid directly to a postsecondary or vocational school or college) to a child, at least up to the age of 22 for a child enrolled full-time in an accredited postsecondary or vocational school or college and who is a student in good standing; and

''(ii) may, without application of the rebuttable presumption in section 467(b)(2), award support under this subsection in amounts that, in whole or in part, reflect the actual costs of post secondary education; and

''(C) provides for child support to continue beyond the child's age of majority provided the child is disabled, unable to be self-supportive, and the disability arose during the child's minority.''; and

(2) by adding at the end the following new sentence: ''Nothing in paragraph (17) shall preclude a State from imposing more extensive child support obligations or obligations of longer duration.''.

On page 792, after line 22, add the following new title:

TITLE ___—CHILD CUSTODY REFORM

SEC. ___01. SHORT TITLE.

This title may be cited as the ''Child Custody Reform Act of 1995''.

SEC. ___02. REQUIREMENTS FOR EXCLUSIVE CONTINUING JURISDICTION MODIFICATION.

Section 1738A of title 28, United States Code, is amended—

(1) in subsection (d) to read as follows:

''(d)(1) Subject to paragraph (2) the jurisdiction of a court of a State that has made a child custody or visitation determination in accordance with this section continues exclusively as long as such State remains the residence of the child or of any contestant.

''(2) Continuing jurisdiction under paragraph (1) shall be subject to any applicable provision of law of the State that issued the initial child custody determination in accordance with this section, when such State law establishes limitations on continuing jurisdiction when a child is absent from such State.'';

(2) in subsection (f)

(A) by redesignating paragraphs (1) and (2) as paragraphs (2) and (1), respectively and transferring paragraph (2) (as so redesignated) so as to appear after paragraph (1) (as so redesignated); and

(B) in paragraph (1) (as so redesignated), by inserting ''pursuant to subsection (d),'' after ''the court of the other State no longer has jurisdiction,''; and

(3) in subsection (g), by inserting ''or continuing jurisdiction'' after ''exercising jurisdiction''.

SEC. ___03. ESTABLISHMENT OF NATIONAL CHILD CUSTODY REGISTRY.

Section 453 of the Social Security Act (42 U.S.C. 653) (as amended by section 916) is further amended by adding at the end the following new subsection:

''(p)(1) Not later than 1 year after the date of enactment of this subsection, the Secretary, in consultation with the Attorney General, shall conduct and conclude a study regarding the most practicable and efficient way to create a national child custody registry to carry out the purposes of paragraph (3). Pursuant to this study, and subject to the availability of appropriations, the Secretary shall create a national child custody registry and promulgate regulations necessary to implement such registry. The study and regulations shall include—

''(A) a determination concerning whether a new national database should be established or whether an existing network should be expanded in order to enable courts to identify child custody determinations made by, or proceedings filed before, any court of the United States, its territories or possessions;

''(B) measures to encourage and provide assistance to States to collect and organize the data necessary to carry out subparagraph (A);

''(C) if necessary, measures describing how the Secretary will work with the related and interested State agencies so that the database described in subparagraph (A) can be linked with appropriate State registries for the purpose of exchanging and comparing the child custody information contained therein;

''(D) the information that should be entered in the registry (such as the court of jurisdiction where a child custody proceeding has been filed or a child custody determination has been made, the name of the presiding officer of the court in which a child custody proceeding has been filed, the telephone number of such court, the names and social security numbers of the parties, the name, date of birth, and social security numbers of each child) to carry out the purposes of paragraph (3);

''(E) the standards necessary to ensure the standardization of data elements, updating of information, reimbursement, reports, safeguards for privacy and information security, and other such provisions as the Secretary determines appropriate;

''(F) measures to protect confidential information and privacy rights (including safeguards against the unauthorized use or disclosure of information) which ensure that—

''(i) no confidential information is entered into the registry;

''(ii) the information contained in the registry shall be available only to courts or law enforcement officers to carry out the purposes in paragraph (3); and

''(iii) no information is entered into the registry (or where information has previously been entered, that other necessary means will be taken) if there is a reason to believe that the information may result in physical harm to a person; and

''(G) an analysis of costs associated with the establishment of the child custody registry and the implementation of the proposed regulations.

''(2) As used in this subsection—

''(A) the term 'child custody determination' means a judgment, decree, or other order of a court providing for custody or visitation of a child, and includes permanent

and temporary orders, and initial orders and modifications; and

''(B) the term 'custody proceeding'—

''(i) means a proceeding in which a custody determination is one of several issues, such as a proceeding for divorce or separation, as well as neglect, abuse, dependency, wardship, guardianship, termination of parental rights, adoption, protective action from domestic violence, and Hague Child Abduction Convention proceedings; and

''(ii) does not include a judgment, decree, or other order of a court made in a juvenile delinquency, or status offender proceeding.

''(3) The purposes of this subsection are to—

''(A) encourage and provide assistance to State and local jurisdictions to permit—

''(i) courts to identify child custody determinations made by, and proceedings in, other States, local jurisdictions, and countries;

''(ii) law enforcement officers to enforce child custody determinations and recover parentally abducted children consistent with State law and regulations;

''(B) avoid duplicative and or contradictory child custody or visitation determinations by assuring that courts have the information they need to—

''(i) give full faith and credit to the child custody or visitation determination made by a court of another State as required by section 1738A of title 28, United States Code; and

''(ii) refrain from exercising jurisdiction when another court is exercising jurisdiction consistent with section 1738A of title 28, United States Code.

''(4) There are authorized to be appropriated such sums as may be necessary to establish the child custody registry and implement the regulations pursuant to paragraph (1).''.

SEC. ___04. SENSE OF THE SENATE REGARDING SUPERVISED CHILD VISITATION CENTERS.

It is the sense of the Senate that local governments should take full advantage of the Local Crime Prevention Block Grant Program established under subtitle B of title III of the Violent Crime Control and Law Enforcement Act of 1994, to establish supervised visitation centers for children who have been removed from their parents and placed outside the home as a result of abuse or neglect or other risk of harm to such children, and for children whose parents are separated or divorced and the children are at risk because of physical or mental abuse or domestic violence.

