

SENATE RESOLUTION 280—RELATIVE TO THE CRASH OF TWA FLIGHT 800

Mr. SPECTER (for himself, Mr. SANTORUM, Mr. D'AMATO, Mr. MOYNIHAN, and Mr. LAUTENBERG) submitted the following resolution; which was considered and agreed to:

S. RES. 280

Whereas, on July 17, 1996, Trans World Airlines Flight 800 tragically crashed en route from New York to Paris, France, creating a tremendous and tragic loss of life estimated at 229 men, women, and children;

Whereas, according to Daniel L. Chandler, Principal of Montoursville, Pennsylvania High School, among those traveling on board this airplane were 16 members of the Montoursville High School French Club, who were among the very best students of the French language at their school, and their five adult chaperones, who generously devoted their time to making possible this planned three-week French Club trip to visit Paris and the French provinces;

Whereas, the actual cause of the airplane crash is as of yet unknown;

Whereas, the federal government is investigating the cause of this tragedy; Now, therefore, be it

*Resolved*, That the Senate of the United States—

(1) expresses its condolences to the families, friends and loved ones of those whose lives were taken away by this tragic occurrence; and

(2) expresses its sincere hope that the cause of this tragedy will be determined through a thorough investigation as soon as possible.

SENATE RESOLUTION 281—TO AUTHORIZE REPRESENTATION BY SENATE LEGAL COUNSEL

Mr. DASCHLE submitted the following resolution; which was considered and agreed to:

S. RES. 281

Whereas, in the case of *James Lockhart v. United States, et al.*, No. C95-1858Z, pending in the United States District Court for the Western District of Washington, the plaintiff has named Senator Trent Lott and former Senator Robert J. Dole as defendants;

Whereas, pursuant to sections 703(a) and 704(a)(1) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(1)(1994), the Senate may direct its counsel to defend its Members in civil actions relating to their official responsibilities; Now, therefore, be it *Resolved*, That the Senate Legal Counsel is authorized to represent Senator Lott and former Senator Dole in the case of *James Lockhart v. United States, et al.*

AMENDMENTS SUBMITTED

THE PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

LOTT AMENDMENT NO. 4894

Mr. LOTT proposed an amendment to the bill (S. 1956) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997; as follows:

On page 663, strike line 9, through page 1027, line 20.

ABRAHAM (AND LIEBERMAN)  
AMENDMENT NO. 4895

(Ordered to lie on the table.)

Mr. ABRAHAM (for himself and Mr. LIEBERMAN) submitted an amendment intended to be proposed by them to the bill, S. 1956, supra; as follows:

At the appropriate place, insert:

**TITLE —ENVIRONMENTAL  
REMEDATION COSTS**

**SEC. 00. AMENDMENT OF 1986 CODE.**

Except as otherwise expressly provided, whenever in this title 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 Internal Revenue Code of 1986.

**Subtitle A—In General**

**SEC. 01. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.**

(a) IN GENERAL.—Part II of subchapter V of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

**"SEC. 1395. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.**

"(a) TREATMENT AS EXPENSE.—A taxpayer may elect to treat any environmental remediation cost as an expense which is not chargeable to capital account. Any cost so treated shall be allowable as a deduction for the taxable year in which the cost is paid or incurred.

"(b) ENVIRONMENTAL REMEDIATION COST.—For purposes of this section—

"(1) IN GENERAL.—The term 'environmental remediation cost' means any cost which—

"(A) is chargeable to capital account,

"(B) is paid or incurred in connection with the abatement or control of environmental contaminants at a site located within an empowerment zone or enterprise community, and

"(C) is certified by the applicable Federal or State authority as being required by, and in compliance with, applicable Federal and State laws governing abatement and control of environmental contaminants.

"(2) EXCEPTIONS.—Such term shall not include any amount paid or incurred—

"(A) for equipment which is used in the environmental remediation and which is of a character subject to an allowance for depreciation or amortization, or

"(B) in connection with a site which is on the national priorities list under section 105(a)(8)(B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605(a)(8)(B)).

"(c) SPECIAL RULES.—For purposes of this section—

"(1) LIMITATION BASED ON INCOME FROM TRADE OR BUSINESS.—The amount allowed as a deduction under subsection (a) for any taxable year shall not exceed the aggregate amount of taxable income of the taxpayer for such taxable year which is derived from the active conduct by the taxpayer of any trade or business during such taxable year. For purposes of this paragraph, rules similar to the rules of subparagraphs (B) and (C) of section 179(b)(3) shall apply. In the case of a partnership, S corporation, trust or other pass thru entity, this paragraph shall be applied at both the entity and owner levels.

"(2) RECAPTURE RULES.—

"(A) PROPERTY NOT USED IN TRADE OR BUSINESS.—The Secretary shall, by regulations, provide for recapturing the benefit of any deduction allowable under subsection (a) with respect to any property not used predominantly in a trade or business at any time.

"(B) TREATMENT OF GAIN AS ORDINARY INCOME.—For purposes of section 1245—

"(i) the deduction allowable under subsection (a) shall be treated as a deduction allowable to the taxpayer for depreciation or amortization; and

"(ii) property (other than section 1245 property) to which the deduction would otherwise have been chargeable shall be treated as section 1245 property solely for purposes of applying section 1245 to such deduction."

(b) CONFORMING AMENDMENTS.—The table of sections for part II of subchapter U of chapter 1 of such Code is amended—

(1) by striking "TAX-EXEMPT FACILITY BONDS" in the heading for part II and inserting "TAX-INCENTIVES", and

(2) by adding at the end the following new item:

"Sec. 1395. Expensing of environmental remediation costs."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

**Subtitle B—Treatment of Individuals Who Expatriate**

**SEC. 31. REVISION OF TAX RULES ON EXPATRIATION.**

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

**"SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

"(a) GENERAL RULES.—For purposes of this subtitle—

"(1) MARK TO MARKET.—Except as provided in subsection (f), all property of a covered expatriate to which this section applies shall be treated as sold on the expatriation date for its fair market value.

"(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

"(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale unless such gain is excluded from gross income under part III of subchapter B, and

"(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply (and section 1092 shall apply) to any such loss.

"(3) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this paragraph) be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by \$600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

"(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

"(A) IN GENERAL.—If an expatriate elects the application of this paragraph—

"(i) this section (other than this paragraph) shall not apply to the expatriate, but

"(ii) the expatriate shall be subject to tax under this title, with respect to property to which this section would apply but for such election, in the same manner as if the individual were a United States citizen.

"(B) LIMITATION ON AMOUNT OF ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAXES.—The aggregate amount of taxes imposed under subtitle B with respect to any transfer of property by reason of an election under subparagraph (A) shall not exceed the amount of income tax which would be due if the property were sold for its fair market value immediately before the time of the

transfer or death (taking into account the rules of paragraph (2)).

“(C) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

“(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

“(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

“(iii) complies with such other requirements as the Secretary may prescribe.

“(D) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

“(b) ELECTION TO DEFER TAX.—

“(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property—

“(A) no amount shall be required to be included in gross income under subsection (a)(1) with respect to the gain from such property for the taxable year of the sale, but

“(B) the taxpayer's tax for the taxable year in which such property is disposed of shall be increased by the deferred tax amount with respect to the property.

Except to the extent provided in regulations, subparagraph (B) shall apply to a disposition whether or not gain or loss is recognized in whole or in part on the disposition.

“(2) DEFERRED TAX AMOUNT.—

“(A) IN GENERAL.—For purposes of paragraph (1), the term ‘deferred tax amount’ means, with respect to any property, an amount equal to the sum of—

“(i) the difference between the amount of tax paid for the taxable year described in paragraph (1)(A) and the amount which would have been paid for such taxable year if the election under paragraph (1) had not applied to such property, plus

“(ii) an amount of interest on the amount described in clause (i) determined for the period—

“(I) beginning on the 91st day after the expatriation date, and

“(II) ending on the due date for the taxable year described in paragraph (1)(B), by using the rates and method applicable under section 6621 for underpayments of tax for such period.

For purposes of clause (ii), the due date is the date prescribed by law (determined without regard to extension) for filing the return of the tax imposed by this chapter for the taxable year.

“(B) ALLOCATION OF LOSSES.—For purposes of subparagraph (A), any losses described in subsection (a)(2)(B) shall be allocated ratably among the gains described in subsection (a)(2)(A).

“(3) SECURITY.—

“(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided with respect to such property.

“(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

“(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2)(A) for the property, or

“(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

“(4) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless

the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

“(5) DISPOSITIONS.—For purposes of this subsection, a taxpayer making an election under this subsection with respect to any property shall be treated as having disposed of such property—

“(A) immediately before death if such property is held at such time, and

“(B) at any time the security provided with respect to the property fails to meet the requirements of paragraph (3) and the taxpayer does not correct such failure within the time specified by the Secretary.

“(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

“(c) COVERED EXPATRIATE.—For purposes of this section—

“(1) IN GENERAL.—The term ‘covered expatriate’ means an expatriate—

“(A) whose average annual net income tax (as defined in section 38(c)(1)) for the period of 5 taxable years ending before the expatriation date is greater than \$100,000, or

“(B) whose net worth as of such date is \$500,000 or more.

If the expatriation date is after 1996, such \$100,000 and \$500,000 amounts shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘1995’ for ‘1992’ in subparagraph (B) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of \$1,000.

“(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

“(A) the individual—

“(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

“(ii) has been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) for not more than 8 taxable years during the 15-taxable year period ending with the taxable year during which the expatriation date occurs, or

“(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

“(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

“(d) PROPERTY TO WHICH SECTION APPLIES.—For purposes of this section—

“(1) IN GENERAL.—Except as otherwise provided by the Secretary, this section shall apply to—

“(A) any interest in property held by a covered expatriate on the expatriation date the gain from which would be includible in the gross income of the expatriate if such interest had been sold for its fair market value on such date in a transaction in which gain is recognized in whole or in part, and

“(B) any other interest in a trust to which subsection (f) applies.

“(2) EXCEPTIONS.—This section shall not apply to the following property:

“(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the expatriation date, meet the requirements of section 897(c)(2).

“(B) INTEREST IN CERTAIN RETIREMENT PLANS.—

“(i) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(c)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax-favored treatment.

“(ii) FOREIGN PENSION PLANS.—

“(I) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

“(II) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed \$500,000.

“(e) DEFINITIONS.—For purposes of this section—

“(1) EXPATRIATE.—The term ‘expatriate’ means—

“(A) any United States citizen who relinquishes his citizenship, or

“(B) any long-term resident of the United States who—

“(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

“(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

“(2) EXPATRIATION DATE.—The term ‘expatriation date’ means—

“(A) the date an individual relinquishes United States citizenship, or

“(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

“(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the earliest of—

“(A) the date the individual renounces his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

“(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)-(4)),

“(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

“(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

“(4) LONG-TERM RESIDENT.—

“(A) IN GENERAL.—The term ‘long-term resident’ means any individual (other than a citizen of the United States) who is a lawful permanent resident of the United States in at least 8 taxable years during the period of 15 taxable years ending with the taxable year during which the expatriation date occurs. For purposes of the preceding sentence, an individual shall not be treated as a lawful permanent resident for any taxable year if such individual is treated as a resident of a foreign country for the taxable year under the provisions of a tax treaty between the United States and the foreign country and does not waive the benefits of such treaty applicable to residents of the foreign country.

“(B) SPECIAL RULE.—For purposes of subparagraph (A), there shall not be taken into account—

“(i) any taxable year during which any prior sale is treated under subsection (a)(1) as occurring, or

“(ii) any taxable year prior to the taxable year referred to in clause (i).

“(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES’ INTERESTS IN TRUST.—

“(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust—

“(A) the individual shall not be treated as having sold such interest,

“(B) such interest shall be treated as a separate share in the trust, and

“(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

“(ii) the separate trust shall be treated as having sold its assets immediately before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

“(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii).

“(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

“(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

“(i) paragraph (1) and subsection (a) shall not apply, and

“(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

“(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

“(i) the highest rate of tax imposed by section 1(e) for the taxable year in which the expatriation date occurs, multiplied by the amount of the distribution, or

“(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

“(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

“(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

“(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods.

“(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

“(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

“(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

“(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

“(E) TAX DEDUCTED AND WITHHELD.—

“(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

“(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

“(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

“(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

“(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

“(i) the tax determined under paragraph (1) as if the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

“(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

“(G) DEFINITIONS AND SPECIAL RULE.—For purposes of this paragraph—

“(i) QUALIFIED TRUST.—The term ‘qualified trust’ means a trust—

“(I) which is organized under, and governed by, the laws of the United States or a State, and

“(II) with respect to which the trust instrument requires that at least 1 trustee of the trust be an individual citizen of the United States or a domestic corporation.

“(ii) VESTED INTEREST.—The term ‘vested interest’ means any interest which, as of the expatriation date, is vested in the beneficiary.

“(iii) NONVESTED INTEREST.—The term ‘nonvested interest’ means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

“(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

“(3) DETERMINATION OF BENEFICIARIES’ INTEREST IN TRUST.—

“(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

“(B) OTHER DETERMINATIONS.—For purposes of this section—

“(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

“(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

“(I) the methodology used to determine that taxpayer's trust interest under this section, and

“(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

“(g) TERMINATION OF DEFERRALS, ETC.—On the date any property held by an individual is treated as sold under subsection (a), notwithstanding any other provision of this title—

“(1) any period during which recognition of income or gain is deferred shall terminate, and

“(2) any extension of time for payment of tax shall cease to apply and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

“(h) IMPOSITION OF TENTATIVE TAX.—

“(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

“(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

“(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

“(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

“(i) COORDINATION WITH ESTATE AND GIFT TAXES.—If subsection (a) applies to property held by an individual for any taxable year and—

“(1) such property is includible in the gross estate of such individual solely by reason of section 2107, or

“(2) section 2501 applies to a transfer of such property by such individual solely by reason of section 2501(a)(3),

then there shall be allowed as a credit against the additional tax imposed by section 2101 or 2501, whichever is applicable, solely by reason of section 2107 or 2501(a)(3) an amount equal to the increase in the tax imposed by this chapter for such taxable year by reason of this section.

“(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

“(1) to prevent double taxation by ensuring that—

“(A) appropriate adjustments are made to basis to reflect gain recognized by reason of subsection (a) and the exclusion provided by subsection (a)(3), and

“(B) any gain by reason of a deemed sale under subsection (a) of an interest in a corporation, partnership, trust, or estate is reduced to reflect that portion of such gain which is attributable to an interest in a

trust which a shareholder, partner, or beneficiary is treated as holding directly under subsection (f)(3)(B)(i), and

"(2) which provide for the proper allocation of the exclusion under subsection (a)(3) to property to which this section applies.

"(k) CROSS REFERENCE.—

**"For income tax treatment of individuals who terminate United States citizenship, see section 7701(a)(47)."**

(b) INCLUSION IN INCOME OF GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A."

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

"(47) TERMINATION OF UNITED STATES CITIZENSHIP.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3)."

(d) COMPARABLE ESTATE AND GIFT TAX TREATMENT.—

(1) ESTATE TAX.—

(A) IN GENERAL.—Subsection (a) of section 2107 is amended to read as follows:

"(a) TREATMENT OF EXPATRIATES.—

"(1) RATE OF TAX.—A tax computed in accordance with the table contained in section 2001 is hereby imposed on the transfer of the taxable estate, determined as provided in section 2106, of every decedent nonresident who is an expatriate if the expatriation date of the decedent is within the 10-year period ending with the date of death, unless such expatriation did not have for 1 of its principal purposes the avoidance of taxes under this subtitle or subtitle A.

"(2) CERTAIN INDIVIDUALS TREATED AS HAVING TAX AVOIDANCE PURPOSE.—For purposes of paragraph (1), an individual shall be treated as having a principal purpose to avoid such taxes if such individual is a covered expatriate.

"(3) DEFINITIONS.—For purposes of this subsection, the terms 'expatriate', 'expatriation date', and 'covered expatriate' have the meanings given such terms by section 877A."

(B) CREDIT FOR FOREIGN DEATH TAXES.—Subsection (c) of section 2107 is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2) CREDIT FOR FOREIGN DEATH TAXES.—

"(A) IN GENERAL.—The tax imposed by subsection (a) shall be credited with the amount of any estate, inheritance, legacy, or succession taxes actually paid to any foreign country in respect of any property which is included in the gross estate solely by reason of subsection (b).

"(B) LIMITATIONS ON CREDIT.—The credit allowed by subparagraph (A) for such taxes paid to a foreign country shall not exceed the lesser of—

"(i) the amount which bears the same ratio to the amount of such taxes actually paid to such foreign country in respect of property included in the gross estate as the value of the property included in the gross estate solely by reason of subsection (b) bears to the value of all property subjected to such taxes by such foreign country, or

"(ii) such property's proportionate share of the excess of—

"(I) the tax imposed by subsection (a), over

"(II) the tax which would be imposed by section 2101 but for this section.

The amount applicable under clause (i) or (ii) shall be reduced by the amount of any credit allowed under section 877A(i).

"(C) PROPORTIONATE SHARE.—For purposes of subparagraph (B), a property's proportionate share is the percentage of the value of the property which is included in the gross estate solely by reason of subsection (b) bears to the total value of the gross estate."

(C) EXPANSION OF INCLUSION IN GROSS ESTATE OF STOCK OF FOREIGN CORPORATIONS.—Paragraph (2) of section 2107(b) is amended by striking "more than 50 percent of" and all that follows and inserting "more than 50 percent of—

"(A) the total combined voting power of all classes of stock entitled to vote of such corporation, or

"(B) the total value of the stock of such corporation."

(2) GIFT TAX.—

(A) IN GENERAL.—Paragraph (3) of section 2501(a) is amended to read as follows:

"(3) EXCEPTION.—

"(A) CERTAIN INDIVIDUALS.—Paragraph (2) shall not apply in the case of a donor who is an expatriate if the expatriation date of the donor is within the 10-year period ending with the date of transfer, unless such expatriation did not have for 1 of its principal purposes the avoidance of taxes under this subtitle or subtitle A.

"(B) CERTAIN INDIVIDUALS TREATED AS HAVING TAX AVOIDANCE PURPOSE.—For purposes of subparagraph (A), an individual shall be treated as having a principal purpose to avoid such taxes if such individual is a covered expatriate.

"(C) CREDIT FOR FOREIGN GIFT TAXES.—The tax imposed by this section solely by reason of this paragraph shall be credited with the amount of any gift tax actually paid to any foreign country in respect of any gift which is taxable under this section solely by reason of this paragraph. The amount of such credit shall be reduced by the amount of the credit allowed under section 877A(i).

"(D) DEFINITIONS.—For purposes of this paragraph, the term 'expatriate', 'expatriation date', and 'covered expatriate' have the meanings given such terms by section 877A."

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

"(f) APPLICATION.—This section shall not apply to any individual who relinquishes (within the meaning of section 877A(e)(3)) United States citizenship on or after February 6, 1995."

(2) Section 2107(c) is amended by adding at the end the following new paragraph:

"(3) CROSS REFERENCE.—For credit against the tax imposed by subsection (a) for expatriation tax, see section 877A(i)."

(3) Section 2501(a)(3) is amended by adding at the end the following new flush sentence: "For credit against the tax imposed under this section by reason of this paragraph, see section 877A(i)."

(4) Paragraph (10) of section 7701(b) is amended by adding at the end the following new sentence: "This paragraph shall not apply to any long-term resident of the United States who is an expatriate (as defined in section 877A(e)(1))."

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

"Sec. 877A. Tax responsibilities of expatriation."

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after February 6, 1995.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to amounts received from expatriates (as so defined) whose expatriation date (as so defined) occurs on and after February 6, 1995.

(3) SPECIAL RULES RELATING TO CERTAIN ACTS OCCURRING BEFORE FEBRUARY 6, 1995.—In the case of an individual who took an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a) (1)-(4)) before February 6, 1995, but whose expatriation date (as so defined) occurs after February 6, 1995—

(A) the amendment made by subsection (c) shall not apply,

(B) the amendment made by subsection (e)(1) shall not apply for any period prior to the expatriation date, and

(C) the other amendments made by this section shall apply as of the expatriation date.

(4) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of such Code shall in no event occur before the 90th day after the date of the enactment of this Act.

**SEC. 32. INFORMATION ON INDIVIDUALS EXPATRIATING.**

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 is amended by inserting after section 6039E the following new section:

**"SEC. 6039F. INFORMATION ON INDIVIDUALS EXPATRIATING.**

"(a) REQUIREMENT.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, any expatriate (within the meaning of section 877A(e)(1)) shall provide a statement which includes the information described in subsection (b).

"(2) TIMING.—

"(A) CITIZENS.—In the case of an expatriate described in section 877(e)(1)(A), such statement shall be—

"(i) provided not later than the expatriation date (within the meaning of section 877A(e)(2)), and

"(ii) provided to the person or court referred to in section 877A(e)(3).

"(B) NONCITIZENS.—In the case of an expatriate described in section 877A(e)(1)(B), such statement shall be provided to the Secretary with the return of tax imposed by chapter 1 for the taxable year during which the event described in such section occurs.

"(b) INFORMATION TO BE PROVIDED.—Information required under subsection (a) shall include—

"(1) the taxpayer's TIN,

"(2) the mailing address of such individual's principal foreign residence,

"(3) the foreign country in which such individual is residing,

"(4) the foreign country of which such individual is a citizen,

"(5) in the case of an individual having a net worth of at least the dollar amount applicable under section 877A(c)(1)(B), information detailing the assets and liabilities of such individual, and

"(6) such other information as the Secretary may prescribe.

"(c) PENALTY.—Any individual failing to provide a statement required under subsection (a) shall be subject to a penalty for each year during any portion of which such failure continues in an amount equal to the greater of—

"(1) 5 percent of the additional tax required to be paid under section 877A for such year, or

"(2) \$1,000,

unless it is shown that such failure is due to reasonable cause and not to willful neglect.

"(d) INFORMATION TO BE PROVIDED TO SECRETARY.—Notwithstanding any other provision of law—

"(1) any Federal agency or court which collects (or is required to collect) the statement under subsection (a) shall provide to the Secretary—

"(A) a copy of any such statement, and

"(B) the name (and any other identifying information) of any individual refusing to comply with the provisions of subsection (a),

"(2) the Secretary of State shall provide to the Secretary a copy of each certificate as to the loss of American nationality under section 358 of the Immigration and Nationality Act which is approved by the Secretary of State, and

"(3) the Federal agency primarily responsible for administering the immigration laws shall provide to the Secretary the name of each lawful permanent resident of the United States (within the meaning of section 7701(b)(6)) whose status as such has been revoked or has been administratively or judicially determined to have been abandoned.

Notwithstanding any other provision of law, not later than 30 days after the close of each calendar quarter, the Secretary shall publish in the Federal Register the name of each individual relinquishing United States citizenship (within the meaning of section 877A(e)(3)) with respect to whom the Secretary receives information under the preceding sentence during such quarter.

"(e) EXEMPTION.—The Secretary may by regulations exempt any class of individuals from the requirements of this section if the Secretary determines that applying this section to such individuals is not necessary to carry out the purposes of this section."

(b) CLERICAL AMENDMENT.—The table of sections for such subpart A is amended by inserting after the item relating to section 6039E the following new item:

"Sec. 6039F. Information on individuals expatriating."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals to whom section 877A of the Internal Revenue Code of 1986 applies and whose expatriation date (as defined in section 877A(e)(2)) occurs on or after February 6, 1995, except that no statement shall be required by such amendments before the 90th day after the date of the enactment of this Act.

#### HELMS (AND FAIRCLOTH) AMENDMENT NO. 4896

(Ordered to lie on the table.)

Mr. HELMS (for himself and Mr. FAIRCLOTH) submitted an amendment intended to be proposed by them to the bill S. 1956, supra; as follows:

Strike section 1134 and insert the following:

#### SEC. 1134. WORK REQUIREMENT.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1133, is amended by adding at the end the following:

"(o) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

"(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

"(C) a program of employment or training operated or supervised by a State or political

subdivision of a State that meets standards approved by the Governor of the State, including a program under subsection (d)(4), other than a job search program or a job search training program.

"(2) WORK REQUIREMENT.—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—

"(A) work 20 hours or more per week, averaged monthly;

"(B) participate in and comply with the requirements of a work program for at least 20 hours or more per week, as determined by the State agency; or

"(C) participate in and comply with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State.

"(3) EXEMPTIONS.—Paragraph (1) shall not apply to an individual if the individual is—

"(A) a parent resident with a dependent child under 18 years of age;

"(B) mentally or physically unfit;

"(C) under 18 years of age;

"(D) 50 years of age or older; or

"(E) a pregnant woman."

#### MCCAIN AMENDMENT NO. 4898

(Ordered to lie on the table.)

Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill, S. 1956, supra; as follows:

On page 411, between lines 2 and 3, 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(33).

On page 411, line 3, strike "(3)" and insert "(4)".

On page 554, between lines 7 and 8, insert the following:

#### SEC. 2375. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENT.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a), 2312(b), 2313(a), 2333, 2343(b), 2370(a)(2), and 2371(b) of this Act is amended—

(1) by striking "and" at the end of paragraph (31);

(2) by striking the period at the end of paragraph (32) and inserting "; and";

(3) by adding after paragraph (32) the following new paragraph:

"(33) provide that a State that receives funding pursuant to section 428 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), 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, modify, 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; and

(4) by adding at the end the following new sentence: "Nothing in paragraph (33) shall void any provision of any cooperative agreement entered into before the date of the enactment of such paragraph, nor shall such paragraph deprive any State of jurisdiction over Indian country (as so defined) that is lawfully exercised under section 402 of the Act entitled 'An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes', approved April 11, 1968 (25 U.S.C. 1322)."

(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(33)."

(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 subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b))" after "law enforcement officials".

(d) CONFORMING AMENDMENTS.—Subsection (c) of section 428 (42 U.S.C. 628) is amended to read as follows:

"(c) For purposes of this section, the terms 'Indian tribe' and 'tribal organization' shall have the meanings given such terms by subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), respectively."

#### DASCHLE (AND OTHERS) AMENDMENT NO. 4897

Mr. DASCHLE (for himself, Mr. BREAU, Ms. MIKULSKI, Mr. FORD, Mr. ROCKEFELLER, Mr. REID, Mr. KERREY, and Mr. HARKIN) proposed an amendment to the bill, S. 1956, supra; as follows:

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Work First Act of 1996".

#### SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

Sec. 1. Short title.  
Sec. 2. Table of contents.  
Sec. 3. Amendment of the Social Security Act.

#### TITLE I—TEMPORARY EMPLOYMENT ASSISTANCE

Sec. 101. State plan.

#### TITLE II—WORK FIRST EMPLOYMENT BLOCK GRANT

Sec. 201. Work first employment block grant.

Sec. 202. Consolidation and streamlining of services.

Sec. 203. Job creation.

Sec. 204. Community Steering Committees Demonstration Projects.

#### TITLE III—SUPPORTING WORK

Sec. 301. Eligibility for medicaid benefits.

Sec. 302. Consolidated child care development block grant.

#### TITLE IV—ENDING THE CYCLE OF INTERGENERATIONAL DEPENDENCY

Sec. 401. Supervised living arrangements for minors.

- Sec. 402. Reinforcing families.
- Sec. 403. Required completion of high school or other training for teenage parents.
- Sec. 404. Drug treatment and counseling as part of the Work First program.
- Sec. 405. Targeting youth at risk of teenage pregnancy.
- Sec. 406. National Clearinghouse on Teenage Pregnancy.
- Sec. 407. Effective dates.

#### TITLE V—INTERSTATE CHILD SUPPORT RESPONSIBILITY

##### Subtitle A—Eligibility for Services; Distribution of Payments

- Sec. 501. State obligation to provide child support enforcement services.
- Sec. 502. Distribution of child support collections.
- Sec. 503. Privacy safeguards.
- Sec. 504. Rights to notification of hearings.

##### Subtitle B—Locate and Case Tracking

- Sec. 511. State case registry.
- Sec. 512. Collection and disbursement of support payments.
- Sec. 513. State directory of new hires.
- Sec. 514. Amendments concerning income withholding.
- Sec. 515. Locator information from interstate networks.
- Sec. 516. Expansion of the Federal parent locator service.
- Sec. 517. Collection and use of social security numbers for use in child support enforcement.

##### Subtitle C—Streamlining and Uniformity of Procedures

- Sec. 521. Adoption of uniform State laws.
- Sec. 522. Improvements to full faith and credit for child support orders.
- Sec. 523. Administrative enforcement in interstate cases.
- Sec. 524. Use of forms in interstate enforcement.
- Sec. 525. State laws providing expedited procedures.

##### Subtitle D—Paternity Establishment

- Sec. 531. State laws concerning paternity establishment.
- Sec. 532. Outreach for voluntary paternity establishment.
- Sec. 533. Cooperation by applicants for and recipients of part A assistance.

##### Subtitle E—Program Administration and Funding

- Sec. 541. Performance-based incentives and penalties.
- Sec. 542. Federal and State reviews and audits.
- Sec. 543. Required reporting procedures.
- Sec. 544. Automated data processing requirements.
- Sec. 545. Technical assistance.
- Sec. 546. Reports and data collection by the Secretary.

##### Subtitle F—Establishment and Modification of Support Orders

- Sec. 551. Simplified process for review and adjustment of child support orders.
- Sec. 552. Furnishing consumer reports for certain purposes relating to child support.
- Sec. 553. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

##### Subtitle G—Enforcement of Support Orders

- Sec. 561. Internal Revenue Service collection of arrearages.
- Sec. 562. Authority to collect support from Federal employees.
- Sec. 563. Enforcement of child support obligations of members of the armed forces.

- Sec. 564. Voiding of fraudulent transfers.
- Sec. 565. Work requirement for persons owing past-due child support.
- Sec. 566. Definition of support order.
- Sec. 567. Reporting arrearages to credit bureaus.

- Sec. 568. Liens.
- Sec. 569. State law authorizing suspension of licenses.

- Sec. 570. Denial of passports for nonpayment of child support.

- Sec. 571. International support enforcement.
- Sec. 572. Financial institution data matches.

- Sec. 573. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.

- Sec. 574. Nondischargeability in bankruptcy of certain debts for the support of a child.

##### Subtitle H—Medical Support

- Sec. 581. Correction to ERISA definition of medical child support order.
- Sec. 582. Enforcement of orders for health care coverage.

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

- Sec. 591. Grants to States for access and visitation programs.

##### Subtitle J—Effective Dates and Conforming Amendments

- Sec. 595. Effective dates and conforming amendments.

#### TITLE VI—SUPPLEMENTAL SECURITY INCOME REFORM

##### Subtitle A—Eligibility Restrictions

- Sec. 601. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.

- Sec. 602. Denial of SSI benefits for fugitive felons and probation and parole violators.

- Sec. 603. Treatment of prisoners.
- Sec. 604. Effective date of application for benefits.

##### Subtitle B—Benefits for Disabled Children

- Sec. 611. Definition and eligibility rules.
- Sec. 612. Continuing disability reviews.
- Sec. 613. Additional accountability requirements.
- Sec. 614. Reduction in cash benefits payable to institutionalized children whose medical costs are covered by private insurance.
- Sec. 615. Modification respecting parental income deemed to disabled children.

##### Subtitle C—Enforcement Provisions

- Sec. 621. Installment payment of large past-due supplemental security income benefits.

##### Subtitle D—Study of Disability Determination Process

- Sec. 631. Annual report on the supplemental security income program.
- Sec. 632. Improvements to disability evaluation.
- Sec. 633. Study of disability determination process.
- Sec. 634. Study by general accounting office.

##### Subtitle E—National Commission on the Future of Disability

- Sec. 641. Establishment.
- Sec. 642. Duties of the commission.
- Sec. 643. Membership.
- Sec. 644. Staff and support services.
- Sec. 645. Powers of commission.
- Sec. 646. Reports.
- Sec. 647. Termination.

#### TITLE VII—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

- Sec. 700. Statements of national policy concerning welfare and immigration.

##### Subtitle A—Eligibility for Federal Benefits

- Sec. 701. Aliens who are not qualified aliens ineligible for Federal public benefits.
- Sec. 702. Limited eligibility of certain qualified aliens for SSI benefits.
- Sec. 703. Five-year limited eligibility of qualified aliens for Federal means-tested public benefit.
- Sec. 704. Notification and information reporting.

##### Subtitle B—Eligibility for State and Local Public Benefits Programs

- Sec. 711. Aliens who are not qualified aliens or nonimmigrants ineligible for State and local public benefits.

##### Subtitle C—Attribution of Income and Affidavits of Support

- Sec. 721. Federal attribution of sponsor's income and resources to alien for purposes of medicaid, food stamps, and TEA eligibility.
- Sec. 722. Authority for States to provide for attribution of sponsor's income and resources to the alien with respect to State programs.
- Sec. 723. Requirements for sponsor's affidavit of support.
- Sec. 724. Cosignature of alien student loans.

##### Subtitle D—General Provisions

- Sec. 731. Definitions.
- Sec. 732. Statutory construction.
- Sec. 733. Title inapplicable to programs specified by attorney general.
- Sec. 734. Title inapplicable to programs of nonprofit charitable organizations.

##### Subtitle E—Conforming Amendments

- Sec. 741. Conforming amendments relating to assisted housing.

#### TITLE VIII—FOOD ASSISTANCE

##### Subtitle A—Food Stamp Program

- Sec. 801. Definition of certification period.
- Sec. 802. Definition of coupon.
- Sec. 803. Treatment of children living at home.
- Sec. 804. Adjustment of the thrifty food plan.
- Sec. 805. Definition of homeless individual.
- Sec. 806. State option for eligibility standards.
- Sec. 807. Earnings of students.
- Sec. 808. Energy assistance.
- Sec. 809. Reduction in the standard deduction.
- Sec. 810. Mandatory use of a standard utility allowance.
- Sec. 811. Vehicle asset limitation.
- Sec. 812. Vendor payments for transitional housing counted as income.
- Sec. 813. Doubled penalties for violating food stamp program requirements.
- Sec. 814. Disqualification of convicted individuals.
- Sec. 815. Disqualification.
- Sec. 816. Employment and training.
- Sec. 817. Comparable treatment for disqualification.
- Sec. 818. Disqualification of fleeing felons.
- Sec. 819. Cooperation with child support agencies.
- Sec. 820. Work requirement.
- Sec. 821. Encourage electronic benefit transfer systems.
- Sec. 822. Minimum benefit adjustments.
- Sec. 823. Prorated benefits on recertification.
- Sec. 824. Optional combined allotment for expedited households.
- Sec. 825. Failure to comply with other welfare or public assistance programs.
- Sec. 826. Allotments for households residing in centers.

Sec. 827. Income, eligibility, and immigration status verification systems.

Sec. 828. Exchange of law enforcement information.

Sec. 829. Expedited coupon service.

Sec. 830. Withdrawing fair hearing requests.

Sec. 831. Collection of overissuances.

Sec. 832. Response to waivers.

Sec. 833. Simplified food stamp program.

Sec. 834. Authority to establish authorized periods.

Sec. 835. Specific period for prohibiting participation of stores based on lack of business integrity.

Sec. 836. Information for verifying eligibility for authorization.

Sec. 837. Waiting period for stores that initially fail to meet authorization criteria.

Sec. 838. Mandatory claims collection methods.

Sec. 839. Bases for suspensions and disqualifications.

Sec. 840. Disqualification of stores pending judicial and administrative review.

Sec. 841. Disqualification of retailers who are disqualified under the wic program.

Sec. 842. Permanent debarment of retailers who intentionally submit falsified applications.

Sec. 843. Criminal forfeiture.

Sec. 844. Effective date.

**Subtitle B—Child Nutrition Programs**

Sec. 851. Reimbursement rate adjustments.

Sec. 852. Direct Federal expenditures.

Sec. 853. Improved targeting of day care home reimbursements.

Sec. 854. Elimination of startup and expansion grants.

Sec. 855. Authorization of appropriations.

**TITLE IX—SOCIAL SERVICES BLOCK GRANT; EITC; CHILD ABUSE PREVENTION AND TREATMENT**

**Subtitle A—Reduction in Block Grants to States for Social Services**

Sec. 901. Reduction in block grants to States for social services.

**Subtitle B—Reform of Earned Income Credit**

Sec. 911. Earned income credit and other tax benefits denied to individuals failing to provide taxpayer identification numbers.

Sec. 912. Rules relating to denial of earned income credit on basis of disqualified income.

Sec. 913. Modification of adjusted gross income definition for earned income credit.

**Subtitle C—Child Abuse Prevention and Treatment**

Sec. 921. Short title.

Sec. 922. Reference.

Sec. 923. Findings.

Sec. 924. Office of Child Abuse and Neglect.

Sec. 925. Advisory Board on Child Abuse and Neglect.

Sec. 926. Repeal of interagency task force.

Sec. 927. National clearinghouse for information relating to child abuse.

Sec. 928. Research, evaluation and assistance activities.

Sec. 929. Grants for demonstration programs.

Sec. 930. State grants for prevention and treatment programs.

Sec. 931. Repeal.

Sec. 932. Miscellaneous requirements.

Sec. 933. Definitions.

Sec. 934. Authorization of appropriations.

Sec. 935. Rule of construction.

Sec. 936. Technical amendment.

**Subtitle D—Community-Based Child Abuse and Neglect Prevention Grants**

Sec. 941. Establishment of program.

Sec. 942. Repeals.

**Subtitle E—Family Violence Prevention and Services**

Sec. 951. Reference.

Sec. 952. State demonstration grants.

Sec. 953. Allotments.

Sec. 954. Authorization of appropriations.

**Subtitle F—Adoption Opportunities**

Sec. 961. Reference.

Sec. 962. Findings and purpose.

Sec. 963. Information and services.

Sec. 964. Authorization of appropriations.

**Subtitle G—Abandoned Infants Assistance Act of 1986**

Sec. 971. Reauthorization.

**Subtitle H—Reauthorization of Various Programs**

Sec. 981. Missing Children's Assistance Act.

Sec. 982. Victims of Child Abuse Act of 1990.

**TITLE X—EFFECTIVE DATE; MISCELLANEOUS PROVISIONS**

Sec. 1001. Effective date.

Sec. 1002. Treatment of existing waivers.

Sec. 1003. Expedited waiver process.

Sec. 1004. County welfare demonstration project.

Sec. 1005. Work requirements for State of Hawaii.

Sec. 1006. Requirement that data relating to the incidence of poverty in the United States be published at least every 2 years.

Sec. 1007. Study by the Census Bureau.

Sec. 1008. Secretarial submission of legislative proposal for technical and conforming amendments.

**SEC. 3. AMENDMENT OF THE SOCIAL SECURITY ACT.**

Except as otherwise expressly provided, wherever in this Act 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 Social Security Act.

**TITLE I—TEMPORARY EMPLOYMENT ASSISTANCE**

**SEC. 101. STATE PLAN.**

(a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part A and inserting the following:

**"PART A—TEMPORARY EMPLOYMENT ASSISTANCE**

**"SEC. 400. APPROPRIATION.**

"For the purpose of providing assistance to families with needy children and assisting parents of children in such families to obtain and retain private sector work to the extent possible, and public sector or volunteer work if necessary, through the Work First Employment Block Grant program (hereafter in this title referred to as the 'Work First program'), there is hereby authorized to be appropriated, and is hereby appropriated, for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have approved State plans for temporary employment assistance.

**"Subpart 1—State Plans for Temporary Employment Assistance**

**"SEC. 401. ELEMENTS OF STATE PLANS.**

"A State plan for temporary employment assistance shall provide a description of the State program which carries out the purpose described in section 400 and shall meet the requirements of the following sections of this subpart.

**"SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOYMENT ASSISTANCE.**

"(a) IN GENERAL.—The State plan shall provide that any family—

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

"(2) which fulfills the conditions set forth in subsection (b),

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

"(b) PARENT EMPOWERMENT CONTRACT.—The State plan shall provide that not later than 10 days after the approval of the application for temporary employment assistance, a parent qualifying for assistance shall execute a parent empowerment contract as described in section 403. If a child otherwise eligible for assistance under this part is residing with a relative other than a parent, the State plan may require the relative to execute such an empowerment contract as a condition of the family receiving such assistance.

"(c) LIMITATIONS ON ELIGIBILITY.—

"(I) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the State plan shall provide that the family of an individual who has received assistance under the plan for the lesser of—

"(i) the period of time established at the option of the State; or

"(ii) 60 months (whether or not consecutive),

shall no longer be eligible for cash assistance under the plan.

"(B) MINOR CHILD EXCEPTION.—In determining the number of months for which an individual who is a parent or pregnant has received assistance under the State plan, the State shall disregard any month for which such assistance was provided with respect to the individual and during which the individual was—

"(i) a minor child; and

"(ii) not the head of a household or married to the head of a household.

"(C) HARDSHIP EXCEPTION.—

"(i) IN GENERAL.—The State may exempt a family from the application of subparagraph (A) by reason of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty.

"(ii) LIMITATION.—The number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly number of families to which assistance is provided under the State plan.

"(iii) BATTERED OR SUBJECT TO EXTREME CRUELTY DEFINED.—For purposes of clause (i), an individual has been battered or subjected to extreme cruelty if the individual has been subjected to—

"(I) physical acts that resulted in, or threatened to result in, physical injury to the individual;

"(II) sexual abuse;

"(III) sexual activity involving a dependent child;

"(IV) being forced as the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities;

"(V) threats of, or attempts at, physical or sexual abuse;

"(VI) mental abuse, including threats, intimidation, acts designed to induce terror, or restraints of liberty; or

"(VII) neglect or deprivation of medical care.

"(2) EFFECTS OF DENIAL OF CASH ASSISTANCE.—

"(A) PROVISION OF SAFETY NET ASSISTANCE.—In the event that a family is denied cash assistance because of a time limit imposed under paragraph (1), a State shall provide safety net assistance for any child in the family, in accordance with subparagraph (C).

"(B) OTHER ASSISTANCE.—The—



"(i) eligibility of a family that receives safety net assistance under subparagraph (A) for any other Federal or federally assisted program based on need, shall be determined without regard to such assistance; and

"(ii) such a family shall be considered to be receiving cash assistance in the amount of the safety net assistance provided for purposes of determining the amount of any assistance provided to the family under any other such program.

"(C) SAFETY NET ASSISTANCE REQUIREMENTS.—Safety net assistance provided for a child in a family under subparagraph (A) shall be based on a State's assessment of the needs of such child and shall be provided through a voucher that is—

"(i) with respect to the amount of the voucher, determined on the same basis as the State would provide assistance under the State plan to such a family with 1 less individual;

"(ii) designed appropriately to pay third parties for shelter, goods, and services received by the child; and

"(iii) payable directly to such third parties.

"(3) TREATMENT OF INTERSTATE MIGRANTS.—The State plan may apply to a category of families the rules for such category under a plan of another State approved under this part, if a family in such category has moved to the State from the other State and has resided in the State for less than 12 months.

"(4) INDIVIDUALS ON OLD-AGE ASSISTANCE OR SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT ASSISTANCE.—The State plan shall provide that no assistance shall be furnished any individual under the plan with respect to any period with respect to which such individual is receiving old-age assistance under the State plan approved under section 102 of title I or supplemental security income under title XVI, and such individual's assistance or income shall be disregarded in determining the eligibility of the family of such individual for temporary employment assistance.

"(5) CHILDREN FOR WHOM FEDERAL, STATE, OR LOCAL FOSTER CARE MAINTENANCE OR ADOPTION ASSISTANCE PAYMENTS ARE MADE.—A child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E or under State or local law shall not, for the period for which such payments are made, be regarded as a needy child under this part, and such child's income and resources shall be disregarded in determining the eligibility of the family of such child for temporary employment assistance.

"(6) 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.—The State plan shall provide that no assistance will be furnished any individual under the plan 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 benefits or services simultaneously from 2 or more States under programs that are funded under this part, 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.

"(7) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

"(A) IN GENERAL.—The State plan shall provide that no assistance will be furnished any individual under the plan for any period if during such period such individual is—

"(i) 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

"(ii) violating a condition of probation or parole imposed under Federal or State law.

"(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, the State plan shall provide that the 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 the plan, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(i) such recipient—

"(I) is described in clause (i) or (ii) of subparagraph (A); or

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

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

"(d) DETERMINATION OF ELIGIBILITY.—

"(1) DETERMINATION OF NEED.—The State plan shall provide that the State agency take into consideration any income and resources of any individual the State determines should be considered in determining the need of the child or relative claiming temporary employment assistance.

"(2) RESOURCE AND INCOME DETERMINATION.—In determining the total resources and income of the family of any needy child, the State plan shall provide the following:

"(A) RESOURCES.—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.

"(B) FAMILY INCOME.—The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

"(C) CHILD SUPPORT.—The State's policy, if any, for determining the extent to which child support received in excess of \$50 per month on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

"(D) CHILD'S EARNINGS.—The treatment of earnings of a child living in the home.

"(E) EARNED INCOME TAX CREDIT.—The State agency shall disregard any refund of Federal income taxes made to a family receiving temporary employment assistance by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made to such a family by an employer under section 3507 of such Code (relating to advance payment of earned income credit).

"(F) ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES FOR ALIEN RECIPIENTS.—The State agency shall determine the eligibility of an alien in accordance with the provisions of section 721 of the Work First Act of 1996.

"(3) 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.

"(e) PROVISIONS RELATING TO VICTIMS OF DOMESTIC VIOLENCE.—The State plan shall—

"(1) provide that the State has in effect provisions for victims of domestic violence receiving temporary employment assistance; and

"(2) provide that the State agency administering the plan approved under this part shall be responsible for assuring that—

"(A) adequate mechanisms are in place for screening and identifying recipients of such assistance who have been victims of domestic violence;

"(B) procedures are in place to refer such recipients to legal counseling and supportive services;

"(C) the time limit for receipt of such assistance imposed under subsection (c)(1) is tolled for recipients of such assistance who are seriously affected by domestic violence; and

"(D) other requirements imposed under the State plan such as residency requirements and child support cooperation requirements will be waived in any case where imposing such requirements would make it more difficult for a recipient of temporary employment assistance to escape domestic violence or would unfairly sanction a recipient victimized by, or at risk of, domestic violence.

#### "SEC. 403. PARENT EMPOWERMENT CONTRACT.

"(a) ASSESSMENT.—The State plan shall provide that the State agency, through a case manager, shall make an initial assessment of the skills, prior work experience, and employability of each parent who is applying for temporary employment assistance under the plan, along with an assessment of the history of domestic violence (if any) of such parent.

"(b) PARENT EMPOWERMENT CONTRACTS.—On the basis of the assessment made under subsection (a) with respect to each parent, the case manager, in consultation with the parent or parents of a family (hereafter in this title referred to as the 'client'), shall develop a parent empowerment contract for the client, which meets the following requirements:

"(1) Sets forth the obligations of the client, including 1 or more of the following:

"(A) Search for a job.

"(B) Engage in work-related activities to help the client become and remain employed in the private sector.

"(C) Attend school, if necessary, and maintain certain grades and attendance.

"(D) Participate in counseling, safety-related, and legal activities, and supportive services related to the client's experience of domestic violence.

"(E) Keep school age children of the client in school.

"(F) Immunize children of the client.

"(G) Attend parenting and money management classes.

"(H) Any other appropriate activity, at the option of the State.

"(2) To the greatest extent possible, is designed to move the client as quickly as possible into whatever type and amount of work as the client is capable of handling, and to increase the responsibility and amount of work over time until the client is able to work full-time.

"(3) Provides for participation by the client in job search activities for the first 2 months after the application for temporary employment assistance under the State plan, unless the client is already working at least 20 hours per week.

"(4) If necessary to provide the client with support and skills necessary to obtain and keep employment in the private sector, provides for job counseling or other services, and, if additionally necessary, education or training through the Work First program under part F.

"(5) 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.



"(6) At the option of the State, provides that the client undergo appropriate substance abuse treatment.

"(7) Provides that the client—

"(A) assign to the State any rights to support from any other person the client may have in such client's own behalf or in behalf of any other family member for whom the client is applying for or receiving assistance; and

"(B) cooperate with the State—

"(i) in establishing the paternity of a child born out of wedlock with respect to whom assistance is claimed, and

"(ii) in obtaining support payments for such client and for a child with respect to whom such assistance is claimed, or in obtaining any other payments or property due such client or such child, unless (in either case) such client is found to have good cause for refusing to cooperate as determined by the State agency in accordance with standards prescribed by the Secretary. Such standards shall take into consideration the best interests of the child on whose behalf assistance is claimed, and shall provide that good cause shall include the reasonable fear of a recipient for her own safety or the safety of a family member where the putative child support obligee has committed domestic violence against the recipient or a family member in the past.

"(c) PENALTIES FOR NONCOMPLIANCE WITH PARENT EMPOWERMENT 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 NONCOMPLIANCE.—

"(i) IN GENERAL.—The State plan shall provide that the amount of temporary employment assistance otherwise payable under the plan to a family that includes a client who, with respect to a parent empowerment 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.

"(ii) GOOD CAUSE.—Good cause for noncompliance of a parent empowerment contract shall include a determination that a recipient fears for her own safety or the safety of a family member where the recipient or family member has been the victim of domestic violence and reasonably believes that acceptance of employment would put her or her family at future risk, and is temporarily unable to fulfill her employment obligations due to legal and court obligations associated with seeking remedies for domestic violence.

"(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State plan 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 temporary employment assistance under the State plan.

"(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 TEMPORARY EMPLOYMENT 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 re-

fuses 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) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State plan based on a refusal of an adult to work if the adult is a single custodial parent caring for a child who has not attained 6 years of age, and the adult proves that the adult has a demonstrated inability (as determined by the State) to obtain needed child care, for 1 or more of the following reasons:

"(A) Unavailability of appropriate child care within a reasonable distance from 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.

"(3) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

#### "SEC. 404. PAYMENT OF ASSISTANCE.

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

"(1) the composition of the unit for which assistance will be provided;

"(2) a standard, expressed in money amounts, to be used in determining the need of applicants and recipients;

"(3) a standard, expressed in money amounts, to be used in determining the amount of the assistance payment; and

"(4) the methodology to be used in determining the payment amount received by assistance units.

"(b) LEVEL OF ASSISTANCE.—The State plan shall provide that the determination of need and the amount of assistance for all applicants and recipients shall be made on an objective and equitable basis.

"(c) STATE OPTION TO DENY ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—

"(1) GENERAL RULE.—At the option of a State, the State plan may provide that no additional cash assistance be provided for a minor child who is born to—

"(A) a recipient of temporary employment assistance under the plan; or

"(B) an individual who received such assistance at any time during the 10-month period ending with the birth of the child.

"(2) EXCEPTION FOR VOUCHERS.—If a State exercises the option under paragraph (1), the State may provide vouchers, in lieu of the cash assistance not provided, to be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

"(3) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape or incest.

"(d) CORRECTION OF PAYMENTS.—The State plan shall provide that the State agency will promptly take all necessary steps to correct any overpayment or underpayment of assistance under such plan, including the request for Federal tax refund intercepts as provided under section 417.

#### "SEC. 405. PROVISION OF PROGRAM AND EMPLOYMENT INFORMATION AND CHILD CARE.

"(a) INFORMATION.—The State plan shall provide for the dissemination of information to all applicants for and recipients of temporary employment assistance under the plan about all available services under the State plan for which such applicants and recipients are eligible.

"(b) CHILD CARE DURING JOB SEARCH, WORK, OR PARTICIPATION IN WORK FIRST.—

The State plan shall provide that the State agency shall guarantee child care assistance for each family that is receiving temporary employment assistance and that has a needy child requiring such care, to the extent that such care is determined by the State agency to be necessary for an individual in the family to participate in job search activities, to work, or to participate in the Work First program.

#### "SEC. 406. OTHER PROGRAMS.

"(a) WORK FIRST.—The State plan shall provide that the State has in effect and operation a Work First program that meets the requirements of part F.

"(b) STATE CHILD SUPPORT AGENCY.—The State plan shall—

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

"(2) provide that the State agency administering the plan approved under this part shall be responsible for assuring that—

"(A) the benefits and services provided under plans approved under this part and part D are furnished in an integrated manner, including coordination of intake procedures with the agency administering the plan approved under part D;

"(B) all applicants for, and recipients of, temporary employment assistance are encouraged, assisted, and required (as provided under section 403(b)(7)(B)) to cooperate in the establishment and enforcement of paternity and child support obligations and are notified about the services available under the State plan approved under part D (consistent with the good cause exception for noncooperation under such section in a case involving a recipient with a reasonable fear of domestic violence); and

"(C) procedures require referral of paternity and child support enforcement cases to the agency administering the plan approved under part D not later than 10 days after the application for temporary employment assistance; and

"(3) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency established pursuant to part D of the furnishing of temporary employment assistance with respect to a child who has been deserted or abandoned by a parent (including a child born out-of-wedlock without regard to whether the paternity of such child has been established).

"(c) CHILD WELFARE SERVICES AND FOSTER CARE AND ADOPTION ASSISTANCE.—The State plan shall provide that the State has in effect—

"(1) a State plan for child welfare services approved under part B; and

"(2) a State plan for foster care and adoption assistance approved under part E,

and operates such plans in substantial compliance with the requirements of such parts.

"(d) REPORT OF CHILD ABUSE, ETC.—The State plan shall provide that the State agency will—

"(1) 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 assistance under the State plan under circumstances which indicate that the child's health or welfare is threatened thereby; and

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

"(e) OUT-OF-WEDLOCK AND TEEN PREGNANCY PROGRAMS.—The State plan shall provide for the development of a program—

"(1) to reduce the incidence of out-of-wedlock pregnancies, which may include providing unmarried mothers and unmarried fathers with services which will help them—

"(A) avoid subsequent pregnancies, and

"(B) provide adequate care to their children; and

"(2) to reduce teenage pregnancy, which may include, at the option of the State, providing education and counseling to male and female teenagers.

"(f) AVAILABILITY OF ASSISTANCE IN RURAL AREAS OF STATE.—The State plan shall consider and address the needs of rural areas in the State to ensure that families in such areas receive assistance to become self-sufficient.

"(g) FAMILY PRESERVATION.—

"(1) IN GENERAL.—The State plan shall describe the efforts by the State to promote family preservation and stability, including efforts—

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

"(B) to keep families together to the extent possible; and

"(C) except to the extent provided in paragraph (2), to treat 2-parent families and 1-parent families equally with respect to eligibility for assistance.

"(2) MAINTENANCE OF TREATMENT.—The State may impose eligibility limitations relating specifically to 2-parent families to the extent such limitations are no more restrictive than such limitations in effect in the State plan in fiscal year 1995.

#### "SEC. 407. ADMINISTRATIVE REQUIREMENTS FOR STATE PLAN.

"(a) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State, and, if administered by the subdivisions, be mandatory upon such subdivisions. If such plan is not administered uniformly throughout the State, the plan shall describe the administrative variations.

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

"(c) FINANCIAL PARTICIPATION.—The State plan shall provide for financial participation by the State in the same manner and amount as such State participates under title XIX, except that with respect to the sums expended for the administration of the State plan, the percentage shall be 50 percent.

"(d) REASONABLE PROMPTNESS.—The State plan shall provide that all individuals wishing to make application for temporary employment assistance shall have opportunity to do so, and that such assistance be furnished with reasonable promptness to all eligible individuals.

"(e) FAIR HEARING.—The State plan shall provide for granting an opportunity for a fair hearing before the State agency to any individual—

"(1) whose claim for temporary employment assistance is denied or is not acted upon with reasonable promptness; or

"(2) whose assistance is reduced or terminated.

"(f) AUTOMATED DATA PROCESSING SYSTEM.—The State plan shall, at the option of the State, provide for the establishment and operation of an automated statewide management information system designed effectively and efficiently, to assist management in the administration of the State plan approved under this part, so as—

"(1) to control and account for—

"(A) all the factors in the total eligibility determination process under such plan for assistance, and

"(B) the costs, quality, and delivery of payments and services furnished to applicants for and recipients of assistance; and

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

"(g) DISCLOSURE OF INFORMATION.—The State plan shall provide for safeguards which restrict the use or disclosure of information concerning applicants or recipients.

"(h) DETECTION OF FRAUD.—The State plan shall provide, in accordance with regulations issued by the Secretary, for appropriate measures to detect fraudulent applications for temporary employment assistance before the establishment of eligibility for such assistance.

#### "Subpart 2—Administrative Provisions

##### "SEC. 411. APPROVAL OF PLAN.

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

"(b) DEEMED APPROVAL.—If a State plan has not been rejected by the Secretary during the period specified in subsection (a), the plan shall be deemed to have been approved.

##### "SEC. 412. COMPLIANCE.

"In the case of any State plan for temporary employment assistance which has been approved under section 411, 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 subpart 1 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).

##### "SEC. 413. PAYMENTS TO STATES.

"(a) COMPUTATION OF AMOUNT.—Subject to section 412, from the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for temporary employment assistance, for each quarter, beginning with the quarter commencing October 1, 1996, an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) of the expenditures by the State under such plan.

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

"(1) 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), 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) 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 of Health and Human Services finds that the 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 Federal Government 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 temporary employment assistance furnished under the State plan; and

"(C) reduced by such amount as is necessary to provide the appropriate reimbursement to 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.

"(c) 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.

##### "SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND REPORTING SYSTEM.

"(a) QUALITY ASSURANCE.—

"(1) IN GENERAL.—Under the State plan, a quality assurance system shall be developed based upon a collaborative effort involving the Secretary, the State, the political subdivisions of the State, and assistance recipients, and shall include quantifiable program outcomes related to self sufficiency in the categories of welfare-to-work, payment accuracy, and child support.

"(2) MODIFICATIONS TO SYSTEM.—As deemed necessary, but not more often than every 2 years, the Secretary, in consultation with the State, the political subdivisions of the State, and assistance recipients, shall make appropriate changes in the design and administration of the quality assurance system, including changes in benchmarks, measures, and data collection or sampling procedures.

"(b) DATA COLLECTION AND REPORTING.—

"(1) IN GENERAL.—The State plan shall provide for a quarterly report to the Secretary regarding the data described in paragraphs (2) and (3) and such additional data needed for the quality assurance system. The data collection and reporting system under this subsection shall promote accountability, continuous improvement, and integrity in the State plans for temporary employment assistance and Work First.

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

"(A) The age of adults and children (including pregnant women).

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

"(C) The gender, race, educational attainment, work experience, disability status (whether the individual is seriously ill, incapacitated, or caring for a disabled or incapacitated child) of adults.

"(D) The amount of cash assistance and the amount and reason for any reduction in such assistance. Any other data necessary to determine the timeliness and accuracy of benefits and welfare diversions.

"(E) Whether any member of the family receives benefits under any of the following:

"(i) Any housing program.

"(ii) The food stamp program under the Food Stamp Act of 1977.

"(iii) The Head Start programs carried out under the Head Start Act.

"(iv) Any job training program.

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

"(G) The total number of months for which assistance has been provided to the families under the plan.

"(H) The employment status, hours worked, and earnings of individuals while receiving assistance, whether the case was closed due to employment, and other data needed to meet the work performance rate.

"(I) Status in Work First and workfare, including the number of hours an individual participated and the component in which the individual participated.

"(J) The number of persons in the assistance unit and their relationship to the youngest child. Nonrecipients in the household and their relationship to the youngest child.

"(K) Citizenship status.

"(L) Shelter arrangement.

"(M) Unearned income (not including temporary employment assistance), such as child support, and assets.

"(N) The number of children who have a parent who is deceased, incapacitated, or unemployed.

"(O) Geographic location.

"(P) The number of adults and children receiving assistance who are current or past victims of domestic violence, and the number of recipients participating in programs addressing the effects of domestic violence.

"(3) AGGREGATED DATA.—The State shall collect the following data items on a monthly basis from aggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

"(A) The number of adults receiving assistance.

"(B) The number of children receiving assistance.

"(C) The number of families receiving assistance.

"(D) The number of assistance units who had their grants reduced or terminated and the reason for the reduction or termination, including sanction, employment, and meeting the time limit for assistance).

"(E) The number of applications for assistance; the number approved and the number denied and the reason for denial.

"(4) LONGITUDINAL STUDIES.—The State shall submit selected data items for a cohort of individuals who are tracked over time. This longitudinal sample shall be used for selected data items described in paragraphs (2) and (3), as determined appropriate by the Secretary.

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

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

"(A) the percentage of the Federal funds paid to the State under this part for the fiscal year quarter that are used to cover administrative costs or overhead; and

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

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

"(3) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The number of noncustodial parents in the State who participated in work activities during the fiscal year quarter.

"(4) REPORT ON CHILD SUPPORT COLLECTED.—The total amount of child support collected by the State agency administering the State plan under part D on behalf of a family receiving assistance under this part.

"(5) REPORT ON CHILD CARE.—The total amount expended by the State for child care under this part, along with a description of the types of child care provided, such as child care provided in the case of a family that has ceased to receive assistance under this part because of increased hours of, or increased income from, employment, or in the case of a family that is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

"(6) REPORT ON TRANSITIONAL SERVICES.—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 increased hours of, or increased income from, employment, along with a description of such services.

"(d) COLLECTION PROCEDURES.—The Secretary shall provide case sampling plans and data collection procedures as deemed necessary to make statistically valid estimates of plan performance.

"(e) VERIFICATION.—The Secretary shall develop and implement procedures for verifying the quality of the data submitted by the State, and shall provide technical assistance, funded by the compliance penalties imposed under section 412, if such data quality falls below acceptable standards.

#### "SEC. 415. COMPILATION AND REPORTING OF DATA.

"(a) CURRENT PROGRAMS.—The Secretary shall, on the basis of the Secretary's review of the reports received from the States under section 414, compile such data as the Secretary believes necessary, and from time to time, publish the findings as to the effectiveness of the programs developed and administered by the States under this part. The Secretary shall annually report to the Congress on the programs developed and administered by each State under this part.

"(b) RESEARCH, DEMONSTRATION AND EVALUATION.—Of the amount specified under section 413(a), an amount equal to .25 percent is authorized to be expended by the Secretary to support the following types of research, demonstrations, and evaluations:

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

"(2) DEMONSTRATIONS.—

"(A) IN GENERAL.—The Secretary may implement and evaluate demonstrations of innovative and promising strategies to—

"(i) improve child well-being through reductions in illegitimacy, teen pregnancy,

welfare dependency, homelessness, and poverty;

"(ii) test promising strategies by nonprofit and for-profit institutions to increase employment, earning, child support payments, and self-sufficiency with respect to temporary employment assistance clients under State plans; and

"(iii) foster the development of child care.

"(B) ADDITIONAL PARAMETERS.—Demonstrations implemented under this paragraph—

"(i) may provide one-time capital funds to establish, expand, or replicate programs;

"(ii) may test performance-based grant to loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a pro-rated basis; and

"(iii) should test strategies in multiple States and types of communities.

"(3) FEDERAL EVALUATIONS.—

"(A) IN GENERAL.—The Secretary shall conduct research on the effects, benefits, and costs of different approaches to operating welfare programs, including an implementation study based on a representative sample of States and localities, documenting what policies were adopted, how such policies were implemented, the types and mix of services provided, and other such factors as the Secretary deems appropriate.

"(B) RESEARCH ON RELATED ISSUES.—The Secretary shall also conduct research on issues related to the purposes of this part, such as strategies for moving welfare recipients into the workforce quickly, reducing teen pregnancies and out-of-wedlock births, and providing adequate child care.

"(C) STATE REIMBURSEMENT.—The Secretary may reimburse a State for any research-related costs incurred pursuant to research conducted under this paragraph.

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

"(4) REGIONAL INFORMATION CENTERS.—

"(A) IN GENERAL.—The Secretary shall establish not less than 5, nor more than 7 regional information centers located at major research universities or consortiums of universities to ensure the effective implementation of welfare reform and the efficient dissemination of information about innovations, evaluation outcomes, and training initiatives.

"(B) CENTER RESPONSIBILITIES.—The Centers shall have the following functions:

"(i) Disseminate information about effective income support and related programs, along with suggestions for the replication of such programs.

"(ii) Research the factors that cause and sustain welfare dependency and poverty in the regions served by the respective centers.

"(iii) Assist the States in the region formulate and implement innovative programs and improvements in existing programs that help clients move off welfare and become productive citizens.

"(iv) Provide training as appropriate to staff of State agencies to enhance the ability of the agencies to successfully place Work First clients in productive employment or self-employment.

"(C) CENTER ELIGIBILITY TO PERFORM EVALUATIONS.—The Centers may compete for demonstration and evaluation contracts developed under this section.

#### "SEC. 416. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

"(a) IN GENERAL.—Upon receiving notice from a State agency administering a plan approved under this part 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, approved 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 temporary employment 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; 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.”.

**(b) PAYMENTS TO PUERTO RICO.**—Section 1108(a)(1) (42 U.S.C. 1308(a)(1)) is amended—

(1) in subparagraph (F), by striking “or”; and

(2) by striking subparagraph (G) and inserting the following:

“(G) \$82,000,000 with respect to each of fiscal years 1989 through 1995, or

“(H) \$102,500,000 with respect to the fiscal year 1996 and each fiscal year thereafter.”.

**(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), as amended by section 561(a), 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:

“(g) **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 417 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) 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 417, 464, or 1137 of the Social Security Act.”

**(d) EFFECTIVE DATES.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(2) **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 requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply with the requirements of such amendment 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 enactment of this Act. For purposes of this paragraph, 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.

**(3) LIMITATION ON OBLIGATION AUTHORITY UNDER OLD PROGRAM.**—The Secretary of Health and Human Services is not authorized to enter into any obligation with any State under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) (as in effect on the day before the date of the enactment of this Act) for expenses incurred under such a State plan under such part (as so in effect) on or after October 1, 1996.

## **TITLE II—WORK FIRST EMPLOYMENT BLOCK GRANT**

### **SEC. 201. WORK FIRST EMPLOYMENT BLOCK GRANT.**

(a) **IN GENERAL.**—Title IV (42 U.S.C. 601 et seq.) is amended by striking part F and inserting the following:

#### **“Part F—Work First Employment Block Grant Program**

##### **“Subpart 1—Establishment and Operation of State Programs**

#### **“SEC. 481. GOALS OF THE WORK FIRST PROGRAM.**

“The goals of a Work First program are as follows:

“(1) **OBJECTIVE.**—The objective of the program is for each adult receiving temporary employment assistance to find and hold full-time unsubsidized paid employment, and for this objective to be achieved in a cost-effective fashion.

“(2) **STRATEGY.**—The strategy of the program is to connect clients of temporary employment assistance with the private sector labor market as soon as possible and offer such clients the support and skills necessary to remain in the labor market. Each component of the program should emphasize employment and the understanding that minimum wage jobs are a stepping stone to more highly paid employment.

“(3) **JOB CREATION.**—The creation of jobs, with an emphasis on private sector jobs, through the options available under subpart 2, shall be a component of the block grant program and shall be a priority for each State office with responsibilities under the program.

“(4) **FORMS OF ASSISTANCE.**—The State shall provide assistance to clients in the program through a range of components, which may include job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, assistance in establishing microenterprises, job counseling services, or other work-related activities, to provide individuals with the support and skills necessary to obtain and keep employment in the private sector (including education and training, if necessary).

#### **“SEC. 482. REQUIREMENT THAT RECIPIENTS ENTER THE WORK FIRST PROGRAM.**

“(a) **IN GENERAL.**—Except as provided in subsection (b), the State may place in the Work First program—

“(1) clients of temporary employment assistance pursuant to the State plan approved under part A who have signed a parent empowerment contract as described in section 403(b); and

“(2) absent parents who are unemployed, on the condition that, once employed, such parents meet their child support obligations.

“(b) **EXCEPTION.**—A State may, at its option, not require an individual who is a single, custodial parent caring for a child under age 1 to engage in work.

“(c) **NONDISPLACEMENT.**—

“(1) **IN GENERAL.**—No funds provided under this Act 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 existing contracts for services or collective bargaining agreements; or

“(B) the employment or assignment of a client 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 the employer's workforce in order to fill the vacancy so created with a client.

“(2) **ENFORCING ANTI-DISPLACEMENT PROTECTIONS.**—

“(A) **GRIEVANCE PROCEDURE.**—The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements of paragraph (1). Such procedure shall include an opportunity for a hearing and shall be completed not later than 90 days from the date of the complaint, by which time 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 not later than 90 days from such date, 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 from the date of the appeal as to whether a violation of such prohibitions or requirements has occurred. Remedies shall include termination or suspension of payments, prohibition of the placement of the client, reinstatement of an employee, and other relief to make an aggrieved employee whole.

“(B) **OTHER LAWS OR CONTRACTS.**—Nothing in subparagraph (A) 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 any of the prohibitions or requirements of paragraph (1).

#### **“Subpart 2—Program Performance**

### **“SEC. 485. WORK PERFORMANCE RATES; PERFORMANCE-BASED BONUSES.**

“(a) **WORK PERFORMANCE RATES.**—

“(1) **REQUIREMENT.**—A State that operates a program under this part shall achieve a work performance rate for the following fiscal years of not less than the following percentages:

“(A) 20 percent for fiscal year 1997.

“(B) 25 percent for fiscal year 1998.

“(C) 30 percent for fiscal year 1999.

“(D) 35 percent for fiscal year 2000.

“(E) 40 percent for fiscal year 2001.

“(F) 50 percent for fiscal year 2002 or thereafter.

“(2) **WORK PERFORMANCE RATE DEFINED.**—

“(A) **IN GENERAL.**—As used in this subsection, the term ‘work performance rate’ means, with respect to a State and a fiscal year, an amount equal to—

"(i) the sum of the average monthly number of individuals eligible for temporary employment assistance under the State plan approved under part A who, during the fiscal year—

"(I) obtain employment in an unsubsidized job and cease to receive such temporary employment assistance to the extent allowed under subparagraph (B);

"(II) work 20 or more hours per week (or 30 hours, at the option of the State) in an unsubsidized job while still receiving such temporary employment assistance;

"(III) work 20 or more hours per week (or 30 hours, at the option of the State) in a subsidized job through the Work First program (other than through workfare or community service under section 493); or

"(IV) are parents under the age of 18 years (or 19 years, at the option of the State) in school and regularly attending classes obtaining the basic skills needed for work; divided by

"(ii) the average monthly number of families with parents eligible for such temporary employment assistance who, during the fiscal year, are not described in section 482(b).

"(B) SPECIAL RULES.—

"(i) INDIVIDUALS IN UNSUBSIDIZED JOBS.—For purposes of subparagraph (A)(i)(I), an individual shall be considered to be participating under a State plan approved under part A for each of the 1st 12 months (without regard to fiscal year) after an individual ceases to receive temporary employment assistance under such plan as the result of employment in an unsubsidized job and during which such individual does not reapply for such assistance.