KERREY AMENDMENT NO. 2670

Mr. MOYNIHAN (for Mr. KERREY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 229, strike lines 4 through 8 and insert the following:

''(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently reverse its election only once thereafter. Following such reversal, the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not receive a block grant under this section.

DASCHLE (AND BINGAMAN) AMENDMENT NO. 2671

Mr. MOYNIHAN (for Mr. DASCHLE for himself and Mr. BINGAMAN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 26, before line 1, insert the following:

''(6) LOANS TO INDIAN TRIBES.—For purposes of this subsection, an Indian tribe with a tribal family assistance plan approved under section 414 shall be treated as a State, except that—

''(A) the Secretary may extend the time limitation under paragraph (4)(A);

''(B) the Secretary may waive the interest requirement under subparagraph (4)(B);

''(C) paragraph (4)(C) shall be applied by substituting 'tribal family assistance grant under section 414' for 'State family assistance grant under subsection (a)(2)'; and

''(D) paragraph (5) shall be applied without regard to subparagraph (B).

On page 26, strike lines 11 through 16, and insert the following:

''(2) ELIGIBLE INDIAN TRIBE.—For purposes of paragraph (1), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that—

''(A) conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during such fiscal year); and

''(B) is not receiving a tribal family assistance grant under section 414.

Beginning on page 63, line 14, strike all through page 68, line 21, and insert the following:

''(a) IN GENERAL.—

''(1) APPLICATION.—

''(A) IN GENERAL.—An Indian tribe may apply at any time to the Secretary (in such manner as the Secretary prescribes) to receive a family assistance grant.

''(B) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

''(i) IN GENERAL.—As part of the application under subparagraph (A), the Indian tribe shall submit to the Secretary a 3-year tribal family assistance plan that—

''(I) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with the purposes of this section;

''(II) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

''(III) identifies the population and service area or areas to be served by such plan;

''(IV) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

''(V) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

''(VI) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code. Nothing in this clause shall preclude an Indian tribe from entering into an agreement with a State under the tribal family assistance plan for providing services to individuals residing outside the tribe's jurisdiction or for providing services to non-tribal members residing within the tribe's jurisdiction. Any such agreement shall include an appropriate transfer of funds from the State to the tribe.

''(ii) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with clause (i).

''(2) PARTICIPATION.—If a tribe chooses to apply and the application is approved, such tribe shall be entitled to a direct payment in the amount determined in accordance with the provisions of subsection (b) for each fiscal year beginning after such approval.

''(3) NO PARTICIPATION.—If a tribe chooses not to apply, the amount that would otherwise be available to such tribe for the fiscal year shall be payable to the State in which that tribe is located. Such State shall provide equitable access to services by recipients within that tribe's jurisdiction.

''(4) NO MATCH REQUIRED.—Indian tribes shall not be required to submit a monetary match to receive a payment under this section.

''(5) JOINT PROGRAMS.—An Indian tribe may also apply to the Secretary jointly with 1 or more such tribes to administer family assistance services as a consortium. The Secretary shall establish such terms and conditions for such consortium as are necessary.

''(b) PAYMENT AMOUNT.—

''(1) IN GENERAL.—From an amount equal to 3 percent of the amount specified under section 403(a)(4) for a fiscal year, the Secretary shall pay directly to each Indian tribe requesting a family assistance grant for such fiscal year an amount pursuant to an allocation formula determined by the Secretary based on the need for services and utilizing (if possible) data that is common to all Indian tribes.

''(2) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—An Indian tribe may reserve amounts paid to the Indian tribe under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the program operated under this part.

''(c) VOLUNTARY TERMINATION.—An Indian tribe may voluntarily terminate receipt of a family assistance grant. The Indian tribe shall give the State and the Secretary notice of such decision 6 months prior to the date of termination. The amount under subsection (b) with respect to such grant for the fiscal year shall be payable to the State in which that tribe is located. Such State shall provide equitable access to services by recipients residing within that tribe's jurisdiction. If a voluntary termination of a grant occurs under this subsection, the tribe shall not be eligible to submit an application under this section before the 6th year following such termination.

''(d) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under such grant, and penalties against individuals—

''(1) consistent with the purposes of this section;

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

''(3) similar to comparable provisions in section 404(d).

''(e) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

''(f) MAINTENANCE OF EFFORT ASSISTANCE.—Nothing in this section shall preclude a State from providing maintenance of effort funds to Indian tribes located in such State.

''(g) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

''(1) generally accepted accounting principles; and

''(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

''(h) TRIBAL PENALTIES.—For the purpose of ensuring the proper use of family assistance grants, the following provisions shall apply to an Indian tribe with an approved tribal assistance plan:

''(1) The provisions of subsections (a)(1), (a)(6), and (b) of section 407, in the same manner as such subsections apply to a State.

''(2) The provisions of section 407(a)(3), except that such subsection shall be applied by substituting 'the minimum requirements established under subsection (d) of section 414' for 'the minimum participation rates specified in section 404'.

''(i) DATA COLLECTION AND REPORTING.—For the purpose of ensuring uniformity in data collection, section 409 shall apply to an Indian tribe with an approved family assistance plan.

''(j) INFORMATION SHARING.—Each State and the Indian tribes located within its jurisdiction may share (in a manner that ensures confidentiality) eligibility and other information on residents in such State that would be helpful for determining eligibility for other Federal and State assistance programs.

On page 101, between lines 20 and 21, insert the following:

(j) AMENDMENT TO TITLE XIX.—Section 1903(u)(1)(D) (42 U.S.C. 1396b(u)(1)(D)) is amended by adding at the end the following new clause:

''(vi) In determining the amount of erroneous excess payments, there shall not be included any erroneous payments made by the State to the benefit of members of Indian families based on correctly processed information received or information not timely received from a tribe with a tribal family assistance plan approved under part A of title IV of the Social Security Act.''.

On page 108, between lines 20 and 21, insert the following:

(i) Section 16(c)(3) of the Food Stamp Act (7 U.S.C. 2025(c)(3)) is amended by adding at the end the following new subparagraph:

''(C) Any errors resulting from State payments to Indian families based on correctly processed information received or information not timely received from a tribe with a tribal family assistance plan approved under part A of title IV of the Social Security Act.''.