"(ii) INDIVIDUALS IN WORK FIRST SUBSIDIZED JOBS.—For purposes of subparagraph (A)(i)(III), individuals in workfare or community service (as defined in section 493) may be counted if such individuals reside in areas—

"(I) with an unemployment rate exceeding 8 percent; or

"(II) with other circumstances deemed sufficient by the Secretary.

"(iii) DEEMED COMPLIANCE.—A State shall be deemed to have met the requirement in paragraph (1) if its work performance rate in a given fiscal year exceeds that of the prior fiscal year by 10 percentage points.

"(3) EFFECT OF FAILURE TO MEET WORK PERFORMANCE RATES.—If a State fails to achieve the work performance rate required by paragraph (1) for any fiscal year—

"(A) in the case of the 1st failure, the Secretary shall make recommendations for changes in the State Work First program to achieve future required work performance rates; and

"(B) in the case of the 2nd or subsequent failure—

"(i) the Secretary shall reduce by 10 percentage points (or less, at the discretion of the Secretary based on the degree of failure) the rate of Federal payments for the administrative expenses for the State plan approved under part A for the subsequent fiscal year;

"(ii) the Secretary shall make further recommendations for changes in the State Work First program to achieve future required work performance rates which the State may elect to follow; and

"(iii) the State shall demonstrate to the Secretary how the State shall achieve the required work performance rate for the subsequent fiscal year.

"(b) PERFORMANCE-BASED BONUSES.—

"(i) IN GENERAL.—In addition to any other payment under section 495, each State, beginning in fiscal year 1998, which has achieved its work performance rate for the fiscal year (as determined under subsection (a)) shall be entitled to receive a bonus in

the subsequent fiscal year for each individual eligible for temporary employment assistance under the State plan approved under part A who is described in subsection (a)(2)(A)(i) in excess of the number of such individuals necessary to meet such work performance rate, but the aggregate of such bonuses for any fiscal year in the case of any State may not exceed the limitation determined under paragraph (3) with respect to the State.

"(2) USE OF PAYMENTS.—Bonus payments under this subsection—

"(A) may be used to supplement, not supplant, State funding of Work First or child care activities; and

"(B) shall be used in a manner which rewards job retention.

"(3) 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 the amount specified in subparagraph (B) for such fiscal year as the average monthly number of adult recipients (as defined in section 495(a)(6)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

"(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(i) \$200,000,000 for fiscal year 1998 rates payable in fiscal year 1999;

"(ii) \$200,000,000 for fiscal year 1999 rates payable in fiscal year 2000;

"(iii) \$200,000,000 for fiscal year 2000 rates payable in fiscal year 2001; and

"(iv) \$200,000,000 for fiscal year 2001 rates payable in fiscal year 2002.

### "Subpart 3—Program Components

#### "SEC. 486. PROGRAM COMPONENTS.

"(a) IN GENERAL.—Under the Work First program the State shall have the option to provide a wide variety of work-related activities to clients in the temporary employment assistance program under the State plan approved under part A, including job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, assistance in establishing microenterprises, and job counseling services described in this subpart.

"(b) JOB SEARCH ACTIVITIES.—Each client, who is not exempt from work requirements, shall begin Work First by participating in job search activities designed by the State for 2 months.

"(c) WORKFARE.—If, after 2 years, a client (who is not exempt from work requirements) who has signed a parent empowerment contract is not working at least 20 hours a week (within the meaning of section 485(a)(2)), or engaged in community service, then the State shall offer that client a workfare position, with minimum hours per week and tasks to be determined by the State.

"(d) COMMUNITY SERVICE.—Not later than 2 years after the date of the enactment of the Work First Act of 1996, each State should (and not later than 7 years after such date, each State shall) require a client who, after receiving assistance for 3 months—

"(1) is not exempt from work requirements; and

"(2) is not either—

"(A) working at least 20 hours a week (within the meaning of section 485(a)(2)); nor

"(B) engaged in an education or training program;

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

#### "SEC. 487. JOB PLACEMENT; USE OF PLACEMENT COMPANIES.

"(a) IN GENERAL.—The State through the Work First program may operate its own job

placement assistance program or may establish a job placement voucher program under subsection (b).

"(b) JOB PLACEMENT VOUCHER PROGRAM.—A job placement voucher program established by a State under this subsection shall include the following requirements:

"(1) LIST OF ORGANIZATIONS MAINTAINED.—The State shall identify, maintain, and make available to a client a list of State-approved job placement organizations that offer services in the area where the client resides and a description of the job placement and support services each such organization provides. Such organizations may be publicly or privately owned and operated.

"(2) EXECUTION OF CONTRACT.—A client shall, at the time the client becomes eligible for temporary employment assistance—

"(A) receive the list and description described in paragraph (1);

"(B) agree, in exchange for job placement and support services, to—

"(i) execute, within a period of time permitted by the State, a contract with a State-approved job placement organization which provides that the organization shall attempt to find employment for the client; and

"(ii) comply with the terms of the contract; and

"(C) receive a job placement voucher (in an amount to be determined by the State) for payment to a State-approved job placement organization.

"(3) USE OF VOUCHER.—At the time a client executes a contract with a State-approved job placement organization, the client shall provide the organization with the job placement voucher that the client received pursuant to paragraph (2)(C).

"(4) REDEMPTION.—A State-approved job placement organization may redeem for payment from the State not more than 25 percent of the value of a job placement voucher upon the initial receipt of the voucher for payment of costs incurred in finding and placing a client in an employment position. The remaining value of such voucher shall not be redeemed for payment from the State until the State-approved job placement organization—

"(A) finds an employment position (as determined by the State) for the client who provided the voucher; and

"(B) certifies to the State that the client remains employed with the employer that the organization originally placed the client with for the greater of—

"(i) 6 continuous months; or

"(ii) a period determined by the State.

"(5) PERFORMANCE-BASED STANDARDS.—

"(A) IN GENERAL.—The State shall establish performance-based standards to evaluate the success of the State job placement voucher program operated under this subsection in achieving employment for clients participating in such voucher program. Such standards shall take into account the economic conditions of the State in determining the rate of success.

"(B) ANNUAL EVALUATION.—The State shall, not less than once a fiscal year, evaluate the job placement voucher program operated under this subsection in accordance with the performance-based standards established under subparagraph (A).

"(C) ANNUAL REPORT.—The State shall submit a report containing the results of an evaluation conducted under subparagraph (B) to the Secretary and a description of the performance-based standards used to conduct the evaluation in such form and under such conditions as the Secretary shall require. The Secretary shall review each report submitted under this subparagraph and may require the State to revise the performance-based standards if the Secretary determines

that the State is not achieving an adequate rate of success for such State.

**"SEC. 488. REVAMPED JOBS PROGRAM.**

"The State through the Work First program may operate a program similar to the program known as the 'GAIN Program' that has been operated by Riverside County, California, under Federal law as in effect immediately before the effective date of this subpart.

**"SEC. 489. TEMPORARY SUBSIDIZED JOB CREATION.**

"The State through the Work First program may establish a program similar to the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law as in effect immediately before the effective date of this subpart.

**"SEC. 490. FAMILY INVESTMENT PROGRAM.**

"The State through the Work First program may establish a program similar to the program known as the 'Family Investment Program' that has been operated by the State of Iowa to move families off of welfare and into self-sufficient employment.

**"SEC. 491. MICROENTERPRISE.**

"(a) GRANTS AND LOANS TO NONPROFIT ORGANIZATIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE, TRAINING, AND CREDIT TO LOW INCOME ENTREPRENEURS.—The State through the Work First program may make grants and loans to nonprofit organizations to provide technical assistance, training, and credit to low income entrepreneurs for the purpose of establishing microenterprises.

"(b) MICROENTERPRISE DEFINED.—For purposes of this section, the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, 1 or more of whom owns the enterprise.

**"SEC. 492. WORK SUPPLEMENTATION PROGRAM.**

"(a) IN GENERAL.—The State through the Work First program may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to clients in the temporary employment assistance program under the State plan approved under part A and use the sums instead for the purpose of providing and subsidizing jobs for clients as an alternative to the temporary employment assistance that would otherwise be so payable to the clients.

"(b) SAMPLING METHODOLOGY PERMITTED.—In determining the amounts to be reserved and used for providing and subsidizing jobs under this section as described in subsection (a), the State may use a sampling methodology.

"(c) SUPPLEMENTED JOB.—For purposes of this section, a supplemented job is—

"(1) a job provided to an eligible client by the State or local agency administering the State plan under part A; or

"(2) a job provided to an eligible client by any other employer for which at least part of the wages are paid by the State or local agency.

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

"(d) COST LIMITATION.—The amount of the Federal payment to a State under section 413 for expenditures incurred in making payments to clients and employers under a work supplementation program under this section shall not exceed an amount equal to the amount which would otherwise be payable under such section 413 if the family of each client employed in the program established in the State under this section had received the maximum amount of temporary employment assistance payable under the State plan approved under part A to such a family with no income for the number of months in which the client was employed in the program.

"(e) WAGES ARE CONSIDERED EARNED INCOME.—Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

"(f) PRESERVATION OF MEDICAID ELIGIBILITY.—Any State that chooses to operate a work supplementation program under this section shall provide that any client who participates in the program, and any child or relative of the client (or other individual living in the same household as the client) who would be eligible for temporary employment assistance under the State plan approved under part A if the State did not have a work supplementation program, shall be considered individuals receiving temporary employment assistance under the State plan approved under part A for purposes of eligibility for medical assistance under the State plan approved under title XIX.

**"SEC. 493. WORKFARE AND COMMUNITY SERVICE.**

"(a) IN GENERAL.—A State through the Work First program may establish and carry out—

"(1) a workfare program in accordance with section 486(c); and

"(2) a community service program in accordance with section 486(d),

that meets the requirements of this section.

"(b) WORKFARE DEFINED.—For purposes of this section, the term 'workfare' means a job provided to a client by the State administering the State plan under part A with respect to which the client works in return for assistance under such plan and receives no wages.

"(c) COMMUNITY SERVICE DEFINED.—For purposes of this section, the term 'community service' means work of benefit to the community, such as volunteer work in schools and community organizations.

"(d) ASSISTANCE NOT CONSIDERED EARNED INCOME.—Assistance paid under a workfare program shall not be considered to be earned income for purposes of any provision of law.

"(e) USE OF PLACEMENT COMPANIES.—A State that establishes a workfare or community service program under this section may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of clients in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such clients for temporary employment assistance.

**"Subpart 4—Funding**

**"SEC. 495. FUNDING.**

"(a) FUNDING FOR WORK FIRST.—

"(1) IN GENERAL.—Each State that is operating a program in accordance with this part shall be entitled to payments under subsection (b) for any fiscal year in an amount equal to the sum of the applicable percentages (specified in such subsection) of its expenditures to carry out such program (subject to limitations prescribed by or pursuant to this part or this section on expenditures that may be included for purposes of determining payments under subsection (b)), but such payments for any fiscal year in the case of any State may not exceed the limitation determined under paragraph (2) with respect to the State.

"(2) LIMITATION.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (3) for such fiscal year as the average monthly number of adult recipients (as defined in paragraph (6)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

"(3) AMOUNT SPECIFIED.—Subject to paragraphs (4) and (5), the amount specified in this paragraph is—

"(A) \$1,010,000,000 for fiscal year 1997;

"(B) \$1,100,000,000 for fiscal year 1998;

"(C) \$1,330,000,000 for fiscal year 1999;

"(D) \$1,520,000,000 for fiscal year 2000;

"(E) \$1,870,000,000 for fiscal year 2001; and

"(F) \$2,720,000,000 for fiscal year 2002.

"(4) INDIAN TRIBAL GOVERNMENTS.—

"(A) APPLICATION.—

"(i) IN GENERAL.—An Indian tribe or Alaska Native organization may apply at any time to the Secretary (in such manner as the Secretary prescribes) to conduct a Work First program.

"(ii) PARTICIPATION.—If a tribe or organization chooses to apply and the application is approved, such tribe or organization shall be entitled to a direct payment in the amount determined in accordance with the provisions of subparagraph (B) for each fiscal year beginning after such approval.

"(iii) NO PARTICIPATION.—If a tribe or organization chooses not to apply, the amount that would otherwise be available to such tribe or organization for the fiscal year shall be payable to the State in which that tribe or organization is located. Such amount shall be used by that State to provide Work First program services to the recipients living within that tribe or organization's jurisdiction.

"(iv) NO MATCH REQUIRED.—Indian tribes and Alaska Native organizations shall not be required to submit a monetary match to receive a payment under this paragraph.

"(B) PAYMENT AMOUNT.—

"(i) IN GENERAL.—The Secretary shall pay directly to each Indian tribe or Alaska Native organization conducting a Work First program for a fiscal year an amount which bears the same ratio to 3 percent of the amount specified under paragraph (3) for such fiscal year as the adult Indian or Alaska Native population receiving temporary employment assistance residing within the area to be served by the tribe or organization bears to the total of such adults receiving such assistance residing within all areas which any such tribe or organization could serve.

"(ii) ADJUSTMENTS.—The Secretary shall from time to time review the components of the ratios established in clause (i) to determine whether the individual payments under this paragraph continue to reflect accurately the distribution of population among the grantees, and shall make adjustments necessary to maintain the correct distribution of funding.

"(C) USE IN SUCCEEDING FISCAL YEAR.—A grantee under this paragraph may use not to exceed 20 percent of the amount for the fiscal year under subparagraph (B) to carry out the Work First program in the succeeding fiscal year.

"(D) VOLUNTARY TERMINATION.—An Indian tribe or Alaska Native organization may voluntarily terminate its Work First program. The amount under subparagraph (B) with respect to such program for the fiscal year shall be payable to the State in which that tribe or organization is located. Such amount shall be used by that State to provide Work First program services to the recipients living within that tribe or organization's jurisdiction. If a voluntary termination of a Work First program occurs under this subparagraph, the tribe or organization shall not be eligible to submit an application under this paragraph before the 6th year following such termination.

"(E) JOINT PROGRAMS.—An Indian tribe or Alaska Native organization may also apply to the Secretary jointly with 1 or more such tribes or organizations to administer a Work First program as a consortium. The Secretary shall establish such terms and conditions for such consortium as are necessary.

"(5) JOB CREATION.—Of the amount specified under paragraph (3), 5 percent shall be set aside by the Secretary for the program described in section 203(b) of the Work First Act of 1996.

"(6) DEFINITION.—For purposes of this subsection, the term 'adult recipient' in the case of any State means an individual other than a needy child (unless such child is the custodial parent of another needy child) whose needs are met (in whole or in part) with payments of temporary employment assistance.

"(b) STATE ALLOCATIONS.—

"(1) IN GENERAL.—The Secretary shall pay to each State that is operating a program in accordance with part F, with respect to expenditures by the State to carry out such program (including expenditures for child care under section 405(b), but only with respect to a State to which section 1108 applies), an amount equal to—

"(A) with respect to so much of such expenditures in a fiscal year as do not exceed the State's expenditures in the fiscal year 1987 with respect to which payments were made to such State from its allotment for such fiscal year pursuant to part C of this title as then in effect, 90 percent; and

"(B) with respect to so much of such expenditures in a fiscal year as exceed the amount described in subparagraph (A)—

"(i) 50 percent, in the case of expenditures for administrative costs (including costs of emergency assistance) made by a State in operating such program for such fiscal year (other than the costs of transportation and the personnel costs for case management staff employed full-time in the operation of such program); and

"(ii) the Federal medical assistance percentage (as defined in section 1905(b)), in the case of expenditures made by a State in operating such program for such fiscal year (other than for costs described in clause (i)).

"(2) FORM OF PAYMENT.—With respect to the amount for which payment is made to a State under paragraph (1)(A), the State's expenditures for the costs of operating such program may be in cash or in kind, fairly evaluated.

"(3) USE OF FUNDS.—A State may use amounts allocated under this subsection for all costs deemed necessary to assist program clients obtain and retain jobs, including emergency day care assistance or sick day care assistance, uniforms, eyeglasses, transportation, wage subsidies, and other employment-related special needs, as defined by the State. Such assistance may be provided through contract with community-based family resource programs under title II of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5116 et seq.)."

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendment made by subsection (a) shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(2) 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 requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply with the requirements of such amendment 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 enactment of this Act. For purposes of this paragraph, 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.

(3) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Sec-

retary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendment made by subsection (a), the amendment shall apply to the State on and after such earlier date as the State may select.

(4) AUTHORITY OF THE SECRETARY OF HEALTH AND HUMAN SERVICES TO DELAY APPLICABILITY TO A STATE.—Subject to the funding limitation described in paragraph (5), 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 amendment made by subsection (a), the amendment (other than section 495 of such amendment) shall apply to the State on and after any later date agreed upon by the Secretary and the State.

(5) LIMITATION ON OBLIGATION AUTHORITY UNDER OLD PROGRAM.—The Secretary of Health and Human Services is not authorized to enter into any obligation with any State under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.) (as in effect on the day before the date of the enactment of this Act) for expenses incurred under such a State plan under such part (as so in effect) on or after October 1, 1996.

#### SEC. 202. CONSOLIDATION AND STREAMLINING OF SERVICES.

(a) IN GENERAL.—Section 407, as added by section 101(a), is amended by adding at the end the following new subsections:

"(i) CHANGING THE WELFARE BUREAUCRACY.—

"(1) IN GENERAL.—The State plan may describe the State's efforts to streamline and consolidate activities to simplify the process of applying for a range of Federal and State assistance programs, including the use of—

"(A) 'one-stop offices' to coordinate the application process for individuals and families with low-incomes or limited resources and to ensure that applicants and recipients receive the information they need with regard to such range of programs; and

"(B) forms which are easy to read and understand or easily explained by State agency employees.

"(2) USE OF INCENTIVES.—The State plan may require the use of incentives (including Work First program funds) to change the culture of each State agency office with responsibilities under the State plan, to improve the performance of employees, and to ensure that the objective of each employee of each such State office is to find unsubsidized paid employment for each program client as efficiently and as quickly as possible.

"(3) CASEWORKER TRAINING AND RETRAINING.—The State plan may provide such training to caseworkers and related personnel as may be necessary to ensure successful job placements that result in full-time public or private employment (outside the State agencies with responsibilities under part A) for program clients.

"(j) COORDINATION OF SERVICES.—The State plan shall provide that the State agency may—

"(1) establish convenient locations in each community at which individuals and families with low-incomes or limited resources may apply for and (if appropriate) receive, directly or through referral to the appropriate provider, in appropriate languages and in a culturally sensitive manner—

"(A) temporary employment assistance under the State plan;

"(B) employment and education counseling;

"(C) job placement;

"(D) child care;

"(E) health care;

"(F) transportation assistance;

"(G) housing assistance;

"(H) child support services;

"(I) assistance under the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973;

"(J) unemployment insurance;

"(K) assistance under the Carl D. Perkins Vocational and Applied Technology Education Act;

"(L) assistance under the School-to-Work Opportunities Act of 1994;

"(M) assistance under Federal student loan programs;

"(N) assistance under the Job Training Partnership Act; and

"(O) other types of counseling and support services; and

"(2) assign to each recipient of assistance under the State plan, and to each applicant for such assistance, a case manager who—

"(A) is knowledgeable about community resources;

"(B) is qualified to refer the applicant or recipient to appropriate employment programs or education and training programs, or both, and needed health and social services; and

"(C) is required to coordinate the provision of benefits and services by the State to the applicant or recipient, until the applicant or recipient is no longer eligible for—

"(i) assistance under the State plan;

"(ii) child care guaranteed by the State in accordance with section 405(b); and

"(iii) medical assistance under the State plan approved under title XIX."

(b) TECHNICAL ASSISTANCE.—The Secretary of Health and Human Services shall provide technical assistance and training to States to assist the States in implementing effective management practices and strategies in order to make the operation of State offices described in section 407(i) of the Social Security Act (as added by subsection (a)) efficient and effective.

#### SEC. 203. JOB CREATION.

(a) GRANTS TO COMMUNITY-BASED ORGANIZATIONS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") may make grants in accordance with this subsection using funds described in paragraph (2), and, to the extent allowed by the States, Work First funds under part F of title IV of the Social Security Act, to community-based organizations that move clients of temporary employment assistance under a State plan approved under part A of title IV of the Social Security Act or under other public assistance programs into private sector work.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection \$25,000,000 for fiscal year 1996 and \$50,000,000 for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

(3) ELIGIBLE ORGANIZATIONS.—The Secretary shall award grants to community-based organizations that—

(A) may receive at least 5 percent of their funding from local government sources; and

(B) move clients referred to in paragraph (1) in the direction of unsubsidized private employment by integrating and co-locating at least 5 of the following services—

(i) case management;

(ii) job training;

(iii) child care;

(iv) housing;

(v) health care services;

(vi) nutrition programs;

(vii) life skills training; and

(viii) parenting skills.

(4) AWARDING OF GRANTS.—

(A) IN GENERAL.—The Secretary shall award grants based on the quality of applications, subject to subparagraphs (B) and (C).

(B) PREFERENCE IN AWARDING GRANTS.—In awarding grants under this subsection, the



Secretary shall give preference to organizations which receive more than 50 percent of their funding from State government, local government or private sources.

(C) DISTRIBUTION OF GRANT.—The Secretary shall award at least 1 grant to each State from which the Secretary received an application.

(D) LIMITATION ON SIZE OF GRANT.—The Secretary shall not award any grants under this subsection of more than \$1,000,000.

(5) ISSUANCE OF REGULATIONS.—Not less than 6 months after the date of the enactment of this subsection, the Secretary shall prescribe such regulations as may be necessary to implement this subsection.

(b) GRANTS TO EXPAND THE NUMBER OF JOB OPPORTUNITIES AVAILABLE TO CERTAIN LOW-INCOME INDIVIDUALS.—

(1) IN GENERAL.—The Secretary shall enter into agreements with nonprofit organizations (including community development corporations) submitting applications under this subsection for the purpose of conducting projects in accordance with paragraph (2) and funded under section 495(a)(5) to create employment opportunities for certain low-income individuals.

(2) NATURE OF PROJECT.—

(A) IN GENERAL.—Each nonprofit organization conducting a project under this subsection shall provide technical and financial assistance to private employers in the community to assist such employers in creating employment and business opportunities for those individuals eligible to participate in the projects as described in this paragraph.

(B) NONPROFIT ORGANIZATIONS.—For purposes of this subsection, a nonprofit organization is any organization (including a community development corporation) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986 by reason of paragraph (3) or (4) of section 501(c) of such Code.

(C) ELIGIBLE LOW-INCOME INDIVIDUALS.—For purposes of this subsection, a low-income individual eligible to participate in a project conducted under this subsection is any individual eligible to receive temporary employment assistance under part A of title IV of the Social Security Act (as added by section 101 of this Act) and any other individual whose income level does not exceed 100 percent of the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section).

(3) CONTENT OF APPLICATIONS; SELECTION PRIORITY.—

(A) CONTENT OF APPLICATIONS.—Each nonprofit organization submitting an application under this subsection shall, as part of such application, describe—

(i) the technical and financial assistance that will be made available under the project conducted under this subsection;

(ii) the geographic area to be served by the project;

(iii) the percentage of low-income individuals (as described in paragraph (2)(C)) and individuals receiving temporary employment assistance under title IV of the Social Security Act (as so added) in the area to be served by the project; and

(iv) unemployment rates in the geographic areas to be served and (to the extent practicable) the jobs available and skills necessary to fill those vacancies in such areas.

(B) SELECTION PRIORITY.—In approving applications under this subsection, the Secretary shall give priority to applications proposing to serve those areas containing the highest percentage of individuals receiving temporary employment assistance under title IV of such Act (as so added).

(4) ADMINISTRATION.—Each nonprofit organization participating in a project conducted under this subsection shall provide assurances in its agreement with the Secretary that the organization has or will have a cooperative relationship with the agency responsible for administering the Work First program (as provided for under part F of title IV of the Social Security Act, as added by section 201 of this Act) in the area served by the project.

#### SEC. 204. COMMUNITY STEERING COMMITTEES DEMONSTRATION PROJECTS.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall enter into agreements with not more than 5 States that submit an application under this section, in such form and such manner as the Secretary may specify, for the purpose of conducting a demonstration project described in subsection (b).

(b) DESCRIPTION OF PROJECT.—

(1) COMMUNITY STEERING COMMITTEES.—

(A) ESTABLISHMENT.—A demonstration project conducted under this section shall establish within a State in each participating county a Community Steering Committee that shall be designed to help recipients of temporary employment assistance who are parents move into the non-subsidized workforce and to develop a holistic approach to the development needs of such recipient's family.

(B) MEMBERSHIP.—A Community Steering Committee shall consist of local educators, business representatives, and social service providers.

(C) GOALS AND DUTIES.—

(i) GOALS.—The goals of a Community Steering Committee are—

(I) to ensure that recipients of temporary employment assistance who are parents obtain and retain unsubsidized employment; and

(II) to reduce the incidence of intergenerational receipt of welfare assistance by addressing the needs of children of recipients of temporary employment assistance.

(ii) DUTIES.—A Community Steering Committee shall—

(I) identify and create unsubsidized employment positions for recipients of temporary employment assistance;

(II) propose and implement solutions to barriers to unsubsidized employment of recipients of temporary employment assistance;

(III) assess the needs of children of recipients of temporary employment assistance; and

(IV) provide services that are designed to ensure that children of recipients of temporary employment assistance enter school ready to learn and that, once enrolled, such children stay in school.

(iii) PRIMARY RESPONSIBILITY.—A primary responsibility of a Community Steering Committee shall be to work on an ongoing basis with parents who are recipients of temporary employment assistance and who have obtained nonsubsidized employment in order to ensure that such recipients retain their employment. Activities to carry out this responsibility may include—

(I) counseling;

(II) emergency day care;

(III) sick day care;

(IV) transportation;

(V) provision of clothing;

(VI) housing assistance; or

(VII) any other assistance that may be necessary on an emergency and temporary basis to ensure that such parents can manage the responsibility of being employed and the demands of having a family.

(iv) FOLLOW-UP SERVICES FOR CHILDREN.—A Community Steering Committee may provide special follow-up services for children of recipients of temporary employment assistance that are designed to ensure that the children reach their fullest potential and do not, as they mature, receive welfare assistance as the head of their own household.

(2) FUNDING.—Notwithstanding the provisions of section 495(b)(1)(B)(i), a State county that has a Community Steering Committee shall receive reimbursement under such section for expenditures of the Committee in an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) for such State, plus 10 percentage points.

(c) REPORT.—Not later than October 1, 2001, the Secretary shall submit a report to the Congress on the results of the demonstration projects conducted under this section.

#### TITLE III—SUPPORTING WORK

##### SEC. 301. ELIGIBILITY FOR MEDICAID BENEFITS.

(a) TRANSITIONAL ELIGIBILITY FOR CERTAIN CHILDREN.—

(1) IN GENERAL.—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."

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendment 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.

(B) 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.

(b) CONTINUED APPLICATION OF CURRENT STANDARDS UNDER THE MEDICAID PROGRAM.—

(1) IN GENERAL.—Title XIX of the Social Security Act is amended—

(A) by redesignating section 1931 as section 1932; and

(B) by inserting after section 1930 the following new section:

##### "CONTINUED APPLICATION OF CERTAIN METHODOLOGY AND STANDARDS

"SEC. 1931. (a) APPLICATION TO THIS TITLE.—

"(1) IN GENERAL.—For purposes of applying this title on and after October 1, 1996, notwithstanding any other provision of this Act but subject to subsection (b), with respect to a State—

"(A) except as provided in subparagraphs (B) and (C), any reference in this title (or any other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part, shall be considered a reference to such provision or plan as in effect as of May 1, 1996;

"(B) individuals shall be deemed to be receiving aid or assistance under a State plan approved under part A of title IV if they meet—

"(i) the income and resource standards, and the methodology for determining eligibility for assistance applicable under such plan, as of May 1, 1996; and

"(ii) the eligibility requirements of such State plan that correspond to the requirements of subsections (a), (b), and (c) of section 406, section 402(a)(42), and section 407 of part A of title IV, as such sections were in effect as of May 1, 1996; and

"(C) any reference in section 1902(a)(5) or 1925 to a State plan approved under part A of title IV shall be deemed to be a reference to a State program funded under such part, as in effect on and after October 1, 1996.

"(2) STATE OPTION FOR LOWER STANDARDS.—In applying clause (i) of paragraph (1)(B), a State may lower the income and resource standards applicable under the State plan under part A of title IV so long as such standards are not less than the standards in effect under the State plan under such part of such title on May 1, 1988. A State may elect to use less restrictive income and resource standards or methodologies under such State plan.

"(3) STATE OPTION REGARDING SEPARATE MEDICAID APPLICATION FOR TEA RECIPIENTS.—In the case of an individual who is determined to be eligible for temporary employment assistance under a State plan under part A of title IV, as in effect on and after October 1, 1996, a State may, at its option, use such individual's application for temporary employment assistance to determine such individual's eligibility for medical assistance under the State plan under this title.

"(b) APPLICATION TO WAIVERS.—In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of May 1, 1996, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may (but need not) continue to be applied, at the option of the State, in relation to this title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subsection (a) shall be applied as if any provisions so waived had not been waived."

(2) PLAN AMENDMENT.—Section 1902(a) of such Act (42 U.S.C. 1396a(a)) is amended—

(A) by striking "and" at the end of paragraph (61).

(B) by striking the period at the end of paragraph (62) and inserting "; and", and

(C) by inserting after paragraph (62) the following new paragraph:

"(63) provide for administration and determinations of eligibility with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931."

(c) REPEAL OF SUNSET ON TRANSITIONAL WORK PROVISIONS.—Subsection (f) of section 1925 of such Act (42 U.S.C. 1396r-6(f)) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to medical

assistance furnished for calendar quarters beginning on or after October 1, 1996.

#### SEC. 302. CONSOLIDATED CHILD CARE DEVELOPMENT BLOCK GRANT.

(a) PURPOSE.—It is the purpose of this section to—

(1) eliminate program fragmentation and create a seamless system of high quality child care that allows for continuity of care for children as parents move from welfare to work;

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

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

(b) AMENDMENTS TO CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.—

(1) 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. APPROPRIATION.

"(a) AUTHORIZATION OF APPROPRIATIONS OF BLOCK GRANT FUNDS.—For the purpose of providing child care services for eligible children through the awarding of grants to States under this subchapter (other than the grants awarded under subsection (b)) by the Secretary, there are authorized to be appropriated, \$1,000,000,000 for each of the fiscal years 1996 through 2002.

"(b) APPROPRIATIONS OF FEDERAL MATCHING FUNDS.—For the purpose of providing child care services for eligible children through the awarding of matching grants to States under section 658J(d) by the Secretary, there are authorized to be appropriated and are hereby appropriated, \$2,000,000,000 for fiscal year 1997, \$2,250,000,000 for fiscal year 1998, \$2,500,000,000 for fiscal year 1999, \$2,800,000,000 for fiscal year 2000, \$3,150,000,000 for fiscal year 2001, and \$3,300,000,000 for fiscal year 2002."

(2) USE OF FUNDS.—Section 658E(c)(3)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858(c)(3)(B)) is amended—

(A) in clause (i), by striking "with very low family incomes (taking into consideration family size)" and inserting "described in clause (ii) (in the order so described)";

(B) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and realigning the margins accordingly;

(C) by striking "Subject" and inserting the following:

"(i) IN GENERAL.—Subject"; and

(D) by adding at the end the following new clause:

"(ii) FAMILIES DESCRIBED.—The families described in this clause are the following:

"(I) Families containing an individual receiving temporary employment assistance under a State plan approved under part A of title IV of the Social Security Act and participating in job search, work, or Work First.

"(II) Families containing an individual who—

"(aa) no longer qualifies for child care assistance under section 405(b) of the Social Security Act because such individual has ceased to receive assistance under the temporary employment assistance program under part A of title IV of the Social Security Act as a result of increased hours of, or increased income from, employment; and

"(bb) the State determines requires such child care assistance in order to continue such employment (but only for the 1-year period beginning on the date that the individual no longer qualifies for child care assistance under section 405(b) of such Act, and, at the option of the State, for the additional 1-year period beginning after the conclusion of the first 1-year period).

"(III) Families containing an individual who—

"(aa) is not described in subclause (I) or (II); and

"(bb) has an annual income for a fiscal year below the poverty line.

For purposes of item (bb), a State may opt to provide child care services to families at or above the poverty line and below 75 percent of the State median income but only with respect to 10 percent of the State's grant under this subchapter or a greater percentage of the State's grant if such increased amount is necessary to provide child care to families who were receiving such care on the day before the date of the enactment of the Work First Act of 1995.

(3) SET-ASIDES FOR QUALITY AND EXPANSION.—Section 658E(c)(3) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858(c)(3))—

(A) in subparagraph (C), by striking "25 percent" and inserting "10 percent"; and

(B) by adding at the end the following new subparagraph:

"(D) EXPANSION OF CHILD CARE.—The State shall reserve not less than 10 percent of the amount provided to the State and available for providing services under this subchapter, to provide for the expansion of child care facilities available to support working families residing in the State."

(4) SLIDING FEE SCALE.—Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858(c)(5)) is amended by inserting "described in subclauses (II) and (III) of paragraph (3)(B)(ii)" after "families".

(5) MATCHING REQUIREMENT FOR NEW FUNDS.—

(A) IN GENERAL.—Section 658J of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h) is amended by adding at the end the following new subsections:

"(d) MATCHING REQUIREMENT FOR CERTAIN NEW FUNDS.—

"(1) AMOUNT OF FEDERAL PAYMENT.—Subject to paragraph (2), the Secretary shall make quarterly payments to each State that has an application approved under section 658E(d) in an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) of the total amount expended during the quarter under the State plan in excess of the State's quarterly allotment under section 658O.

"(2) LIMITATION.—

"(A) IN GENERAL.—Payments under this subsection to a State for any fiscal year may not exceed the limitation determined under subparagraph (B) with respect to the State.

"(B) LIMITATION DETERMINED.—The limitation determined under this subparagraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (C) as the amount allotted to the State under 658O bears to the amount allotted to all States (after reserving the amount for Indian tribes required under section 658O(a)(2)).

"(C) AMOUNT SPECIFIED.—The amount specified in this subparagraph is the amount appropriated for such fiscal year under section 658B(b) reduced by the amount reserved for Indian tribes under subsection (e).

"(D) LIMITATION RAISED.—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) FORM OF PAYMENT.—With respect to the amount for which payment is made to a State under paragraph (1), the State's expenditures for the costs of operating such programs may be in cash or in kind, fairly evaluated.

"(4) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying amounts under paragraph (1) shall be as follows:

"(A) AMOUNT BASED ON ESTIMATE.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under paragraph (1), such estimate to be based on—

"(i) 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 paragraph 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; and

"(ii) such other information as the Secretary may find necessary.

"(B) REDUCTION OR INCREASE.—The Secretary shall reduce or increase the amount to be paid, as the case may be, by any sum by which the Secretary finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, 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 for such prior quarter.

"(e) AMOUNTS RESERVED FOR INDIAN TRIBES.—The Secretary shall reserve not more than 3 percent of the amount appropriated under section 658B(b) in each fiscal year for payments to Indian tribes and tribal organizations with applications approved under section 6580(c). The amounts reserved under the prior sentence shall be available to make grants to or enter into contracts with Indian tribes or tribal organizations consistent with section 6580(c) without a requirement of matching funds by the Indian tribes or tribal organizations.

"(f) SAME TREATMENT AS ALLOTMENTS.—Amounts paid to a State or Indian tribe under subsections (d) and (e) shall be subject to the same requirements under this subchapter as amounts paid from the allotment under section 6580."

(B) CONFORMING AMENDMENTS.—Section 6580 of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended—

(i) in subsection (a)—

(I) in paragraph (1), by striking "this subchapter" and inserting section 658B(a); and

(II) in paragraph (2), by striking "section 658B" and inserting "section 658B(a); and

(ii) in subsection (b)(1), by striking "section 658B" and inserting "section 658B(a)".

(6) IMPROVING QUALITY.—

(A) INCREASE IN REQUIRED FUNDING.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended by striking "not less than 20 percent" and inserting "50 percent".

(B) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

(i) by striking "A State" and inserting "(a) IN GENERAL.—A State"; and

(ii) by adding at the end the following new subsection:

"(b) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—

"(1) IN GENERAL.—The Secretary shall establish a child care quality improvement incentive initiative to make funds available to States that demonstrate progress in the implementation of—

"(A) innovative teacher training programs such as the Department of Defense staff development and compensation program for child care personnel; or

"(B) enhanced child care quality standards and licensing and monitoring procedures.

"(2) FUNDING.—From the amounts made available for each fiscal year under subsection (a), the Secretary shall reserve not to exceed \$50,000,000 in each such fiscal year to carry out this subsection."

(7) PAYMENTS.—Section 658J(a) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h) is amended by striking "Subject to the availability of appropriation, a" and inserting "A".

(8) DEFINITION OF ELIGIBLE CHILD.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended to read as follows:

"(B) who is a member of a family described in section 658E(c)(3)(B)(ii); and"

(9) DEFINITION OF POVERTY LINE.—Section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n) is amended—

(A) by redesignating paragraphs (10) through (14) as paragraphs (11) through (15), respectively; and

(B) by inserting after paragraph (9), the following new paragraph:

"(10) POVERTY LINE.—The term 'poverty line' means the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section) that—

"(A) in the case of a family of less than 4 individuals, is applicable to a family of the size involved; and

"(B) in the case of a family of 4 or more individuals, is applicable to a family of 4 individuals."

(c) PROGRAM REPEALS.—

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

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

#### TITLE IV—ENDING THE CYCLE OF INTERGENERATIONAL DEPENDENCY

##### SEC. 401. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

Section 402(c), as added by section 101(a), is amended by adding at the end the following new paragraph:

"(8) SUPERVISED LIVING ARRANGEMENTS FOR MINORS.—The State plan shall provide that—

"(A) except as provided in subparagraph (B), in the case of any individual who is under age 18 and has never married, and who has a needy child in his or her care (or is pregnant and is eligible for temporary employment assistance under the State plan)—

"(i) such individual may receive such assistance for the individual and such child (or for herself in the case of 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 assistance (where possible) shall be provided to the parent, legal guardian, or other adult relative on behalf of such individual and child; and

"(B)(i) in the case of an individual described in clause (ii)—

"(1) 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 assistance 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, the State agency shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the individual (and child) while living independently (as determined by the State agency); and

"(ii) 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 needy child of the individual would be jeopardized if such individual and such needy 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 needy child to waive the requirement of subparagraph (A) with respect to such individual."

##### SEC. 402. 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. ADULT-SUPERVISED GROUP HOMES.

"(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 adult-supervised group homes for custodial parents under age 18 (or age 19, at the option of the State) 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) ADULT-SUPERVISED GROUP HOME.—For purposes of this section, the term 'adult-supervised group home' means an entity that provides custodial parents under age 18 (or age 19, at the option of the State) and their children with a supportive and supervised living arrangement in which such parents 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. An adult-supervised group home may also serve as a network center for other supportive services that are 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 \$30,000,000 for fiscal year 1997 and each subsequent fiscal year.

“(c) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the community in any area in which an adult-supervised group home 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 home.

“(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 age 18 (or age 19, at the option of the State) 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 applica-

tions 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 \$3,000,000 for fiscal year 1997 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 ADULT-SUPERVISED GROUP HOMES.—Section 402(c)(8)(A)(ii), as added by section 401(a), is amended by striking “or other adult relative” and inserting “other adult relative, or adult-supervised group home receiving funds under section 2008”.

(c) RECOMMENDATIONS ON USE 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 adult-supervised group homes receiving funds under section 2008 of the Social Security Act, as added by this section.

#### **SEC. 403. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.**

(a) IN GENERAL.—Section 403(b)(4), as added by section 101(a), is amended—

(1) by inserting “(A)” after “(4)”; and

(2) by inserting at the end the following new subparagraph:

“(B) In the case of a client who is a custodial parent who is under age 18 (or age 19, at the option of the State), has not successfully completed a high-school education (or its equivalent), and is required to participate in the Work First program (including an individual who would otherwise be exempt from participation in the program), provides that—

“(i) such parent participate in—

“(I) educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time (as defined by the educational provider) basis; or

“(II) an alternative educational or training program on a full-time (as defined by the provider) basis; and

“(ii) child care be provided in accordance with section 405(b) with respect to the family.”

(b) STATE OPTION TO PROVIDE ADDITIONAL INCENTIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN PARENTING ACTIVITIES.—

(1) STATE PLAN.—Section 403(b)(4), as amended by subsection (a), is amended by inserting after subparagraph (B) the following new subparagraph:

“(C) At the option of the State, provides that the client who is a custodial parent or pregnant woman who is under age 19 (or age 21, at the option of the State) participate in a program of monetary incentives and penalties which—

“(i) may, at the option of the State, require full-time participation by such custo-

dial parent or pregnant woman in secondary school or equivalent educational activities, or participation in a course or program leading to a skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

“(ii) shall require that the needs of such custodial parent or pregnant woman be reviewed and the program assure that, either in the initial development or revision of such individual's parent empowerment contract, there will be included a description of the services that will be provided to the client and the way in which the program and service providers will coordinate with the educational or skills training activities in which the client is participating;

“(iii) shall provide monetary incentives (to be treated as assistance under the State plan) for more than minimally acceptable performance of required educational activities;

“(iv) shall provide penalties (which may be those required by subsection (c) or, with the approval of the Secretary, other monetary penalties that the State finds will better achieve the objectives of the program) for less than minimally acceptable performance of required activities;

“(v) shall provide that when a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive be paid directly to such parent, regardless of whether the State agency makes payment of assistance under the State plan directly to such parent; and

“(vi) for purposes of any other Federal or federally-assisted program based on need, shall not consider any monetary incentive paid under this subsection as income in determining a family's eligibility for or amount of benefits under such program, and if assistance is reduced by reason of a penalty under this subparagraph, such other program shall treat the family involved as if no such penalty has been applied.”

#### **SEC. 404. DRUG TREATMENT AND COUNSELING AS PART OF THE WORK FIRST PROGRAM.**

Section 403(b)(6), as added by section 101(a), is amended—

(1) by inserting “(A)” after “(6)”; and

(2) by inserting at the end the following new subparagraph:

“(B) In the case of a client who is a custodial parent and who is under age 18 (or age 19, at the option of the State) (including an individual who would otherwise be exempt from participation in the program), whose contract reflects the need for treatment for substance abuse, requires such individual to participate in substance abuse treatment if appropriate treatment is available.”

#### **SEC. 405. TARGETING YOUTH AT RISK OF TEEN-AGE PREGNANCY.**

(a) IN GENERAL.—Section 406(e), as added by section 101(a), is amended to read as follows:

“(e) OUT-OF-WEDLOCK AND TEEN PREGNANCY PROGRAMS.—

“(1) OUT-OF-WEDLOCK PREGNANCIES.—The State plan shall provide for the development of a program to reduce the incidence of out-of-wedlock pregnancies, which may include providing unmarried mothers and unmarried fathers with services which will help them—

“(A) avoid subsequent pregnancies; and

“(B) provide adequate care to their children.

“(2) TEEN PREGNANCIES.—

“(A) IN GENERAL.—The State plan shall provide that the 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 subparagraph (C) that have been approved in accordance with subparagraph (D).

“(B) ELIGIBLE ENTITIES.—For purposes of this paragraph, the term ‘eligible entity’ includes State agencies, local agencies, publicly supported organizations, private nonprofit organizations, and consortia of such entities.

“(C) APPLICATIONS.—An application described in this subparagraph shall—

“(i) describe the project;

“(ii) include an endorsement of the project by the chief elected official of the jurisdiction in which the project is to be located;

“(iii) demonstrate strong local commitment and local involvement in the planning and implementation of the project; and

“(iv) be submitted in such manner and containing such information as the Secretary may require.

“(D) APPROVAL.—

“(i) IN GENERAL.—Subject to clause (ii), the chief executive officer of a State may approve an application under this subparagraph based on selection criteria (to be determined by the chief executive officer).

“(ii) PREFERENCES.—Preference in approving a project shall be accorded to be 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 temporary employment assistance.

“(E) INDIAN TRIBES.—

“(i) 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 subparagraph, the provisions of this paragraph shall apply to Indian tribes receiving funds under this paragraph in the same manner and to the same extent as the other provisions of this paragraph apply to States.

“(ii) LIMITATION.—The Secretary shall limit the number of applications approved under this subparagraph to ensure that payments under section 413(d) to Indian tribes with approved applications would not result in payments of less than a minimum payment amount (to be determined by the Secretary).

“(iii) INDIAN TRIBE DEFINED.—For purposes of this subparagraph, 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.

“(F) PROJECT LENGTH.—A project conducted under this paragraph shall be conducted for not less than 3 years.

“(G) STUDY.—

“(i) IN GENERAL.—The Secretary shall conduct a study in accordance with clause (ii) to determine the relative effectiveness of the different approaches for preventing teenage pregnancy utilized in the projects conducted under this paragraph.

“(ii) REQUIREMENTS.—The study required under clause (i) 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 paragraph 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.

“(iii) INTERIM DATA.—Each eligible entity conducting a project under this paragraph shall provide to the Secretary in such form and with such frequency as the Secretary requires interim data from the projects conducted under this paragraph. 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 final report on the study required under clause (i).

“(iv) AUTHORIZATION.—There are authorized to be appropriated \$500,000 for each of fiscal years 1997 through 2002 for the purpose of conducting the study required under clause (i).”.

(b) PAYMENT.—Section 413, as added by section 101(a), is amended by adding at the end the following new subsection:

“(d) FUNDING FOR TEEN PREGNANCY PROJECTS.—

“(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 2002 of an amount equal to the lesser of—

“(A) 75 percent of the expenditures by the State in providing for the operation of the projects under section 406(e)(2), 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 \$30,000,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), 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) ADJUSTMENT.—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) 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 406(e)(2)(E) shall be entitled to payment from the Secretary for each of fiscal years 1997 through 2002 of an amount equal to the lesser of—

“(i) 75 percent of the expenditures by the Indian tribe in providing for the operation of the projects under section 406(e)(2)(E), 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 \$2,000,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), 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 406(e)(2)(E) in the second preceding fiscal year.

“(ii) ADJUSTMENT.—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) USE OF 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. 406. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education, the Secretary of Health and Human Services, and the Chief Executive Officer of the Corporation for National and Community Service 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. 407. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this title shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(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 the amendments made by this title, the State shall not be regarded as failing to comply with the requirements of such amendments 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 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.

# **TITLE V—INTERSTATE CHILD SUPPORT RESPONSIBILITY**

## **SECTION 500. SHORT TITLE.**

This title may be cited as the "Child Support Improvement Act of 1996".

### **Subtitle A—Eligibility for Services; Distribution of Payments**

## **SEC. 501. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.**

(a) 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 the State will—

"(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—

"(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services for foster care maintenance are provided under the State program funded under part E of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless, in accordance with paragraph (29), good cause and other exceptions exist;

"(ii) any other child, if an individual applies for such services with respect to the child; and

"(B) enforce any support obligation established with respect to—

"(i) a child with respect to whom the State provides services under the plan; or

"(ii) the custodial parent of such a child.";

and

(2) in paragraph (6)—

(A) by striking "provide that" and inserting "provide that—";

(B) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) services under the plan shall be made available to residents of other States on the same terms as to residents of the State submitting the plan";

(C) in subparagraph (B), by inserting "on individuals not receiving assistance under any State program funded under part A" after "such services shall be imposed";

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) 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 new paragraph:

"(25) provide that if a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of other individuals to whom services are furnished under the plan, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family.".

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking "454(6)" and inserting "454(4)".

(2) 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)".

(3) 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) Section 466(e) (42 U.S.C. 666(e)) is amended by striking "paragraph (4) or (6) of section 454" and inserting "section 454(4)".

## **SEC. 502. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.**

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

### **"SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

"(a) IN GENERAL.—Subject to subsection (e), an amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

"(A) pay to the Federal Government the Federal share of the amount so collected; and

"(B) retain, or distribute to the family, the State share of the amount so collected.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

"(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

"(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

"(I) PRE-OCTOBER 1997.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 502 of the Child Support Improvement Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued after the family ceased to receive assistance; and

"(bb) are collected before October 1, 1997.

"(II) POST-SEPTEMBER 1997.—With respect to the amount so collected on or after October 1, 1997 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither di-

vision (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

"(I) PRE-OCTOBER 2000.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 502 of the Child Support Improvement Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued before the family received assistance; and

"(bb) are collected before October 1, 2000.

"(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before the family received assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

"(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent past-due support has been assigned to the State as a condition of receiving assistance from the State, up to the amount necessary to reimburse the State for amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

"(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected as accruing in the following order:

"(I) To the period after the family ceased to receive assistance.

"(II) To the period before the family received assistance.

"(III) To the period while the family was receiving assistance.

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(4) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to

the Congress the Secretary's findings with respect to—

“(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

“(B) whether early implementation of a pre-assistance arrearage program by some States has been effective in moving people off of welfare and keeping them off of welfare;

“(C) what the overall impact has been of the amendments made by the Child Support Improvement Act of 1996 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

“(D) based on the information and data the Secretary has obtained, what changes, if any, should be made in the policies related to the distribution of child support arrearages.

“(b) CONTINUATION OF ASSIGNMENTS.—Any rights to support obligations, which were assigned to a State as a condition of receiving assistance from the State under part A and which were in effect on the day before the date of the enactment of the Child Support Improvement Act of 1996, shall remain assigned after such date.

“(c) DEFINITIONS.—As used in subsection (a):

“(1) ASSISTANCE.—The term ‘assistance from the State’ means—

“(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the enactment of the Child Support Improvement Act of 1996); or

“(B) benefits under the State plan approved under part E of this title (as in effect on the day before the date of the enactment of the Child Support Improvement Act of 1996).

“(2) FEDERAL SHARE.—The term ‘Federal share’ means that portion of the amount collected resulting from the application of the Federal medical assistance percentage in effect for the fiscal year in which the amount is collected.

“(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term ‘Federal medical assistance percentage’ means—

“(A) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa; or

“(B) the Federal medical assistance percentage (as defined in section 1905(b)) in the case of any other State.

“(4) STATE SHARE.—The term ‘State share’ means 100 percent minus the Federal share.

“(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Child Support Improvement Act of 1996), the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.

“(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—This section shall not apply to any amount collected on behalf of a family as support by a State pursuant to a plan approved under this part if such amount would have been distributed to the family by the State under section 402(a)(28), as in effect and applied on the day before the date of the enactment of section 522 of the Child Support Improvement Act of 1996.”

(b) CONFORMING AMENDMENTS.—

(1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking “section 457(b)(4) or (d)(3)” and inserting “section 457”.

(2) Section 454 (42 U.S.C. 654) is amended—

(A) in paragraph (11)—

(i) by striking “(11)” and inserting “(11)(A)”; and

(ii) by inserting after the semicolon “and”;

(B) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on July 1, 1996, or earlier at the State's option.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b)(2) shall become effective on the date of the enactment of this title.

#### SEC. 503. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 501(b) of this title, 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 after paragraph (25) the following new paragraph:

“(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are 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 against 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 against 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. 504. RIGHTS TO NOTIFICATION OF HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 502(b)(2) of this title, is amended by inserting after paragraph (11) the following new paragraph:

“(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

“(A) with notice of all proceedings in which support obligations might be established or modified; and

“(B) with 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) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

#### Subtitle B—Locate and Case Tracking

##### SEC. 511. STATE CASE REGISTRY.

Section 454A, as added by section 544(a)(2) of this title, is amended by adding at the end the following new subsections:

“(e) STATE CASE REGISTRY.—

“(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the ‘State

case registry’) that contains records with respect to—

“(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

“(B) each support order established or modified in the State on or after October 1, 1998.

“(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

“(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on case status) as the Secretary may require.

“(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

“(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

“(B) any amount described in subparagraph (A) that has been collected;

“(C) the distribution of such collected amounts;

“(D) the birth date of any child for whom the order requires the provision of support; and

“(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

“(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and update, maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, 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 comparison with Federal, State, or local sources of information;

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

“(D) any other relevant information.

“(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

“(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

“(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal



Parent Locator Service for the purposes specified in section 453.

“(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under State plans approved under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

“(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information 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. 512. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b) and 503(a) of this title, 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 new paragraph:

“(27) provide that, on and after October 1, 1998, the State agency will—

“(A) operate a State disbursement unit in accordance with section 454B; and

“(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

“(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

“(ii) take the actions described in section 466(c)(1) in appropriate cases.”.

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651–669), as amended by section 544(a)(2) of this title, is amended by inserting after section 454A the following new section:

#### “SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

“(a) STATE DISBURSEMENT UNIT.—

“(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the ‘State disbursement unit’) for the collection and disbursement of payments under support orders—

“(A) in all cases being enforced by the State pursuant to section 454(4); and

“(B) in all cases not being enforced by the State under this part in which the support order is initially issued in the State on or after January 1, 1994, and in which the wages of the noncustodial parent are subject to withholding pursuant to section 466(a)(8)(B).

“(2) OPERATION.—The State disbursement unit shall be operated—

“(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

“(B) except in cases described in paragraph (1)(B), in coordination with the automated system established by the State pursuant to section 454A.

“(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section, if the Secretary agrees that the system will not cost more nor take more time to establish or op-

erate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

“(b) REQUIRED PROCEDURES.—The State disbursement 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 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 any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

“(c) TIMING OF DISBURSEMENTS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

“(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

“(d) BUSINESS DAY DEFINED.—As used in this section, the term ‘business day’ means a day on which State offices are open for regular business.”.

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 544(a)(2) and as amended by section 511 of this title, is amended by adding at the end the following new subsection:

“(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

“(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

“(A) transmission of orders and notices to employers (and other debtors) for the withholding of wages and other income—

“(i) within 2 business days after receipt of notice of, and the income source subject to, such withholding from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State; and

“(ii) using uniform formats prescribed by the Secretary;

“(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

“(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

“(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term ‘business day’ means a day on which State offices are open for regular business.”.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on October 1, 1998.

(2) LIMITED EXCEPTION TO UNIT HANDLING PAYMENTS.—Notwithstanding section 454B(b)(1) of the Social Security Act, as added by this section, any State which, as of the date of the enactment of this title, processes the receipt of child support payments

through local courts, and, as of March 21, 1996, such courts were not funded under part D of title IV of the Social Security Act, may, at the option of the State, continue to process through September 30, 1999, such payments through such courts as processed such payments on or before such date of enactment.

#### SEC. 513. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b), 503(a) and 512(a) of this title, 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, on and after October 1, 1997, 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 new section:

#### “SEC. 453A. STATE DIRECTORY OF NEW HIRES.

“(a) ESTABLISHMENT.—

“(1) IN GENERAL.—

“(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—Except as provided in subparagraph (B), not later than October 1, 1997, 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 on each newly hired employee.

“(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of subsection (g)(2) not later than October 1, 1997, and the requirements of this section (other than subsection (g)(2)) not later than October 1, 1998.

“(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) EMPLOYER.—

“(i) IN GENERAL.—The term ‘employer’ has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1986 and includes any governmental entity and any labor organization.

“(ii) 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 subparagraphs (B) and (C), each employer 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 and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

“(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

“(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

“(2) TIMING OF REPORT.—Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

“(A) not later than 20 days after the date the employer hires the employee; or

“(B) in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

“(C) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W-4 form or, at the option of the employer, an equivalent form, and may be transmitted by 1st class mail, magnetically, or electronically.

“(d) CIVIL MONEY PENALTIES ON NON-COMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

“(1) \$25; or

“(2) \$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.

“(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

“(f) INFORMATION COMPARISONS.—

“(1) IN GENERAL.—Not later than May 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 and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

“(g) 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 (including any past due 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 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, 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.

“(h) OTHER USES OF NEW HIRE INFORMATION.—

“(1) LOCATION OF CHILD SUPPORT OBLIGATIONS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(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.”

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

(1) by inserting “(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))” after “employers”; and

(2) by inserting “, and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission” after “paragraph (2)”.

#### SEC. 514. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—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 the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.”

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking “subsection (a)(1)” and inserting “subsection (a)(1)(A)”.

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

“(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

“(i) that the withholding has commenced; and

“(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

“(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A).”

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows “administered by” and inserting “the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.”

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking “to the appropriate agency” and all that follows and inserting “to the State disbursement unit within 5 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall comply with the procedural rules relating to income withholding of the State in which the employee works, regardless of the State where the notice originates.”

(ii) in clause (ii), by inserting “be in a standard format prescribed by the Secretary, and” after “shall”; and

(iii) by adding at the end the following new clause:

“(iii) As used in this subparagraph, the term ‘business day’ means a day on which State offices are open for regular business.”

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking “any employer” and all that follows and inserting “any employer who—

“(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial 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 disbursement unit in accordance with this subsection.”

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

“(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means.”

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

#### SEC. 515. LOCATOR INFORMATION FROM INTER-STATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

“(12) LOCATOR INFORMATION FROM INTER-STATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.”

**SEC. 516. 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, or enforcing child custody or visitation orders—

“(1) information on, or facilitating the discovery of, the location of any individual—

“(A) who is under an obligation to pay child support or provide child custody or visitation rights;

“(B) against whom such an obligation is sought;

“(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.”; and

(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)”;

(B) in the flush paragraph at the end, by adding the following: “No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).”

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking “support” and inserting “support or to seek to enforce orders providing child custody or visitation rights”; and

(2) in paragraph (2), by striking “, or any agent of such court; and” and inserting “or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;”

(c) 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 “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)” before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

“(g) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—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).”

(e) CONFORMING 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”.

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

“(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

“(1) IN GENERAL.—Not later than October 1, 1998, 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, 1997, 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(g)(2).

“(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

“(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National 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.

“(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

“(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

“(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

“(A) IN GENERAL.—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) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the fol-

lowing 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 support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

“(B) within 2 business 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.

“(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.

“(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report 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.—

(A) 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;”.

(B) Section 454(13) (42 U.S.C. 654(13)) is amended by inserting “and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan” before the semicolon.

(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.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

“(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

“(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

“(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

“(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

“(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

“(3) For purposes of this subsection—

“(A) the term ‘wage information’ means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

“(B) the term ‘claim information’ means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual’s current (or most recent) home address.”.

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

“(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

“(i) The address and social security account number (or numbers) of such individual.

“(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.”.

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking “(1)(12)” and inserting “paragraph (6) or (12) of subsection (1)”.

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

“(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.”.

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking “subsection (1)(12)(B)” and inserting “paragraph (6)(A) or (12)(B) of subsection (1)”.

(h) REQUIREMENT FOR COOPERATION.—The Secretary of Labor and the Secretary of Health and Human Services shall work jointly to develop cost-effective and efficient

methods of accessing the information in the various State directories of new hires and the National Directory of New Hires as established pursuant to the amendments made by this title. In developing these methods the Secretaries shall take into account the impact, including costs, on the States, and shall also consider the need to insure the proper and authorized use of wage record information.

#### SEC. 517. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 515 of this title, is amended by adding at the end the following new paragraph:

“(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN FAMILY MATTERS.—Procedures requiring that the social security number of—

“(A) any applicant for a professional license, commercial driver’s license, occupational license, or marriage license be recorded on the application;

“(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

“(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.”.

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by section 321(a)(9) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(1) in clause (i), by striking “may require” and inserting “shall require”;

(2) in clause (ii), by inserting after the 1st 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.”;

(3) in clause (ii), by inserting “or marriage certificate” after “Such numbers shall not be recorded on the birth certificate”;

(4) in clause (vi), by striking “may” and inserting “shall”; and

(5) by adding at the end the following new clauses:

“(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 acknowledgment in the records relating to the matter, for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.”.

### Subtitle C—Streamlining and Uniformity of Procedures

#### SEC. 521. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

“(f) UNIFORM INTERSTATE FAMILY SUPPORT ACT.—

“(1) ENACTMENT AND USE.—In order to satisfy section 454(20)(A), on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act, as approved by the American Bar Association on February 9, 1993, together with any amendments officially adopted before January 1, 1998, by the National Conference of Commissioners on Uniform State Laws.

“(2) EMPLOYERS TO FOLLOW PROCEDURAL RULES OF STATE WHERE EMPLOYEE WORKS.—The State law enacted pursuant to paragraph (1) shall provide that an employer that receives an income withholding order or notice pursuant to section 501 of the Uniform Interstate Family Support Act follow the procedural rules that apply with respect to such order or notice under the laws of the State in which the obligor works.

#### SEC. 522. 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 2nd 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 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 more than 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 “arrearages 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. 523. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515 and 517(a) of this title, is amended by adding at the end the following new paragraph:

“(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—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 case-load 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. 524. 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 new paragraph:

“(11) not later than October 1, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

“(A) collection of child support through income withholding; and

“(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 new subparagraph:

“(E) not later than March 1, 1997, 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.”.

#### SEC. 525. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 514 of this title, is amended—

(1) in subsection (a)(2), by striking the first sentence and inserting the following: “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 inserting after subsection (b) the following new subsection:

“(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

“(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority to take the following actions relating to establishment of paternity or to establishment, modification, or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States) to take the following actions:

“(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

“(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

“(C) RESPONSE TO STATE AGENCY REQUEST.—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.

“(D) ACCESS TO CERTAIN RECORDS.—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 with respect to individuals who owe or are owed support (or against or with respect to whom a support obligation is sought), consisting of—

"(I) the names and addresses of such individuals and the names and addresses of the employers of such individuals, as appearing in customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on such individuals held by financial institutions,

subject to the nonliability of such entities arising from affording such access under this subparagraph.

"(E) CHANGE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to 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.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1) and (b) of section 466.

"(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(H) INCREASE MONTHLY PAYMENTS.—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 limitations as the State may provide.

Such procedures shall be 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.

"(2) SUBSTANTIVE AND PROCEDURAL RULES.—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) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to

privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, 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 parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

"(B) STATEWIDE JURISDICTION.—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

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local 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.

"(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively."

"(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 544(a)(2) and as amended by sections 511 and 512(c) of this title, is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c)."

#### Subtitle D—Paternity Establishment

#### SEC. 531. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—

"(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

"(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

"(B) PROCEDURES CONCERNING GENETIC TESTING.—

"(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which

the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause and other exceptions for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

"(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

"(i) SIMPLE CIVIL PROCESS.—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 mother and the putative father must be given notice, orally and in writing, 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) HOSPITAL-BASED PROGRAM.—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, unless good cause and other exceptions exist which—

"(I) shall be defined, taking into account the best interests of the child, and

"(II) shall be applied in each case,

by, at the option of the State, the State agency administering the State program under part A, this part, or title XIX.

"(iii) PATERNITY ESTABLISHMENT SERVICES.—

"(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II) REGULATIONS.—

"(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) SERVICES OFFERED BY OTHER ENTITIES.—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, use 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 the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

"(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements

of the affidavit specified by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

“(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

“(i) INCLUSION IN BIRTH RECORDS.—Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

“(I) the father and mother have signed a voluntary acknowledgment of paternity; or

“(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

“(ii) LEGAL FINDING OF PATERNITY.—Procedures under which a signed voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within the earlier of—

“(I) 60 days; or

“(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

“(iii) CONTEST.—Procedures under which, after the 60-day period referred to in clause (ii), a signed voluntary 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.

“(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

“(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

“(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

“(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

“(II) performed by a laboratory approved by such an accreditation body;

“(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

“(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

“(G) PRESUMPTION OF PATERNITY IN CERTAIN CASES.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

“(H) DEFAULT ORDERS.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

“(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

“(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—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, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

“(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—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 or for testing on behalf of the child.

“(L) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

“(M) FILING OF ACKNOWLEDGMENTS AND ADJUDICATIONS IN STATE REGISTRY OF BIRTH RECORDS.—Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.”

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting “, and specify the minimum requirements of an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee” before the semicolon.

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking “a simple civil process for voluntarily acknowledging paternity and”.

#### SEC. 532. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting “and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate” before the semicolon.

#### SEC. 533. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF PART A ASSISTANCE.

Section 454 (42 U.S.C. 654), as amended by sections 501(b), 503(a), 512(a), and 513(a) of this title, 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 inserting after paragraph (28) the following new paragraph:

“(29) provide that the State agency responsible for administering the State plan—

“(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to good cause and other exceptions which—

“(i) shall be defined, taking into account the best interests of the child, and

“(ii) shall be applied in each case,

by, at the option of the State, the State agency administering the State program under part A, this part, or title XIX;

“(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

“(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

“(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of cooperation and eligibility for assistance under the State program funded under part A or the State program under title XIX; and

“(E) shall promptly notify the individual and the State agency administering the State program funded under part A and the State agency administering the State program under title XIX of each such determination, and if noncooperation is determined, the basis therefore.”

#### Subtitle E—Program Administration and Funding

#### SEC. 541. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a revenue neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. Not later than November 1, 1996, the Secretary shall report on the new system to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(b) CONFORMING AMENDMENTS TO PRESENT SYSTEM.—Section 458 (42 U.S.C. 658) is amended—

(1) in subsection (a), by striking “aid to families with dependent children under a State plan approved under part A of this title” and inserting “assistance under a program funded under part A”; and

(2) in subsection (b)(1)(A), by striking “section 402(a)(26)” and inserting “section 408(a)(4)”;

(3) in subsections (b) and (c)—

(A) by striking “AFDC collections” each place it appears and inserting “title IV-A collections”; and

(B) by striking “non-AFDC collections” each place it appears and inserting “non-title IV-A collections”; and

(4) in subsection (c), by striking “combined AFDC/non-AFDC administrative costs” both places it appears and inserting “combined title IV-A/non-title IV-A administrative costs”.

(c) CALCULATION OF PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking “75” and inserting “90”.

(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

“(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;” and



(B) by adding at the end the following new flush sentence:

"In determining compliance under this section, a State may use as its paternity establishment percentage either the State's IV-D paternity establishment percentage (as defined in paragraph (2)(A)) or the State's statewide paternity establishment percentage (as defined in paragraph (2)(B))."

(3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i)—

(I) by striking "paternity establishment percentage" and inserting "IV-D paternity establishment percentage"; and

(II) by striking "(or all States, as the case may be)";

(ii) by striking "and" at the end thereof;

(B) by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) the term 'statewide paternity establishment percentage' means, with respect to a State for a fiscal year, the ratio (expressed as a percentage) that the total number of minor children—

"(i) who have been born out of wedlock, and

"(ii) the paternity of whom has been established or acknowledged during the fiscal year,

bears to the total number of children born out of wedlock during the preceding fiscal year; and"; and

(iii) in the matter following subparagraph (C) (as so redesignated), by striking "to have good cause for refusing to cooperate" and inserting "to qualify for a good cause or other exception to cooperation".

(4) 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; and

(B) in subparagraph (A) (as so redesignated), by striking "the percentage of children born out-of-wedlock in a State" and inserting "the percentage of children in a State who are born out of wedlock or for whom support has not been established".

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) APPLICATION OF SECTION 458.—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this title.

#### SEC. 542. FEDERAL AND STATE REVIEWS AND AUDITS.

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

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(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 operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expe-

ditioned procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including paternity establishment percentages) 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 subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part 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 in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are 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 12 months or more after the date of the enactment of this title.

#### SEC. 543. 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) 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 501(b), 503(a), 512(a), 513(a), and 533 of this title, is amended—

(1) by striking "and" at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting "; and"; and

(3) by adding after paragraph (29) the following new paragraph:

"(30) 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. 544. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—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" and all that follows and inserting a 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:

#### "SEC. 454A. AUTOMATED DATA PROCESSING.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part 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 with the frequency and in the manner required by or under this part.

"(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

"(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

"(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

"(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive payments 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 paternity establishment percentage 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 by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify 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 the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in 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.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data."

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this title.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by section 503(a)(1) of this title, 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, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988, and

"(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of the Child Support Improvement Act of 1996, 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 544(a)(3) of the Child Support Improvement Act of 1996;"

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(ii) by striking "so much of"; and

(iii) by striking "which the Secretary" and all that follows and inserting "; and"

(B) by adding at the end the following new paragraph:

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on September 30, 1995) but limited to the amount approved for States in the advance planning documents of such States submitted on or before September 30, 1995.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(ii) The percentage specified in this clause is 80 percent."

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than \$400,000,000 in the aggregate under section 455(a)(3)(B) of the Social Security Act for fiscal years 1996 through 2001.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3)(B) of such Act for fiscal years 1996 through 2001 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall pre-

scribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

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

#### SEC. 545. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.

The amount appropriated under this subsection shall remain available until expended."

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 516 of this title, is amended by adding at the end the following new subsection:

"(c) RECOVERY OF COSTS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees."

#### SEC. 546. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) 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 new clauses:

"(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month;"

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

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for (1) cases";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "(2)" before "all other";

(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 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 arrears;

"(vi) the total amount of support due and unpaid for all fiscal years; and"

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

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i)."

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1997 and succeeding fiscal years.

#### Subtitle F—Establishment and Modification of Support Orders

#### SEC. 551. 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) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—Procedures under which the State may review and adjust each support order being enforced under this part if there is an assignment under part A, or shall review and adjust each support order being enforced under this part upon the request of either parent. Such procedures shall provide the following:

"(A) IN GENERAL.—

"(i) 3-YEAR CYCLE.—Except as provided in subparagraphs (B) and (C), the State shall review and, as appropriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

"(ii) METHODS OF ADJUSTMENT.—The State may elect to review and, if appropriate, adjust an order pursuant to clause (i) by—

"(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to 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 the guidelines; or

“(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).”

“(iii) NO PROOF OF CHANGE IN CIRCUMSTANCES NECESSARY.—Any adjustment under this subparagraph (A) shall be made without a requirement for proof or showing of a change in circumstances.”

“(B) AUTOMATED METHOD.—The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.”

“(C) REQUEST UPON SUBSTANTIAL CHANGE IN CIRCUMSTANCES.—The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) based upon a substantial change in the circumstances of either parent.”

“(D) NOTICE OF RIGHT TO REVIEW.—The State shall provide notice not less than once every 3 years to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to this paragraph. The notice may be included in the order.”

#### **SEC. 552. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.**

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

“(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

“(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

“(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

“(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and

“(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.”

“(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.”

#### **SEC. 553. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.**

Part D of title IV (42 U.S.C. 651-669) is amended by adding at the end the following:

#### **“SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.**

“(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.”

“(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.”

“(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

“(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.”

“(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).”

“(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

“(A) the greater of—

“(i) \$1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

“(ii) the sum of—

“(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

“(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

“(B) the costs (including attorney's fees) of the action.”

“(d) DEFINITIONS.—For purposes of this section—

“(1) FINANCIAL INSTITUTION.—The term ‘financial institution’ means—

“(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

“(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(u));

“(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

“(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.”

“(2) FINANCIAL RECORD.—The term ‘financial record’ has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).”

#### **Subtitle G—Enforcement of Support Orders**

#### **SEC. 561. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.**

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking “and” at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting “, and”;

(3) 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

(4) 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. 562. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.**

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

#### **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.**

“(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.”