DASCHLE AMENDMENT NO. 2672

Mr. MOYNIHAN (for Mr. DASCHLE) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 26, line 13, strike all through page 28, line 19, and insert the following:

''(d) CONTINGENCY FUND.—

''(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for State Welfare Programs' (hereafter in this section referred to as the 'Fund').

''(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated for fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 such sums as are necessary for payment to the Fund in a total amount not to exceed $5,000,000,000, of which not more than $4,000,000,000 shall be available during the first 5 fiscal years.

''(3) COMPUTATION OF GRANT.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of the Treasury shall pay to each eligible State in a fiscal year an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State in such year under the State program funded under this part as exceed the historic State expenditures for such State.

''(B) LIMITATION.—The total amount paid to a State under subparagraph (A) for any fiscal year shall not exceed an amount equal to 20 percent of the annual amount determined for such State under the State program funded under this part (without regard to this subsection) for such fiscal year.

''(C) METHOD OF COMPUTATION, PAYMENT, AND RECONCILIATION.—

''(i) METHOD OF COMPUTATION.—The method of computing and paying such amounts shall be as follows:

''(I) The Secretary of Health and Human Services shall estimate the amount to be paid to the State for each quarter under the provisions of subparagraph (A), such estimate to be based on a report filed by the State containing its estimate of the total sum to be expended in such quarter and such other information as the Secretary may find necessary.

''(II) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services.

''(ii) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

''(iii) METHOD OF RECONCILIATION.—If at the end of each fiscal year, the Secretary of Health and Human Services finds that a State which received amounts from the Fund in such fiscal year did not meet the maintenance of effort requirement under paragraph (5)(B) for such fiscal year, the Secretary shall reduce the State family assistance grant for such State for the succeeding fiscal year by such amounts.

''(4) USE OF GRANT.—

''(A) IN GENERAL.—An eligible State may use the grant—

''(i) in any manner that is reasonably calculated to accomplish the purpose of this part; or

''(ii) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

''(B) REFUND OF UNUSED PORTION.—Any amount of a grant under this subsection not used during the fiscal year shall be returned to the Fund.

''(5) ELIGIBLE STATE.—

''(A) IN GENERAL.—For purposes of this subsection, a State is an eligible State with respect to a fiscal year, if such State—

''(i) has an average total unemployment rate or a children population in such State's food stamp program which exceeds such average total rate or population for fiscal year 1994; and

''(ii) has met the maintenance of effort requirement under subparagraph (B) for the State program funded under this part for the fiscal year.

''(B) MAINTENANCE OF EFFORT.—

''(i) IN GENERAL.—The maintenance of effort requirement for any State under this subparagraph for any fiscal year is the expenditure of an amount at least equal to 100 percent of the level of spending in FY 94.

''(ii) HISTORIC STATE EXPENDITURES.—For purposes of this subparagraph, the term 'historic State expenditures' means payments of cash assistance to recipients of aid to families with dependent children under the State plan under part A of title IV for fiscal year 1994, as in effect during such fiscal year.

''(iii) DETERMINING STATE EXPENDITURES.—For purposes of this subparagraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

''(6) ANNUAL REPORTS.—The Secretary of the Treasury shall annually report to the Congress on the status of the Fund.

SANTORUM AMENDMENT NO. 2673

Mr. SANTORUM proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, surpra, as follows:

On page 200, between lines 11 and 12, insert:

''(4) IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—

''(A) IN GENERAL.—A State to which a grant is made under this Act is encouraged to implement the electronic benefit transfer system for providing assistance under the State program funded under this Act and may use the grant for such purpose. In implementing the system, the State shall use an open, competitive

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MCCONNELL AMENDMENTS NOS. 2674–2675

Mr. SANTORUM (for Mr. MCCONNELL) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2674

On page 270, after line 23, insert the following:

(3) REGULATIONS.—

(A) INTERIM REGULATIONS.—Not later than February 1, 1996, the Secretary shall issue interim regulations to implement—

(i) the amendments made by paragraphs (1), (3), and (4) of subsection (b); and

(ii) section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)).

(B) FINAL REGULATIONS.—Not later than August 1, 1996, the Secretary shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

AMENDMENT NO. 2675

On page 268, strike lines 4 through 17 and insert the following:

''(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than ½ of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

PACKWOOD AMENDMENT NO. 2676

Mr. SANTORUM (for Mr. PACKWOOD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 11 strike lines 5 through 22.

On page 11, line 23, insert the following:

(B) NONDISCRIMINATION AGAINST EMPLOYEES ADMINISTERING OR PROVIDING SERVICES.—

(i) PROHIBITION.—A religious organization with a contract described in subsection (a)(1)(A) shall not discriminate in employment on the basis of religion of an employee or prospective employee if such employee's

primary responsibility is or would be administering or providing services under such contract.

(ii) QUALIFIED APPLICANTS.—If 2 or more prospective employees are qualified for a position administering or providing services under a contract described in subsection (a)(1)(A), nothing in this section shall prohibit a religious organization from employing a prospective employee who is already participating on a regular basis in other activities of the organization.

(C) PRESENT EMPLOYEES.—This paragraph shall not apply to employees of religious organizations with a contract described in subsection (a)(1)(A) if such employees are employed by such organization on the date of the enactment of this Act.

KENNEDY AMENDMENT NO. 2677

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, insert the following new section:

SEC. ___. EXTENSION OF TRANSITIONAL MEDICAID BENEFITS.

(a) EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TEMPORARY EMPLOYMENT ASSISTANCE RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r–6(b)(1)) is amended by striking the period at the end and inserting the following: '', and shall provide that the State shall offer to each such family the option of extending coverage under this subsection for an additional 2 succeeding 6-month periods in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.''.

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r–6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking ''EXTENSION'' and inserting ''EXTENSIONS'';

(II) in the heading of paragraph (1), by striking ''REQUIREMENT'' and inserting ''IN GENERAL'';

(III) in paragraph (2)(B)(ii)—

(aa) in the heading, by striking ''PERIOD'' and inserting ''PERIODS''; and

(bb) by striking ''in the period'' and inserting ''in each of the 6-month periods'';

(IV) in paragraph (3)(A), by striking ''the 6-month period'' and inserting ''any 6-month period'';

(V) in paragraph (4)(A), by striking ''the extension period'' and inserting ''any extension period''; and

(VI) in paragraph (5)(D)(i), by striking ''is a 3-month period'' and all that follows and inserting the following: ''is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the first or fourth month of such extension period.''; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(i) by striking ''(A)''; and

(ii) by striking subparagraphs (B) and (C).