“(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.”

“(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

“(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

“(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

“(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.”

“(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

“(A) as soon as possible (but not later than 15 days) thereafter, send written notice of

the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) 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 section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) 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.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(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 the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(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 designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) 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 compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) 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.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) 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;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

"(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments."

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) 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)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) 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 program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa."

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting "or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))," before "which—";

(B) in subparagraph (B)(i), by striking "(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))" and inserting "(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 659(i)(2)))"; and

(C) in subparagraph (B)(ii), by striking "(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))" and inserting "(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 659(i)(3)))".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the 1st sentence, by inserting "(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act 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".

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by 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 such Act."

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this title.

#### SEC. 563. 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.—Within 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 established under section 453 of the Social Security Act.

(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 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 562(c)(4) of this title, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) 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 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."

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(4) of the Social Security Act (42 U.S.C. 608(a)(4)), 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."

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order 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 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."

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

#### SEC. 564. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 521 of this title, is amended by adding at the end the following new subsection:

"(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In order to satisfy section 454(20)(A), each State must have in effect—

"(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

"(B) the Uniform Fraudulent Transfer Act of 1984; or

"(C) 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

"(2) procedures under which, 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—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor."

#### SEC. 565. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.

(a) IN GENERAL.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), and 523 of this title, is amended by adding at the end the following new paragraph:

"(15) PROCEDURES TO ENSURE THAT PERSONS OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—

"(A) IN GENERAL.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to issue an order or to request that a court or an administrative process established pursuant to State law issue an order that requires the individual to—

"(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

"(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

"(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term 'past-due support' means the amount of a delinquency, determined under a court order, or an order of an administrative process established

under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living.”

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C. 666(a)) is amended by striking “and (7)” and inserting “(7), and (15)”.

#### SEC. 566. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 516 and 515(b) of this title, is amended by adding at the end the following new subsection:

“(p) SUPPORT ORDER DEFINED.—As used in this part, the term ‘support order’ means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys’ fees, and other relief.”

#### SEC. 567. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

“(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

“(A) IN GENERAL.—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 non-custodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

“(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subparagraph (A), information with respect to a noncustodial 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 (as so defined).”

#### SEC. 568. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

“(4) LIENS.—Procedures under which—

“(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

“(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, when the State agency, party, or other entity seeking to enforce such a lien complies with the procedural rules relating to recording or serving liens that arise within the State, except that such rules may not require judicial notice or hearing prior to the enforcement of such a lien.”

#### SEC. 569. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), 523, and 565 of this title, is amended by adding at the end the following:

“(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver’s licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply

with subpoenas or warrants relating to paternity or child support proceedings.”

#### SEC. 570. 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 section 545 of this title, is amended by adding at the end the following new subsection:

“(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding \$5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to paragraph (2).

“(2) The Secretary of State shall, upon certification by the Secretary transmitted under paragraph (1), refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

“(3) The Secretary and 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.”

(2) STATE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 501(b), 503(a), 512(b), 513(a), 533, and 543(b) of this title, is amended—

(A) by striking “and” at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting “; and”; and

(C) by adding after paragraph (30) the following new paragraph:

“(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding \$5,000, 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) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1997.

#### SEC. 571. INTERNATIONAL SUPPORT ENFORCEMENT.

(a) AUTHORITY FOR INTERNATIONAL AGREEMENTS.—Part D of title IV, as amended by section 562(a) of this title, is amended by adding after section 459 the following new section:

##### “SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.

“(a) AUTHORITY FOR DECLARATIONS.—

“(1) DECLARATION.—The Secretary of State, with the concurrence of the Secretary of Health and Human Services, is authorized to declare any foreign country (or a political subdivision thereof) to be a foreign reciprocating country if the foreign country has established, or undertakes to establish, procedures for the establishment and enforcement of duties of support owed to obligees who are residents of the United States, and such procedures are substantially in conformity with the standards prescribed under subsection (b).

“(2) REVOCATION.—A declaration with respect to a foreign country made pursuant to paragraph (1) may be revoked if the Secretaries of State and Health and Human Services determine that—

“(A) the procedures established by the foreign country regarding the establishment and enforcement of duties of support have

been so changed, or the foreign country’s implementation of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

“(B) continued operation of the declaration is not consistent with the purposes of this part.

“(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

“(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

“(1) MANDATORY ELEMENTS.—Support enforcement procedures of a foreign country which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

“(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

“(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

“(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection and appropriate distribution of child support payments under such orders.

“(B) The procedures described in subparagraph (A), including legal and administrative assistance, are provided to residents of the United States at no cost.

“(C) An agency of the foreign country is designated as a Central Authority responsible for—

“(i) facilitating support enforcement in cases involving residents of the foreign country and residents of the United States; and

“(ii) ensuring compliance with the standards established pursuant to this subsection.

“(2) ADDITIONAL ELEMENTS.—The Secretary of Health and Human Services and the Secretary of State, in consultation with the States, may establish such additional standards as may be considered necessary to further the purposes of this section.

“(c) DESIGNATION OF UNITED STATES CENTRAL AUTHORITY.—It shall be the responsibility of the Secretary of Health and Human Services to facilitate support enforcement in cases involving residents of the United States and residents of foreign countries that are the subject of a declaration under this section, by activities including—

“(1) development of uniform forms and procedures for use in such cases;

“(2) notification of foreign reciprocating countries of the State of residence of individuals sought for support enforcement purposes, on the basis of information provided by the Federal Parent Locator Service; and

“(3) such other oversight, assistance, and coordination activities as the Secretary may find necessary and appropriate.

“(d) EFFECT ON OTHER LAWS.—States may enter into reciprocal arrangements for the establishment and enforcement of support obligations with foreign countries that are not the subject of a declaration pursuant to subsection (a), to the extent consistent with Federal law.”

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b), 503(a), 512(b), 513(a), 533, 543(b), and 570(a)(2) of this title, is amended—

(1) by striking “and” at the end of paragraph (30);

(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)(A) provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in

section 459A(d)(2) shall be treated as a request by a State;

"(B) provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

"(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor)."

#### SEC. 572. FINANCIAL INSTITUTION DATA MATCHES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), 523, 565, and 569 of this title, is amended by adding at the end the following new paragraph:

"(17) FINANCIAL INSTITUTION DATA MATCHES.—

"(A) IN GENERAL.—Procedures under which the State agency shall enter into agreements with financial institutions doing business in the State—

"(i) to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying information for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

"(ii) in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of any noncustodial parent who is subject to a child support lien pursuant to paragraph (4).

"(B) REASONABLE FEES.—The State agency may pay a reasonable fee to a financial institution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

"(C) LIABILITY.—A financial institution shall not be liable under any Federal or State law to any person—

"(i) for any disclosure of information to the State agency under subparagraph (A)(i);

"(ii) for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided for in subparagraph (A)(ii); or

"(iii) for any other action taken in good faith to comply with the requirements of subparagraph (A).

"(D) DEFINITIONS.—For purposes of this paragraph—

"(i) FINANCIAL INSTITUTION.—The term 'financial institution' has the meaning given to such term by section 469A(d)(1).

"(ii) ACCOUNT.—The term 'account' means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account."

#### SEC. 573. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), 523, 565, 569, and 572 of this title, is amended by adding at the end the following new paragraph:

"(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State's option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parent of such child is receiv-

ing assistance under the State program under part A, shall be enforceable, jointly and severally, against the parents of the noncustodial parent of such child."

#### SEC. 574. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.

(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.—Section 523(a) of title 11, United States Code, is amended—

(1) in paragraph (16) by striking the period at the end and inserting "; or";

(2) by adding at the end the following:

"(17) owed under State law to a State or municipality that is—

"(A) in the nature of support, and

"(B) enforceable under part D of title IV of the Social Security Act (42 U.S.C. 601 et seq.).", and

(3) in paragraph (5), by striking "section 402(a)(26)" and inserting "section 408(a)(4)".

(b) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 456(b) (42 U.S.C. 656(b)) is amended to read as follows:

"(b) NONDISCHARGEABILITY.—A debt (as defined in section 101 of title 11 of the United States Code) owed under State law to a State (as defined in such section) or municipality (as defined in such section) that is in the nature of support and that is enforceable under this part is not released by a discharge in bankruptcy under title 11 of the United States Code."

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply only with respect to cases commenced under title 11 of the United States Code after the date of the enactment of this title.

#### Subtitle H—Medical Support

#### SEC. 581. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

"if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this title.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1997.—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 1st plan year beginning on or after January 1, 1997, if—

(A) during the period after the date before the date of the enactment of this title and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

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.

#### SEC. 582. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), 523, 565, 569, 572, and 573 of this title, is amended by adding at the end the following new paragraph:

"(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders enforced

pursuant to this part shall include a provision for the health care coverage of the child, and in the case in which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the noncustodial parent's health plan, unless the noncustodial parent contests the notice."

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

#### SEC. 591. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651-669), as amended by section 553, is amended by adding at the end the following new section:

#### "SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

"(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial 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.

"(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to the amount appropriated for grants under this section for the 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.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) \$50,000 for fiscal year 1997 or 1998; or

"(B) \$100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or non-profit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary."

#### Subtitle J—Effective Dates and Conforming Amendments

#### SEC. 595. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act,



or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act.

(b) **GRACE PERIOD FOR STATE LAW CHANGES.**—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st 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.

(c) **GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.**—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

(d) **CONFORMING AMENDMENTS.**—

(1) The following provisions are amended by striking “absent” each place it appears and inserting “noncustodial”:

(A) Section 451 (42 U.S.C. 651).

(B) Subsections (a)(1), (a)(8), (a)(10)(E), (a)(10)(F), (f), and (h) of section 452 (42 U.S.C. 652).

(C) Subsections (a) and (f) of section 453 (42 U.S.C. 653).

(D) Paragraphs (8), (13), and (21)(A) of section 454 (42 U.S.C. 654).

(E) Section 455(e)(1) (42 U.S.C. 655(e)(1)).

(F) Section 458(a) (42 U.S.C. 658(a)).

(G) Subsections (a), (b), and (c) of section 463 (42 U.S.C. 663).

(H) Subsections (a)(3)(A), (a)(3)(C), (a)(6), and (a)(8)(B)(ii), the last sentence of subsection (a), and subsections (b)(1), (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i), (b)(8), (b)(9), and (e) of section 466 (42 U.S.C. 666).

(2) The following provisions are amended by striking “an absent” each place it appears and inserting “a noncustodial”:

(A) Paragraphs (2) and (3) of section 453(c) (42 U.S.C. 653(c)).

(B) Subparagraphs (B) and (C) of section 454(9) (42 U.S.C. 654(9)).

(C) Section 456(a)(3) (42 U.S.C. 656(a)(3)).

(D) Subsections (a)(3)(A), (a)(6), (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section 466 (42 U.S.C. 666).

(E) Paragraphs (2) and (4) of section 469 (42 U.S.C. 669).

## **TITLE VI—SUPPLEMENTAL SECURITY INCOME REFORM**

### **Subtitle A—Eligibility Restrictions**

#### **SEC. 601. 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.**

(a) **IN GENERAL.**—Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following:

“(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 re-

spect to the place of residence of the individual in order to receive benefits 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.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on the date of the enactment of this Act.

#### **SEC. 602. 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 inserting after paragraph (2) the following new paragraph:

“(3) 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, social security number, and photograph (if applicable) 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.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall be effective on and after the date of the enactment of this Act.

#### **SEC. 603. TREATMENT OF PRISONERS.**

(a) **IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF BENEFITS TO PRISONERS.**—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following new subparagraph:

“(1)(i) The Commissioner shall enter into a contract, with any interested State or local institution referred to in subparagraph (A), under which—

“(I) the institution shall provide to the Commissioner, on a monthly basis, the names, social security account numbers, dates of birth, and such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

“(II) the Commissioner shall pay to any such institution, with respect to each inmate

of the institution who is eligible for a benefit under this title for the month preceding the first month throughout which such inmate is in such institution and becomes ineligible for such benefit (or becomes eligible only for a benefit payable at a reduced rate) as a result of the application of this paragraph, an amount not to exceed \$400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after such individual becomes an inmate of such institution, or an amount not to exceed \$200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

“(ii) The provisions of section 552a of title 5, United States Code, shall not apply to any contract entered into under clause (i) or to information exchanged pursuant to such contract.

“(iii) Payments to institutions required by clause (i)(II) shall be made from funds otherwise available for the payment of benefits under this title and shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

(b) **DENIAL OF SSI BENEFITS FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED SSI BENEFITS WHILE IN PRISON.**—

(1) **IN GENERAL.**—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)), as amended by subsection (a)(1), is amended by adding at the end the following new subparagraph:

“(J) In any case in which the Commissioner of Social Security finds that a person has made a fraudulent statement or representation in order to obtain or to continue to receive benefits under this title while being an inmate in a penal institution, such person shall not be considered an eligible individual or eligible spouse for any month ending during the 10-year period beginning on the date on which such person ceases being such an inmate.”.

(2) **EFFECTIVE DATE.**—The amendment made by this subsection shall apply with respect to statements or representations made on or after the date of the enactment of this Act.

(d) **STUDY OF OTHER POTENTIAL IMPROVEMENTS IN THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.**—

(1) **STUDY.**—The Commissioner of Social Security shall conduct a study of the desirability, feasibility, and cost of—

(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out sections 202(x) and 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into contracts with the Commissioner under section 202(x)(3)(B) or 1611(e)(1)(I) of the Social Security Act furnish the information required by such contracts to the Commissioner by means of an electronic or other sophisticated data exchange system.

(2) **REPORT.**—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this subsection to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

#### **SEC. 604. EFFECTIVE DATE OF APPLICATION FOR BENEFITS.**

(a) **IN GENERAL.**—Subparagraphs (A) and (B) of section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended to read as follows:

“(A) the first day of the month following the date such application is filed, or

“(B) the first day of the month following the date such individual becomes eligible for

such benefits with respect to such application.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 1614(b) (42 U.S.C. 1382c(b)) is amended by striking “at the time the application or request is filed” and inserting “on the first day of the month following the date the application or request is filed”.

(2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3)) is amended by inserting “following the month” after “beginning with the month”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to applications for benefits under title XVI of the Social Security Act filed on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term “benefits under title XVI of the Social Security Act” includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

#### Subtitle B—Benefits for Disabled Children

##### SEC. 611. 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 (I) as subparagraphs (D) through (J), 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/behavioral 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; MISCELLANEOUS PROVISIONS.—

(1) IN GENERAL.—The provisions of, and 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 provisions and amendments.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be nec-

essary to implement the provisions of, and 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.—During the period beginning on January 1, 1997, and ending not later than December 31, 1997, 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 provisions of, and amendments made by, subsection (a) or (b). With respect to any redetermination 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;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(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, 1998.

(C) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

(4) APPROPRIATIONS.—

(A) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are authorized to be appropriated and are hereby appropriated, to remain available without fiscal year limitation, \$200,000,000 for fiscal year 1996, \$75,000,000 for fiscal year 1997, and \$25,000,000 for fiscal year 1998, for the Commissioner of Social Security to utilize only for continuing disability reviews and redeterminations under title XVI of the Social Security Act, with reviews and redeterminations for individuals affected by the provisions of subsection (b) given highest priority.

(B) ADDITIONAL FUNDS.—Amounts appropriated under subparagraph (A) shall be in addition to any funds otherwise appropriated for continuing disability reviews and redeterminations under title XVI of the Social Security Act.

(5) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term “benefits under title XVI of the Social Security Act” includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

##### SEC. 612. 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 611(a)(3), is amended—

(1) by inserting “(i)” after “(H)”;

(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) 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. 613. 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) **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)(I) 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—

“(aa) education and job skills training;

“(bb) special equipment or housing modifications or both specifically related to, and required by the nature of, the child’s disability; and

“(cc) appropriate therapy and rehabilitation.”.

(II) The knowing and willful misuse of funds from an account established under subclause (I) by a representative payee for any purpose not authorized by subclause (I) shall constitute fraud and shall be subject to penalties under section 1632.”.

(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.

**SEC. 614. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED CHILDREN WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.**

(a) **IN GENERAL.**—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended—

(1) by striking “or” after “XIX.”; and

(2) by inserting “or, in the case of an eligible individual under the age of 18 receiving payments (with respect to such individual) under any health insurance policy issued by a private provider of such insurance” after “section 1614(f)(2)(B).”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to benefits for months beginning 90 days after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

**SEC. 615. MODIFICATION RESPECTING PARENTAL INCOME DEEMED TO DISABLED CHILDREN.**

(a) **IN GENERAL.**—Section 1614(f)(2) (42 U.S.C. 1382c(f)(2)) is amended—

(I) by adding at the end of subparagraph (A) the following: “For purposes of the preceding sentence, the income of such parent or spouse of such parent shall be reduced by—

“(A) the allocation for basic needs described in subparagraph (C)(i); and

“(B) the earned income disregard described in subparagraph (C)(ii).”;

(2) by adding at the end the following:

“(C)(i) The allocation for basic needs described by this clause is—

“(I) in the case of an individual who does not have a spouse, an amount equal to 50 percent of the maximum monthly benefit payable under this title to an eligible individual who does not have an eligible spouse; or

“(II) in the case of an individual who has a spouse, an amount equal to 50 percent of the maximum monthly benefit payable under this title to an eligible individual who has an eligible spouse.

(ii) The earned income disregard described by this clause is an amount determined by deducting the first \$780 per year (or proportionally smaller amounts for shorter periods) plus 64 percent of the remainder from the earned income (determined in accordance with section 1612(a)(1) of the parent (and spouse, if any)).”.

(b) **PRESERVATION OF MEDICAID ELIGIBILITY.**—Section 1634 (42 U.S.C. 1383c) is amended by adding at the end the following:

“(f) Any child who has not attained 18 years of age and who would be eligible for a payment under this title but for the amendment made by section 615(a) of the Work First Act of 1996 shall be deemed to be receiving such payment for purposes of eligibility of the child for medical assistance under a State plan approved under title XIX of this Act.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to months after 1996.

**Subtitle C—Enforcement Provisions**

**SEC. 621. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.**

(a) **IN GENERAL.**—Section 1631(a) (42 U.S.C. 1383) is amended by adding at the end the following new paragraph:

“(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

“(i) 12, and

“(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse),

then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).

“(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed 3 installments that are made at 6-month intervals.

“(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

“(iii) In the case of an individual who has—

“(I) outstanding debt attributable to—

“(aa) food,

“(bb) clothing,

“(cc) shelter, or

“(dd) medically necessary services, supplies or equipment, or medicine; or

“(II) current expenses or expenses anticipated in the near term attributable to—

“(aa) medically necessary services, supplies or equipment, or medicine, or

“(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary under title XVIII, a State plan approved under title XIX, or any private entity legally liable to provide payment pursuant to an insurance policy, pre-paid plan, or other arrangement, the limitation specified in clause (ii) may be exceeded by an amount equal to the total of such debt and expenses.

“(C) This paragraph shall not apply to any individual who, at the time of the Commissioner’s determination that such individual is eligible for the payment of past-due monthly benefits under this title—

“(i) is afflicted with a medically determinable impairment that is expected to result in death within 12 months; or

“(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.

(D) For purposes of this paragraph, the term ‘benefits under this title’ includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.”.

(b) **CONFORMING AMENDMENT.**—Section 1631(a)(1) (42 U.S.C. 1383(a)(1)) is amended by inserting “(subject to paragraph (10))” immediately before “in such installments”.

(c) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—The amendments made by this section are effective with respect to past-due benefits payable under title XVI of the Social Security Act after the third month following the month in which this Act is enacted.

(2) **BENEFITS PAYABLE UNDER TITLE XVI.**—For purposes of this subsection, the term “benefits payable under title XVI of the Social Security Act” includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

**Subtitle D—Studies Regarding Supplemental Security Income Program**

**SEC. 631. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.**

Title XVI is amended by adding at the end the following new section:

**“SEC. 1636. ANNUAL REPORT ON PROGRAM.**

“(a) **DESCRIPTION OF REPORT.**—Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

“(1) a comprehensive description of the program;

“(2) historical and current data on allowances and denials, including number of applications and allowance rates at initial determinations, reconsiderations, administrative law judge hearings, council of appeals hearings, and Federal court appeal hearings;

“(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, work disabled adults, and children);

“(4) projections of future number of recipients and program costs, through at least 25 years;

“(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

“(6) data on the utilization of work incentives;

“(7) detailed information on administrative and other program operation costs;

“(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

“(9) State supplementation program operations;

“(10) a historical summary of statutory changes to this title; and

“(11) such other information as the Commissioner deems useful.

(b) **VIEWS OF MEMBERS OF THE SOCIAL SECURITY ADVISORY COUNCIL.**—Each member of the Social Security Advisory Council shall

be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report under this section."

**SEC. 632. IMPROVEMENTS TO DISABILITY EVALUATION.**

(a) REQUEST FOR COMMENTS.—

(1) IN GENERAL.—Not later than 60 days after the date of the enactment of this Act, the Commissioner of Social Security shall issue a request for comments in the Federal Register regarding improvements to the disability evaluation and determination procedures for individuals under age 18 to ensure the comprehensive assessment of such individuals, including—

(A) additions to conditions which should be presumptively disabling at birth or ages 0 through 3 years;

(B) specific changes in individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations;

(C) improvements in regulations regarding determinations based on regulations providing for medical and functional equivalence to such Listing of Impairments, and consideration of multiple impairments; and

(D) any other changes to the disability determination procedures.

(2) REVIEW AND REGULATORY ACTION.—The Commissioner of Social Security shall promptly review such comments and issue any regulations implementing any necessary changes not later than 18 months after the date of the enactment of this Act.

**SEC. 633. STUDY OF DISABILITY DETERMINATION PROCESS.**

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

**SEC. 634. STUDY BY GENERAL ACCOUNTING OFFICE.**

Not later than January 1, 1998, the Comptroller General of the United States shall study and report on the impact of the amendments made by, and the provisions of, this title on the supplemental security income program under title XVI of the Social Security Act.

**Subtitle E—National Commission on the Future of Disability**

**SEC. 641. ESTABLISHMENT.**

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the "Commission"), the expenses of which shall be paid from funds otherwise appropriated for the Social Security Administration.

**SEC. 642. DUTIES OF THE COMMISSION.**

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

**SEC. 643. MEMBERSHIP.**

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General shall serve on the Commission as an ex officio member of the Commission to advise and oversee the methodology and approach of the study of the Commission.

(c) PROHIBITION AGAINST OFFICER OR EMPLOYEE.—No officer or employee of any government shall be appointed under subsection (a).

(d) DEADLINE FOR APPOINTMENT; TERM OF APPOINTMENT.—Members of the Commission shall be appointed not later than 60 days after the date of the enactment of this Act. The members shall serve on the Commission for the life of the Commission.

(e) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(f) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(h) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(i) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(j) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(k) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

**SEC. 644. STAFF AND SUPPORT SERVICES.**

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent

services under section 3109(b) of title 5, United States Code.

(e) **STAFF OF FEDERAL AGENCIES.**—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) **OTHER RESOURCES.**—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) **PHYSICAL FACILITIES.**—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

#### **SEC. 645. POWERS OF COMMISSION.**

(a) **HEARINGS.**—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) **DELEGATION OF AUTHORITY.**—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) **INFORMATION.**—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) **GIFTS, BEQUESTS, AND DEVISES.**—The Commission may accept, use, and dispose of gifts, bequests, or devices of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devices of money and proceeds from sales of other property received as gifts, bequests, or devices shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) **MAILS.**—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

#### **SEC. 646. REPORTS.**

(a) **INTERIM REPORT.**—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 647, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) **FINAL REPORT.**—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) **PRINTING AND PUBLIC DISTRIBUTION.**—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

#### **SEC. 647. TERMINATION.**

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

### **TITLE VII—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS**

#### **SEC. 700. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION.**

The Congress makes the following statements concerning national policy with respect to welfare and immigration:

(1) Self-sufficiency has been a basic principle of United States immigration law since this country's earliest immigration statutes.

(2) It continues to be the immigration policy of the United States that—

(A) aliens within the nation's borders not depend on public resources to meet their needs, but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations, and

(B) the availability of public benefits not constitute an incentive for immigration to the United States.

(3) Despite the principle of self-sufficiency, aliens have been applying for and receiving public benefits from Federal, State, and local governments at increasing rates.

(4) Current eligibility rules for public assistance and unenforceable financial support agreements have proved wholly incapable of ensuring that individual aliens not burden the public benefits system.

(5) It is a compelling government interest to enact new rules for eligibility and sponsorship agreements in order to ensure that aliens be self-reliant in accordance with national immigration policy.

(6) It is a compelling government interest to remove the incentive for illegal immigration provided by the availability of public benefits.

(7) With respect to the State authority to make determinations concerning the eligibility of qualified aliens for public benefits in this title, a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen the least restrictive means available for achieving the compelling governmental interest of ensuring that aliens be self-reliant in accordance with national immigration policy.

#### **Subtitle A—Eligibility for Federal Benefits**

#### **SEC. 701. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.**

(a) **IN GENERAL.**—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 731(b)) is not eligible for any Federal public benefit (as defined in subsection (c)).

(b) **EXCEPTIONS.**—

(1) **CERTAIN FEDERAL PUBLIC BENEFITS.**—Subsection (a) shall not apply with respect to the following Federal public benefits:

(A) Care and services for the treatment of an emergency medical condition, as defined in section 1903(v)(3) of the Social Security Act, provided under a State plan approved under title XIX of such Act.

(B) Short-term, non-cash, in-kind emergency relief.

(C)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of symptoms of communicable diseases, whether or not such symptoms are actually caused by a communicable disease, and assistance for treatment of communicable diseases.

(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which—

(i) deliver in-kind services at the community level, including through public or private nonprofit agencies;

(ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and

(iii) are necessary for the protection of life, safety, or public health.

(E) Programs for housing or community development assistance or financial assistance administered by the Secretary of Housing and Urban Development, any program under title V of the Housing Act of 1949, or any assistance under section 306C of the Consolidated Farm and Rural Development Act, to the extent that the alien is receiving such a benefit on the date of the enactment of this Act.

(F) Assistance or benefits under—

(i) the National School Lunch Act (42 U.S.C. 1751 et seq.);

(ii) the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.);

(iii) section 4 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note);

(iv) the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note);

(v) section 110 of the Hunger Prevention Act of 1988 (Public Law 100-435; 7 U.S.C. 612c note); or

(vi) the food distribution program on Indian reservations established under section 4(b) of Public Law 88-525 (7 U.S.C. 2013(b)).

(G) The provision of any services or benefits directly related to—

(i) assisting the victims of domestic violence; or

(ii) protecting or assisting abused or neglected children.

(H) Services provided under the Head Start Act (42 U.S.C. 9831 et seq.).

(I) Services provided by a—

(i) migrant or community health center under section 329 or 330 of the Public Health Service Act; or

(ii) school-based health clinic.

(J) Payments for foster care and adoption assistance under part E of title IV of the Social Security Act.

(K) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965 and programs under titles III, VII, and VIII of the Public Health Service Act.

(L) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(2) **BATTERED OR ABUSED INDIVIDUALS.**—Subsection (a) shall not apply—

(A) for up to 48 months if the alien can demonstrate—

(i) that—

(I) the alien has been battered or subject to extreme cruelty in the United States by a spouse, parent, or child, or by a member of the spouse's, parent's, or child's family residing in the same household as the alien and the spouse, parent, or child consented or acquiesced to such battery or cruelty; or

(II) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty; and

(ii) that the need for the public benefits applied for has a substantial connection to the battery or cruelty described in subclause (I) or (II) of clause (i); and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(c) **FEDERAL PUBLIC BENEFIT DEFINED.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), for purposes of this title the term “Federal public benefit” means—

(A) 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, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

(2) **EXCEPTIONS.**—The term “Federal public benefit” shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Attorney General, after consultation with the Secretary of State.

#### **SEC. 702. LIMITED ELIGIBILITY OF CERTAIN QUALIFIED ALIENS FOR SSI BENEFITS.**

(a) **LIMITED ELIGIBILITY FOR SSI BENEFITS.**—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 731(b)) is not eligible for the supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

(b) **EXCEPTIONS.**—

(1) **EXCEPTION FOR REFUGEES AND ASYLEES.**—Subsection (a) shall not apply to—  
(A) an alien who has been admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

(B) an alien who has been granted asylum under section 208 of such Act; or

(C) an alien whose deportation has been withheld under section 243(h) of such Act.

(2) **CERTAIN PERMANENT RESIDENT ALIENS.**—Subsection (a) shall not apply to an alien—

(A) who is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(B) (i) has had 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 40 different calendar quarters, and (ii) did not receive any Federal means-tested public benefit (as defined in section 703(c)) during any such quarter.

(3) **VETERAN AND ACTIVE DUTY EXCEPTION.**—Subsection (a) shall not apply to an alien who is lawfully residing in any State and is—

(A) 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;

(B) on active duty (other than active duty for training) in the Armed Forces of the United States; or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) **EXCEPTION FOR BATTERED INDIVIDUALS AND CHILDREN.**—Subsection (a) shall not apply in the case of an exception described in section 701(b)(2).

(5) **DISABILITY EXCEPTION.**—Subparagraph (a) shall not apply to an alien who has been lawfully admitted to the United States for permanent residence, and who since the date of such lawful admission, has become blind or disabled, as those terms are defined in section 1614 of the Social Security Act (42 U.S.C. 1382c).

(c) **TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.**—

(1) **APPLICATION AFTER JANUARY 1, 1998.**—Subsection (a) shall apply to the eligibility of an alien for the benefits described in such subsection for months beginning on or after January 1, 1998, if, on the date of the enactment of this Act, the alien is lawfully residing in any State and is receiving such benefits on the date of the enactment of this Act.

(2) **REDETERMINATION OF BENEFITS.**—During the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date, the Commissioner of Social Security shall redetermine the eligibility of any individual who is receiving benefits under the supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66, as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this section.

(3) **REDETERMINATION CRITERIA.**—With respect to any redetermination under paragraph (2), the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under the program and agreements described in such paragraph.

(4) **NOTICE.**—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in paragraph (2) of the provisions of this section.

#### **SEC. 703. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.**

(a) **IN GENERAL.**—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 731(b)) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of 5 years beginning on the date of the alien's entry into the United States with a status within the meaning of the term “qualified alien”.

(b) **EXCEPTIONS.**—The limitation under subsection (a) shall not apply to the any alien described in section 702(b).

(c) **FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), for purposes of this title, the term “Federal means-tested public benefit” means a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, house-

hold, or family eligibility unit for benefits, or the amount of such benefits, or both, are determined on the basis of income, resources, or financial need of the individual, household, or unit.

(2) **EXCEPTION.**—Such term does not include any Federal public benefit described in section 701(b)(1).

#### **SEC. 704. NOTIFICATION AND INFORMATION REPORTING.**

Each Federal agency that administers a program to which section 701, 702, or 703 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this title.

#### **Subtitle B—Eligibility for State and Local Public Benefits Programs**

#### **SEC. 711. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.**

(a) **IN GENERAL.**—Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not described under one of the following paragraphs of this subsection is not eligible for any State or local public benefit (as defined in subsection (c)):

(1) A qualified alien (as defined in section 731(b)).

(2) A nonimmigrant, as determined under the Immigration and Nationality Act.

(3) An alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(4) An alien described in section 701(b)(2).

(b) **EXCEPTIONS.**—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Care and services for the treatment of an emergency medical condition, as defined in section 1903(v)(3) of the Social Security Act.

(2) Short-term, noncash, in-kind emergency relief.

(3) (A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of symptoms of communicable diseases, whether or not such symptoms are actually caused by a communicable disease, and assistance for treatment of communicable diseases.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the appropriate State official which—

(A) deliver in-kind services at the community level, including through public or private nonprofit agencies;

(B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and

(C) are necessary for the protection of life, safety, or public health.

(5) Family violence services.

(6) Benefits or services to protect abused or neglected children.

(7) School meals and child nutrition services.

(8) Prenatal health care services.

(c) **STATE OR LOCAL PUBLIC BENEFIT DEFINED.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), for purposes of this section the term “State or local public benefit” means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) EXCEPTIONS.—The term "State or local public benefit" shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who, as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act, qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under the provisions of subsection (a).

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the option of a State to provide preventative health care to an alien who would otherwise be ineligible for such health care under the provisions of this section.

#### Subtitle C—Attribution of Income and Affidavits of Support

#### SEC. 721. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN FOR PURPOSES OF MEDICAID, FOOD STAMPS, AND TEA ELIGIBILITY.

(a) ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien for the program of medical assistance under title XIX of the Social Security Act, the Food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, and the temporary employment assistance program funded under part A of title IV of the Social Security Act, the income and resources of the alien shall be deemed to include the following:

(A) The income and resources of any person who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 723) on behalf of such alien.

(B) The income and resources of the spouse (if any) of such affiant.

(2) DETERMINATION OF INCOME AND RESOURCES.—

(A) INCOME.—For each program referred to in paragraph (1), the amount of income which shall be deemed to an alien under this section shall be determined by calculating the countable yearly income received by the sponsor and the sponsor's spouse according to the regulations for determining income eligibility applicable to the program involved, and deducting therefrom an amount equal to the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), (including any revision required by such section) applicable to a family of the same size as such sponsor's and such spouse's family.

(B) RESOURCES.—For each program referred to in paragraph (1), the amount of resources which shall be deemed to be the resources of an alien under this section shall be deter-

mined by calculating the total value of countable resources owned by and available to the sponsor and the sponsor's spouse. Such amount shall not include the sponsor's personal property, primary place of residence, property used to generate income, or such other resources as are designated by the agency charged with administering the affected program.

(b) APPLICATION.—

(1) IN GENERAL.—Subsection (a) shall apply with respect to an alien until such time as the alien—

(A) achieves United States citizenship through naturalization pursuant to the Immigration and Nationality Act; or

(B) (i) pays, or has 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 40 different calendar quarters, and (ii) did not receive any Federal means-tested public benefit (as defined in section 703(c)) during any such quarter.

(2) CREDIT FOR SPOUSES AND CHILDREN.—An alien not meeting the requirements of paragraph (1)(B)(i) shall be treated as meeting such requirements if—

(A) the spouse of such alien has met such requirements and the alien and spouse filed a joint income tax returns covering the 40 calendar quarters referred to in such paragraph; or

(B) the individual who claimed such alien as a dependent on an income tax return covering such quarters met such requirements for such quarters.

(3) EXCEPTIONS.—Subsection (a) shall not apply to—

(A) any alien described in—

(i) section 701(b)(2); or

(ii) section 702(b); or

(B) any alien woman who is pregnant.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien is required to reapply for benefits under any of the programs described in section 721(a)(1), the State agency administering such plan shall review the income and resources attributed to the alien under subsection (a).

(d) OTHER MEMBERS OF THE ALIEN'S HOUSEHOLD.—The deemed income and resources of a sponsored alien shall not affect the eligibility or amount of benefits of any other individuals who are members of such alien's family or household.

#### SEC. 722. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—

(1) IN GENERAL.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State or local public benefits (as defined in section 712(c)) that are means-tested, the State or political subdivision that offers the benefits may provide that the income and resources of the alien shall be deemed to include—

(A) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 723) on behalf of such alien; and

(B) the income and resources of the spouse (if any) of the affiant.

(2) DETERMINATION OF INCOME AND RESOURCES.—The maximum amount of a sponsor's income and resources that a State may attribute to an alien applying for State public benefits (as defined in section 712(c)) that are means-tested under this section shall be determined in accordance with the provisions of section 721(a)(2).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Emergency medical services.

(2) Short-term, noncash, in-kind emergency relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of symptoms of communicable diseases, whether or not such symptoms are actually caused by a communicable disease, and assistance for treatment of communicable diseases.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the appropriate State official which—

(A) deliver in-kind services at the community level, including through public or private nonprofit agencies;

(B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and

(C) are necessary for the protection of life, safety, or public health.

(8) Prenatal health care services.

(9) Services and benefits provided to an alien who is described in section 702(b)(5).

#### SEC. 723. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

"REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

"SEC. 213A. (a) ENFORCEABILITY.—

"(1) IN GENERAL.—No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract—

"(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

"(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and

"(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

"(2) ENFORCEMENT PERIOD.—A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

"(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

"(c) REMEDIES.—Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in sections 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection,



and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

“(d) NOTIFICATION OF CHANGE OF ADDRESS.—

“(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a) (2).

“(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

“(A) not less than \$250 or more than \$2,000; or

“(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than \$2,000 or more than \$5,000.

“(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—

“(1) PROCEDURE FOR REIMBURSEMENT.—

“(A) REQUEST FROM SPONSOR.—Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

“(B) REGULATIONS.—The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

“(2) CAUSES OF ACTION.—

“(A) IN GENERAL.—If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

“(B) UPON FAILURE TO ABIDE BY TERMS OF REPAYMENT.—If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

“(3) LIMITATION.—No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

“(4) AUTHORITY TO CONTRACT.—If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from bringing an action against a sponsor pursuant to an affidavit of support.

“(f) DEFINITIONS.—For the purposes of this section—

“(1) SPONSOR.—The term ‘sponsor’ means an individual who—

“(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

“(B) has attained the age of 18 years; and

“(C) is domiciled in the United States or in any territory or possession thereof.

“(2) MEANS-TESTED PUBLIC BENEFITS PROGRAM.—The term ‘means-tested public bene-

fits program’ means a program of public benefits (including cash, medical, housing, and food assistance and social services) of the Federal Government or of a State or political subdivision of a State in which the eligibility of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.”.

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act (as inserted by subsection (a) of this section) shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall not be earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of section 213A of such Act (as so inserted).

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support under section 213A of the Immigration and Nationality Act shall not apply with respect to—

(1) any alien described in—

(A) section 701(b)(2); or

(B) section 702(b);

(2) any alien woman who is pregnant; or

(3) any of the following benefits:

(A) Care and services for the treatment of an emergency medical condition, as defined in section 1903(v)(3) of the Social Security Act, provided under a State plan approved under title XIX of such Act, and prenatal services provided under a State plan approved under such title.

(B) Short-term, noncash, in-kind emergency relief.

(C) Assistance or benefits under the National School Lunch Act.

(D) Assistance or benefits under the Child Nutrition Act of 1966.

(E) (i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of symptoms of communicable diseases, whether or not such symptoms are actually caused by a communicable disease, and assistance for treatment of communicable diseases.

(F) Payments for foster care and adoption assistance under part E of title IV of the Social Security Act for a child.

(G) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General’s sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which—

(i) deliver in-kind services at the community level, including through public or private nonprofit agencies;

(ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient’s income or resources; and

(iii) are necessary for the protection of life, safety, or public health.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965 and programs under titles III, VII, and VIII of the Public Health Service Act.

(I) Benefits or services provided by a migrant or community health center under sec-

tion 329 or 330 of the Public Health Service Act.

(J) Family violence services.

#### Subtitle D—General Provisions

#### SEC. 731. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in this title, the terms used in this title have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—

(1) IN GENERAL.—For purposes of this title, the term “qualified alien” means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is lawfully present in the United States.

(2) REGULATIONS.—The determination of whether an alien is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. An alien shall not be considered to be lawfully present in the United States for the purposes of this title merely because the alien may be considered to be permanently residing in the United States under color of law for purposes of any particular program.

#### SEC. 732. STATUTORY CONSTRUCTION.

(a) LIMITATION.—

(1) IN GENERAL.—Nothing in this title shall be construed as an entitlement or as a determination of an individual’s eligibility or fulfillment of the requisite requirements for any Federal, State, or local governmental program, assistance, or benefits. For purposes of this title, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) NO EFFECT ON ELIGIBILITY FOR EDUCATION.—Nothing in this title may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under *Plyler v. Doe* (457 U.S. 202) (1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This title does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as determined by the Secretary of State in consultation with the Attorney General.

(c) 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.

#### SEC. 733. TITLE INAPPLICABLE TO PROGRAMS SPECIFIED BY ATTORNEY GENERAL.

Notwithstanding any other provision of this title, this title or any provision of this title shall not apply to programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short term shelter) specified by the Attorney General, in the Attorney General’s sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which—

(1) deliver services at the community level, including through public or private nonprofit agencies;

(2) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient’s income or resources; and

(3) are necessary for the protection of life, safety or the public health.

#### SEC. 734. TITLE INAPPLICABLE TO PROGRAMS OF NONPROFIT CHARITABLE ORGANIZATIONS.

(a) IN GENERAL.—Nothing in this Act shall be construed as requiring a nonprofit charitable organization operating any program of assistance provided or funded, in whole or in part, by the Federal Government or by the

government of any State or political subdivision of a State to—

(1) determine, verify, or otherwise require proof of the eligibility, as determined under this title, of any applicant for benefits or assistance under such program; or

(2) deem that the income or assets of any applicant for benefits or assistance under such program include the income or assets of an individual described in subparagraph (A) or (B) of section 721(a)(1).

(b) NO EFFECT ON FEDERAL AUTHORITY TO DETERMINE COMPLIANCE.—Nothing in this section shall be construed as prohibiting the Federal Government from determining the eligibility of any individual for any Federal public benefit as defined section 701(c), or for any State or local public benefits (as defined in section 711(c)).

#### Subtitle E—Conforming Amendments

#### SEC. 741. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING.

(a) LIMITATIONS ON ASSISTANCE.—Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) by striking “Secretary of Housing and Urban Development” each place it appears and inserting “applicable Secretary”;

(2) in subsection (b), by inserting after “National Housing Act,” the following: “the direct loan program under section 502 of the Housing Act of 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or 542 of such Act, subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act.”;

(3) in paragraphs (2) through (6) of subsection (d), by striking “Secretary” each place it appears and inserting “applicable Secretary”;

(4) in subsection (d), in the matter following paragraph (6), by striking “the term ‘Secretary’” and inserting “the term ‘applicable Secretary’”;

(5) by adding at the end the following new subsection:

“(h) For purposes of this section, the term ‘applicable Secretary’ means—

“(1) the Secretary of Housing and Urban Development, with respect to financial assistance administered by such Secretary and financial assistance under subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act; and

“(2) the Secretary of Agriculture, with respect to financial assistance administered by such Secretary.”.

(b) CONFORMING AMENDMENTS.—Section 501(h) of the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

(1) by striking “(1)”;

(2) by striking “by the Secretary of Housing and Urban Development”; and

(3) by striking paragraph (2).

#### TITLE VIII—FOOD ASSISTANCE

##### Subtitle A—Food Stamp Program

#### SEC. 801. DEFINITION OF CERTIFICATION PERIOD.

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking “Except as provided” and all that follows and inserting the following: “The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months.”.

#### SEC. 802. DEFINITION OF COUPON.

Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C. 2012(d)) is amended by striking “or type of certificate” and inserting “type of certificate, authorization card, cash or check issued in lieu of a coupon, or access device, including an electronic benefit transfer card or personal identification number.”.

#### SEC. 803. TREATMENT OF CHILDREN LIVING AT HOME.

The second sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking “(who are not themselves parents living with their children or married and living with their spouses)”.

#### SEC. 804. ADJUSTMENT OF THE THRIFTY FOOD PLAN.

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) on” and inserting “(11) on”;

(2) in paragraph (11), by inserting after “October 1 thereafter” the following: “through the last day of the first month following the month of enactment of the Work First Act of 1996”; and

(3) by striking the period at the end and inserting the following: “, and (12) on the first day of the second month following the month of enactment of the Work First Act of 1996, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on the first day of the second month after the month of enactment of the Work First Act of 1996, the Secretary may not reduce the cost of the diet in effect on September 30, 1995.”.

#### SEC. 805. DEFINITION OF HOMELESS INDIVIDUAL.

Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not more than 90 days” after “temporary accommodation”.

#### SEC. 806. STATE OPTION FOR ELIGIBILITY STANDARDS.

Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking “(b) The Secretary” and inserting the following: “(b) ELIGIBILITY STANDARDS.—Except as otherwise provided in this Act, the Secretary”.

#### SEC. 807. EARNINGS OF STUDENTS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking “is 21 years of age or younger” and inserting “has not reached the age of 18”.

#### SEC. 808. ENERGY ASSISTANCE.

(a) COUNTING GOVERNMENTAL ENERGY ASSISTANCE AS INCOME.—Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking paragraph (11); and

(2) by redesignating paragraphs (12) through (16) as paragraphs (11) through (15), respectively.

(b) STANDARD UTILITY ALLOWANCE.—Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking “If a State agency elects” and all that follows through “season for which it was provided.”.

(c) CONFORMING AMENDMENTS.—

(1) Section 5(k) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)) is amended—

(A) in paragraph (1)(B), by striking “, not including energy or utility-cost assistance.”;

(B) in paragraph (2)—

(i) by striking subparagraph (C); and

(ii) by redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively; and

(C) by adding at the end the following:

“(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

“(A) ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a Federal or State law to provide energy assistance to a household shall be considered money payable directly to the household.

“(B) ENERGY ASSISTANCE EXPENSES.—For purposes of subsection (e), an expense paid on behalf of a household under a Federal or State law to provide energy assistance shall

be considered an out-of-pocket expense incurred and paid by the household.”.

(2) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended—

(A) by striking “(f)(1) Notwithstanding any other provision of law” and inserting “(f) Notwithstanding any other provision of law except the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)”;

(B) in paragraph (1), by striking “food stamps.”; and

(C) by striking paragraph (2).

#### SEC. 809. REDUCTION IN THE STANDARD DEDUCTION.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking “(e) In computing” and all that follows through “June 30. All households” and inserting the following:

“(1) STANDARD DEDUCTION.—

“(A) IN GENERAL.—The Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States of—

“(i) for fiscal year 1996, \$130, \$222, \$183, \$260, and \$114, respectively; and

“(ii) for fiscal years 1997 through 2000, \$122, \$208, \$171, \$244, and \$106, respectively.

“(B) ADJUSTMENT FOR INFLATION.—On October 1, 2000, and each October 1 thereafter, the Secretary shall adjust the standard deduction to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food, for the 12-month period ending the preceding June 30.

“(2) OTHER DEDUCTIONS.—All households”.

#### SEC. 810. MANDATORY USE OF A STANDARD UTILITY ALLOWANCE.

Section 5(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(2)) (as amended by section 809) is amended by inserting after “only for excess utility costs.” the following: “A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling and the Secretary finds that the standards will not result in increased program costs.”.

#### SEC. 811. VEHICLE ASSET LIMITATION.

The first sentence of section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by striking “through September 30, 1995” and all that follows through “such date and on” and inserting “and shall be adjusted on October 1, 1996, and”.

#### SEC. 812. 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 808(c)(1)) is amended—

(1) by striking subparagraph (E); and

(2) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

#### SEC. 813. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i), by striking “six months” and inserting “1 year”; and

(2) in clause (ii), by striking “1 year” and inserting “2 years”.

#### SEC. 814. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

Section 6(b)(1)(iii) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)(iii)) is amended—

(1) in subclause (II), by striking “or” at the end;

(2) in subclause (III), by striking the period at the end and inserting “; or”; and

(3) by inserting after subclause (III) the following:

“(IV) a conviction of an offense under subsection (b) or (c) of section 15 involving an item covered by subsection (b) or (c) of section 15 having a value of \$500 or more.”.

#### SEC. 815. DISQUALIFICATION.

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking “(d)(1) Unless otherwise exempted by the provisions” and all that follows through the end of paragraph (1) and inserting the following:

“(d) CONDITIONS OF PARTICIPATION.—

“(1) WORK REQUIREMENTS.—

“(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

“(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the Secretary;

“(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

“(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

“(I) the applicable Federal or State minimum wage; or

“(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

“(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

“(v) voluntarily and without good cause—

“(I) quits a job; or

“(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

“(vi) fails to comply with section 20.

“(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

“(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

“(ii) 180 days.

“(C) DURATION OF INELIGIBILITY.—

“(i) FIRST VIOLATION.—The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

“(I) the date the individual becomes eligible under subparagraph (A);

“(II) the date that is 1 month after the date the individual became ineligible; or

“(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

“(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

“(I) the date the individual becomes eligible under subparagraph (A);

“(II) the date that is 3 months after the date the individual became ineligible; or

“(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

“(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

“(I) the date the individual becomes eligible under subparagraph (A);

“(II) the date that is 6 months after the date the individual became ineligible;

“(III) a date determined by the State agency; or

“(IV) at the option of the State agency, permanently.

“(D) ADMINISTRATION.—

“(i) GOOD CAUSE.—The Secretary shall determine the meaning of good cause for the purpose of this paragraph.

“(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

“(iii) DETERMINATION BY STATE AGENCY.—

“(I) IN GENERAL.—Subject to subclause (II) and clauses (i) and (ii), a State agency shall determine—

“(aa) the meaning of any term in subparagraph (A);

“(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

“(cc) whether an individual is in compliance with a requirement under subparagraph (A).

“(II) NOT LESS RESTRICTIVE.—A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

“(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

“(v) SELECTING A HEAD OF HOUSEHOLD.—

“(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

“(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

“(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

“(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

“(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.”.

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Act (7 U.S.C. 2026(b)(2)) is amended by

striking “6(d)(1)(i)” and inserting “6(d)(1)(A)(i)”.

(2) Section 20 of the Act (7 U.S.C. 2029) is amended by striking subsection (f) and inserting the following:

“(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.”.

#### SEC. 816. EMPLOYMENT AND TRAINING.

(a) IN GENERAL.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

(1) in subparagraph (A)—

(A) by striking “Not later than April 1, 1987, each” and inserting “Each”; and

(B) by inserting “work,” after “skills, training,”;

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: “, except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application.”;

(B) in clause (i), by striking “with terms and conditions” and all that follows through “time of application”; and

(C) in clause (iv)—

(i) by striking subclauses (I) and (II); and

(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(3) in subparagraph (D)—

(A) in clause (i), by striking “to which the application” and all that follows through “30 days or less”;

(B) in clause (ii), by striking “but with respect” and all that follows through “child care”; and

(C) in clause (iii), by striking “, on the basis of” and all that follows through “clause (ii)” and inserting “the exemption continues to be valid”;

(4) in subparagraph (E), by striking the third sentence;

(5) in subparagraph (G)—

(A) by striking “(G)(i) The State” and inserting “(G) The State”; and

(B) by striking clause (ii);

(6) in subparagraph (H), by striking “(H)(i) The Secretary” and all that follows through “(ii) Federal funds” and inserting “(H) Federal funds”;

(7) in subparagraph (I)(i)(II), by striking “, or was in operation,” and all that follows through “Social Security Act” and inserting the following: “, except that the payment or reimbursement shall not exceed the applicable local market rate”;

(8)(A) by striking subparagraphs (K) and (L) and inserting the following:

“(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including under subparagraph (I)) for participants who are 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.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.); and

(B) by redesignating subparagraphs (M) and (N) as subparagraphs (L) and (M), respectively; and

(9) in subparagraph (L) (as redesignated by paragraph (8)(B))—

(A) by striking “(L)(i) The Secretary” and inserting “(L) The Secretary”; and

(B) by striking clause (ii).

(b) FUNDING.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking “(h)(1)(A) The Secretary” and

all that follows through the end of paragraph (1) and inserting the following:

“(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

“(1) IN GENERAL.—

“(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—

“(i) for fiscal year 1996, \$75,000,000;

“(ii) for fiscal year 1997, \$85,000,000;

“(iii) for fiscal year 1998, \$95,000,000; and

“(iv) for fiscal years 1999 through 2002, \$100,000,000.

“(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary).

“(C) REALLOCATION.—

“(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

“(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

“(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than \$50,000 in each fiscal year.”.

(c) ADDITIONAL MATCHING FUNDS.—Section 16(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(2)) is amended by inserting before the period at the end the following: “, including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work”.

(d) REPORTS.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking “(5)(A) The Secretary” and inserting “(5) The Secretary”; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

#### SEC. 817. COMPARABLE TREATMENT FOR DISQUALIFICATION.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by adding at the end the following:

“(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

“(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a means-tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

“(2) RULES AND PROCEDURES.—If a disqualification is imposed under paragraph (1) for a failure of an individual to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to impose the same disqualification under the food stamp program.

“(3) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.”.

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Act (7 U.S.C. 2020(e)) is amended—

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

(2) in paragraph (25), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(26) the guidelines the State agency uses in carrying out section 6(i); and”.

(c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by striking “that is comparable to a requirement of paragraph (1)”.

#### SEC. 818. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 817) is amended by adding at the end the following:

“(j) DISQUALIFICATION OF FLEEING FELONS.—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

“(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the law of the place from which the individual is fleeing, for a crime, or attempt to commit a crime, that is a felony under the law of the place from which the individual is fleeing or that, in the case of New Jersey, is a high misdemeanor under the law of New Jersey; or

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

#### SEC. 819. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 818) is amended by adding at the end the following:

“(k) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

“(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as ‘the individual’) who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

“(A) in establishing the paternity of the child (if the child is born out of wedlock); and

“(B) in obtaining support for—

“(i) the child; or

“(ii) the individual and the child.

“(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate.

“(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

“(l) NONCUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—At the option of a State agency, no individual who fails to make legally obligated child support payments shall be eligible to participate in the food stamp program unless the individual is unemployed or establishes that the child support award is inconsistent with applicable guidelines.”.

#### SEC. 820. WORK REQUIREMENT.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 819) is amended by adding at the end the following:

“(m) WORK REQUIREMENT.—

“(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term ‘work program’ means—

“(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

“(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

“(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under section 6(d)(4).

“(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12-month period, the individual received food stamp benefits for not less than 6 months during which the individual did not—

“(A) work 20 hours or more per week, averaged monthly; or

“(B) participate in and comply with a workfare program under section 20 or a comparable State or local workfare program;

“(C) participate in and comply with the requirements of an approved employment and training program under subsection (d)(4); or

“(D) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency.

“(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

“(A) under 18 or over 50 years of age;

“(B) medically certified as physically or mentally unfit for employment;

“(C) a parent or other member of a household with a dependent child under 18 years of age;

“(D) a pregnant woman;

“(E) unable to participate in an employment and training program because the State in which the individual resides does not provide sufficient opportunities for participation in such a program; or

“(F) otherwise exempt under section 6(d)(2).

“(4) WAIVER.—

“(A) IN GENERAL.—The Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

“(i) has an unemployment rate of over 8 percent; or

“(ii) does not have a sufficient number of jobs to provide employment for the individuals.

“(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.”.

#### SEC. 821. ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)) is amended—

(1) by striking paragraph (1) and inserting the following:

“(1) ELECTRONIC BENEFIT TRANSFERS.—

“(A) IMPLEMENTATION.—Not later than October 1, 2002, each State agency shall implement an electronic benefit transfer system under which household benefits determined under section 8(a) are issued from and stored in a central databank, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

“(B) STATE FLEXIBILITY.—Subject to paragraph (2), a State agency may procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency considers appropriate.

“(C) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules 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.”; and

(2) by adding at the end the following:

“(7) REPLACEMENT CARD FEE.—A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

“(8) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

“(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

“(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.”.

#### SEC. 822. MINIMUM BENEFIT ADJUSTMENTS.

The proviso of section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking “of more than one month”.

#### SEC. 823. PRORATED BENEFITS ON RECERTIFICATION.

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. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.

Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended by striking paragraph (3) and inserting the following:

“(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.”.

#### SEC. 825. FAILURE TO COMPLY WITH OTHER WELFARE OR PUBLIC ASSISTANCE PROGRAMS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by striking subsection (d) and inserting the following:

“(d) FAILURE TO COMPLY WITH OTHER WELFARE OR PUBLIC ASSISTANCE PROGRAMS.—If the benefits of a household are reduced under a Federal, State, or local law relating to a welfare or public assistance program because of a penalty or for the failure of a member of the household to perform an action required under the law or program, for the duration of the reduction, the household may not receive an increased allotment as a result of a decrease in the income of the household to the extent that the decrease is the result of the reduction.”.

#### SEC. 826. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

“(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.—

“(I) IN GENERAL.—In the case of an individual who resides in a center for the purpose of a drug or alcoholic treatment program described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

“(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

“(B) the individual, if the individual leaves the center.

“(2) DIRECT PAYMENT.—A State agency may require an individual referred to in paragraph (1) to designate the center in which the individual resides as the authorized representative of the individual for the purpose of receiving an allotment.”.

#### SEC. 827. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended—

(1) in subsection (e)—

(A) in paragraph (3)—

(i) by striking “agency shall—” and all that follows through “(E) process applications” and inserting “agency shall process applications”; and

(ii) by striking “verified under this Act,” and all that follows through “and that the State” and inserting “verified under this Act, and that the State”; and

(B) in paragraph (19)—

(i) by striking “that information is” and inserting “at the option of the State agency, that information may be”; and

(ii) by striking “shall be requested” and inserting “may be requested”; and

(2) by adding at the end the following:

“(p) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, in carrying out the food stamp program, a State agency shall not be required to use an income and eligibility or an immigration status verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b-7).”.

#### SEC. 828. EXCHANGE OF LAW ENFORCEMENT INFORMATION.

Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking “that (A) such” and inserting the following: “that—

“(A) the”;;

(2) by striking “law, (B) notwithstanding” and inserting the following: “law;

“(B) notwithstanding”;;

(3) by striking “Act, and (C) such” and inserting the following: “Act;

“(C) the”; and

(4) by adding at the end the following:

“(D) notwithstanding any other provision of law, the address, social security number, and, if available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with the name of the member and notifies the agency that—

“(i) the member—

“(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

“(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

“(ii) locating or apprehending the member is an official duty; and

“(iii) the request is being made in the proper exercise of an official duty; and

“(E) the safeguards shall not prevent compliance with paragraph (17).”.

#### SEC. 829. EXPEDITED COUPON SERVICE.

Section 11(e)(9) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(9)) is amended—

(1) in subparagraph (A)—

(A) by striking “five days” and inserting “7 days”; and

(B) by inserting “and” at the end;

(2) by striking subparagraphs (B) and (C);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking “(B), or (C)”.’.

#### SEC. 830. WITHDRAWING FAIR HEARING REQUESTS.

Section 11(e)(10) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(10)) is amended by inserting before the semicolon at the end a period and the following: “At the option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for the fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the withdrawal request and providing the household with an opportunity to request a hearing”.

#### SEC. 831. COLLECTION OF OVERISSUANCES.

(a) COLLECTION OF OVERISSUANCES.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

(1) by striking subsection (b) and inserting the following:

“(b) COLLECTION OF OVERISSUANCES.—

“(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

“(A) reducing the allotment of the household; or

“(B) any other means of collection.

“(2) ALTERNATIVE MEANS OF REPAYMENT.—

At the option of a State agency, a household may be given notice permitting the household to elect another means of repayment and giving the household 10 days to make the election before the State agency commences action to reduce the household's monthly allotment.

“(3) MAXIMUM REDUCTION.—A State agency may not reduce the monthly allotment of the household under paragraph (1)(A) by an amount in excess of the greater of—

“(A) 10 percent of the monthly allotment of the household; or

“(B) \$10.

“(4) HARSHIP.—A State agency may waive the use of an allotment reduction under paragraph (1)(A) as a means of collecting a claim arising from an error of the State agency if the collection would cause a hardship (as defined by the State agency) on the household. The State agency shall continue to pursue all other lawful means of collection under paragraph (1)(B).”; and

(2) in subsection (d), by inserting before the period at the end the following: “or a Federal income tax refund as authorized by section 3720A of title 31, United States Code”.

(b) CONFORMING AMENDMENT.—Section 11(e)(8)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(C)), as amended by section 828, is amended by inserting after “Code” the following: “or a Federal income tax refund as authorized by section 3720A of title 31, United States Code”.

(c) RETENTION RATE.—Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking “25 percent during the period beginning October 1, 1990” and all that follows through “error of a State agency” and inserting “25 percent of the overissuances collected by the State agency under section 13, except those overissuances arising from an error of the State agency”.

(d) STATE AGENCY COLLECTION OF FEDERAL TAX REFUNDS.—Section 6402(d) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by inserting after “any Federal agency” the following: “(or any State agency that has the responsibility for the administration of the food stamp program operated under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.))”; and

(2) in the second sentence of paragraph (2), by inserting after “a Federal agency” the

following: “(or a State agency that has the responsibility for the administration of the food stamp program operated under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.))”.

#### SEC. 832. RESPONSE TO WAIVERS.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by adding at the end the following:

“(C) RESPONSE TO WAIVERS.—

“(i) RESPONSE.—Not later than 60 days after the date of receiving a request for a waiver under subparagraph (A), the Secretary shall provide a response that—

“(I) approves the waiver request;

“(II) denies the waiver request and explains any modification needed for approval of the waiver request;

“(III) denies the waiver request and explains the grounds for the denial; or

“(IV) requests clarification of the waiver request.

“(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall be considered approved, unless the approval is specifically prohibited by this Act.

“(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver request and a description of the reasons for the denial to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.”.

#### SEC. 833. SIMPLIFIED FOOD STAMP PROGRAM.

(a) IN GENERAL.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

##### “SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.

“(a) DEFINITION OF FEDERAL COSTS.—In this section, the term ‘Federal costs’ does not include any Federal costs incurred under section 17.

“(b) ELECTION.—Subject to subsection (d), a State may elect to carry out a Simplified Food Stamp Program (referred to in this section as a ‘Program’), statewide or in a political subdivision of the State, in accordance with this section.

“(c) OPERATION OF PROGRAM.—If a State elects to carry out a Program, within the State or a political subdivision of the State—

“(1) a household in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall automatically be eligible to participate in the Program; and

“(2) subject to subsection (f), benefits under the Program shall be determined under rules and procedures established by the State under—

“(A) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

“(B) the food stamp program; or

“(C) a combination of a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and the food stamp program.

“(d) APPROVAL OF PROGRAM.—

“(1) STATE PLAN.—A State agency may not operate a Program unless the Secretary approves a State plan for the operation of the Program under paragraph (2).

“(2) APPROVAL OF PLAN.—The Secretary shall approve any State plan to carry out a Program if the Secretary determines that the plan—

“(A) simplifies administration of State programs while furthering the goal of allowing low-income households to obtain a more nutritious diet;

“(B) complies with this section;

“(C) contains sufficient documentation that the plan will not increase Federal costs for any fiscal year; and

“(D) will not substantially alter, as determined by the Secretary, the appropriate distribution of benefits according to household need.

“(e) INCREASED FEDERAL COSTS.—

“(1) DETERMINATION.—During each fiscal year and not later than 90 days after the end of each fiscal year, the Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act above the Federal costs incurred under the food stamp program in operation in the State or political subdivision of the State for the fiscal year prior to the implementation of the Program, adjusted for any changes in—

“(A) participation;

“(B) the income of participants in the food stamp program that is not attributable to public assistance; and

“(C) the thrifty food plan under section 3(o).

“(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later than 30 days after the Secretary makes the determination under paragraph (1).

“(3) ENFORCEMENT.—

“(A) CORRECTIVE ACTION.—Not later than 90 days after the date of a notification under paragraph (2), the State shall submit a plan for approval by the Secretary for prompt corrective action that is designed to prevent the Program from increasing Federal costs under this Act.

“(B) TERMINATION.—If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State agency operating the Program and the State agency shall be ineligible to operate a future Program.

“(f) RULES AND PROCEDURES.—

“(1) IN GENERAL.—In operating a Program, a State or political subdivision of a State may follow the rules and procedures established by the State or political subdivision under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under the food stamp program.

“(2) REQUIREMENTS.—In operating a Program, a State or political subdivision shall comply with the requirements of—

“(A) subsections (a) through (g) of section 7;

“(B) section 8(a) (except that the income of a household may be determined under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.));

“(C) subsection (b) and (d) of section 8;

“(D) subsections (a), (c), (d), and (n) of section 11;

“(E) paragraphs (8), (9), (15), (17), (19), (23), and (24) of section 11(e);

“(F) section 11(e)(10) (or a comparable requirement established by the State under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

“(G) section 16.

“(4) LIMITATION ON ELIGIBILITY.—Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.”.

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Act (7 U.S.C. 2020(e)) is amended by adding at the end the following:

“(26) if a State elects to carry out a Simplified Food Stamp Program under section 26, the plans of the State agency for operating the program, including—

“(A) the rules and procedures to be followed by the State agency to determine food stamp benefits; and

“(B) a description of the method by which the State agency will carry out a quality control system under section 16(c).”.

(c) CONFORMING AMENDMENTS.—

(1) Section 8 of the Act (7 U.S.C. 2017) (as amended by section 827) is amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

(2) Section 17 of the Act (7 U.S.C. 2026) is amended—

(A) by striking subsection (i); and

(B) by redesignating subsections (j) through (l) as subsections (i) through (k), respectively.

#### SEC. 834. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) is amended by adding at the end the following:

“(3) AUTHORIZATION PERIODS.—The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid.”.

#### SEC. 835. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)), as amended by section 834, is amended by adding at the end the following:

“(4) PERIODS FOR PARTICIPATION OF STORES AND CONCERNS.—The Secretary may issue regulations establishing specific time periods during which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied or that has an approval withdrawn on the basis of business integrity and reputation cannot submit a new application for approval. The periods shall reflect the severity of business integrity infractions that are the basis of the denials or withdrawals.”.

#### SEC. 836. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended—

(1) in the first sentence, by inserting “, which may include relevant income and sales tax filing documents,” after “submit information”; and

(2) by inserting after the first sentence the following: “The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.”.

#### SEC. 837. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: “A retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because the store or concern does not meet criteria for approval established by the Secretary by regulation may not submit a new application for 6 months from the date of the denial.”.

#### SEC. 838. MANDATORY CLAIMS COLLECTION METHODS.

Section 13(d) of the Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amended—

(1) by striking “may be recovered” and inserting “shall be recovered”; and

(2) by inserting before the period at the end the following: "or a refund of Federal taxes under section 3720A of title 31, United States Code.".

**SEC. 839. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.**

Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)) is amended by adding at the end the following: "Regulations issued pursuant to this Act shall provide criteria for the finding of a violation, and the suspension or disqualification of a retail food store or wholesale food concern, on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through transaction reports under electronic benefits transfer systems.".

**SEC. 840. DISQUALIFICATION OF STORES PENDING JUDICIAL AND ADMINISTRATIVE REVIEW.**

(a) **AUTHORITY.**—Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)), as amended by section 839, is amended by adding at the end the following: "The regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time the store or concern is initially found to have committed a violation of a requirement of the food stamp program. The suspension may coincide with the period of a review under section 14. The Secretary shall not be liable for the value of any sales lost during a suspension or disqualification period.".

(b) **REVIEW.**—Section 14(a) of the Act (7 U.S.C. 2023(a)) is amended—

(1) in the first sentence, by striking "disqualified or subjected" and inserting "suspended, disqualified, or subjected";

(2) in the fifth sentence, by inserting before the period at the end the following: "except that, in the case of the suspension of a retail food store or wholesale food concern under section 12(a), the suspension shall remain in effect pending any judicial or administrative review of the proposed disqualification action, and the period of suspension shall be considered a part of any period of disqualification that is imposed"; and

(3) by striking the last sentence.

**SEC. 841. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.**

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end the following:

"(g)(1) The Secretary shall issue regulations providing criteria for the disqualification of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

"(2) A disqualification under paragraph (1)—

"(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) notwithstanding section 14, shall not be subject to judicial or administrative review.".

**SEC. 842. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.**

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021), as amended by section 841, is amended by adding at the end the following:

"(h)(1) The Secretary shall issue regulations providing for the permanent disqualification of a retail food store, or wholesale food concern, that knowingly submits an ap-

plication for approval to accept and redeem coupons that contains false information about a substantive matter that was a basis for approving the application.

"(2) A disqualification under paragraph (1) shall be subject to judicial and administrative review under section 14, except that the disqualification shall remain in effect pending the review.".

**SEC. 843. CRIMINAL FORFEITURE.**

Section 15 of the Food Stamp Act of 1977 (7 U.S.C. 2024) is amended by adding at the end the following:

"(h)(1) Any person convicted of violating subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than \$5,000, shall forfeit to the United States—

"(A) any food stamp benefits and any property constituting, or derived from, or traceable to any proceeds the person obtained directly or indirectly as a result of the violation; and

"(B) any food stamp benefits and any property of the person used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of the violation.

"(2) In imposing a sentence on a person under paragraph (1), a court shall order that the person forfeit to the United States all property described in this subsection.

"(3) Any food stamp benefits or property subject to forfeiture under this subsection, any seizure or disposition of the benefits or property, and any administrative or judicial proceeding relating to the benefits or property, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), if not inconsistent with this subsection.

"(4) This subsection shall not apply to property referred to in subsection (g).".

**SEC. 844. EFFECTIVE DATE.**

Except as otherwise provided in this subtitle, this subtitle and the amendments made by this subtitle shall become effective on the first day of the second month following the month of the enactment of this Act.

**Subtitle B—Child Nutrition Programs**

**SEC. 851. REIMBURSEMENT RATE ADJUSTMENTS.**

(a) **IN GENERAL.**—

(1) **COMMODITY RATE.**—Section 6(e)(1)(B) of the National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking "¼ cent" and inserting "lower cent increment".

(2) **LUNCH, BREAKFAST, AND SUPPLEMENT RATES.**—The last sentence of section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(3) **SUMMER PROGRAM RATES.**—The first proviso of section 13(b)(1) of the National School Lunch Act (42 U.S.C. 1761(b)(1)) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(4) **FAMILY DAY CARE RATES.**—The last sentence of section 17(f)(3)(A) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(A)) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(5) **SPECIAL MILK PROGRAM RATES.**—Section 3(a)(8) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)(8)) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(6) **SEVERE NEED RATES.**—Section 4(b)(2)(B)(ii) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(2)(B)(ii)) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(b) **EFFECTIVE DATES.**—The amendments made by subsection (a) shall become effective on July 1, 1996.

**SEC. 852. DIRECT FEDERAL EXPENDITURES.**

Section 6(g)(1) of the National School Lunch Act (42 U.S.C. 1755(g)(1)) is amended

by striking "12 percent" and inserting "8 percent".

**SEC. 853. IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.**

(a) **RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.**—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) **REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.**—

"(A) **REIMBURSEMENT FACTOR.**—

"(i) **IN GENERAL.**—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, 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) **TIER I FAMILY OR GROUP DAY CARE HOMES.**—

"(I) **DEFINITION.**—In this paragraph, the term 'tier I family or group day care home' means—

"(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

"(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

"(cc) a family or group day care home that is operated by a provider whose household meets the eligibility requirements for free or reduced price meals under section 9 and whose eligibility is verified by the sponsoring organization of the home under regulations established by the Secretary.

"(II) **REIMBURSEMENT.**—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility requirements for free or reduced price meals under section 9.

"(III) **FACTORS.**—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

"(IV) **ADJUSTMENTS.**—The reimbursement factors under this subparagraph shall be adjusted on October 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

"(iii) **TIER II FAMILY OR GROUP DAY CARE HOMES.**—

"(I) **IN GENERAL.**—

"(aa) **FACTORS.**—Except as provided 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)(I), the reimbursement factors shall be \$1 for lunches and suppers, 30 cents for breakfasts, and 15 cents for supplements.