(b) TRANSITIONAL ELIGIBILITY FOR MEDICAID.—Part A of title IV, as added by section 101(a) is amended by adding at the end the following new section:

''SEC. 417. TRANSITIONAL ELIGIBILITY FOR MEDICAID.

''Each needy child, and each relative with whom such a child is living (including the spouse of such relative), who becomes ineligible for temporary employment assistance as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title, and who has received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of temporary employment assistance for purposes of title XIX for an additional 4 calendar months beginning with the month in which such ineligibility begins.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to calendar quarters beginning on or after October 1, 1996, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

(2) WHEN STATE LEGISLATION IS REQUIRED.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

TITLE ___—CORPORATE WELFARE REDUCTION

SEC. ___01. SHORT TITLE.

This title may be cited as the ''Corporate Welfare Reduction Act of 1995''.

SEC. ___02. FOREIGN OIL AND GAS INCOME.

(a) SPECIAL RULES FOR FOREIGN TAX CREDIT WITH RESPECT TO FOREIGN OIL AND GAS INCOME.—

(1) CERTAIN TAXES NOT CREDITABLE.—

(A) IN GENERAL.—Subsection (a) of section 907 of the Internal Revenue Code of 1986 (relating to reduction in amount allowed as foreign tax under section 901) is amended to read as follows:

''(a) CERTAIN TAXES NOT CREDITABLE.—

''(1) IN GENERAL.—For purposes of this subtitle, the term 'income, war profits, and excess profits taxes' shall not include—

''(A) any taxes which are paid or accrued to any foreign country with respect to foreign oil and gas income and which are not imposed under a generally applicable income tax law of such country, and

''(B) any taxes (not described in subparagraph (A)) which are paid or accrued to any foreign country with respect to foreign oil and gas income to the extent that the foreign law imposing such amount of tax is structured, or in fact operates, so that the amount of tax imposed with respect to foreign oil and gas income will generally be materially greater, over a reasonable period of time, than the amount generally imposed on income that is not foreign oil and gas income.

In computing the amount not treated as tax under subparagraph (B), such amount shall be treated as a deduction under the foreign law.

''(2) FOREIGN OIL AND GAS INCOME.—For purposes of this paragraph, the term 'foreign oil and gas income' means the amount of foreign oil and gas extraction income and foreign oil related income.

''(3) GENERALLY APPLICABLE INCOME TAX LAW.—For purposes of this paragraph, the term 'generally applicable income tax law' means any law of a foreign country imposing an income tax if such tax generally applies to all income from sources within such foreign country—

''(A) without regard to the residence or nationality of the person earning such income, and

''(B) in the case of any income earned by a corporation, partnership, or other entity, without regard to—

''(i) where such corporation, partnership, or other entity is organized, and

''(ii) the residence or nationality of the persons owning interests in such corporation, partnership, or entity.''

(B) CONFORMING AMENDMENT.—Section 907 of such Code is amended by striking subsections (b), (c)(3), (c)(4), (c)(5), and (f).

(2) SEPARATE BASKETS FOR FOREIGN OIL AND GAS EXTRACTION INCOME AND FOREIGN OIL RELATED INCOME.—

(A) IN GENERAL.—Paragraph (1) of section 904(d) of such Code (relating to separate application of section with respect to certain categories of income) is amended by striking ''and'' at the end of subparagraph (H), by redesignating subparagraph (I) as subparagraph (K) and by inserting after subparagraph (H) the following new subparagraphs:

''(I) foreign oil and gas extraction income,

''(J) foreign oil related income, and''.

(B) DEFINITIONS.—Paragraph (2) of section 904(d) of such Code is amended by redesignating subparagraphs (H) and (I) as subparagraphs (J) and (K), respectively, and by inserting after subparagraph (G) the following new subparagraphs:

''(H) FOREIGN OIL AND GAS EXTRACTION INCOME.—The term 'foreign oil and gas extraction income' has the meaning given such term by section 907(c)(1). Such term shall not include any dividend from a noncontrolled section 902 corporation.

''(I) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' has the meaning given such term by section 907(c)(2). Such term shall not include any dividend from a noncontrolled section 902 corporation and any shipping income.''

(C) CONFORMING AMENDMENT.—Clause (i) of section 904(d)(3)(F) of such Code is amended by striking ''or (E)'' and inserting ''(E), (I), or (J)''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall apply to taxable years beginning after December 31, 1995.

(B) DISALLOWANCE RULE.—

(i) Section 907(a) of such Code (as amended by paragraph (1)) shall apply to taxes paid or accrued after December 31, 1995, in taxable years ending after such date.

(ii) In determining the amount of taxes deemed to be paid in a taxable year beginning after December 31, 1995, under section 902 or 960 of such Code, section 907(a) of such Code (as amended by paragraph (1)) shall apply to all taxes whether paid or accrued before, on, or after December 31, 1995.

(C) LOSS RULE.—Notwithstanding the amendments made by paragraph (1)(B), section 907(c)(4) of such Code shall continue to apply with respect to foreign oil and gas extraction losses for taxable years beginning before January 1, 1996.

(D) TRANSITIONAL RULES.—

(i) Any taxes paid or accrued in a taxable year beginning before January 1, 1996, with respect to income which was described in subparagraph (I) of section 904(d)(1) of such Code (as in effect on the day before the date of the enactment of this Act) shall be treated as taxes paid or accrued with respect to foreign oil and gas extraction income or foreign

oil related income (as the case may be) to the extent such taxes were paid or accrued with respect to such type of income.

(ii) Any unused oil and gas extraction taxes which under section 907(f) of such Code (as so in effect) would have been allowed as a carryover to the taxpayer's first taxable year beginning after December 31, 1995 (determined without regard to the limitation of paragraph (2) of such section 907(f) for such first taxable year), shall be allowed as carryovers under section 904(c) of such Code in the same manner as if they were unused taxes under section 904(c) with respect to foreign oil and gas extraction income.

(b) ELIMINATION OF DEFERRAL FOR FOREIGN OIL AND GAS EXTRACTION INCOME.—

(1) GENERAL RULE.—Paragraph (1) of section 954(g) of the Internal Revenue Code of 1986 (defining foreign base company oil related income) is amended to read as follows:

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'foreign oil and gas income' means any income of a kind which would be taken into account in determining the amount of—

''(A) foreign oil and gas extraction income (as defined in section 907(c)(1)), or

''(B) foreign oil related income (as defined in section 907(c)(2)).''

(2) CONFORMING AMENDMENTS.—

(A) Subsections (a)(5), (b)(4), (b)(5), and (b)(8) of section 954 of such Code are each amended by striking ''base company oil related income'' each place it appears (including in the heading of subsection (b)(8)) and inserting ''oil and gas income''.

(B) The subsection heading for subsection (g) of section 954 of such Code is amended by striking ''FOREIGN BASE COMPANY OIL RELATED INCOME'' and inserting ''FOREIGN OIL AND GAS INCOME''.

(C) Subparagraph (A) of section 954(g)(2) of such Code is amended by striking ''foreign base company oil related income'' and inserting ''foreign oil and gas income''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years of foreign corporations beginning after December 31, 1995, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. ___03. TRANSFER PRICING.

(a) AUTHORITY OF SECRETARY WHEN LEGAL LIMITS ON TRANSFER BY TAXPAYER.—Section 482 of the Internal Revenue Code of 1986 (relating to allocation of income and deductions among taxpayers) is amended by adding at the end the following: ''The authority of the Secretary under this section shall not be limited by any restriction (by any law or agreement) on the ability of such interests, organizations, trades, or businesses to transfer or receive money or other property.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. ___04. ELIMINATION OF EXCLUSION FOR CITIZENS OR RESIDENTS OF UNITED STATES LIVING ABROAD.

Section 911 of the Internal Revenue Code of 1986 (relating to citizens or residents of the United States living abroad) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 1995.''

SEC. ___05. DISPOSITION OF STOCK IN DOMESTIC CORPORATIONS BY 10-PERCENT FOREIGN SHAREHOLDERS.

(a) GENERAL RULE.—Subpart D of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

''SEC. 899. DISPOSITION OF STOCK IN DOMESTIC CORPORATIONS BY 10-PERCENT FOREIGN SHAREHOLDERS.

''(a) GENERAL RULE.—

''(1) TREATMENT AS EFFECTIVELY CONNECTED WITH UNITED STATES TRADE OR BUSINESS.—For purposes of this title, if any nonresident alien individual or foreign corporation is a 10-percent shareholder in any domestic corporation, any gain or loss of such individual or foreign corporation from the disposition of any stock in such domestic corporation shall be taken into account—

''(A) in the case of a nonresident alien individual, under section 871(b)(1), or

''(B) in the case of a foreign corporation, under section 882(a)(1),

as if the taxpayer were engaged during the taxable year in a trade or business within the United States through a permanent establishment in the United States and as if such gain or loss were effectively connected with such trade or business and attributable to such permanent establishment. Notwithstanding section 865, any such gain or loss shall be treated as from sources in the United States.

''(2) 26-PERCENT MINIMUM TAX ON NONRESIDENT ALIEN INDIVIDUALS.—

''(A) IN GENERAL.—In the case of any nonresident alien individual, the amount determined under section 55(b)(1)(A) shall not be less than 26 percent of the lesser of—

''(i) the individual's alternative minimum taxable income (as defined in section 55(b)(2)) for the taxable year, or

''(ii) the individual's net taxable stock gain for the taxable year.

''(B) NET TAXABLE STOCK GAIN.—For purposes of subparagraph (A), the term 'net taxable stock gain' means the excess of—

''(i) the aggregate gains for the taxable year from dispositions of stock in domestic corporations with respect to which such individual is a 10-percent shareholder, over

''(ii) the aggregate of the losses for the taxable year from dispositions of such stock.

''(C) COORDINATION WITH SECTION 897(a)(2).—Section 897(a)(2)(A) shall not apply to any nonresident alien individual for any taxable year for which such individual has a net taxable stock gain, but the amount of such net taxable stock gain shall be increased by the amount of such individual's net United States real property gain (as defined in section 897(a)(2)(B)) for such taxable year.

''(b) 10-PERCENT SHAREHOLDER.—

''(1) IN GENERAL.—For purposes of this section, the term '10-percent shareholder' means any person who at any time during the shorter of—

''(A) the period beginning on January 1, 1995, and ending on the date of the disposition, or

''(B) the 5-year period ending on the date of the disposition,

owned 10 percent or more (by vote or value) of the stock in the domestic corporation.

''(2) CONSTRUCTIVE OWNERSHIP.—

''(A) IN GENERAL.—Section 318(a) (relating to constructive ownership of stock) shall apply for purposes of paragraph (1).

''(B) MODIFICATIONS.—For purposes of subparagraph (A)—

''(i) paragraph (2)(C) of section 318(a) shall be applied by substituting '10 percent' for '50 percent', and

''(ii) paragraph (3)(C) of section 318(a) shall be applied—

''(I) by substituting '10 percent' for '50 percent', and

''(II) in any case where such paragraph would not apply but for subclause (I), by considering a corporation as owning the stock (other than stock in such corporation) owned by or for any shareholder of such corporation in that proportion which the value of the stock which such shareholder owns in such corporation bears to the value of all stock in such corporation.

''(3) TREATMENT OF STOCK HELD BY CERTAIN PARTNERSHIPS.—

''(A) IN GENERAL.—For purposes of this section, if—

''(i) a partnership is a 10-percent shareholder in any domestic corporation, and

''(ii) 10 percent or more of the capital or profits interests in such partnership is held (directly or indirectly) by nonresident alien individuals or foreign corporations,

each partner in such partnership who is not otherwise a 10-percent shareholder in such corporation shall, with respect to the stock in such corporation held by the partnership, be treated as a 10-percent shareholder in such corporation.

''(B) EXCEPTION.—

''(i) IN GENERAL.—Subparagraph (A) shall not apply with respect to stock in a domestic corporation held by any partnership if, at all times during the 5-year period ending on the date of the disposition involved—

''(I) the aggregate bases of the stock and securities in such domestic corporation held by such partnership were less than 25 percent of the partnership's net adjusted asset cost, and

''(II) the partnership did not own 50 percent or more (by vote or value) of the stock in such domestic corporation.

The Secretary may by regulations disregard any failure to meet the requirements of subclause (I) where the partnership normally met such requirements during such 5-year period.

''(ii) NET ADJUSTED ASSET COST.—For purposes of clause (i), the term 'net adjusted asset cost' means—

''(I) the aggregate bases of all of the assets of the partnership other than cash and cash items, reduced by

''(II) the portion of the liabilities of the partnership not allocable (on a proportionate basis) to assets excluded under subclause (I).

''(C) EXCEPTION NOT TO APPLY TO 50-PERCENT PARTNERS.—Subparagraph (B) shall not apply in the case of any partner owning (directly or indirectly) more than 50 percent of the capital or profits interests in the partnership at any time during the 5-year period ending on the date of the disposition.

''(D) SPECIAL RULES.—For purposes of subparagraphs (B) and (C)—

''(i) TREATMENT OF PREDECESSORS.—Any reference to a partnership or corporation shall be treated as including a reference to any predecessor thereof.

''(ii) PARTNERSHIP NOT IN EXISTENCE.—If any partnership was not in existence throughout the entire 5-year period ending on the date of the disposition, only the portion of such period during which the partnership (or any predecessor) was in existence shall be taken into account.

''(E) OTHER PASS-THRU ENTITIES; TIERED ENTITIES.—Rules similar to the rules of the preceding provisions of this paragraph shall also apply in the case of any pass-thru entity other than a partnership and in the case of tiered partnerships and other entities.

''(c) COORDINATION WITH NONRECOGNITION PROVISIONS; ETC.—

''(1) COORDINATION WITH NONRECOGNITION PROVISIONS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any nonrecognition provision shall apply for purposes of this section to a transaction only in the case of—

''(i) an exchange of stock in a domestic corporation for other property the sale of which would be subject to taxation under this chapter, or

''(ii) a distribution with respect to which gain or loss would not be recognized under

section 336 if the sale of the distributed property by the distributee would be subject to tax under this chapter.

''(B) REGULATIONS.—The Secretary shall prescribe regulations (which are necessary or appropriate to prevent the avoidance of Federal income taxes) providing—

''(i) the extent to which nonrecognition provisions shall, and shall not, apply for purposes of this section, and

''(ii) the extent to which—

''(I) transfers of property in a reorganization, and

''(II) changes in interests in, or distributions from, a partnership, trust, or estate,

shall be treated as sales of property at fair market value.

''(C) NONRECOGNITION PROVISION.—For purposes of this paragraph, the term 'nonrecognition provision' means any provision of this title for not recognizing gain or loss.

''(2) CERTAIN OTHER RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of subsections (g) and (j) of section 897 shall apply.

''(d) CERTAIN INTEREST TREATED AS STOCK.—For purposes of this section—

''(1) any option or other right to acquire stock in a domestic corporation,

''(2) the conversion feature of any debt instrument issued by a domestic corporation, and

''(3) to the extent provided in regulations, any other interest in a domestic corporation other than an interest solely as creditor,

shall be treated as stock in such corporation.

''(e) TREATMENT OF CERTAIN GAIN AS A DIVIDEND.—In the case of any gain which would be subject to tax by reason of this section but for a treaty and which results from any distribution in liquidation or redemption, for purposes of this subtitle, such gain shall be treated as a dividend to the extent of the earnings and profits of the domestic corporation attributable to the stock. Rules similar to the rules of section 1248(c) (determined without regard to paragraph (2)(D) thereof) shall apply for purposes of the preceding sentence.

''(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including—

''(1) regulations coordinating the provisions of this section with the provisions of section 897, and

''(2) regulations aggregating stock held by a group of persons acting together.''

(b) WITHHOLDING OF TAX.—Subchapter A of chapter 3 of such Code is amended by adding at the end the following new section:

''SEC. 1447. WITHHOLDING OF TAX ON CERTAIN STOCK DISPOSITIONS.

''(a) GENERAL RULE.—Except as otherwise provided in this section, in the case of any disposition of stock in a domestic corporation by a foreign person who is a 10-percent shareholder in such corporation, the withholding agent shall deduct and withhold a tax equal to 10 percent of the amount realized on the disposition.

''(b) EXCEPTIONS.—

''(1) STOCK WHICH IS NOT REGULARLY TRADED.—In the case of a disposition of stock which is not regularly traded, a withholding agent shall not be required to deduct and withhold any amount under subsection (a) if—

''(A) the transferor furnishes to such withholding agent an affidavit by such transferor stating, under penalty of perjury, that section 899 does not apply to such disposition because—

''(i) the transferor is not a foreign person, or

''(ii) the transferor is not a 10-percent shareholder, and

''(B) such withholding agent does not know (or have reason to know) that such affidavit is not correct.

''(2) STOCK WHICH IS REGULARLY TRADED.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a withholding agent shall not be required to deduct and withhold any amount under subsection (a) with respect to any disposition of regularly traded stock if such withholding agent does not know (or have reason to know) that section 899 applies to such disposition.

''(B) SPECIAL RULE WHERE SUBSTANTIAL DISPOSITION.—If—

''(i) there is a disposition of regularly traded stock in a corporation, and

''(ii) the amount of stock involved in such disposition constitutes 1 percent or more (by vote or value) of the stock in such corporation,

subparagraph (A) shall not apply but paragraph (1) shall apply as if the disposition involved stock which was not regularly traded.

''(C) NOTIFICATION BY FOREIGN PERSON.—If section 899 applies to any disposition by a foreign person of regularly traded stock, such foreign person shall notify the withholding agent that section 899 applies to such disposition.

''(3) NONRECOGNITION TRANSACTIONS.—A withholding agent shall not be required to deduct and withhold any amount under subsection (a) in any case where gain or loss is not recognized by reason of section 899(c) (or the regulations prescribed under such section).

''(c) SPECIAL RULE WHERE NO WITHHOLDING.—If—

''(1) there is no amount deducted and withheld under this section with respect to any disposition to which section 899 applies, and

''(2) the foreign person does not pay the tax imposed by this subtitle to the extent attributable to such disposition on the date prescribed therefor,

for purposes of determining the amount of such tax, the foreign person's basis in the stock disposed of shall be treated as zero or such other amount as the Secretary may determine (and, for purposes of section 6501, the underpayment of such tax shall be treated as due to a willful attempt to evade such tax).

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) WITHHOLDING AGENT.—The term 'withholding agent' means—

''(A) the last United States person to have the control, receipt, custody, disposal, or payment of the amount realized on the disposition, or

''(B) if there is no such United States person, the person prescribed in regulations.

''(2) FOREIGN PERSON.—The term 'foreign person' means any person other than a United States person.

''(3) REGULARLY TRADED STOCK.—The term 'regularly traded stock' means any stock of a class which is regularly traded on an established securities market.

''(4) AUTHORITY TO PRESCRIBE REDUCED AMOUNT.—At the request of the person making the disposition or the withholding agent, the Secretary may prescribe a reduced amount to be withheld under this section if the Secretary determines that to substitute such reduced amount will not jeopardize the collection of the tax imposed by section 871(b)(1) or 882(a)(1).

''(5) OTHER TERMS.—Except as provided in this section, terms used in this section shall have the same respective meanings as when used in section 899.

''(6) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of section 1445(e) shall apply for purposes of this section.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations coordinating the provisions of this section with the provisions of sections 1445 and 1446.''

(c) EXCEPTION FROM BRANCH PROFITS TAX.—Subparagraph (C) of section 884(d)(2) of such Code is amended to read as follows:

''(C) gain treated as effectively connected with the conduct of a trade or business within the United States under—

''(i) section 897 in the case of the disposition of a United States real property interest described in section 897(c)(1)(A)(ii), or

''(ii) section 899,''.

(d) REPORTS WITH RESPECT TO CERTAIN DISTRIBUTIONS.—Paragraph (2) of section 6038B(a) of such Code (relating to notice of certain transfers to foreign person) is amended by striking ''section 336'' and inserting ''section 302, 331, or 336''.

(e) CLERICAL AMENDMENTS.—

(1) The table of sections for subpart D of part II of subchapter N of chapter 1 of such Code is amended by adding at the end the following new item:

''Sec. 899. Dispositions of stock in domestic corporations by 10-percent foreign shareholders.''

(2) The table of sections for subchapter A of chapter 3 of such Code is amended by adding at the end the following new item:

''Sec. 1447. Withholding of tax on certain stock dispositions.''

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to dispositions after the date of the enactment of this Act, except that section 1447 of such Code (as added by this section) shall not apply to any disposition before the date 6 months after the date of the enactment of this Act.

(2) COORDINATION WITH TREATIES.—

(A) IN GENERAL.—Sections 899 (other than subsection (e) thereof) and 1447 of such Code (as added by this section) shall not apply to any disposition if such disposition is by a qualified resident of a foreign country and the application of such sections to such disposition would be contrary to any treaty between the United States and such foreign country which is in effect on the date of the enactment of this Act and at the time of such disposition.

(B) QUALIFIED RESIDENT.—For purposes of subparagraph (A), the term ''qualified resident'' means any resident of the foreign country entitled to the benefits of the treaty referred to in subparagraph (A); except that such term shall not include a corporation unless such corporation is a qualified resident of such country (as defined in section 884(e)(4) of such Code).

SEC. ___06. PORTFOLIO DEBT.

(a) IN GENERAL.—Section 871(h)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

''(3) PORTFOLIO INTEREST TO INCLUDE ONLY INTEREST ON GOVERNMENT OBLIGATIONS.—The term 'portfolio interest' shall include only interest paid on an obligation issued by a governmental entity.''

(b) CONFORMING AMENDMENTS.—

(1) Section 881(c)(3) of such Code is amended—

(A) in subparagraph (A), by adding ''or'' at the end, and

(B) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B).

(2) Section 881(c)(4) of such Code is amended—

(A) by striking ''section 871(h)(4)'' and inserting ''section 871(h)(3) or (4)'', and

(B) in the heading, by inserting ''INTEREST ON NON-GOVERNMENT OBLIGATIONS OR'' after ''INCLUDE''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest received after December 31, 1995, with respect to obligations issued after such date.

SEC. ___07. SOURCE OF INCOME FROM CERTAIN SALES OF INVENTORY PROPERTY.

(a) GENERAL RULE.—Subsection (b) of section 865 of the Internal Revenue Code of 1986 (relating to exception for inventory property) is amended to read as follows:

''(b) INVENTORY PROPERTY.—

''(1) INCOME ATTRIBUTABLE TO PRODUCTION ACTIVITY.—In the case of income from the sale of inventory property produced (in whole or in part) by the taxpayer—

''(A) a portion (determined under regulations) of such income shall be allocated to production activity (and sourced in the United States or outside the United States depending on where such activity occurs), and

''(B) the remaining portion of such income shall be sourced under the other provisions of this section.

The regulations prescribed under subparagraph (A) shall provide that at least 50 percent of such income shall be allocated to production activities.

''(2) SALES INCOME.—

''(A) UNITED STATES RESIDENTS.—Income from the sale of inventory property by a United States resident shall be sourced outside the United States if—

''(i) the property is sold for use, consumption, or disposition outside the United States and an office or another fixed place of business of the taxpayer outside the United States participated materially in the sale, and

''(ii) such sale is not (directly or indirectly) to an affiliate of the taxpayer.

''(B) NONRESIDENT.—Income from the sale of inventory property by a nonresident shall be sourced in the United States if—

''(i) the taxpayer has an office or other fixed place of business in the United States, and

''(ii) such sale is through such office or other fixed place of business.

This subparagraph shall not apply if the requirements of clauses (i) and (ii) of subparagraph (A) are met with respect to such sale.

''(3) COORDINATION WITH TREATIES.—For purposes of paragraph (2)(A)(i), a United States resident shall not be treated as having an office or fixed place of business in a foreign country if a treaty prevents such country from imposing an income tax on the income.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to income from sales occurring after December 31, 1995.

SEC. ___08. ENHANCEMENT OF BENEFITS FOR FOREIGN SALES CORPORATIONS.

(a) IN GENERAL.—Subsection (a) of section 923 of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (2), by striking ''32 percent'' and inserting ''34 percent'', and

(2) in paragraph (3), by striking ''16⅔'' and inserting ''17⅔''.

(b) SPECIAL RULES RELATING TO CORPORATE PREFERENCE ITEMS.—Paragraph (4) of section 291(a) of such Code is amended—

(1) in subparagraph (A), by striking '' '30 percent' for '32 percent' '' and inserting '' '32 percent' for '34 percent' '', and

(2) in subparagraph (B), by striking '' '15⅔' for '16⅔' '' and inserting '' '16⅔' for '17⅔' ''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

D'AMATO AMENDMENT NO. 2678

Mr. SANTORUM (for Mr. D'AMATO) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

(1) Except as provided in paragraph (2) of this subsection, in order for an eligible State to receive funds pursuant to Title I of this Act after April 1, 1996, the State Shall enact legislation establishing a program fully conforming to the requirements of this Act by that date AND EFFECTIVE ON THE DATE OF DISCONTINUANCE OF THE STATE'S AFDC PROGRAM, IN ACCORDANCE WITH SECTION 112 OF THIS ACT.

(2) In the case of a State whose legislature meets biennially, and does not have a regular session scheduled in calendar year 1996, the requirement contained in paragraph (1) of this subsection shall be effective no later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act.

KERRY AMENDMENT NO. 2679

Mr. MOYNIHAN (for Mr. KERRY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 124, beginning on line 16, strike all through page 127, line 2.

On page 127, line 3, strike ''**SEC. 202.**'' and insert ''**SEC. 201.**''.

On page 128, line 14, strike ''**SEC. 203.**'' and insert ''**SEC. 202.**''.

On page 129, line 7, strike ''**SEC. 204.**'' and insert ''**SEC. 203.**''.

On page 129, beginning on line 9, strike all through line 12, and insert:

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)) is amended by adding at the end the following new paragraph:

On page 129, line 13, strike ''(3)'' and insert ''(6)''.

On page 131, line 6, strike ''**SEC. 205.**'' and insert ''**SEC. 204.**''.

On page 131, line 5, strike ''Sections 201 and 202'' and insert ''Section 201''.

On page 131, lines 7 and 8, strike ''sections 201 and 202'' and insert ''section 201''.

On page 131, line 21, strike ''or 202''.

On page 132, beginning on line 19, strike all through page 133, line 9.

On page 133, line 11, strike ''sections 203 and 204'' and insert ''sections 202 and 203''.

On page 133, lines 17 and 18, strike '', as amended by section 201(a),''.

HARKIN AMENDMENT NO. 2680

Mr. MOYNIHAN (for Mr. HARKIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

At the appropriate place insert the following:

SEC. . SENSE OF THE SENATE REGARDING COMPETITIVE BIDDING FOR INFANT FORMULA.

(a) IN GENERAL.—The Senate finds that—

(1) the federal Supplemental Nutrition Program for Women, Infants and Children (WIC) is a proven success story, providing special nutrition and health assistance to at-risk pregnant women, infants and children;

(2) WIC has been shown to reduce the incidence of fetal death, low birthweight, infant mortality and anemia, to increase the nutritional and health status of pregnant women, infants and children and to improve the cognitive development of infants and children;

(3) research has shown that each dollar spent on WIC for pregnant women results in savings of $1.92 to $4.21 in Medicaid expenditures;

(4) because of funding limitations not all individuals eligible for WIC assistance are served by the program;

(5) infant formula is a significant item in the cost of WIC monthly food packages, amounting to approximately 26 percent of WIC food costs after subtracting manufacturer's rebates, but approximately 48 percent of food costs prior to applying rebates;

(6) rebates obtained through competitive bidding for infant formula have reduced the cost of infant formula for WIC participants by approximately $4.1 billion through the end of fiscal year 1994, allowing millions of additional pregnant women, infants and children to be served by WIC with the limited funds available;

(7) the Department of Agriculture has estimated that in fiscal year 1995 rebates obtained through competitive bidding for infant formula will total over $1 billion, which will enable WIC to serve approximately 1.6 million additional women, infants and children; and

(8) because of the very substantial cost savings involved, Congress enacted in 1989 legislation requiring that states administering the WIC program conduct competitive bidding for infant formula.

(b) SENSE OF THE SENATE.—It is the Sense of the Senate that any legislation enacted by Congress should not eliminate or in any way weaken the present competitive bidding requirements for the purchase of infant formula with respect to any program supported wholly or in part by federal funds.

AUTHORITY FOR COMMITTEE TO MEET

SUBCOMMITTEE ON TERRORISM, TECHNOLOGY, AND GOVERNMENT INFORMATION

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on Terrorism, Technology, and Government Information of the Committee on the Judiciary be authorized to meet during the session of the Senate on Friday, September 8, 1995, at 10 a.m. in SH–216 to hold a hearing on ''The Ruby Ridge Incident.''

The PRESIDING OFFICER. Without objection, it is so ordered.

IMPROVED RELATIONS BETWEEN TURKEY AND ARMENIA

Mr. SIMON. Mr. President, sometimes the good news that we get comes in small pieces that we hope portend better things to come.

The recent agreement between Turkey and Armenia for an air corridor is a small step toward improved relations between those two countries but, nevertheless, it is a positive development. It would be a mistake to exaggerate it, but it would be a mistake to ignore it.

I noticed that when Prime Minister Tansu Ciller visited Azerbaijan, she returned to Turkey by way of the corridor over Armenia and was the first high-ranking Turkish official to use the air corridor. While she traveled, she congratulated Armenian President Levon Ter-Petrossian on the victory of his party in the July 5th parliamentary elections in Turkey.

These concessions seems small, indeed, and they are small. But I hope they can result in improvements.

I recall, about 2 years ago, flying in a U.S. military plane to Armenia. The Turkish Government would not let us fly over Turkey to go to Armenia—