“(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

“(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility requirements for free or reduced price meals under section 9.

“(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

“(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who meet the eligibility requirements for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(II).

“(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who do not meet the eligibility requirements for free or reduced priced meals under section 9, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

“(III) INFORMATION AND DETERMINATIONS.—

“(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary eligibility information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

“(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the income eligibility guidelines for free or reduced price meals under section 9 to be a child who is eligible for free or reduced price meals under section 9.

“(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have eligibility information collected from parents or other caretakers.”.

(b) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by adding at the end the following:

“(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

“(i) IN GENERAL.—

“(I) RESERVATION.—The Secretary shall reserve \$5,000,000 of the amount made available to carry out this section for fiscal year 1996.

“(II) PURPOSE.—The Secretary shall use the funds reserved under subclause (I) to provide grants to States for the purpose of providing assistance, including grants, to family or group day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations.

“(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

“(I) \$30,000 in base funding to each State; and

“(II) any remaining amount among the States, based on the number of family or group day care homes participating in the program in a State during fiscal year 1994 as a percentage of the number of all family or group day care homes participating in the program during fiscal year 1994.

“(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1996 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

“(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A).”.

(c) PROVISION OF DATA.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) (as amended by subsection (b)) is amended by adding at the end the following:

“(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

“(i) CENSUS DATA.—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 survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

“(ii) SCHOOL DATA.—

“(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 data for each elementary school in the State, or shall direct each school within the State to provide data for the school, to approved family or group day care home sponsoring organizations that request the data, on the percentage of enrolled children who are certified eligible for free or reduced price meals.

“(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

“(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall

remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.”.

(d) CONFORMING AMENDMENT.—Section 17(c) of the National School Lunch Act (42 U.S.C. 1766(c)) is amended by inserting “except as provided in subsection (f)(3),” after “For purposes of this section,” each place it appears in paragraphs (1), (2), and (3).

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this section.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by subsections (a), (c), and (d) shall become effective on August 1, 1996.

#### SEC. 854. ELIMINATION OF STARTUP AND EXPANSION GRANTS.

(a) IN GENERAL.—Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by striking subsection (g).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1996.

#### SEC. 855. AUTHORIZATION OF APPROPRIATIONS.

Section 19(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)) is amended—

(1) in the first sentence of paragraph (2)(A), by striking “and each succeeding fiscal year”;

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

“(3) FISCAL YEARS 1997 THROUGH 2002.—

“(A) IN GENERAL.—There are authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 1997 through 2002.

“(B) GRANTS.—

“(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions in the State, except that no State shall receive an amount that is less than \$75,000 per fiscal year.

“(ii) INSUFFICIENT FUNDS.—If an amount made available for any fiscal year is insufficient to pay the amount to which each State is entitled under clause (i), the amount of each grant shall be ratably reduced.”.

#### TITLE IX—SOCIAL SERVICES BLOCK GRANT; EITC; CHILD ABUSE PREVENTION AND TREATMENT

##### Subtitle A—Reduction in Block Grants to States for Social Services

#### SEC. 901. REDUCTION IN BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking “and” at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

“(5) \$2,800,000,000 for each of the fiscal years 1990 through 1996 and for each fiscal year after fiscal year 2002; and

“(6) \$2,520,000,000 for each of the fiscal years 1997 through 2002.”.

##### Subtitle B—Reform of Earned Income Credit

#### SEC. 911. EARNED INCOME CREDIT AND OTHER TAX BENEFITS DENIED TO INDIVIDUALS FAILING TO PROVIDE TAXPAYER IDENTIFICATION NUMBERS.

(a) EARNED INCOME CREDIT.—

(1) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

“(F) IDENTIFICATION NUMBER REQUIREMENT.—The term ‘eligible individual’ does

not include any individual who does not include on the return of tax for the taxable year—

“(i) such individual’s taxpayer identification number, and

“(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual’s spouse.”

(2) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

“(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).”

(b) PERSONAL EXEMPTION.—

(1) IN GENERAL.—Section 151 of such Code (relating to allowance of deductions for personal exemptions) is amended by adding at the end the following new subsection:

“(e) IDENTIFYING INFORMATION REQUIRED.—No exemption shall be allowed under this section with respect to any individual unless the TIN of such individual is included on the return claiming the exemption.”

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 6109 of such Code is repealed.

(B) Section 6724(d)(3) of such Code is amended by adding “and” at the end of subparagraph (C), by striking subparagraph (D), and by redesignating subparagraph (E) as subparagraph (D).

(c) DEPENDENT CARE CREDIT.—Subsection (e) of section 21 of such Code (relating to expenses for household and dependent care services necessary for gainful employment) is amended by adding at the end the following new paragraph:

“(10) IDENTIFYING INFORMATION REQUIRED WITH RESPECT TO QUALIFYING INDIVIDUALS.—No credit shall be allowed under this section with respect to any qualifying individual unless the TIN of such individual is included on the return claiming the credit.”

(d) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended by striking “and” at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting a comma, and by adding after subparagraph (E) the following new subparagraphs:

“(F) an omission of a correct TIN required under section 21 (relating to expenses for household and dependent care services necessary for gainful employment), section 32 (relating to the earned income credit), or section 151 (relating to allowance of deductions for personal exemptions) to be included on a return, and

“(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid.”

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to returns the due date for which (without regard to extensions) is more than 30 days after the date of the enactment of this Act.

#### SEC. 912. RULES RELATING TO DENIAL OF EARNED INCOME CREDIT ON BASIS OF DISQUALIFIED INCOME.

(a) REDUCTION IN DISQUALIFIED INCOME THRESHOLD.—

(1) IN GENERAL.—Section 32(i)(1) of the Internal Revenue Code of 1986 (relating to de-

nial of credit for individuals having excessive investment income) is amended by striking “\$2,350” and inserting “\$2,200”.

(2) ADJUSTMENT FOR INFLATION.—Section 32(j) of such Code is amended to read as follows:

“(j) INFLATION ADJUSTMENTS.—

“(1) IN GENERAL.—In the case of any taxable year beginning after the applicable calendar year, each dollar amount referred to in paragraph (2)(B) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by reference to the CPI for the calendar year preceding the applicable calendar year rather than the CPI for calendar year 1992.

“(2) DEFINITIONS, ETC.—For purposes of paragraph (1)—

“(A) APPLICABLE CALENDAR YEAR.—The term ‘applicable calendar year’ means—

“(i) 1994 in the case of the dollar amounts referred to in clause (i) of subparagraph (B), and

“(ii) 1996 in the case of the dollar amount referred to in clause (ii) of subparagraph (B).

“(B) DOLLAR AMOUNTS.—The dollar amounts referred to in this subparagraph are—

“(i) the dollar amounts contained in subsection (b)(2)(A), and

“(ii) the dollar amount contained in subsection (i)(1).

“(3) ROUNDING.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), if any dollar amount after being increased under paragraph (1) is not a multiple of \$10, such dollar amount shall be rounded to the nearest multiple of \$10 (or, if such dollar amount is a multiple of \$5, such dollar amount shall be increased to the next higher multiple of \$10).

“(B) DISQUALIFIED INCOME THRESHOLD AMOUNT.—If the dollar amount referred to in paragraph (2)(B)(ii) after being increased under paragraph (1) is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.”

(b) DEFINITION OF DISQUALIFIED INCOME.—Paragraph (2) of section 32(i) of such Code (defining disqualified income) is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C), and by adding at the end the following new subparagraphs:

“(D) the capital gain net income (as defined in section 1222) of the taxpayer for such taxable year, and

“(E) the excess (if any) of—

“(i) the aggregate income from all passive activities for the taxable year (determined without regard to any amount included in earned income under subsection (c)(2) or described in a preceding subparagraph), over

“(ii) the aggregate losses from all passive activities for the taxable year (as so determined).

For purposes of subparagraph (E), the term ‘passive activity’ has the meaning given such term by section 469.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

#### SEC. 913. MODIFICATION OF ADJUSTED GROSS INCOME DEFINITION FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Subsections (a)(2), (c)(1)(C), and (f)(2)(B) of section 32 of the Internal Revenue Code of 1986 are each amended by striking “adjusted gross income” and inserting “modified adjusted gross income”.

(b) MODIFIED ADJUSTED GROSS INCOME DEFINED.—Section 32(c) of such Code (relating to definitions and special rules) is amended

by adding at the end the following new paragraph:

“(5) MODIFIED ADJUSTED GROSS INCOME.—

“(A) IN GENERAL.—The term ‘modified adjusted gross income’ means adjusted gross income determined without regard to the amounts described in subparagraph (B).

“(B) CERTAIN AMOUNTS DISREGARDED.—An amount is described in this subparagraph if it is—

“(i) the amount of losses from sales or exchanges of capital assets in excess of gains from such sales or exchanges to the extent such amount does not exceed the amount under section 1211(b)(1),

“(ii) the net loss from estates and trusts,

“(iii) the excess (if any) of amounts described in subsection (i)(2)(C)(ii) over the amounts described in subsection (i)(2)(C)(i) (relating to nonbusiness rents and royalties), and

“(iv) 50 percent of the net loss from the carrying on of trades or businesses, computed separately with respect to—

“(I) trades or businesses (other than farming) conducted as sole proprietorships,

“(II) trades or businesses of farming conducted as sole proprietorships, and

“(III) other trades or businesses.

For purposes of clause (iv), there shall not be taken into account items which are attributable to a trade or business which consists of the performance of services by the taxpayer as an employee.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

#### Subtitle C—Child Abuse Prevention and Treatment

##### SEC. 921. SHORT TITLE.

This subtitle may be cited as the “Child Abuse Prevention and Treatment Act Amendments of 1996”.

##### SEC. 922. REFERENCE.

Except as otherwise expressly provided, 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 Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq.).

##### SEC. 923. FINDINGS.

Section 2 (42 U.S.C. 5101 note) is amended—

(1) in paragraph (1), the read as follows:

“(1) each year, close to 1,000,000 American children are victims of abuse and neglect;”

(2) in paragraph (3)(C), by inserting “assessment,” after “prevention;”

(3) in paragraph (4)—

(A) by striking “tens of”; and

(B) by striking “direct” and all that follows through the semicolon and inserting “tangible expenditures, as well as significant intangible costs;”

(4) in paragraph (7), by striking “remedy the causes of” and inserting “prevent;”

(5) in paragraph (8), by inserting “safety,” after “fosters the health;”

(6) in paragraph (10)—

(A) by striking “ensure that every community in the United States has” and inserting “assist States and communities with;” and

(B) by inserting “and family” after “comprehensive child;” and

(7) in paragraph (11)—

(A) by striking “child protection” each place that such appears and inserting “child and family protection;” and

(B) in subparagraph (D), by striking “sufficient”.

##### SEC. 924. OFFICE OF CHILD ABUSE AND NEGLECT.

Section 101 (42 U.S.C. 5101) is amended to read as follows:

**"SEC. 101. OFFICE OF CHILD ABUSE AND NEGLECT."**

"(a) **ESTABLISHMENT.**—The Secretary of Health and Human Services may establish an office to be known as the Office on Child Abuse and Neglect.

"(b) **PURPOSE.**—The purpose of the Office established under subsection (a) shall be to execute and coordinate the functions and activities of this Act. In the event that such functions and activities are performed by another entity or entities within the Department of Health and Human Services, the Secretary shall ensure that such functions and activities are executed with the necessary expertise and in a fully coordinated manner involving regular intradepartmental and interdepartmental consultation with all agencies involved in child abuse and neglect activities."

**SEC. 925. ADVISORY BOARD ON CHILD ABUSE AND NEGLECT.**

Section 102 (42 U.S.C.5102) is amended to read as follows:

**"SEC. 102. ADVISORY BOARD ON CHILD ABUSE AND NEGLECT."**

"(a) **APPOINTMENT.**—The Secretary may appoint an advisory board to make recommendations to the Secretary and to the appropriate committees of Congress concerning specific issues relating to child abuse and neglect.

"(b) **SOLICITATION OF NOMINATIONS.**—The Secretary shall publish a notice in the Federal Register soliciting nominations for the appointment of members of the advisory board under subsection (a).

"(c) **COMPOSITION.**—In establishing the board under subsection (a), the Secretary shall appoint members from the general public who are individuals knowledgeable in child abuse and neglect prevention, intervention, treatment, or research, and with due consideration to representation of ethnic or racial minorities and diverse geographic areas, and who represent—

- "(1) law (including the judiciary);
- "(2) psychology (including child development);
- "(3) social services (including child protective services);
- "(4) medicine (including pediatrics);
- "(5) State and local government;
- "(6) organizations providing services to disabled persons;
- "(7) organizations providing services to adolescents;
- "(8) teachers;
- "(9) parent self-help organizations;
- "(10) parents' groups;
- "(11) voluntary groups;
- "(12) family rights groups; and
- "(13) children's rights advocates.

"(d) **VACANCIES.**—Any vacancy in the membership of the board shall be filled in the same manner in which the original appointment was made.

"(e) **ELECTION OF OFFICERS.**—The board shall elect a chairperson and vice-chairperson at its first meeting from among the members of the board.

"(f) **DUTIES.**—Not later than 1 year after the establishment of the board under subsection (a), the board shall submit to the Secretary and the appropriate committees of Congress a report, or interim report, containing—

"(1) recommendations on coordinating Federal, State, and local child abuse and neglect activities with similar activities at the Federal, State, and local level pertaining to family violence prevention;

"(2) specific modifications needed in Federal and State laws and programs to reduce the number of unfounded or unsubstantiated reports of child abuse or neglect while enhancing the ability to identify and substantiate legitimate cases of abuse or neglect which place a child in danger; and

"(3) recommendations for modifications needed to facilitate coordinated national data collection with respect to child protection and child welfare."

**SEC. 926. REPEAL OF INTERAGENCY TASK FORCE.**

Section 103 (42 U.S.C.5103) is repealed.

**SEC. 927. NATIONAL CLEARINGHOUSE FOR INFORMATION RELATING TO CHILD ABUSE.**

Section 104 (42 U.S.C.5104) is amended—

(1) in subsection (a), to read as follows:

"(a) **ESTABLISHMENT.**—The Secretary shall through the Department, or by one or more contracts of not less than 3 years duration let through a competition, establish a national clearinghouse for information relating to child abuse."

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "Director" and inserting "Secretary";

(B) in paragraph (1)—

(i) by inserting "assessment," after "prevention,"; and

(ii) by striking "including" and all that follows through "105(b)" and inserting "and";

(C) in paragraph (2)—

(i) in subparagraph (A), by striking "general population" and inserting "United States";

(ii) in subparagraph (B), by adding "and" at the end thereof;

(iii) in subparagraph (C), by striking "and" at the end thereof and inserting a period; and

(iv) by striking subparagraph (D); and

(D) by striking paragraph (3); and

(3) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking "Director" and inserting "Secretary";

(B) in paragraph (2), by striking "that is represented on the task force" and inserting "involved with child abuse and neglect and mechanisms for the sharing of such information among other Federal agencies and clearinghouses";

(C) in paragraph (3), by striking "State, regional" and all that follows and inserting the following: "Federal, State, regional, and local child welfare data systems which shall include:

"(A) standardized data on false, unfounded, unsubstantiated, and substantiated reports; and

"(B) information on the number of deaths due to child abuse and neglect";

(D) by redesignating paragraph (4) as paragraph (6); and

(E) by inserting after paragraph (3), the following new paragraphs:

"(4) through a national data collection and analysis program and in consultation with appropriate State and local agencies and experts in the field, collect, compile, and make available State child abuse and neglect reporting information which, to the extent practical, shall be universal and case specific, and integrated with other case-based foster care and adoption data collected by the Secretary;

"(5) compile, analyze, and publish a summary of the research conducted under section 105(a); and"

**SEC. 928. RESEARCH, EVALUATION AND ASSISTANCE ACTIVITIES.**

(a) **RESEARCH.**—Section 105(a) (42 U.S.C. 5105(a)) is amended—

(1) in the section heading, by striking "OF THE NATIONAL CENTER ON CHILD ABUSE AND NEGLECT";

(2) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "through the Center, conduct research on" and inserting "in consultation with other Federal agencies and

recognized experts in the field, carry out a continuing interdisciplinary program of research that is designed to provide information needed to better protect children from abuse or neglect and to improve the well-being of abused or neglected children, with at least a portion of such research being field initiated. Such research program may focus on";

(B) by redesignating subparagraphs (A) through (C) as subparagraph (B) through (D), respectively;

(C) by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

"(A) the nature and scope of child abuse and neglect";

(D) in subparagraph (B) (as so redesignated), to read as follows:

"(B) causes, prevention, assessment, identification, treatment, cultural and socio-economic distinctions, and the consequences of child abuse and neglect";

(E) in subparagraph (D) (as so redesignated)—

(i) by striking clause (ii); and

(ii) in clause (iii), to read as follows:

"(ii) the incidence of substantiated and unsubstantiated reported child abuse cases;

"(iii) the number of substantiated cases that result in a judicial finding of child abuse or neglect or related criminal court convictions;

"(iv) the extent to which the number of unsubstantiated, unfounded and false reported cases of child abuse or neglect have contributed to the inability of a State to respond effectively to serious cases of child abuse or neglect;

"(v) the extent to which the lack of adequate resources and the lack of adequate training of reporters have contributed to the inability of a State to respond effectively to serious cases of child abuse and neglect;

"(vi) the number of unsubstantiated, false, or unfounded reports that have resulted in a child being placed in substitute care, and the duration of such placement;

"(vii) the extent to which unsubstantiated reports return as more serious cases of child abuse or neglect;

"(viii) the incidence and prevalence of physical, sexual, and emotional abuse and physical and emotional neglect in substitute care; and

"(ix) the incidence and outcomes of abuse allegations reported within the context of divorce, custody, or other family court proceedings, and the interaction between this venue and the child protective services system."; and

(3) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "and demonstrations"; and

(ii) by striking "paragraph (1)(A) and activities under section 106" and inserting "paragraph (1)"; and

(B) in subparagraph (B), by striking "and demonstration".

(b) **REPEAL.**—Subsection (b) of section 105 (42 U.S.C. 5105(b)) is repealed.

(c) **TECHNICAL ASSISTANCE.**—Section 105(c) (42 U.S.C. 5105(c)) is amended—

(1) by striking "The Secretary" and inserting:

"(1) **IN GENERAL.**—The Secretary";

(2) by striking "through the Center,";

(3) by inserting "State and local" before "public and nonprofit";

(4) by inserting "assessment," before "identification"; and

(5) by adding at the end thereof the following new paragraphs:

"(2) **EVALUATION.**—Such technical assistance may include an evaluation or identification of—

“(A) various methods and procedures for the investigation, assessment, and prosecution of child physical and sexual abuse cases; (B) ways to mitigate psychological trauma to the child victim; and

“(C) effective programs carried out by the States under titles I and II.

“(3) DISSEMINATION.—The Secretary may provide for and disseminate information relating to various training resources available at the State and local level to—

“(A) individuals who are engaged, or who intend to engage, in the prevention, identification, and treatment of child abuse and neglect; and

“(B) appropriate State and local officials to assist in training law enforcement, legal, judicial, medical, mental health, education, and child welfare personnel in appropriate methods of interacting during investigative, administrative, and judicial proceedings with children who have been subjected to abuse.”

(d) GRANTS AND CONTRACTS.—Section 105(d)(2) (42 U.S.C. 5105(d)(2)) is amended by striking the second sentence.

(e) PEER REVIEW.—Section 105(e) (42 U.S.C. 5105(e)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking “establish a formal” and inserting “, in consultation with experts in the field and other federal agencies, establish a formal, rigorous, and meritorious”; and

(ii) by striking “and contracts”; and

(iii) by adding at the end thereof the following new sentence: “The purpose of this process is to enhance the quality and usefulness of research in the field of child abuse and neglect.”; and

(B) in subparagraph (B)—

(i) by striking “Office of Human Development” and inserting “Administration for Children and Families”; and

(ii) by adding at the end thereof the following new sentence: “The Secretary shall ensure that the peer review panel utilizes scientifically valid review criteria and scoring guidelines for review committees.”; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking “, contract, or other financial assistance”; and

(B) by adding at the end thereof the following flush sentence:

“The Secretary shall award grants under this section on the basis of competitive review.”.

#### SEC. 929. GRANTS FOR DEMONSTRATION PROGRAMS.

Section 106 (42 U.S.C. 5106) is amended—

(1) in the section heading, by striking “OR SERVICE”;

(2) in subsection (a), to read as follows:

“(a) DEMONSTRATION PROGRAMS AND PROJECTS.—The Secretary may make grants to, and enter into contracts with, public agencies or nonprofit private agencies or organizations (or combinations of such agencies or organizations) for time limited, demonstration programs and projects for the following purposes:

“(1) TRAINING PROGRAMS.—The Secretary may award grants to public or private nonprofit organizations under this section—

“(A) for the training of professional and paraprofessional personnel in the fields of medicine, law, education, social work, and other relevant fields who are engaged in, or intend to work in, the field of prevention, identification, and treatment of child abuse and neglect, including the links between domestic violence and child abuse;

“(B) to provide culturally specific instruction in methods of protecting children from child abuse and neglect to children and to persons responsible for the welfare of chil-

dren, including parents of and persons who work with children with disabilities;

“(C) to improve the recruitment, selection, and training of volunteers serving in private and public nonprofit children, youth and family service organizations in order to prevent child abuse and neglect through collaborative analysis of current recruitment, selection, and training programs and development of model programs for dissemination and replication nationally; and

“(D) for the establishment of resource centers for the purpose of providing information and training to professionals working in the field of child abuse and neglect.

“(2) MUTUAL SUPPORT PROGRAMS.—The Secretary may award grants to private nonprofit organizations (such as Parents Anonymous) to establish or maintain a national network of mutual support and self-help programs as a means of strengthening families in partnership with their communities.

“(3) OTHER INNOVATIVE PROGRAMS AND PROJECTS.—

“(A) IN GENERAL.—The Secretary may award grants to public agencies that demonstrate innovation in responding to reports of child abuse and neglect including programs of collaborative partnerships between the State child protective service agency, community social service agencies and family support programs, schools, churches and synagogues, and other community agencies to allow for the establishment of a triage system that—

“(i) accepts, screens and assesses reports received to determine which such reports require an intensive intervention and which require voluntary referral to another agency, program or project;

“(ii) provides, either directly or through referral, a variety of community-linked services to assist families in preventing child abuse and neglect; and

“(iii) provides further investigation and intensive intervention where the child’s safety is in jeopardy.

“(B) KINSHIP CARE.—The Secretary may award grants to public entities to assist such entities in developing or implementing procedures using adult relatives as the preferred placement for children removed from their home, where such relatives are determined to be capable of providing a safe nurturing environment for the child or where such relatives comply with the State child protection standards.

“(C) VISITATION CENTERS.—The Secretary may award grants to public or private nonprofit entities to assist such entities in the establishment or operation of supervised visitation centers where there is documented, highly suspected, or elevated risk of child sexual, physical, or emotional abuse where, due to domestic violence, there is an ongoing risk of harm to a parent or child.”;

(3) in subsection (c), by striking paragraphs (1) and (2); and

(4) by adding at the end thereof the following new subsection:

“(d) EVALUATION.—In making grants for demonstration projects under this section, the Secretary shall require all such projects to be evaluated for their effectiveness. Funding for such evaluations shall be provided either as a stated percentage of a demonstration grant or as a separate grant entered into by the Secretary for the purpose of evaluating a particular demonstration project or group of projects.”.

#### SEC. 930. STATE GRANTS FOR PREVENTION AND TREATMENT PROGRAMS.

Section 107 (42 U.S.C. 5106a) is amended to read as follows:

#### “SEC. 107. GRANTS TO STATES FOR CHILD ABUSE AND NEGLECT PREVENTION AND TREATMENT PROGRAMS.

“(a) DEVELOPMENT AND OPERATION GRANTS.—The Secretary shall make grants to the States, based on the population of children under the age of 18 in each State that applies for a grant under this section, for purposes of assisting the States in improving the child protective service system of each such State in—

“(1) the intake, assessment, screening, and investigation of reports of abuse and neglect;

“(2)(A) creating and improving the use of multidisciplinary teams and interagency protocols to enhance investigations; and

“(B) improving legal preparation and representation, including—

“(i) procedures for appealing and responding to appeals of substantiated reports of abuse and neglect; and

“(ii) provisions for the appointment of a guardian ad litem.

“(3) case management and delivery of services provided to children and their families;

“(4) enhancing the general child protective system by improving risk and safety assessment tools and protocols, automation systems that support the program and track reports of child abuse and neglect from intake through final disposition and information referral systems;

“(5) developing, strengthening, and facilitating training opportunities and requirements for individuals overseeing and providing services to children and their families through the child protection system;

“(6) developing and facilitating training protocols for individuals mandated to report child abuse or neglect;

“(7) developing, strengthening, and supporting child abuse and neglect prevention, treatment, and research programs in the public and private sectors;

“(8) developing, implementing, or operating—

“(A) information and education programs or training programs designed to improve the provision of services to disabled infants with life-threatening conditions for—

“(i) professional and paraprofessional personnel concerned with the welfare of disabled infants with life-threatening conditions, including personnel employed in child protective services programs and health-care facilities; and

“(ii) the parents of such infants; and

“(B) programs to assist in obtaining or coordinating necessary services for families of disabled infants with life-threatening conditions, including—

“(i) existing social and health services;

“(ii) financial assistance; and

“(iii) services necessary to facilitate adoptive placement of any such infants who have been relinquished for adoption; or

“(9) developing and enhancing the capacity of community-based programs to integrate shared leadership strategies between parents and professionals to prevent and treat child abuse and neglect at the neighborhood level.

“(b) ELIGIBILITY REQUIREMENTS.—In order for a State to qualify for a grant under subsection (a), such State shall provide an assurance or certification, signed by the chief executive officer of the State, that the State—

“(1) has in effect and operation a State law or Statewide program relating to child abuse and neglect which ensures—

“(A) provisions or procedures for the reporting of known and suspected instances of child abuse and neglect;

“(B) procedures for the immediate screening, safety assessment, and prompt investigation of such reports;

“(C) procedures for immediate steps to be taken to ensure and protect the safety of the

abused or neglected child and of any other child under the same care who may also be in danger of abuse or neglect;

"(D) provisions for immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect;

"(E) methods to preserve the confidentiality of all records in order to protect the rights of the child and of the child's parents or guardians, including methods to ensure that disclosure (and redisclosure) of information concerning child abuse or neglect involving specific individuals is made only to persons or entities that the State determines have a need for such information directly related to the purposes of this Act;

"(F) requirements for the prompt disclosure of all relevant information to any Federal, State, or local governmental entity, or any agent of such entity, with a need for such information in order to carry out its responsibilities under law to protect children from abuse and neglect;

"(G) the cooperation of State law enforcement officials, court of competent jurisdiction, and appropriate State agencies providing human services;

"(H) provisions requiring, and procedures in place that facilitate the prompt expungement of any records that are accessible to the general public or are used for purposes of employment or other background checks in cases determined to be unsubstantiated or false, except that nothing in this section shall prevent State child protective service agencies from keeping information on unsubstantiated reports in their casework files to assist in future risk and safety assessment; and

"(I) provisions and procedures requiring that in every case involving an abused or neglected child which results in a judicial proceeding, a guardian ad litem shall be appointed to represent the child in such proceedings; and

"(2) has in place procedures for responding to the reporting of medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

"(A) coordination and consultation with individuals designated by and within appropriate health-care facilities;

"(B) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

"(C) authority, under State law, for the State child protective service system to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, as may be necessary to prevent the withholding of medically indicated treatment from disabled infants with life threatening conditions.

"(c) **ADDITIONAL REQUIREMENT.**—Not later than 2 years after the date of enactment of this section, the State shall provide an assurance or certification that the State has in place provisions, procedures, and mechanisms by which individuals who disagree with an official finding of abuse or neglect can appeal such finding.

"(d) **STATE PROGRAM PLAN.**—To be eligible to receive a grant under this section, a State shall submit every 5 years a plan to the Secretary that specifies the child protective service system area or areas described in subsection (a) that the State intends to address with funds received under the grant. Such plan shall, to the maximum extent

practicable, be coordinated with the plan of the State for child welfare services and family preservation and family support services under part B of title IV of the Social Security Act and shall contain an outline of the activities that the State intends to carry out using amounts provided under the grant to achieve the purposes of this Act, including the procedures to be used for—

"(1) receiving and assessing reports of child abuse or neglect;

"(2) investigating such reports;

"(3) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

"(4) providing services or referral for services for families and children where the child is not in danger of harm;

"(5) providing services to individuals, families, or communities, either directly or through referral, aimed at preventing the occurrence of child abuse and neglect;

"(6) providing training to support direct line and supervisory personnel in report-taking, screening, assessment, decision-making, and referral for investigation; and

"(7) providing training for individuals mandated to report suspected cases of child abuse or neglect.

"(e) **RESTRICTIONS RELATING TO CHILD WELFARE SERVICES.**—Programs or projects relating to child abuse and neglect assisted under part B of title IV of the Social Security Act shall comply with the requirements set forth in paragraphs (1) (A) and (B), and (2) of subsection (b).

"(f) **ANNUAL STATE DATA REPORTS.**—Each State to which a grant is made under this part shall annually work with the Secretary to provide, to the maximum extent practicable, a report that includes the following:

"(1) The number of children who were reported to the State during the year as abused or neglected.

"(2) Of the number of children described in paragraph (1), the number with respect to whom such reports were—

"(A) substantiated;

"(B) unsubstantiated; and

"(C) determined to be false.

"(3) Of the number of children described in paragraph (2)—

"(A) the number that did not receive services during the year under the State program funded under this part or an equivalent State program;

"(B) the number that received services during the year under the State program funded under this part or an equivalent State program; and

"(C) the number that were removed from their families during the year by disposition of the case.

"(4) The number of families that received preventive services from the State during the year.

"(5) The number of deaths in the State during the year resulting from child abuse or neglect.

"(6) Of the number of children described in paragraph (5), the number of such children who were in foster care.

"(7) The number of child protective service workers responsible for the intake and screening of reports filed in the previous year.

"(8) The agency response time with respect to each such report with respect to initial investigation of reports of child abuse or neglect.

"(9) The response time with respect to the provision of services to families and children where an allegation of abuse or neglect has been made.

"(10) The number of child protective service workers responsible for intake, assessment, and investigation of child abuse and

neglect reports relative to the number of reports investigated in the previous year.

"(g) **ANNUAL REPORT BY THE SECRETARY.**—Within 6 months after receiving the State reports under subsection (f), the Secretary shall prepare a report based on information provided by the States for the fiscal year under such subsection and shall make the report and such information available to the Congress and the national clearinghouse for information relating to child abuse."

#### **SEC. 931. REPEAL.**

Section 108 (42 U.S.C. 5106b) is repealed.

#### **SEC. 932. MISCELLANEOUS REQUIREMENTS.**

Section 110 (42 U.S.C. 5106d) is amended by striking subsection (c).

#### **SEC. 933. DEFINITIONS.**

Section 113 (42 U.S.C. 5106h) is amended—

(1) by striking paragraphs (1) and (2);

(2) by redesignating paragraphs (3) through (10) as paragraphs (1) through (8), respectively; and

(3) in paragraph (2) (as so redesignated), to read as follows:

"(2) the term 'child abuse and neglect' means, at a minimum, any recent act or failure to act on the part of a parent or caretaker, which results in death, serious physical or emotional harm, sexual abuse or exploitation, or an act or failure to act which presents an imminent risk of serious harm;"

#### **SEC. 934. AUTHORIZATION OF APPROPRIATIONS.**

Section 114(a) (42 U.S.C. 5106h(a)) is amended to read as follows:

"(a) **IN GENERAL.**—

"(1) **GENERAL AUTHORIZATION.**—There are authorized to be appropriated to carry out this title, \$100,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.

"(2) **DISCRETIONARY ACTIVITIES.**—

"(A) **IN GENERAL.**—Of the amounts appropriated for a fiscal year under paragraph (1), the Secretary shall make available 33⅓ percent of such amounts to fund discretionary activities under this title.

"(B) **DEMONSTRATION PROJECTS.**—Of the amounts made available for a fiscal year under subparagraph (A), the Secretary make available not more than 40 percent of such amounts to carry out section 106."

#### **SEC. 935. RULE OF CONSTRUCTION.**

Title I (42 U.S.C. 5101 et seq.) is amended by adding at the end thereof the following new section:

#### **"SEC. 115. RULE OF CONSTRUCTION.**

"(a) **IN GENERAL.**—Nothing in this Act shall be construed—

"(1) as establishing a Federal requirement that a parent or legal guardian provide a child any medical service or treatment against the religious beliefs of the parent or legal guardian; and

"(2) to require that a State find, or to prohibit a State from finding, abuse or neglect in cases in which a parent or legal guardian relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of the parent or legal guardian.

"(b) **STATE REQUIREMENT.**—Notwithstanding subsection (a), a State shall, at a minimum, have in place authority under State law to permit the child protective service system of the State to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, to provide medical care or treatment for a child when such care or treatment is necessary to prevent or remedy serious harm to the child, or to prevent the withholding of medically indicated treatment from children with life threatening conditions. Case by case determinations concerning the exercise of the authority of this subsection shall be within the sole discretion of the State."

**SEC. 936. TECHNICAL AMENDMENT.**

Section 1404A of the Victims of Crime Act of 1984 (42 U.S.C. 10603a) is amended—

(1) by striking “1402(d)(2)(D) and (d)(3)” and inserting “1402(d)(2)”; and

(2) by striking “section 4(d)” and inserting “section 109”.

**Subtitle D—Community-Based Child Abuse and Neglect Prevention Grants**

**SEC. 941. ESTABLISHMENT OF PROGRAM.**

Title II of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5116 et seq) is amended to read as follows:

**“TITLE II—COMMUNITY-BASED FAMILY RESOURCE AND SUPPORT GRANTS**

**“SEC. 201. PURPOSE AND AUTHORITY.**

“(a) **PURPOSE.**—It is the purpose of this Act to support State efforts to develop, operate, expand and enhance a network of community-based, prevention-focused, family resource and support programs that are culturally competent and that coordinate resources among existing education, vocational rehabilitation, disability, respite, health, mental health, job readiness, self-sufficiency, child and family development, community action, Head Start, child care, child abuse and neglect prevention, juvenile justice, domestic violence prevention and intervention, housing, and other human service organizations within the State.

“(b) **AUTHORITY.**—The Secretary shall make grants under this title on a formula basis to the entity designated by the State as the lead entity (hereafter referred to in this title as the ‘lead entity’) for the purpose of—

“(1) developing, operating, expanding and enhancing Statewide networks of community-based, prevention-focused, family resource and support programs that—

“(A) offer sustained assistance to families;

“(B) provide early, comprehensive, and holistic support for all parents;

“(C) promote the development of parental competencies and capacities, especially in young parents and parents with very young children;

“(D) increase family stability;

“(E) improve family access to other formal and informal resources and opportunities for assistance available within communities;

“(F) support the additional needs of families with children with disabilities; and

“(G) decrease the risk of homelessness;

“(2) fostering the development of a continuum of preventive services for children and families through State and community-based collaborations and partnerships both public and private;

“(3) financing the start-up, maintenance, expansion, or redesign of specific family resource and support program services (such as respite services, child abuse and neglect prevention activities, disability services, mental health services, housing services, transportation, adult education, home visiting and other similar services) identified by the inventory and description of current services required under section 205(a)(3) as an unmet need, and integrated with the network of community-based family resource and support program to the extent practicable given funding levels and community priorities;

“(4) maximizing funding for the financing, planning, community mobilization, collaboration, assessment, information and referral, startup, training and technical assistance, information management, reporting and evaluation costs for establishing, operating, or expanding a Statewide network of community-based, prevention-focused, family resource and support program; and

“(5) financing public information activities that focus on the healthy and positive development of parents and children and the pro-

motion of child abuse and neglect prevention activities.

**“SEC. 202. ELIGIBILITY.**

“A State shall be eligible for a grant under this title for a fiscal year if—

“(1)(A) the chief executive officer of the State has designated an entity to administer funds under this title for the purposes identified under the authority of this title, including to develop, implement, operate, enhance or expand a Statewide network of community-based, prevention-focused, family resource and support programs, child abuse and neglect prevention activities and access to respite services integrated with the Statewide network;

“(B) in determining which entity to designate under subparagraph (A), the chief executive officer should give priority consideration to the trust fund advisory board of the State or an existing entity that leverages Federal, State, and private funds for a broad range of child abuse and neglect prevention activities and family resource programs, and that is directed by an interdisciplinary, public-private structure, including participants from communities; and

“(C) such lead entity is an existing public, quasi-public, or nonprofit private entity with a demonstrated ability to work with other State and community-based agencies to provide training and technical assistance, and that has the capacity and commitment to ensure the meaningful involvement of parents who are consumers and who can provide leadership in the planning, implementation, and evaluation of programs and policy decisions of the applicant agency in accomplishing the desired outcomes for such efforts;

“(2) the chief executive officer of the State provides assurances that the lead entity will provide or will be responsible for providing—

“(A) a network of community-based family resource and support programs composed of local, collaborative, public-private partnerships directed by interdisciplinary structures with balanced representation from private and public sector members, parents, and public and private nonprofit service providers and individuals and organizations experienced in working in partnership with families with children with disabilities;

“(B) direction to the network through an interdisciplinary, collaborative, public-private structure with balanced representation from private and public sector members, parents, and public sector and private nonprofit sector service providers; and

“(C) direction and oversight to the network through identified goals and objectives, clear lines of communication and accountability, the provision of leveraged or combined funding from Federal, State and private sources, centralized assessment and planning activities, the provision of training and technical assistance, and reporting and evaluation functions; and

“(3) the chief executive officer of the State provides assurances that the lead entity—

“(A) has a demonstrated commitment to parental participation in the development, operation, and oversight of the Statewide network of community-based, prevention-focused, family resource and support programs;

“(B) has a demonstrated ability to work with State and community-based public and private nonprofit organizations to develop a continuum of preventive, family centered, holistic services for children and families through the Statewide network of community-based, prevention-focused, family resource and support programs;

“(C) has the capacity to provide operational support (both financial and programmatic) and training and technical assistance, to the Statewide network of com-

munity-based, prevention-focused, family resource and support programs, through innovative, interagency funding and interdisciplinary service delivery mechanisms; and

“(D) will integrate its efforts with individuals and organizations experienced in working in partnership with families with children with disabilities and with the child abuse and neglect prevention activities of the State, and demonstrate a financial commitment to those activities.

**“SEC. 203. AMOUNT OF GRANT.**

“(a) **RESERVATION.**—The Secretary shall reserve 1 percent of the amount appropriated under section 210 for a fiscal year to make allotments to Indian tribes and tribal organizations and migrant programs.

“(b) **ALLOTMENT.**—

“(1) **IN GENERAL.**—Of the amounts appropriated for a fiscal year under section 210 and remaining after the reservation under subsection (a), the Secretary shall allot to each State lead entity an amount equal to—

“(A) the State minor child amount for such State as determined under paragraph (2); and

“(B) the State matchable amount for such State as determined under paragraph (3).

“(2) **STATE MINOR CHILD AMOUNT.**—The amount determined under this paragraph for a fiscal year for a State shall be equal to an amount that bears the same relationship to 50 percent of the amounts appropriated and remaining under paragraph (1) for such fiscal year as the number of children under 18 residing in the State bears to the total number of children under 18 residing in all States, except that no State shall receive less than \$250,000.

“(3) **STATE MATCHABLE AMOUNT.**—The amount determined under this paragraph for a fiscal year for a State shall be equal to—

“(A)(i) 50 percent of the amounts appropriated and remaining under paragraph (1) for such fiscal year; divided by

“(ii) 50 percent of the total amount that all States have directed through the respective lead agencies to the purposes identified under the authority of this title for the fiscal year, including foundation, corporate, and other private funding, State revenues, and Federal funds, as determined by the Secretary; multiplied by

“(B) 50 percent of the total amount that the State has directed through the lead agency to the purposes identified under the authority of this title for such fiscal year, including foundation, corporate, and other private funding, State revenues, and Federal funds.

“(c) **ALLOCATION.**—Funds allotted to a State under this section shall be awarded on a formula basis for a 3-year period. Payment under such allotments shall be made by the Secretary annually on the basis described in subsection (a).

**“SEC. 204. EXISTING AND CONTINUATION GRANTS.**

“(a) **EXISTING GRANTS.**—Notwithstanding the enactment of this title, a State or entity that has a grant, contract, or cooperative agreement in effect, on the date of enactment of this title, under the Family Resource and Support Program, the Community-Based Family Resource Program, the Family Support Center Program, the Emergency Child Abuse Prevention Grant Program, or the Temporary Child Care for Children with Disabilities and Crisis Nurseries Programs shall continue to receive funds under such programs, subject to the original terms under which such funds were granted, through the end of the applicable grant cycle.

“(b) **CONTINUATION GRANTS.**—The Secretary may continue grants for Family Resource

and Support Program grantees, and those programs otherwise funded under this Act, on a noncompetitive basis, subject to the availability of appropriations, satisfactory performance by the grantee, and receipt of reports required under this Act, until such time as the grantee no longer meets the original purposes of this Act.

**"SEC. 205. APPLICATION.**

"(a) IN GENERAL.—A grant may not be made to a State under this title unless an application therefore is submitted by the State to the Secretary and such application contains the types of information specified by the Secretary as essential to carrying out the provisions of section 202, including—

"(1) a description of the lead entity that will be responsible for the administration of funds provided under this title and the oversight of programs funded through the Statewide network of community-based, prevention-focused, family resource and support programs which meets the requirements of section 202;

"(2) a description of how the network of community-based, prevention-focused, family resource and support programs will operate and how family resource and support services provided by public and private, non-profit organizations, including those funded by programs consolidated under this Act, will be integrated into a developing continuum of family centered, holistic, preventive services for children and families;

"(3) an assurance that an inventory of current family resource programs, respite, child abuse and neglect prevention activities, and other family resource services operating in the State, and a description of current unmet needs, will be provided;

"(4) a budget for the development, operation and expansion of the State's network of community-based, prevention-focused, family resource and support programs that verifies that the State will expend an amount equal to not less than 20 percent of the amount received under this title (in cash, not in-kind) for activities under this title;

"(5) an assurance that funds received under this title will supplement, not supplant, other State and local public funds designated for the Statewide network of community-based, prevention-focused, family resource and support programs;

"(6) an assurance that the State network of community-based, prevention-focused, family resource and support programs will maintain cultural diversity, and be culturally competent and socially sensitive and responsive to the needs of families with children with disabilities;

"(7) an assurance that the State has the capacity to ensure the meaningful involvement of parents who are consumers and who can provide leadership in the planning, implementation, and evaluation of the programs and policy decisions of the applicant agency in accomplishing the desired outcomes for such efforts;

"(8) a description of the criteria that the entity will use to develop, or select and fund, individual community-based, prevention-focused, family resource and support programs as part of network development, expansion or enhancement;

"(9) a description of outreach activities that the entity and the community-based, prevention-focused, family resource and support programs will undertake to maximize the participation of racial and ethnic minorities, new immigrant populations, children and adults with disabilities, homeless families and those at risk of homelessness, and members of other underserved or under-represented groups;

"(10) a plan for providing operational support, training and technical assistance to

community-based, prevention-focused, family resource and support programs for development, operation, expansion and enhancement activities;

"(11) a description of how the applicant entity's activities and those of the network and its members will be evaluated;

"(12) a description of that actions that the applicant entity will take to advocate changes in State policies, practices, procedures and regulations to improve the delivery of prevention-focused, family resource and support program services to all children and families; and

"(13) an assurance that the applicant entity will provide the Secretary with reports at such time and containing such information as the Secretary may require.

**"SEC. 206. LOCAL PROGRAM REQUIREMENTS.**

"(a) IN GENERAL.—Grants made under this title shall be used to develop, implement, operate, expand and enhance community-based, prevention-focused, family resource and support programs that—

"(1) assess community assets and needs through a planning process that involves parents and local public agencies, local non-profit organizations, and private sector representatives;

"(2) develop a strategy to provide, over time, a continuum of preventive, holistic, family centered services to children and families, especially to young parents and parents with young children, through public-private partnerships;

"(3) provide—

"(A) core family resource and support services such as—

"(i) parent education, mutual support and self help, and leadership services;

"(ii) early developmental screening of children;

"(iii) outreach services;

"(iv) community and social service referrals; and

"(v) follow-up services;

"(B) other core services, which must be provided or arranged for through contracts or agreements with other local agencies, including all forms of respite services to the extent practicable; and

"(C) access to optional services, including—

"(i) child care, early childhood development and intervention services;

"(ii) services and supports to meet the additional needs of families with children with disabilities;

"(iii) job readiness services;

"(iv) educational services, such as scholastic tutoring, literacy training, and General Educational Degree services;

"(v) self-sufficiency and life management skills training;

"(vi) community referral services; and

"(vii) peer counseling;

"(4) develop leadership roles for the meaningful involvement of parents in the development, operation, evaluation, and oversight of the programs and services;

"(5) provide leadership in mobilizing local public and private resources to support the provision of needed family resource and support program services; and

"(6) participate with other community-based, prevention-focused, family resource and support program grantees in the development, operation and expansion of the Statewide network.

"(b) PRIORITY.—In awarding local grants under this title, a lead entity shall give priority to community-based programs serving low income communities and those serving young parents or parents with young children, and to community-based family resource and support programs previously funded under the programs consolidated

under the Child Abuse Prevention and Treatment Act Amendments of 1996, so long as such programs meet local program requirements.

**"SEC. 207. PERFORMANCE MEASURES.**

"A State receiving a grant under this title, through reports provided to the Secretary, shall—

"(1) demonstrate the effective development, operation and expansion of a Statewide network of community-based, prevention-focused, family resource and support programs that meets the requirements of this title;

"(2) supply an inventory and description of the services provided to families by local programs that meet identified community needs, including core and optional services as described in section 202;

"(3) demonstrate the establishment of new respite and other specific new family resources services, and the expansion of existing services, to address unmet needs identified by the inventory and description of current services required under section 205(a)(3);

"(4) describe the number of families served, including families with children with disabilities, and the involvement of a diverse representation of families in the design, operation, and evaluation of the Statewide network of community-based, prevention-focused, family resource and support programs, and in the design, operation and evaluation of the individual community-based family resource and support programs that are part of the Statewide network funded under this title;

"(5) demonstrate a high level of satisfaction among families who have used the services of the community-based, prevention-focused, family resource and support programs;

"(6) demonstrate the establishment or maintenance of innovative funding mechanisms, at the State or community level, that blend Federal, State, local and private funds, and innovative, interdisciplinary service delivery mechanisms, for the development, operation, expansion and enhancement of the Statewide network of community-based, prevention-focused, family resource and support programs;

"(7) describe the results of a peer review process conducted under the State program; and

"(8) demonstrate an implementation plan to ensure the continued leadership of parents in the on-going planning, implementation, and evaluation of such community based, prevention-focused, family resource and support programs.

**"SEC. 208. NATIONAL NETWORK FOR COMMUNITY-BASED FAMILY RESOURCE PROGRAMS.**

"The Secretary may allocate such sums as may be necessary from the amount provided under the State allotment to support the activities of the lead entity in the State—

"(1) to create, operate and maintain a peer review process;

"(2) to create, operate and maintain an information clearinghouse;

"(3) to fund a yearly symposium on State system change efforts that result from the operation of the Statewide networks of community-based, prevention-focused, family resource and support programs;

"(4) to create, operate and maintain a computerized communication system between lead entities; and

"(5) to fund State-to-State technical assistance through bi-annual conferences.

**"SEC. 209. DEFINITIONS.**

"For purposes of this title:

"(1) CHILDREN WITH DISABILITIES.—The term 'children with disabilities' has the same meaning given such term in section



602(a)(2) of the Individuals with Disabilities Education Act.

"(2) COMMUNITY REFERRAL SERVICES.—The term 'community referral services' means services provided under contract or through interagency agreements to assist families in obtaining needed information, mutual support and community resources, including respite services, health and mental health services, employability development and job training, and other social services through help lines or other methods.

"(3) CULTURALLY COMPETENT.—The term 'culturally competent' means services, support, or other assistance that is conducted or provided in a manner that—

"(A) is responsive to the beliefs, interpersonal styles, attitudes, languages, and behaviors of those individuals and families receiving services; and

"(B) has the greatest likelihood of ensuring maximum participation of such individuals and families.

"(4) FAMILY RESOURCE AND SUPPORT PROGRAM.—The term 'family resource and support program' means a community-based, prevention-focused entity that—

"(A) provides, through direct service, the core services required under this title, including—

"(i) parent education, support and leadership services, together with services characterized by relationships between parents and professionals that are based on equality and respect, and designed to assist parents in acquiring parenting skills, learning about child development, and responding appropriately to the behavior of their children;

"(ii) services to facilitate the ability of parents to serve as resources to one another (such as through mutual support and parent self-help groups);

"(iii) early developmental screening of children to assess any needs of children, and to identify types of support that may be provided;

"(iv) outreach services provided through voluntary home visits and other methods to assist parents in becoming aware of and able to participate in family resources and support program activities;

"(v) community and social services to assist families in obtaining community resources; and

"(vi) follow-up services;

"(B) provides, or arranges for the provision of, other core services through contracts or agreements with other local agencies, including all forms of respite services; and

"(C) provides access to optional services, directly or by contract, purchase of service, or interagency agreement, including—

"(i) child care, early childhood development and early intervention services;

"(ii) self-sufficiency and life management skills training;

"(iii) education services, such as scholastic tutoring, literacy training, and General Educational Degree services;

"(iv) job readiness skills;

"(v) child abuse and neglect prevention activities;

"(vi) services that families with children with disabilities or special needs may require;

"(vii) community and social service referral;

"(viii) peer counseling;

"(ix) referral for substance abuse counseling and treatment; and

"(x) help line services.

"(5) NATIONAL NETWORK FOR COMMUNITY-BASED FAMILY RESOURCE PROGRAMS.—The term 'network for community-based family resource program' means the organization of State designated entities who receive grants under this title, and includes the entire

membership of the Children's Trust Fund Alliance and the National Respite Network.

"(6) OUTREACH SERVICES.—The term 'outreach services' means services provided to assist consumers, through voluntary home visits or other methods, in accessing and participating in family resource and support program activities.

"(7) RESPITE SERVICES.—The term 'respite services' means short term care services provided in the temporary absence of the regular caregiver (parent, other relative, foster parent, adoptive parent, or guardian) to children who—

"(A) are in danger of abuse or neglect;

"(B) have experienced abuse or neglect; or

"(C) have disabilities, chronic, or terminal illnesses.

Such services shall be provided within or outside the home of the child, be short-term care (ranging from a few hours to a few weeks of time, per year), and be intended to enable the family to stay together and to keep the child living in the home and community of the child.

#### **"SEC. 210. AUTHORIZATION OF APPROPRIATIONS.**

"There are authorized to be appropriated to carry out this title, \$108,000,000 for each of the fiscal years 1996 through 2000."

#### **SEC. 942. REPEALS.**

(a) TEMPORARY CHILD CARE FOR CHILDREN WITH DISABILITIES AND CRISIS NURSERIES ACT.—The Temporary Child Care for Children with Disabilities and Crisis Nurseries Act of 1986 (42 U.S.C. 5117 et seq.) is repealed.

(b) FAMILY SUPPORT CENTERS.—Subtitle F of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11481 et seq.) is repealed.

#### **Subtitle E—Family Violence Prevention and Services**

#### **SEC. 951. REFERENCE.**

Except as otherwise expressly provided, 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 Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.).

#### **SEC. 952. STATE DEMONSTRATION GRANTS.**

Section 303(e) (42 U.S.C. 10420(e)) is amended—

(1) by striking "following local share" and inserting "following non-Federal matching local share"; and

(2) by striking "20 percent" and all that follows through "private sources." and inserting "with respect to an entity operating an existing program under this title, not less than 20 percent, and with respect to an entity intending to operate a new program under this title, not less than 35 percent."

#### **SEC. 953. ALLOTMENTS.**

Section 304(a)(1) (42 U.S.C. 10403(a)(1)) is amended by striking "\$200,000" and inserting "\$400,000".

#### **SEC. 954. AUTHORIZATION OF APPROPRIATIONS.**

Section 310 (42 U.S.C. 10409) is amended—

(1) in subsection (b), by striking "80" and inserting "70"; and

(2) by adding at the end thereof the following new subsections:

"(d) GRANTS FOR STATE COALITIONS.—Of the amounts appropriated under subsection (a) for each fiscal year, not less than 10 percent of such amounts shall be used by the Secretary for making grants under section 311.

"(e) NON-SUPPLANTING REQUIREMENT.—Federal funds made available to a State under this title shall be used to supplement and not supplant other Federal, State, and local public funds expended to provide services and activities that promote the purposes of this title."

#### **Subtitle F—Adoption Opportunities**

#### **SEC. 961. REFERENCE.**

Except as otherwise expressly provided, 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 Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 (42 U.S.C. 5111 et seq.).

#### **SEC. 962. FINDINGS AND PURPOSE.**

Section 201 (42 U.S.C. 5111) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking "50 percent between 1985 and 1990" and inserting "61 percent between 1986 and 1994"; and

(ii) by striking "400,000 children at the end of June, 1990" and inserting "452,000 as of June, 1994"; and

(B) in paragraph (5), by striking "local" and inserting "legal"; and

(C) in paragraph (7), to read as follows:

"(7)(A) currently, 40,000 children are free for adoption and awaiting placement;

"(B) such children are typically school aged, in sibling groups, have experienced neglect or abuse, or have a physical, mental, or emotional disability; and

"(C) while the children are of all races, children of color and older children (over the age of 10) are over represented in such group"; and

(2) in subsection (b)—

(A) by striking "conditions, by—" and all that follows through "providing a mechanism" and inserting "conditions, by providing a mechanism"; and

(B) by redesignating subparagraphs (A) through (C), as paragraphs (1) through (3), respectively and by realigning the margins of such paragraphs accordingly.

#### **SEC. 963. INFORMATION AND SERVICES.**

Section 203 (42 U.S.C. 5113) is amended—

(1) in subsection (a), by striking the last sentence;

(2) in subsection (b)—

(A) in paragraph (6), to read as follows:

"(6) study the nature, scope, and effects of the placement of children in kinship care arrangements, pre-adoptive, or adoptive homes";

(B) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively; and

(C) by inserting after paragraph (6), the following new paragraph:

"(7) study the efficacy of States contracting with public or private nonprofit agencies (including community-based and other organizations), or sectarian institutions for the recruitment of potential adoptive and foster families and to provide assistance in the placement of children for adoption"; and

(3) in subsection (d)—

(A) in paragraph (2)—

(i) by striking "Each" and inserting "(A) Each";

(ii) by striking "for each fiscal year" and inserting "that describes the manner in which the State will use funds during the 3-fiscal years subsequent to the date of the application to accomplish the purposes of this section. Such application shall be"; and

(iii) by adding at the end thereof the following new subparagraph:

"(B) The Secretary shall provide, directly or by grant to or contract with public or private nonprofit agencies or organizations—

"(i) technical assistance and resource and referral information to assist State or local governments with termination of parental rights issues, in recruiting and retaining adoptive families, in the successful placement of children with special needs, and in the provision of pre- and post-placement

services, including post-legal adoption services; and

"(ii) other assistance to help State and local governments replicate successful adoption-related projects from other areas in the United States."

#### SEC. 964. AUTHORIZATION OF APPROPRIATIONS.

Section 205 (42 U.S.C. 5115) is amended—

(1) in subsection (a), by striking "\$10,000,000," and all that follows through "203(c)(1)" and inserting "\$20,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000 to carry out programs and activities authorized";

(2) by striking subsection (b); and

(3) by redesignating subsection (c) as subsection (b).

#### Subtitle G—Abandoned Infants Assistance Act of 1986

#### SEC. 971. REAUTHORIZATION.

Section 104(a)(1) of the Abandoned Infants Assistance Act of 1988 (42 U.S.C. 670 note) is amended by striking "\$20,000,000" and all that follows through the end thereof and inserting "\$35,000,000 for each of the fiscal years 1996 and 1997, and such sums as may be necessary for each of the fiscal years 1998 through 2000".

#### Subtitle H—Reauthorization of Various Programs

#### SEC. 981. MISSING CHILDREN'S ASSISTANCE ACT.

Section 408 of the Missing Children's Assistance Act (42 U.S.C. 5777) is amended—

(1) by striking "To" and inserting "(a) IN GENERAL.—"

(2) by striking "and 1996" and inserting "1996, and 1997"; and

(3) by adding at the end thereof the following new subsection:

"(b) EVALUATION.—The Administrator shall use not more than 5 percent of the amount appropriated for a fiscal year under subsection (a) to conduct an evaluation of the effectiveness of the programs and activities established and operated under this title."

#### SEC. 982. VICTIMS OF CHILD ABUSE ACT OF 1990.

Section 214B of the Victims of Child Abuse Act of 1990 (42 U.S.C. 13004) is amended—

(1) in subsection (a)(2), by striking "and 1996" and inserting "1996, and 1997"; and

(2) in subsection (b)(2), by striking "and 1996" and inserting "1996 and 1997".

#### TITLE X—EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

#### SEC. 1001. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on October 1, 1996.

(b) ONE YEAR EXTENSION OF JOBS PROGRAM.—The authorization for the JOBS program under part F of title IV of the Social Security Act, as in effect on the date of the enactment of this Act shall be extended through fiscal year 1997 for \$1,000,000,000 and allocated to the States in the same manner as under section 495 of the Social Security Act, as added by section 201 of this Act, except that the participation rate under clause (vi) of section 403(l)(3)(A) of such Act, as so in effect, shall be applied by substituting "25 percent" for "20 percent".

#### SEC. 1002. TREATMENT OF EXISTING WAIVERS.

(a) IN GENERAL.—If any waiver granted to a State under section 1115 of the Social Security Act (42 U.S.C. 1315) or otherwise which relates to the provision of assistance under a State plan approved under title IV of the such Act (42 U.S.C. 601 et seq.), is in effect or approved by the Secretary of Health and Human Services as of the date of the enactment of this Act, the amendments made by this Act, at the option of the State, shall not apply with respect to the State before the

expiration (determined without regard to any extensions) of the waiver.

(b) FUNDING.—If the State elects the treatment described in subsection (a), the State—

(1) may use so much of the remainder of the Federal funds available for such waiver project as determined by the Secretary of Health and Human Services based on an evaluation of the budget of such waiver project; and

(2) may have any costs in excess of the cost neutrality requirements forgiven by the Secretary from funds not described in section 414(a)(2).

(c) REPORTS.—If the State does not elect the treatment described in subsection (a), and unless the Secretary of Health and Human Services determines that the waiver project is not of sufficient duration, the State shall submit a report on the operation and results of the waiver project, including any effects on employment and welfare receipt.

#### SEC. 1003. EXPEDITED WAIVER PROCESS.

Notwithstanding any other provision of law, the Secretary of Health and Human Services shall approve or disapprove a waiver submitted under section 1115 of the Social Security Act (42 U.S.C. 1315) not later than 90 days after the date the completed application is received. In considering such an application, there shall be the presumption for approval in the case of a request for a waiver that is similar in substance and scale to a previously approved waiver.

#### SEC. 1004. COUNTY WELFARE DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Agriculture may jointly enter into negotiations with any county having a population greater than 500,000 for the purpose of establishing appropriate rules to govern the establishment and operation of a 5-year welfare demonstration project. Under the demonstration project—

(1) the county shall have the authority and duty to administer the operation within the county of 1 or more of the programs established under title I or II of this Act as if the county were considered a State for purposes of such programs; and

(2) the State in which the county is located shall pass through directly to the county 100 percent of a proportion of the Federal funds received by the State under each of the programs described in paragraph (1) that is administered by the county under such paragraph, which proportion shall be separately calculated for each such program based (to the extent feasible and appropriate) on the formula used by the Federal government to allocate payments to the States under the program. Additionally, any State financial participation in these programs shall be no different for counties participating in the demonstration projects authorized by this section than for other counties within the State.

(b) COMMENCEMENT OF PROJECT.—After the conclusion of the negotiations described in subsection (a), the Secretary of Health and Human Services and the Secretary of Agriculture may authorize the county to conduct the demonstration project described in such subsection in accordance with the rules established under such subsection.

(c) REPORT.—The Secretary of Agriculture and the Secretary of Health and Human Services shall submit to the Congress a joint report on any demonstration project conducted under this section not later than 6 months after the termination of the project. Such report shall, at a minimum, describe the project, the rules negotiated with respect to the project under subsection (a), and the innovations (if any) that the county was able to initiate under the project.

#### SEC. 1005. WORK REQUIREMENTS FOR STATE OF HAWAII.

Section 485(a)(2)(B) of the Social Security Act, as added by section 201(a), is amended by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

"(iii) DEEMED HOURS OF WORK.—For purposes of subclauses (II) and (III) of subparagraph (A)(i), '19 hours' shall be substituted for '20 hours' in determining the State of Hawaii's work performance rate."

#### SEC. 1006. REQUIREMENT THAT DATA RELATING TO THE INCIDENCE OF POVERTY IN THE UNITED STATES BE PUBLISHED AT LEAST EVERY 2 YEARS.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall, to the extent feasible, produce and publish for each State, county, and local unit of general purpose government for which data have been compiled in the most recent census of population under section 141(a) of title 13, United States Code, and for each school district, data relating to the incidence of poverty. Such data may be produced by means of sampling, estimation, or any other method that the Secretary determines will produce current, comprehensive, and reliable data.

(b) CONTENT; FREQUENCY.—Data under this section—

(1) shall include—

(A) for each school district, the number of children age 5 to 17, inclusive, in families below the poverty level; and

(B) for each State and county referred to in subsection (a), the number of individuals age 65 or older below the poverty level; and

(2) shall be published—

(A) for each State, county, and local unit of general purpose government referred to in subsection (a), in 1997 and at least every 2nd year thereafter; and

(B) for each school district, in 1999 and at least every 2nd year thereafter.

(c) AUTHORITY TO AGGREGATE.—

(1) IN GENERAL.—If reliable data could not otherwise be produced, the Secretary may, for purposes of subsection (b)(1)(A), aggregate school districts, but only to the extent necessary to achieve reliability.

(2) INFORMATION RELATING TO USE OF AUTHORITY.—Any data produced under this subsection shall be appropriately identified and shall be accompanied by a detailed explanation as to how and why aggregation was used (including the measures taken to minimize any such aggregation).

(d) REPORT TO BE SUBMITTED WHENEVER DATA IS NOT TIMELY PUBLISHED.—If the Secretary is unable to produce and publish the data required under this section for any State, county, local unit of general purpose government, or school district in any year specified in subsection (b)(2), a report shall be submitted by the Secretary to the President of the Senate and the Speaker of the House of Representatives, not later than 90 days before the start of the following year, enumerating each government or school district excluded and giving the reasons for the exclusion.

(e) CRITERIA RELATING TO POVERTY.—In carrying out this section, the Secretary shall use the same criteria relating to poverty as were used in the most recent census of population under section 141(a) of title 13, United States Code (subject to such periodic adjustments as may be necessary to compensate for inflation and other similar factors).

(f) CONSULTATION.—The Secretary shall consult with the Secretary of Education in carrying out the requirements of this section relating to school districts.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$1,500,000 for each of fiscal years 1997 through 2001.

**SEC. 1007. 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 First Act of 1996 on a random national sample of recipients of assistance under State programs funded under part A of title IV of the Social Security Act and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

(b) AUTHORIZATION OF APPROPRIATIONS.—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 1997, 1998, 1999, 2000, and 2001 to carry out subsection (a).

**SEC. 1008. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.**

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the appropriate committees of the Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this Act.

### LIEBERMAN AMENDMENTS NOS. 4899-4900

(Ordered to lie on the table.)

Mr. LIEBERMAN submitted two amendments intended to be proposed by him to the bill, S. 1956, supra; as follows:

**AMENDMENT NO. 4899**

Section 2903 is amended—

(1) by inserting “(a) IN GENERAL.—” before “Section”; and

(2) by adding at the end the following:

(b) DEDICATION OF BLOCK GRANT SHARE.—Section 2001 of the Social Security Act (42 U.S.C. 1397) is amended—

(1) in the matter preceding paragraph (1), by inserting “(a)” before “For”; and

(2) by adding at the end the following:

“(b) For any fiscal year in which a State receives an allotment under section 2003, such State shall dedicate an amount equal to 3 percent of such allotment to fund programs and services that teach minors to—

“(1) avoid out-of-wedlock pregnancies;”

**AMENDMENT NO. 4900**

Section 2101 is amended—

(1) by redesignating paragraphs (7) through (9) as paragraphs 8 through (10), respectively;

(2) in paragraph (10), as so redesignated, by inserting “, and protection of teenage girls from pregnancy as well as predatory sexual behavior” after “birth”; and

(3) by inserting after paragraph (6), the following:

(7) An effective strategy to combat teenage pregnancy must address the issue of male responsibility, including statutory rape culpability and prevention. The increase of teenage pregnancies among the youngest girls is particularly severe and is linked to predatory sexual practices by men who are significantly older.

(A) It is estimated that in the late 1980's, the rate for girls age 14 and under giving birth increased 26 percent.

(B) Data indicates that at least half of the children born to teenage mothers are fathered by adult men. Available data suggests that almost 70 percent of births to teenage girls are fathered by men over age 20.

(C) Surveys of teen mothers have revealed that a majority of such mothers have histories of sexual and physical abuse, primarily with older adult men.

Section 402(a)(1)(A) of the Social Security Act, as added by section 2103(a)(1), is amended—

(1) by redesignating clauses (vi) and (vii) as clauses (vii) and (viii), respectively; and

(2) by inserting after clause (v), the following:

“(vi) Conduct a program, designed to reach State and local law enforcement officials; the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

Section 2908 is amended—

(1) by inserting “(a) SENSE OF THE SENATE.—” before “It”; and

(2) by adding at the end the following:

(b) JUSTICE DEPARTMENT PROGRAM ON STATUTORY RAPE.—

(1) ESTABLISHMENT.—Not later than January 1, 1997, the Attorney General shall establish and implement a program that—

(A) studies the linkage between statutory rape and teenage pregnancy, particularly by predatory older men committing repeat offenses; and

(B) educates State and local criminal law enforcement officials on the prevention and prosecution of statutory rape, focusing in particular on the commission of statutory rape by predatory older men committing repeat offenses, and any links to teenage pregnancy.

(2) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Attorney General to carry out the provisions of paragraph (1), \$1,000,000 for each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

(c) VIOLENCE AGAINST WOMEN INITIATIVE.—The Attorney General shall ensure that the Department of Justice's Violence Against Women initiative addresses the issue of statutory rape, particularly the commission of statutory rape by predatory older men committing repeat offenses.

### ASHCROFT (AND NICKLES) AMENDMENT NO. 4901

Mr. ASHCROFT (for himself and Mr. NICKLES) proposed an amendment to the bill, S. 1956, supra; as follows:

Strike existing Section 2902, and replace with the following:

#### “SEC. 2902. SANCTIONING WELFARE RECIPIENTS FOR TESTING POSITIVE FOR THE USE OF CONTROLLED SUBSTANCES.

Notwithstanding any other provision of law, States shall randomly test welfare recipients, including recipients of assistance under the temporary assistance for needy families program under part A of title IV of the Social Security Act and individuals receiving food stamps under the program defined in section 3(h) of the Food Stamp Act of 1977, for the use of controlled substances and shall sanction welfare recipients who test positive for the use of such illegal drugs.

### DODD (AND OTHERS) AMENDMENT NO. 4902

Mr. DODD (for himself, Mr. COATS, Mr. KENNEDY, Mrs. KASSEBAUM, Ms. SNOWE, Ms. MIKULSKI, Mr. HARKIN, Mr. KOHL, Mr. KERRY, Mrs. MURRAY, Mr. KERREY, Mr. COHEN, Mr. REID, Mr. LEAHY, Mrs. BOXER, Mr. EXON, Mr. WELLSTONE, and Mr. HATCH) proposed

an amendment to the bill, S. 1956, supra; as follows:

On page 628, strike clauses (vi) and (vii) of section 2805(2) (A).

**MURRAY AMENDMENT NO. 4903**

Mrs. MURRAY proposed an amendment to the bill, S. 1956, supra; as follows:

Strike section 1206.

**THE OCEAN SHIPPING ACT OF 1996**

### PRESSLER (AND OTHERS) AMENDMENT NO. 4904

(Ordered referred to the Committee on Commerce, Science, and Transportation.)

Mr. PRESSLER (for himself, Mr. LOTT, Mr. GORTON, Mrs. HUTCHISON, Mr. EXON, Mr. INOUE, and Mr. BREAUX) submitted an amendment intended to be proposed by them to the bill (S. 1356) to amend the Shipping Act of 1984 to provide for ocean shipping reform, and for other purposes; as follows:

Strike out all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “International Ocean Shipping Act of 1996”.

**SEC. 2. EFFECTIVE DATE.**

Except as otherwise expressly provided in this Act, this Act and the amendments made by this Act take effect on October 1, 1997.

### TITLE I AMENDMENTS TO THE SHIPPING ACT OF 1984

**SEC. 101. PURPOSE.**

Section 1 of the Shipping Act of 1984 (46 U.S.C. App. 1701) is amended by—

(1) striking “and” after the semicolon in paragraph (2);

(2) striking “needs.” in paragraph (3) and inserting “needs; and”; and

(3) adding at the end thereof the following:

“(4) to promote the growth and development of United States exports through competitive and efficient ocean transportation and by placing a greater reliance on the marketplace.”

**SEC. 102. DEFINITIONS.**

Section 3 of the Shipping Act of 1984 (46 U.S.C. App. 1702) is amended by—

(1) striking paragraph (5) and redesignating paragraph (4) as paragraph (5);

(2) inserting after paragraph (3) the following:

“(4) ‘Board’ means the Intermodal Transportation Board.”;

(3) adding at the end of paragraph (7) the following: “a conference agreement does not result in the formation of a single commercial identity, and members of the conference retain their identity as individual carriers in the trade.”;

(4) striking “the government under whose registry the vessels of the carrier operate” in paragraph (8) and inserting “a government”;

(5) striking “in an unfinished or semi-finished state that require special handling moving in lot sizes too large for a container” in paragraph (11);

(6) striking “paper board in rolls, and paper in rolls.” in paragraph (11) and inserting “paper and paper board in rolls or in pallet or skid-sized sheets.”;

(7) striking paragraph (17) and redesignating paragraphs (18) through (27) as paragraphs (17) through (26), respectively;

(8) striking paragraph (18), as designated, and inserting the following: