

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

H.R. 3734

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

Volumes 1 to 19

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

Social Security Administration

**PERSONAL RESPONSIBILITY
AND WORK OPPORTUNITY
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Volume 16 of 19

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Social Security Administration

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

PREFACE

This 19-volume compilation contains historical documents pertaining to P.L. 104-193, the "Personal Responsibility and Work Opportunity Act of 1996."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

Pertinent documents include:

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

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

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- F. H.R. 1214, "Personal Responsibility Act of 1995," introduced March 13, 1995 (excerpts). This bill was developed by the three committees with primary jurisdiction (Committees on Ways and Means, Agriculture, and Economic and Educational Opportunities). In addition, the Committee on Commerce worked with Ways and Means staff to draft language for H.R. 1214 as it related to provisions within the Commerce Committee's jurisdiction including ineligibility of illegal aliens for certain public benefits, SSI cash benefits, and SSI service benefits. H.R. 1214 was considered as the base text for floor consideration of welfare reform legislation.
- G. H.R. 1250, "Family Stability and Work Act of 1995," introduced March 15, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214. It failed to pass the House on March 23, 1995 by a vote of 96-336.
- H. H.R. 1267, "Individual Responsibility Act of 1995" introduced March 21, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214 that maintained several key Republican welfare reform provisions while also keeping the Federal entitlement for cash benefits, school lunches and other social programs. It failed to pass the House on March 23, 1995 by a vote of 205-228.
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LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

Number 104-1

March 7, 1995

HOUSE COMMITTEE ON WAYS AND MEANS MARKUP OF WELFARE REFORM PROPOSAL

On March 3, 1995, the House Ways and Means Committee completed action on Supplemental Security Income (SSI) provisions in a comprehensive welfare reform proposal based on the "Personal Responsibility Act" (H.R. 4)--the welfare reform bill contained in the House Republican Contract with America. The proposal is expected to reach the House floor in late March. (The Committee voted on conceptual language, not statutory bill language. However, under House rules, the proposal cannot be taken up by the full House until the proposal is drafted in statutory bill language.) As passed by the Committee, the proposal includes the following SSI provisions:

RESTRICTING WELFARE FOR NONCITIZENS

- o Provides generally that noncitizen aliens would be ineligible for 35 Federal welfare programs, including SSI, Medicaid, Food Stamps, and housing benefits after the date of enactment with the following exceptions:
 - aliens admitted to the United States (U.S.) under section 207 of the Immigration and Nationality Act would remain eligible for Federal welfare programs during their first 5 years in the U.S;
 - legal permanent residents over 75 years of age who have been in the U.S. for 5 years or more would also remain eligible for Federal welfare programs; and
 - other noncitizens who are currently eligible for benefits would remain eligible for 1 year after date of enactment.

- o Provides that noncitizens would remain eligible for the earned income tax credit, 13 education and job training programs, and emergency medical services and immunizations.
- o Requires each Federal agency that administers a program from which noncitizens are to be disqualified to provide general notification to the public and program recipients of the eligibility changes.
- o Requires State agencies administering the AFDC programs to provide to the INS the names and addresses of illegal aliens with children who are citizens of the U.S.
- o Provides that sponsorship agreements, by which family members and others agree to help noncitizens who would otherwise qualify for welfare, would be made legally binding and would apply until the immigrant becomes a citizen. The agreements are not now legally binding and last for either 3 or 5 years.
- o Grants States the option to follow the Federal classification of U.S. citizens and aliens in determining eligibility for any State, local, or municipal means-tested public assistance program.

SUPPLEMENTAL SECURITY INCOME REFORMS

Eliminate SSI Benefits to Drug Abusers and Alcoholics (DA&A)

- o Prohibits SSI eligibility, including cash SSI benefits and Medicaid coverage, to those individuals whose DA&A is a contributing factor material to his or her disability if he or she cannot qualify based on another disabling condition.
- o Provides that \$100 million of the savings realized from denying cash SSI payments and Medicaid coverage to individuals disabled by DA&A will be targeted annually to drug treatment and drug abuse research.

General Restrictions On Eligibility for Cash and Other New Benefits for Certain Children

- o Repeals the "comparable severity" test and eliminates "individualized functional assessments" in determining disability in children. Eligibility for cash benefits or newly authorized medical services will be based solely on meeting or equalling the current Listings of Impairments.

- o Provides that children may be eligible for cash SSI payments in one of three circumstances:
 - Children who are currently (defined as during the month prior to the first month for which this provision takes effect) receiving cash SSI disability payments will continue to be eligible for cash SSI payments if they have an impairment(s) which meets or equals the level of severity of an impairment specified in the Listing of Impairments.
 - Children who file new claims for SSI disability benefits may only receive cash payments if they have an impairment(s) which meets or equals the level of severity of an impairment specified in the Listing of Impairments and is either in a hospital, skilled nursing facility, residential treatment facility, or intermediate care facility for the mentally retarded or otherwise would be placed in such a facility if the child were not receiving personal assistance necessitated by the impairment.
 - Currently eligible children who are overseas as dependents of a member of the U.S. Armed Forces, but who would be eligible for block grant services if they were in the U.S., shall continue to be eligible for cash payments so long as they are outside the United States.
- o Provides for the reinstatement to eligibility for SSI cash benefits under the grandfathered provision (i.e., meets or equals the Listing of Impairments) following a period of suspended eligibility due to excess income and/or resources.
- o Requires the Commissioner to notify, within one month of enactment, all individuals whose eligibility for SSI benefits would be terminated under these proposals.

Continuing Disability Reviews (CDRs)

- o Requires CDRs at least once every 3 years for children with disabilities who have non-permanent impairments.
- o Requires CDRs for low birth weight children when SSI payments have been made for 12 months.

Regulations

- o Requires the Commissioner to issue regulations necessary to implement the provisions that apply to SSI benefits for children within 3 months of enactment.
- o Requires the Commissioner to review the Listing of Impairments annually and recommend to Congress any necessary revisions.
- o Requires the Commission on Childhood Disability to examine the childhood mental listings to ensure that the criteria in these listings are appropriate to ensure that SSI eligibility is limited to serious disabilities for which Federal assistance is necessary to improve the child's condition or quality of life.

Block Grants for Children with Disabilities

- o Requires the Commissioner to make block grants for children with disabilities to States that apply for them for FY 1997 or thereafter pursuant to statutory and regulatory requirements. The purpose of such grants would be to provide authorized medical and non-medical services, other than cash benefits, to children who are determined to be physically or mentally impaired under the medical listings.
- o Allows States to decide which services may be provided to qualified children using block grant funds by selecting from a list of authorized medical and non-medical services specified by the Commissioner of Social Security. The final list would be issued by the Commissioner no later than January 1, 1996. Requires that the Commissioner ensure that services on the list are designed to meet the unique needs of qualifying children that arise from their physical and mental impairments.
- o The amount of the block grant allotment for each State for a fiscal year would be the product of:
 - the difference between the total number of qualifying children in the State and the number of qualifying children in the State who were eligible for SSI cash benefits, and
 - an amount equal to 75 percent of the mean average of the respective annual totals of cash benefits paid to each qualifying child who received an SSI cash benefit.
- o Allows States to designate an already existing State entity to administer the childhood block grant, if the State determines appropriate.

Medicaid Coverage Under Block Grants

- o Provides that children who are eligible solely for medical services through the block grant but do not receive coverage under Medicaid because they live in one of the twelve 209(b) States will be eligible for cash SSI benefits until October 1, 1996, when medical services through the block grant become available.
- o Requires that any child who meets or equals the medical listing criteria, currently or in the future, will receive Medicaid, whether or not they are receiving block grant services at a given time, except those children who would not be eligible for Medicaid under the current eligibility criteria.

Other SSI Changes

- o Provides that SSI-eligible children who are in a medical facility and whose care is being paid for through private insurance would be eligible for a benefit of up to \$30 a month.
- o Provides that, in the case of parents who disposed of theirs or their child's assets (or a guardian who disposed of his ward's asset) within 36 months of the child's application for SSI benefits, the child's eligibility for benefits will be delayed for a number of months equal to the uncompensated value of the divested resource divided by the SSI Federal benefit rate.
- o Eliminates the maintenance of effort requirement ("passalong") on States with regard to their State supplementary payment programs.

Provisions Regarding Other Programs

- o Provides that the value of the authorized services offered through the block grant shall not be taken into account in determining eligibility for, or the amount of, benefits or services under any Federal or federally-assisted program. Authorized services provided under the block grant are considered to be SSI benefits for purposes of Medicaid coverage. An individual who would be eligible for block grant services but lives in a State in which such services are not available is considered an SSI recipient for purposes of Medicaid coverage.
- o Provides for the establishment of block grants for Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa for the establishment of adult assistance programs for the aged, blind and disabled in those jurisdictions. Funding would be set by the Secretary of HHS based on 1994 funding levels of adult assistance programs operating in these jurisdictions.

LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

104-2

March 13, 1995

THE HOUSE COMMITTEE ON WAYS AND MEANS REPORTS WELFARE REFORM PROVISIONS

On March 8, 1995, the full Committee on Ways and Means reported as a clean bill (H.R. 1157) the welfare reform proposals which were based on H.R. 4, the Personal Responsibility Act. In addition to the provisions described in Legislative Bulletin 104-1 (dated March 7, 1995), the following provisions are included in the Chairman's mark:

- o Adds noncitizen United States military veterans who were honorably discharged and who are legally residing in the United States to the group of noncitizens who would be eligible for SSI, Medicaid, Food Stamps, housing assistance and other Federal or State assistance programs.
- o Provides that an alien's income and resources would be deemed to include the income and resources of the alien's sponsor (including the sponsor's spouse) until the alien becomes a United States citizen. (The requirement would appear to apply to all currently eligible aliens whether or not the current law deeming period had closed in the individual alien's case.)
- o Provides that Federal and State governments take actions to recover from an alien's sponsor amounts equal to assistance payments made to the alien.
- o Provides that sponsors notify Federal and State governments of changes in their addresses within thirty days. Failures could result in civil penalties of up to \$5,000 being imposed against the sponsor.

LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

104-3

March 21, 1995

HOUSE WAYS AND MEANS CHAIRMAN BILL ARCHER INTRODUCES TWO NEW CONTRACT WITH AMERICA BILLS AFFECTING SSI AND ALIENS, RET AND TAXATION OF BENEFITS

On March 13, 1995, Ways and Means Committee Chairman Bill Archer introduced the Personal Responsibility Act (H.R. 1214) and the Contract with America Tax Relief Act of 1995 (H.R. 1215). These two bills supersede the earlier Contract with America bills which contained SSA-related provisions--the Personal Responsibility Act (H.R. 4, H.R. 1157) and the Senior Citizens' Equity Act (H.R. 8), respectively.

THE PERSONAL RESPONSIBILITY ACT (H.R. 1214)

The full Ways and Means Committee reported the Personal Responsibility Act (H.R. 4) as a clean bill (H.R. 1157) on March 8, 1995 (see Legislative Bulletins 104-1 and 104-2 dated March 7, 1995 and March 13, 1995, respectively.) As introduced, H.R. 1214 includes the provisions of H.R. 1157 with the following modifications.

Restricting Welfare for Noncitizens

Rather than making all aliens ineligible for 35 specified Federal welfare programs as under H.R. 1157, H.R. 1214:

- o Prohibits any Federal means-tested public benefits to aliens not lawfully present in the United States and to aliens lawfully present as nonimmigrants with exceptions for noncash, in-kind assistance (including emergency medical care) and certain housing programs.
- o Provides that immigrants, with certain exceptions, would not be eligible for five Federal programs--SSI, temporary assistance for needy families under title IV of the Social Security Act, social services block grant assistance, Medicaid, and food stamps--but would not be prohibited from other Federal means-tested public assistance programs.

Also provides that spouses and dependent children of veterans, Armed Forces personnel on active duty, their spouses, and dependent children are added to the categories of immigrants that are exempted.

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service. SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Collection and Use of SSNs for Use in Child Support Enforcement

- o State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. Also, the SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records.

House floor debate on H.R. 1214 is expected to begin today.

THE TAX RELIEF ACT OF 1995 (H.R. 1215)

The full Ways and Means Committee reported the Contract with America Tax Relief Act of 1995 on March 14 without amendment. The legislation contains the same SSA-related provisions included in the earlier Contract with America bill (H.R. 8).

Repeal of Increase in Tax on Social Security Benefits

- o Repeals the 1993 taxation provision that increased the taxable portion of Social Security and Railroad Retirement Tier I benefits from 50 to 85 percent for single beneficiaries whose adjusted gross income is over \$34,000 and married beneficiaries filing jointly whose adjusted gross income is over \$44,000.

The provision would phase-in the repeal of the higher rate for taxpayers with incomes in excess of the above thresholds as follows:

For taxable years beginning in calendar year...	The percentage of benefits would be...
1996 -----	75 percent
1997 -----	65 percent
1998 -----	60 percent
1999 -----	55 percent

For taxable years beginning after December 31, 1999, Social Security and Railroad Retirement Tier I benefits would be treated as under the law prior to 1994 (no more than 50 percent of benefits taxable).

Adjustment in Exempt Amount of Retirement Earnings Test

- o Gradually raises the earnings limit for those age 65 to 69 to \$30,000 by the year 2000. The increase would be phased-in over 5 years as follows:

<u>Year</u>	<u>Proposed Earnings Limit</u>
1996 -----	\$15,000
1997 -----	19,000
1998 -----	23,000
1999 -----	27,000
2000 -----	30,000

The provision would be effective for taxable years beginning after 1995.

LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

104-4

March 27, 1995

HOUSE PASSES H.R. 4, THE PERSONAL RESPONSIBILITY ACT OF 1995

On March 24, 1995, the House of Representatives passed H.R. 4, the Personal Responsibility Act of 1995, by a vote of 234 to 199. H.R. 4 (as passed) contains the text of H.R. 1214 as amended on the floor of the House. The bill includes SSI provisions affecting drug addicts and alcoholics, children, and noncitizens.

Eliminate SSI Benefits to Drug Addicts and Alcoholics (DA&A)

- o Prohibits SSI eligibility to individuals disabled due to DA&A. Initially removes everyone eligible for SSI based on DA&A.

General Restrictions On Eligibility for Cash and Other New Benefits for Certain Children

- o Eliminates "individualized functional assessments" (IFAs) in determining disability in children. Eligibility for cash benefits or newly authorized medical services will be based solely on meeting or equalling the current Listings of Impairments.
- o Allows cash payments to new child applicants only if the child is either institutionalized or otherwise would be if not receiving personal assistance necessitated by the child's disabling impairment.
- o Requires continuing disability reviews once every 3 years for children with non-permanent disabilities.

Block Grants for Children with Disabilities

- o Provides block grants to States for authorized medical and non-medical services to children who are determined to be physically or mentally impaired under the medical listings.

Alien Benefit Eligibility

- o Prohibits SSI eligibility for any alien, with the following exceptions:
 - refugees for the first 5 years after their entry;
 - lawful permanent residents over age 75 who have resided in the United States for at least 5 years;
 - legal permanent residents who cannot take the naturalization examination because of physical or developmental disability or mental impairment; and
 - individuals lawfully present who are on active duty or have been honorably discharged from the U.S. armed forces, their spouses and unmarried dependent children.
- o Aliens who are on the SSI rolls at the time of enactment and who are not in one of the excepted statuses could remain on the rolls for 1 year, after which they would be ineligible.

Sponsor-To-Alien Deeming

- o Requires the deeming of the sponsor's (and spouse's, if any) income and resources to the immigrant until the immigrant becomes a U.S. citizen.

Legally Enforceable Sponsors' Affidavits of Support

- o Makes the sponsorship affidavit of support legally enforceable by the Federal, State, or local government that provides means-tested support--including SSI--to an alien for a period of 10 years after the alien last receives benefits.
- o Requires the Federal, State, or local government that provided assistance to the alien to request reimbursement from the sponsor. If the sponsor does not respond or refuses to abide by repayment plans, the government entity may take legal action against the sponsor.

Fugitive Felons/Criminal Information

- o Prohibits SSI eligibility for fugitive felons and parole and probation violators.
- o Requires SSA to provide to law enforcement personnel, upon their request, the addresses of SSI recipients involved in parole or probation violations, other criminal activities, or criminal investigations.

Fraudulent Receipt of Benefits from Two or More States

- o Prohibits SSI eligibility for 10 years for individuals who have been administratively or judicially determined to have fraudulently misrepresented their State of residence in order to receive benefits simultaneously from two or more States.

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June 2, 1995

THE SENATE FINANCE COMMITTEE REPORTS A WELFARE REFORM BILL THE "FAMILY SELF-SUFFICIENCY ACT OF 1995"

On May 26, 1995, the Senate Finance Committee approved a welfare reform bill entitled "The Family Self-Sufficiency Act." The bill has not yet been introduced. (For a description of the House-passed welfare reform bill, "The Personal Responsibility Act of 1995 (H.R. 4), see Legislative Bulletins 104-1 through 104-4. As reported, the bill contains the following SSA-related provisions:

o Drug Addiction and Alcoholism

Individuals would no longer be considered disabled for the SSI program if drug addiction or alcoholism is a contributing factor material to the determination of disability. This provision would generally be effective on enactment. Individuals receiving SSI cash benefits on the date of enactment, and who cannot qualify for SSI benefits on the basis of another disabling condition, will no longer be eligible for SSI benefits effective January 1, 1997. The Social Security Administration (SSA) would be required to notify such individuals of the change in the law within 90 days of the date of enactment.

o Non-citizens

Non-citizens would no longer be eligible to qualify for SSI cash benefits unless they have worked in the U.S. for a sufficient period to qualify for Social Security disability income or old age benefits. Noncitizens who entered the U.S. as an asylee or refugee will be eligible for SSI benefits for up to five years after entering the U.S. (if they otherwise meet the SSI program requirements). Noncitizens who served in the U.S. armed forces and their spouses and children would also be eligible. This provision would generally be effective upon enactment. Noncitizens receiving SSI cash benefits on the date of enactment who no longer will be eligible for SSI cash benefits, will continue

receiving SSI cash benefits until January 1, 1997. SSA would be required to notify such individuals of the change in the law within 90 days of the date of enactment.

o **Deeming of Income**

The full amount of a sponsor's and sponsor's spouse's income and resources would be deemed to an alien, regardless of the alien's entry status or whether he or she has become a U.S. citizen. Deeming would continue for 5 years after the first day the alien is lawfully present in the U.S. or until the date specified in the sponsorship agreement, whichever is later.

o **Children With Disabilities**

An individual under age 18 shall be considered disabled if that individual has a medically determinable physical or mental impairment, which results in marked, pervasive, and severe functional limitations, 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. In addition, SSA would be directed to eliminate references to maladaptive behavior in the domain of personal/behavioral functioning, and the individualized functional assessment would be eliminated. Children receiving benefits on the date of enactment and who may no longer be eligible for SSI by reason of such changes will continue receiving SSI cash benefits until January 1, 1997. SSA must notify such recipients within 90 days of the date of enactment that a redetermination of their eligibility to benefits will be conducted by SSA within 1 year after enactment.

o **Treatment Requirement**

Disabled children receiving SSI would be required to have a treatment plan. (This provision was adopted as an amendment in the markup, and thus details of the provision are uncertain.) However, the provision will probably be similar to a provision in S. 828, a bill introduced by Senator Daniel Patrick Moynihan (D., NY) which would require that the representative payee of a disabled child submit a treatment plan for the child to SSA within 3 months of the award of benefits. The plan would be prepared by the child's physician or other treatment provider and submitted to the State DDS.

o **Continuing Disability Reviews (CDR)**

SSA would be required to conduct a CDR every three years for children receiving SSI cash benefits except for those children whose condition is not expected to improve. SSA would be required to redetermine the eligibility for SSI of a child whose low birth weight is a contributing factor to the child's disability determination after 12 months of receiving benefits. The Commissioner also would be required to redetermine eligibility for SSI disability benefits when a recipient reaches age 18.

o **Study of the Disability Determination Process**

The Commissioner of Social Security would be directed to contract with the National Academy of Sciences, or other independent entities, to conduct a study of its disability determination procedure. The study would also examine use of evidence in appeals and any other matters related to the determination process.

o **National Commission on the Future of Disability Programs**

A National Commission on the Future of Disability Programs would be established to examine and make recommendations on improving Federal disability programs. The Commission would also consider whether Federal disability programs create barriers to employment and independence.

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June 19, 1995

THE SENATE FINANCE COMMITTEE REPORTS BILL LANGUAGE FOR H.R. 4 THE "FAMILY SELF-SUFFICIENCY ACT OF 1995"

On June 8, 1995, the Senate Finance Committee officially reported bill language for H.R. 4, the "Family Self-Sufficiency Act of 1995". The Committee had approved draft language on May 26, 1995 (see Legislative Bulletin 104-6).

As reported, the bill amends the House version of H.R. 4, the "Personal Responsibility Act of 1995", (see Legislative Bulletins 104-1 through 104-4) by striking all of the language in the House bill after the enacting clause and inserting Senate Finance Committee bill text. The Senate Finance Committee bill contains the following SSA-related provisions:

SUPPLEMENTAL SECURITY INCOME (SSI) PROVISIONS

Eliminate SSI Benefits for Individuals Disabled by Drug Addiction or Alcoholism (DA&A)

- o Prohibits SSI eligibility, including cash SSI benefits and Medicaid coverage, to those individuals whose drug addiction and/or alcoholism is a contributing factor material to their disability if they cannot qualify based on other disabling conditions.
- o Repeals current-law provisions that:
 - require preference be given to organizations as representative payees for DA&As;
 - provide for \$50 maximum fee for payee services for DA&A; and
 - require demonstration projects on innovative approaches for referral, monitoring, and treatment of SSI DA&A beneficiaries.

Effective upon enactment for new applicants. The SSI eligibility of individuals on the rolls who are DA&As at the time of enactment would continue until January 1, 1997.

Requires notification of all DA&As affected by the provision within 1 month from date of enactment. Any DA&A who desires to reapply for benefits after such notification would be required to do so within 4 months after enactment, and the Commissioner would be required to make a determination of their eligibility within 1 year after enactment.

LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI BENEFITS

- o Provides generally that noncitizens would be ineligible for SSI, AFDC, and Medicaid with the following exceptions:
 - aliens admitted to the United States as refugees under section 207 of the Immigration and Nationality Act (INA), or as asylees under section 208 of the INA, or whose deportations have been withheld under section 243(h) of the INA would remain eligible for SSI during the first 5 years after their arrival in the United States;
 - aliens who are United States military veterans who were honorably discharged and spouses and unmarried dependent children of such veterans who are lawfully present in the United States; and
 - aliens who have worked sufficient quarters of coverage to be fully insured under title II.

Requires notification of all aliens affected by the provision within 1 month from date of enactment. Any alien who desires to reapply for benefits after such notification would be required to do so within 4 months after enactment, and the Commissioner would be required to make a determination of their eligibility within 1 year after enactment.

Effective upon enactment for new applicants. The SSI eligibility of aliens on the rolls at the time of enactment who do not meet one of the exceptions would continue until January 1, 1997.

- o Repeals current-law SSI sponsor -to-alien deeming provisions.
- o Deems the full amount of a sponsor's and sponsor's spouse's income and resources to an alien regardless of the alien's entry status or whether he or she has become a U.S. citizen. Deeming would continue for 5 years after the first

day the alien is lawfully present in the United States or until the date specified in the sponsorship agreement, whichever period is longer. Effective October 1, 1995.

OTHER SSI PROVISIONS

- o Prohibits SSI eligibility for 10 years for individuals who have been convicted in a State or Federal court of having fraudulently misrepresented their State of residence in order to receive SSI, AFDC, Medicaid, or food stamp benefits simultaneously from two or more States. Effective upon enactment.
- o Prohibits SSI eligibility for fugitive felons and parole and probation violators and requires SSI to provide law enforcement personnel, upon their request, the addresses of SSI recipients involved in, or who have information concerning parole or probation violations, other criminal activities, or criminal investigations. Effective upon enactment.

DISABILITY-RELATED PROVISIONS

Restrictions on Eligibility for Benefits

- o Repeals the comparable severity provision and provides that an individual under age 18 would be considered disabled if he/she has a medically determinable physical or mental impairment which results in marked, pervasive, and severe functional limitations and which can be expected to last for a continuous period of 12 months or to result in death.

Eliminates references to maladaptive behavior in the domain of personal/behavioral function in sections 112.00C.2. and 112.02B.2.c.(2) of the Listing of Impairments.

Discontinues the use of an individualized functional assessment for evaluating disability in individuals under age 18.

These changes apply to applicants for benefits for months beginning on or after the date of enactment of this Act, without regard to whether regulations have been issued to implement such changes.

- o Requires the Commissioner, within 1 year after the date of enactment, to redetermine the eligibility of any recipient who was receiving benefits as of the date of enactment and whose eligibility for such benefits would terminate by

reason of these amendments. Such redeterminations would be given priority over other redetermination reviews.

Requires the Commissioner to notify recipients affected by this provision within 90 days after enactment date.

These amendments apply to such recipients for months beginning on or after January 1, 1997; such recipients would be held harmless for any benefits paid until such date.

Continuing Disability Reviews and Redeterminations

- o Requires the Commissioner to redetermine, at least once every 3 years, the eligibility for SSI benefits of each individual under age 18 whose condition is not expected to improve.
- o Requires the Commissioner to redetermine the eligibility of an SSI disability recipient during the 1-year period beginning on the date such recipient attains age 18. The SSI disability eligibility criteria for applicants age 18 and older would be applied in making such redeterminations.

Requires the Commissioner to submit a report to the Congress, not later than October 1, 1998, on the activities associated with such redeterminations.

- o Requires the Commissioner to redetermine the eligibility for SSI disability benefits of an individual whose low birth weight is a contributing factor material to the finding that such individual is disabled. These redeterminations must be conducted not later than 12 months after the birth of the individual.
- o These amendments would apply to benefits for months beginning on or after the date of enactment of this Act, without regard to whether regulations have been issued to implement them.

Treatment Requirements for Individuals Under the Age of 18

- o Requires the representative payee of a disabled SSI individual under age 18 to file a copy of a treatment plan for such individual with the State Disability Determination Services, not later than 3 months after the individual is determined to be eligible for benefits. The individual's treating physician, or other appropriate medical provider, would develop a treatment plan describing the services that are appropriate for the treatment of such individual's impairment(s). (Treatment plans would not be required in cases in which the Commissioner determines that such a plan would be inappropriate or unnecessary.)

Requires the representative payee to provide evidence of adherence to the treatment plan at the time of any redetermination of the individual's eligibility and at such other times as the Commissioner may prescribe.

Requires the State agency administering a State's Medicaid program to furnish such information as the Commissioner may request in connection with the treatment plan. The Commissioner would reimburse the State agency for providing such information.

Requires SSA's Inspector General to report to the Congress on the treatment requirement provision no later than the end of the 36th month beginning after the date of enactment.

The treatment provision would be effective on the first day of the 12th month beginning after the date of enactment.

Study of Disability Determination Process

- o Requires the Commissioner, from funds otherwise appropriated, to contract with the National Academy of Sciences, or some other independent entity, to conduct a comprehensive study of the disability determination process under titles II and XVI of the Social Security Act, including the validity, reliability, equity, and consistency of the Listing of Impairments with current scientific knowledge and standards. Effective not later than 180 days after the date of enactment.

The study would include an examination of the appropriateness of the definitions of disability under both titles and the advantages and disadvantages of alternative definitions.

Requires the Commissioner, through the appropriate entity, to issue an interim report and a final report of the findings and recommendations resulting from the study to the President and the Congress, not later than 12 months and 24 months, respectively, from the date of the contract for such study.

National Commission on the Future of Disability

- o Establishes a National Commission on the Future of Disability, whose expenses would be paid from funds otherwise appropriated for SSA. The Commission would be required to undertake a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities and to report its recommendations for changes to the President and the Congress.

The Commission members should be appointed within 60 days after the date of enactment and serve for the life of the Commission, i.e., a 2-year period.

Requires the Commission to submit an interim report, at the end of the first year, to the President and the Congress. This report must include a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative actions.

A final report, which discusses both the Commission's final findings, conclusions, and recommendations and an assessment of the extent to which the recommendations contained in its interim report have been implemented, would be required no later than the date on which the Commission terminates.

Upon receipt, the President would be required to print each report and make it available to the public upon request.

OTHER SSA-RELATED PROVISIONS

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service. SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Collection and Use of SSNs for Use in Child Support Enforcement

- o State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. Also, the SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records.

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June 27, 1995

SENATE JUDICIARY IMMIGRATION SUBCOMMITTEE REPORTS S. 269

On Wednesday, June 14, the Senate Committee on the Judiciary, Subcommittee on Immigration, reported S. 269, Chairman Simpson's "Immigrant Control and Financial Responsibility Act of 1995", by a vote of 4-2. While several amendments were adopted, none affected the SSA-related provisions contained in the bill as introduced. These provisions include:

SSI-Related Provisions

- o Noncitizens, except for "eligible aliens," would be prohibited from receiving any benefits under any program of needs-based assistance, including SSI, that are provided in whole or in part by the Federal Government or any State or local government. "Eligible aliens" would be aliens lawfully admitted for permanent residence, asylees, refugees, aliens whose deportations have been withheld, and parolees who have been paroled for a period of 1 year or more. SSA would be required to notify all aliens whose eligibility would end because of this provision either individually or by public notice.
- o Sponsors' affidavits of support would be made legally enforceable against the sponsors by the sponsored aliens, the Federal Government, or any State or local government for 10 years after the last month for which the aliens received assistance. The affidavit would be required to include the sponsors' agreement to support the aliens until the aliens have worked for 40 quarters in the United States. The agencies would be required to seek reimbursement from the sponsors for any assistance the aliens receive; if the sponsors do not reimburse, the agencies may take legal action to recover monies. The Commissioner of Social Security would be required to prescribe regulations for carrying out the reimbursement provision.

All of the sponsor's (and sponsor's spouse's) income and resources would be deemed to the alien--regardless of his or her entry status or if he or she has

naturalized--for a 5-year period beginning the day the alien was first lawfully in the United States or, if specified in the affidavit, until the alien has worked 40 quarters in the United States, whichever is later.

- o Aliens who receive SSI, AFDC, Medicaid, food stamps, State general assistance, or any other needs based Federal, State, and local assistance benefits for more than an aggregate of 12 months within the 5-year period after the admission for lawful permanent residence status would be considered "public charges" and, thus, deportable. This "public charge" provision would not apply to refugees or asylees, or to lawful permanent residents who have physical illness or injuries so serious that they could not work at any job, or a mental disability that required continuous hospitalization.

The provisions would be effective upon enactment with regard to applicants and current beneficiaries except that the "public charge" provision would be effective with respect to aliens who become lawfully admitted for permanent residence after the date of enactment.

Other SSA-Related Provisions

- o Requires the Attorney General, together with the Commissioner of Social Security, to establish within eight years a system to verify eligibility for employment and eligibility for benefits under government-funded programs of public assistance.
 - The system must be capable of determining the identity of the applicant and whether the individual is eligible.
 - Any document used by the system must be tamper-proof and cannot be used as a national identification document.
 - Within 12 months of the date of enactment, the Attorney General is to establish an automated system using Immigration and Naturalization (INS) and Social Security Administration data bases to determine work authorization. The Commissioners of SSA and INS are to establish procedures for secondary verification when the automated system is unable to verify information.
 - Use of the system would be generally restricted to enforcement of the Immigration and Nationality Act, certain Federal laws, and local laws relating to eligibility for certain government-funded benefits.
 - Privacy and security standards would be established for personal information and identifiers obtained for and used by the system.

- o Limits the documents which establish employment authorization to the Social Security card and the Employment Authorization Document (issued by INS) and authorizes INS to require aliens to provide their SSN.
- o Directs the Attorney General and the Commissioner of Social Security to conduct 3-year demonstration projects in 5 States to verify eligibility for employment and for benefits under government-funded programs of public assistance.
- o Requires that all copies of birth certificates be counterfeit-proof, tamper-resistant, and include an SSN. Prohibits State and local agencies from issuing a birth certificate without verifying with SSA that the individual is not deceased.
- o Requires that a copy of every death certificate issued in the U.S. be sent to SSA.
- o Prohibits Federal, State, and local agencies from accepting as evidence any birth certificate which does not meet the requirements described above and requires that SSA verify that the individual is not deceased.
- o Requires SSA to establish procedures whereby the identity of every individual born in the U.S. would be verified by age 16 and a fingerprint or other biometric data would be added to the individual's birth certificate.
- o Requires State-issued drivers' licenses and identification documents to include an SSN that has been verified with SSA before issuance. Such documents must also be tamper resistant and contain a fingerprint or other biometric data. Prohibits Federal, State, and local agencies from accepting as evidence any driver's license or identification document which does not meet the requirements described above.
- o Limits eligibility for Social Security benefits to U.S. citizens and eligible aliens who have been granted work authorization. An eligible alien is an individual who has been lawfully admitted for permanent residence, has been granted asylum, is a refugee, has had his/her deportation withheld, or is a parolee for a period of 1 year or more. Benefits could not be based on earnings from unauthorized employment. Ineligible aliens would not be reimbursed for Social Security taxes.

The effective dates for these provisions will be supplied in a subsequent Legislative Bulletin.

**SENATE FINANCE COMMITTEE REPORTS
PUBLIC TRUSTEES**

On June 8, 1995, the Senate Finance Committee reported Public Trustee nominees-- Stephen Kellison and Marilyn Moon as members of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, for a term of four years. Full Senate consideration of the Public Trustees' confirmation has not been scheduled; however, confirmation is expected before the July recess.

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September 26, 1995

THE SENATE PASSES H.R. 4 THE "WORK OPPORTUNITY ACT OF 1995"

On September 19, 1995, the Senate passed its version of a welfare reform bill--H.R. 4, the "Work Opportunity Act of 1995" by a vote of 87 to 12. The bill reflects the Dole amendment to the bill reported by the Senate Finance Committee on June 8, 1995 (See Legislative Bulletin 104-7) and subsequent amendments offered and passed on the Senate floor.

The House passed its version of the bill, "The Personal Responsibility Act of 1995," on March 24, 1995 (See Legislative Bulletin 104-4). Both the Senate and the House must now appoint conferees and schedule a conference to reconcile the differences between the Senate- and House-passed bills.

The Senate-passed bill contains the following SSA-related provisions:

SUPPLEMENTAL SECURITY INCOME (SSI) PROVISIONS

Eliminate SSI Benefits for Individuals Disabled by Drug Addiction or Alcoholism (DAA)

- o Prohibits SSI eligibility, including cash SSI benefits and Medicaid coverage, to those individuals whose DAA is a contributing factor material to their disability.
- o Creates a new category--SSI disability beneficiary with a DAA condition. All such beneficiaries who have a DAA condition would be subject to representative payee requirements, including preference to organizations as payees, and would be referred for substance abuse treatment.

Representative payee requirements would apply to current SSI disabled beneficiaries determined to have a DAA condition at their first continuing disability review after enactment and to SSI beneficiaries who attain age 65 in a manner determined appropriate by SSA.

- o Repeals the current law provision that requires demonstration projects on innovative approaches for referral, monitoring, and treatment of SSI DAA beneficiaries.
- o Requires notification of affected SSI DAAs within 90 days of enactment. DAAs who wish to reapply for SSI benefits must do so within 4 months after enactment. The Commissioner would be required to make a determination of their eligibility within 1 year after enactment.

Effective upon enactment for new applicants. SSI eligibility of DAAs on the rolls at the time of enactment would continue to receive benefits until January 1, 1997.

Additional Accountability Requirements for Payees of SSI Beneficiaries

- o Requires SSA to advise representative payees of specific examples of appropriate ways to spend SSI cash benefits and the proper role of a representative payee.
- o Requires payees to document expenditures and keep contemporaneous records of expenditures.
- o Removes current requirements for annual reports by payees and modifies current provisions for review of reports to apply to a sample of reports.
- o Provides that the Commissioner, at the request of the representative payee, would pay any lump-sum payment for the benefit of a SSI-eligible child into a dedicated savings account that could only be used for:
 - education and job skills training;
 - special equipment or housing modification; and
 - appropriate therapy and rehabilitation.

Funds contained in, and interest earned on, such account would be excluded from the determination of the individual's resources under SSI.

- o Effective upon enactment.

PROVISIONS RELATED TO CHILDREN WITH DISABILITIES

Restrictions on Eligibility for Benefits

- o Repeals the comparable severity provision and provides that an individual under age 18 would be considered disabled if he/she has a medically determinable physical or mental impairment which results in marked, and severe functional limitations and which can be expected to last for a continuous period of 12 months or to result in death.

Eliminates references to maladaptive behavior in the domain of personal/behavioral function in sections 112.00C.2. and 112.02B.2.c.(2) of the Listing of Impairments.

Discontinues the use of an individualized functional assessment for evaluating disability in individuals under age 18.

These changes apply to applicants for benefits for months beginning on or after the date of enactment of this Act, without regard to whether regulations have been issued to implement such changes.

- o Requires the Commissioner, within 1 year after the date of enactment, to redetermine the eligibility of any recipient who was receiving benefits as of the date of enactment and whose eligibility for such benefits would terminate by reason of these amendments. Such redeterminations would be given priority over other redetermination reviews.

Requires the Commissioner to notify recipients affected by this provision within 90 days after enactment date.

These amendments apply to such recipients for months beginning on or after January 1, 1997; such recipients would be held harmless for any benefits paid until such date.

Continuing Disability Reviews and Redeterminations

- o Requires the Commissioner to review continuing eligibility, at least once every 3 years, the eligibility for SSI benefits of each individual under age 18 whose condition is not expected to improve. The medical improvement review standard (MIRS) would be applicable; and at the time of review, the parent/guardian must present evidence that the child is receiving appropriate treatment.
- o Requires the Commissioner to redetermine the eligibility of an SSI disability recipient during the 1-year period beginning on the date such recipient attains age 18. The SSI disability eligibility criteria for applicants age 18 and older would be applied in making such redeterminations.
- o Requires the Commissioner to review the continuing eligibility for SSI disability benefits of an individual whose low birth weight is a contributing factor material to the finding that such individual is disabled. These reviews must be conducted not later than 12 months after the birth of the individual. The MIRS would be applicable at the time of the review and the parent/guardian must present evidence that the child is receiving appropriate treatment.
- o These amendments would apply to benefits for months beginning on or after the date of enactment of this Act, without regard to whether regulations have been issued to implement them.

Limited Eligibility of Noncitizens for SSI Benefits

- o Provides generally that noncitizens would be ineligible for SSI, with the following exceptions:
 - noncitizens admitted to the United States as refugees under section 207 of the Immigration and Nationality Act (INA), or as asylees under section 208 of the INA, or whose deportations have been withheld under section 243(h) of the INA would remain eligible for SSI during the first 5 years after their arrival in the United States;

- noncitizens who are United States military veterans who were honorably discharged and spouses and unmarried dependent children of such veterans who are lawfully present in the United States;
- noncitizens who have worked sufficient quarters of coverage to be fully insured under title II; and
- noncitizens who have been battered or subjected to extreme cruelty if the application of the prohibition of eligibility would endanger such individual.

Requires notification of all noncitizens affected by the provision within 1 month from date of enactment. Any noncitizen who desires to reapply for benefits after such notification would be required to do so within 4 months after enactment, and the Commissioner would be required to make a determination of their eligibility within 1 year after enactment.

Effective upon enactment for new applicants. The SSI eligibility of aliens on the rolls at the time of enactment who do not meet one of the exceptions would continue until January 1, 1997.

- o Repeals current-law SSI sponsor-to-alien deeming provisions effective upon enactment.
- o Deems the full amount of a sponsor's and sponsor's spouse's income and resources to an individual regardless of whether he or she has become a U.S. citizen. (Deeming would not apply to noncitizens eligible for SSI.) Deeming would continue for 5 years after the first day the individual is lawfully present in the United States or until the date specified in the sponsorship affidavits of support, whichever period is longer. Effective upon enactment.
- o Requires determination of individuals' ability to provide themselves with food and shelter in the absence of SSI benefits taking into account their other income, including sponsors' contributions. If determined to be unable to meet those needs, only the amount of the sponsors' income and resources actually provided would be deemed. Effective upon enactment.

- o Requires sponsors' affidavits of support to include sponsors' agreement to support the individuals until they have worked 40 quarters in the United States even if they become U.S. citizens. Effective with respect to new affidavits entered into 90 days after enactment.

OTHER SSI PROVISIONS

Increase Age for SSI Aged Benefits

- o Increases the age requirement for "aged" benefits to correspond with Social Security program's "retirement age." Beginning in 2003, the age would increase 2 months per year until it reaches age 66 in 2008. A similar transition between age 66 and 67 would occur between 2021 and 2026. Effective for individuals obtaining age 62 after December 1, 1999 and later.

Repeal Maintenance of Effort Requirement

- o Eliminates the maintenance of effort requirement ("passalong") for States with regard to their State supplementary payment programs. Effective for calendar quarters beginning after September 1995.

Receipt of Benefits in Two or More States

- o Prohibits SSI eligibility for 10 years for individuals who have been convicted in a State or Federal court of having fraudulently misrepresented their State of residence in order to receive SSI, AFDC, Medicaid, or food stamp benefits simultaneously from two or more States. Effective upon enactment.

Fugitive Felons and Parole and Probation Violations

- o Prohibits SSI eligibility for fugitive felons and parole and probation violators and requires SSI to provide law enforcement personnel, upon their request, the addresses of SSI recipients involved in, or who have information concerning parole or probation violations, other criminal activities, or criminal investigations. Effective upon enactment.

- o Provides that, if an individual is found ineligible for benefits under any public assistance program, including SSI, due to a finding of fraud, any other public assistance benefits for which he or she is eligible would not be increased. Effective upon enactment.
- o Provides that non-custodial parents who are more than 2 months delinquent in paying child support are ineligible to receive any means-tested Federal benefits. A non-custodial parent who becomes delinquent in child support a second or any subsequent time, would not be eligible to receive any means-tested Federal benefits for a 2-year period, beginning on the date that such parent failed to meet the terms of support. Effective upon enactment.

DISABILITY-RELATED PROVISIONS

National Commission on the Future of Disability

- o Establishes a National Commission on the Future of Disability, whose expenses would be paid from funds otherwise appropriated for SSA. The Commission would be required to undertake a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities and to report its recommendations for changes to the President and the Congress.

The Commission members should be appointed within 60 days after the date of enactment and serve for the life of the Commission, i.e., a 2-year period.

Requires the Commission to submit an interim report, at the end of the first year, to the President and the Congress. This report must include a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative actions.

A final report, which discusses both the Commission's final findings, conclusions, and recommendations and an assessment of the extent to which the recommendations contained in its interim report have been

implemented, would be required no later than the date on which the Commission terminates.

Upon receipt, the President would be required to print each report and make it available to the public upon request.

Study of Disability Determination Process

- o Requires the Commissioner, from funds otherwise appropriated, to contract with the National Academy of Sciences, or some other independent entity, to conduct a comprehensive study of the disability determination process under titles II and XVI of the Social Security Act, including the validity, reliability, equity, and consistency of the Listing of Impairments with current scientific knowledge and standards. Effective not later than 180 days after the date of enactment.

The study would include an examination of the appropriateness of the definitions of disability under both titles and the advantages and disadvantages of alternative definitions.

Requires the Commissioner, through the appropriate entity, to issue an interim report and a final report of the findings and recommendations resulting from the study to the President and the Congress, not later than 12 months and 24 months, respectively, from the date of the contract for such study.

OTHER SSA-RELATED PROVISIONS

Regular Report to INS on Illegal Aliens

- o Requires the Commissioner to report to INS no less than four times a year, and upon the request of the INS, the name, address and other identifying information of every individual the Commissioner knows to be in the United States illegally. In addition, States with State supplementary agreements under section 1616(a) must agree to do the same.

Development of Prototype of Counterfeit-Resistant Social Security Card

- o Requires SSA to develop a prototype of a counterfeit-resistant Social Security card made of plastic or polyester which uses security features, such as magnetic stripes, holograms, etc. and provides reliable proof of citizenship or legal resident alien status. SSA is to conduct a study and within 1 year of the date of enactment, issue a report to Congress on the different methods of improving the Social Security card application process. The study is to evaluate the cost and workload implications of issuing a counterfeit-resistant card for all individuals over a 3, 5, and 10-year period. In addition, the study is to evaluate the feasibility and cost implications of imposing a user fee for replacement cards. Appropriations would be authorized from the OASI trust fund to fund the study.

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service (To be established by October 1, 1998). SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Collection and Use of SSNs for Use in Child Support Enforcement

- o Effective October 1, 1996, State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records. SSN's would also have to be recorded on death certificates.

Prohibition on Payment of Federal Benefits to Certain Persons

- o Prohibits payment of Federal benefits including Social Security benefits, with some exceptions, to any person who is not lawfully present in the United States. A person lawfully present in the U. S. includes a U.S. citizen, a permanent resident alien, an alien whose deportation has been withheld under section 243(h) of the INA, an asylee, a refugee, a parolee who has been paroled for a period of at least 1 year, a national, or a national of the U.S. (as defined in section 101(a)(17) of the INA).

The provision would abrogate existing international Social Security Totalization agreements and could lead to adverse treatment of U.S. citizens receiving benefits under foreign social insurance systems.

LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

104-13

November 8, 1995

THE HOUSE AND SENATE PASS BUDGET RECONCILIATION BILLS H.R. 2491

On October 26, 1995, the House passed budget reconciliation legislation (H.R. 2491, the Seven-Year Balanced Budget Reconciliation Act of 1995) by a vote of 227 to 203.

On October 27, the Senate passed H.R. 2491 by a vote of 52 to 47 after striking the text of the House-passed bill and inserting the text of S. 1357, the Balanced Budget Reconciliation Act of 1995, as amended.

Both bills incorporate provisions of interest to SSA, including some of the provisions of the welfare reform legislation passed by both chambers (H.R. 4), Medicare reform and tax provisions.

The House has named conferees. The Senate Republican leadership has chosen conferees, but has not released the names pending the selection of conferees by the Senate Democratic leadership. It is expected that, once all conferees are named, a conference will be convened to reconcile the differences between the House- and Senate-passed bills.

Below are the provisions of interest in both bills. Section I includes provisions contained in both the House and Senate bills; effective dates are omitted in instances where they differ. Section II contains provisions that appear in the House bill only. Section III contains provisions that are reflected in the Senate bill only.

SECTION I: HOUSE AND SENATE PROVISIONS

SUPPLEMENTAL SECURITY INCOME PROVISIONS

Eliminate SSI Benefits for Individuals Disabled by Drug Addiction or Alcoholism (DAA)

- o Prohibits SSI eligibility, including cash SSI benefits and Medicaid coverage, to those individuals whose DAA is a contributing factor material to their disability.

SSI Eligibility Based on Childhood Disability

- o Eliminates the comparable severity standard and the individualized functional assessment (IFA) in evaluating disability for individuals under the age of 18.

Continuing Disability Reviews and Eligibility Redeterminations

- o Requires that the eligibility of childhood disability recipients be redetermined during the one-year period that begins when such recipient attains age 18, by applying the initial eligibility criteria for individuals age 18 and older.

Receipt of Benefits in Two or More States

- o Prohibits SSI eligibility for 10 years for individuals who have been convicted in a State or Federal court of having fraudulently misrepresented their State of residence in order to receive SSI, AFDC, Medicaid, or food stamp benefits simultaneously from two or more States. Effective upon enactment.

Fugitive Felons and Parole and Probation Violations

- o Prohibits SSI eligibility for fugitive felons and parole and probation violators and requires SSA to provide to law enforcement personnel, upon their request, the addresses of SSI recipients who are fleeing to avoid prosecution, custody, or confinement, are involved in parole or probation violations, or have information related to official law enforcement activities. Effective upon enactment.

OTHER PROVISIONS OF INTEREST TO SSA

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service. SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Collection and Use of SSNs for Use in Child Support Enforcement

- o Provides that State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records. SSN's would also have to be recorded on death certificates.

Public Debt Limit

- o Increases the statutory limit on the public debt from \$4.9 to \$5.5 trillion.

SECTION II: HOUSE-ONLY PROVISIONS

SUPPLEMENTAL SECURITY INCOME PROVISIONS

SSI Eligibility Based on Childhood Disability

Current Childhood Disability Recipients

- o Provides that eligibility for cash benefits would be continued only for those recipients who meet or equal a listed impairment.
- o Provides that eligibility for all other current recipients, i.e., those who were found to be disabled on the basis of an IFA, would be terminated.
- o Provides, with respect to current recipients, that the new eligibility criteria shall not apply during the first 6 months beginning after the month of enactment.

New Childhood Disability Applicants

- o Provides that to be eligible for cash benefits, new applicants must have an impairment which meets or equals a listed impairment, be either in an institution, or be required to be institutionalized if not for receipt of personal assistance.
- o Provides that applicants who have an impairment which meets or equals a listed impairment, but do not meet the requirement relating to institutionalization, would be eligible for services under an SSI block grant program which is being established by this Act.

Continuing Disability Reviews and Eligibility Redeterminations

- o Requires that the continuing eligibility of--
 - childhood disability recipients with nonpermanent impairments be reviewed at least once every 3 years; and
 - children eligible on the basis of low birth weight be reviewed after the child has received benefits for 12 months.

Cash Benefits for Certain Qualifying Children

- o Permits the payment of SSI cash benefits for qualifying children who accompany their military parents outside the United states.

SSI Block Grant Program for Children with Disabilities

- o Establishes a block grant program which would enable States to provide authorized medical and non-medical services to individual who have an impairment which meets or equals a listed impairment. This program shall be effective beginning with fiscal year 1997.
- o Requires that the regulations needed to implement these provisions be issued within 3 months of enactment.
- o Requires that recipients whose eligibility would be terminated under this Act be notified within 1 month of enactment.

Except as noted earlier, provides that these amendments shall be applicable to benefits for months beginning 90 or more days after the date of enactment, without regard to whether regulations have been issued to implement such amendments.

Payments for SSI-Eligible Children in Medical Facilities

- o Provides that individuals who are in a medical facility and whose care is being paid for through private insurance would be eligible for an SSI benefit of up to \$30 a month. (Although the title indicates that this provision applies only to children, as drafted the provision would apply to all eligible individuals.)

Delay in Child's Eligibility for SSI

- o Provides that, in the case of parents who disposed of their assets or their child's assets (or a guardian who disposed of his ward's assets) within 36 months of the child's application for SSI benefits, the child's eligibility for benefits will be delayed for a number of months equal to the compensated value of the divested resource divided by the SSI Federal benefit rate.

Repeal Maintenance of Effort Requirement

- o Eliminates the maintenance of effort requirement ("passalong") for States with regard to their State supplementary payment programs. Effective for calendar quarters beginning after September 1995.

Reports

- o Requires SSA to submit an annual report to the Congress on the Listing of Impairments that are applicable to children and to recommend any necessary revisions to the listings.
- o Requires SSA to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance, not later than October 1, 1998, on the activities relating to the eligibility redeterminations that are required for SSI childhood disability recipients at the time they attain age 18.

Noncitizen Benefit Eligibility

- o Prohibits SSI eligibility for any noncitizen, with the following exceptions:
 - refugees for the first 5 years after their entry;
 - lawful permanent residents over age 75 who have resided in the United States for at least 5 years;
 - legal permanent residents who cannot take the naturalization examination because of physical or developmental disability or mental impairment; and
 - individuals lawfully present who are on active duty or have been honorably discharged from the U.S. armed forces, their spouses and unmarried dependent children.
- o Provides that noncitizens who are on the SSI rolls at the time of enactment and who are not in one of the excepted statuses could remain on the rolls for 1 year, after which they would be ineligible.

Sponsor-To-Alien Deeming

- o Requires the deeming of the sponsor's (and spouse's, if any) income and resources to the immigrant until the immigrant becomes a U.S. citizen. The provision would not apply to noncitizens whose sponsors signed affidavits of support before the date such affidavits are required to be legally enforceable.

Legally Enforceable Sponsors' Affidavits of Support

- o Makes the sponsorship affidavit of support legally enforceable by the Federal, State, or local government that provides means-tested support--including SSI--to a noncitizen for a period of 10 years after the noncitizen last receives benefits.
- o Requires the Federal, State, or local government that provided assistance to the noncitizen to request reimbursement from the sponsor. If the sponsor does not respond or refuses to abide by repayment plans, the government entity may take legal action against the sponsor.

OTHER PROVISIONS OF INTEREST TO SSA

Taxation of Social Security Benefits

Gradually repeals, effective with taxable years beginning in 1996, the provision subjecting to Federal income tax up to 85 percent of Social Security benefits when income exceeds certain thresholds.

- o The maximum percentage of Social Security benefits subject to income tax in 1996 would be 75 percent; in 1997, 65 percent; in 1998, 60 percent; in 1999, 55 percent; in 2000 and later, 50 percent.
- o Revenues resulting from the taxation of Social Security benefits above the 50 percent level during the phase-out period would be dedicated to the OASDI Trust Funds (rather than the Medicare HI Trust Fund).

Credit for Employer Tax on Tips

- o Revises the provision for a business tax credit for tips for food and beverage establishments (enacted in OBRA of 1993) by providing that the credit would be available regardless of whether the tips are reported under section 6053 of the Internal Revenue Code (which provides for informational returns with respect to tips).

The provision affects neither the amount of tips covered and taxable for Social Security purposes nor the amount of Social Security taxes credited to the Social Security trust funds.

Coal Act Reachback

- o Amends the provisions of the Coal Industry Retiree Health Benefits Act of 1992 to restrict the assignment of retired or deceased miners to coal operators for purposes of determining liability for health benefit premiums. Under the amendment, assignments of miners for premium liability purposes could only be to coal operators who:
 - Were signatories of the 1988 agreement between the United Mine Workers of America and the Bituminous Coalmine Operators of America; or
 - Had agreed to provide the same benefits as provided by the 1988 agreement during the term of the 1988 agreement.
- o Additionally, provides that operators who paid the full amount of their contractual liability resulting from their withdrawal from coal miners' health benefit plans could not have miners assigned to them.

Medicare Part B Premium

- o Increases the 1996 Part B premium to \$53.50, instead of the \$42.50 currently scheduled. (Would permanently establish the Part B premium at 31.5 percent of program costs.)

Medicare Part B Premium for High-Income Individuals

- o Increases Part B premiums for individuals with modified adjusted gross incomes over \$75,000 and \$125,000 for joint filers (married individuals not filing joint returns who live with their spouses for any portion of the year would have a zero threshold). The amount of the increase would be phased in until it would equal 100 percent of program costs for individuals with modified adjusted gross incomes over \$100,000; over \$150,000 for joint filers if only one spouse is enrolled in Part B; and \$175,000 if both spouses are enrolled in Part B. This premium amount would continue to be deducted from the person's Social Security payment. The increase is effective for months after December 1996.

Medical Savings Account

- o Provides rules for the establishment of medical savings accounts (trusts exclusively created for the purpose of paying for medical care or long-term care insurance for an individual and his or her spouse or dependents). Also provides for exclusion of employer contributions to these accounts from gross income for income tax purposes and from covered wages for Social Security tax and benefit purposes.

Debt Collection

- o Generally enhances the effectiveness of Federal debt collection efforts. Among other provisions, establishes a centralized, government-wide debt collection process managed by the Department of the Treasury which would expand the use of administrative offset (recovery of debt incurred under one Federal program by withholding from other Federal payments due the debtor). Social Security and SSI benefits would continue to be exempt from administrative offset.

Electronic Funds Transfer (EFT)

- o Requires that recipients who become eligible for any Federal payments after 90 days after enactment would be paid by EFT. The head of an agency could waive the requirement for EFT if the recipient certifies in writing that he or she does not have an account capable of accepting EFT. Beginning in January

1999, all Federal payments would be made by EFT, unless the Secretary of the Treasury waived the EFT requirement for persons for whom EFT would impose a hardship, or under certain other limited circumstances.

SECTION III: SENATE-ONLY PROVISIONS

SUPPLEMENTAL SECURITY INCOME PROVISIONS

SSI Benefits for Individuals Disabled by Drug Addiction or Alcoholism

- o Establishes a new category--SSI disability beneficiary with a DA&A condition. All such beneficiaries who have a DA&A condition would be subject to representative payee requirements, including preference to organizations as payees, and would be referred for substance abuse treatment.
- o Repeals the current law provision that requires demonstration projects on innovative approaches for referral, monitoring, and treatment of SSI DA&A recipients.
- o Requires notification of affected SSI DA&A recipients within 90 days of enactment. Such recipients who wish to reapply for SSI benefits must do so within 4 months after enactment. SSA would be required to make a determination of their eligibility within 1 year after enactment.

Effective upon enactment for new applicants. SSI eligibility of DA&A recipients on the rolls at the time of enactment would continue until January 1, 1997.

Additional Accountability Requirements for Payees of SSI Beneficiaries

- o Requires SSA to advise representative payees of specific examples of appropriate ways to spend SSI cash benefits and the proper role of a representative payee.
- o Requires payees to document expenditures and keep contemporaneous records of expenditures.
- o Removes statutory requirement for annual reports by payees and modifies current provisions for review of reports to apply to a sample of contemporaneous records.
- o Provides that the Commissioner, at the request of the representative payee, would pay any lump-sum payment for the benefit of an SSI-eligible child into a dedicated savings account that could only be used for:
 - education and job skills training;
 - special equipment or housing modification; and
 - appropriate therapy and rehabilitation.

Funds contained in, and interest earned on, such account would be excluded from the determination of the individual's resources under SSI.

Effective upon enactment.

PROVISIONS RELATED TO CHILDREN WITH DISABILITIES

Restrictions on Eligibility for Benefits

- o Eliminates references to maladaptive behavior in the domain of personal/behavioral function in sections 112.00C.2. and 112.02B.2.c.(2) of the Listing of Impairments. These changes would apply to applicants for benefits for months beginning on or after the date of enactment of this Act, without regard to whether regulations have been issued to implement such changes.
- o Requires SSA, within 1 year after the date of enactment, to redetermine the eligibility of any recipient who was receiving benefits as of the date of enactment and whose eligibility for such benefits would terminate by reason of these amendments. Such redeterminations would be given priority over other redetermination reviews. Requires SSA to notify recipients affected by this provision within 90 days after enactment date.

These amendments would apply to such recipients for months beginning on or after January 1, 1997.

Continuing Disability Reviews and Redeterminations

- o Requires SSA to review, at least once every 3 years, the continuing eligibility for SSI benefits of each individual under age 18 with a nonpermanent impairment. The medical improvement review standard (MIRS) would be applicable. At the time of such review, the parent/guardian must present evidence that the child is receiving appropriate treatment.
- o Requires SSA to review the continuing eligibility for SSI disability benefits of an individual whose low birth weight is a contributing factor material to the finding that such individual is disabled. These reviews must be conducted not later than 12 months after the birth of the individual. The MIRS would be applicable. At the time of such review, the parent/guardian must present evidence that the child is receiving appropriate treatment.

These amendments would apply to benefits for months beginning on or after the date of enactment, without regard to whether regulations have been issued to implement them.

Limited Eligibility of Noncitizens for SSI Benefits

- o Provides generally that noncitizens would be ineligible for SSI, with the following exceptions:
 - noncitizens admitted to the United States as refugees under section 207 of the Immigration and Nationality Act (INA), or as asylees under section 208 of the INA, or whose deportations have been withheld under section 243(h) of the INA would remain eligible for SSI during the first 5 years after their arrival in the United States;
 - noncitizens who are United States military veterans who were honorably discharged and spouses and unmarried dependent children of such veterans who are lawfully present in the United States;
 - noncitizens who have worked sufficient quarters of coverage to be fully insured under title II; and
 - noncitizens who have been battered or subjected to extreme cruelty if the application of the prohibition of eligibility would endanger such individual.

Requires notification of all noncitizens affected by the provision within 90 days from date of enactment. Any noncitizen who desires to reapply for benefits after such notification would be required to do so within 120 days after enactment, and the Commissioner would be required to make a determination of their eligibility within 1 year after enactment.

Effective upon enactment for new applicants. The SSI eligibility of aliens on the rolls at the time of enactment who do not meet one of the exceptions would continue until January 1, 1997.

- o Repeals current-law SSI sponsor-to-alien deeming provisions effective upon enactment.
- o Deems the full amount of a sponsor's and sponsor's spouse's income and resources to an individual regardless of whether he or she has become a U.S. citizen. (Deeming would not apply to noncitizens eligible for SSI, except for those who are fully insured for title II but have not yet worked 40 quarters.) Deeming would continue for 5 years after the first day the individual is lawfully present in the United States or until the date specified in the sponsorship affidavits of support, whichever period is longer. Effective upon enactment.
- o Requires determination of individuals' ability to provide themselves with food and shelter in the absence of SSI benefits taking into account their other income, including sponsors' contributions. If determined to be unable to meet those needs, only the amount of the sponsors' income and resources actually provided would be deemed. Effective upon enactment.
- o Requires sponsors' affidavits of support to include sponsors' agreement to support the individuals until they have worked 40 quarters in the United States even if they become U.S. citizens. Effective with respect to new affidavits entered into 90 days after enactment.

STUDIES, REVIEWS AND REPORTS

National Commission on the Future of Disability

- o Establishes a National Commission on the Future of Disability, whose expenses would be paid from funds otherwise appropriated for SSA. The Commission would be required to undertake a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities and to report recommendations for changes to the President and the Congress.

The Commission members should be appointed within 60 days after the date of enactment and would serve for the life of the Commission, i.e., a 2-year period.

Requires the Commission to submit an interim report, at the end of the first year, to the President and the Congress. This report must include a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative actions.

A final report, which discusses both the Commission's final findings, conclusions, and recommendations and an assessment of the extent to which the recommendations contained in its interim report have been implemented, would be required no later than the date on which the Commission terminates. Upon receipt, the President would be required to print each report and make it available to the public upon request.

Study of Disability Determination Process

- o Requires SSA, from funds otherwise appropriated, to contract with the National Academy of Sciences, or some other independent entity, to conduct a comprehensive study of the disability determination process under titles II and XVI of the Social Security Act, including the validity, reliability, equity, and consistency of the Listing of Impairments with current scientific knowledge and standards. Effective not later than 90 days after the date of enactment.

The study would include an examination of the appropriateness of the definitions of disability under both titles and the advantages and disadvantages of alternative definitions.

Would require SSA, through the appropriate entity, to issue an interim report and a final report of the findings and recommendations resulting from the study to the President and the Congress, not later than 18 months and 24 months, respectively, from the date of the contract for such study.

Improvements to the Childhood Disability Process

- o Requires SSA to issue a request for comments in the Federal Register, not later than 60 days after enactment, regarding improvements in the disability evaluation and determination procedures for individuals under age 18. Also, directs SSA to promptly review such comments and issue any necessary regulations not later than 18 months after enactment.

Study by the General Accounting Office

- o Requires the Comptroller General of the United States to study and report not later than January 1, 1998 on the impact of the amendments of this legislation on the SSI program.

Annual Report on the SSI Program

- o Requires that not later than May 30 of each year, the Commissioner report to the President and Congress regarding the SSI program, including
 - a comprehensive description of the program;
 - historical and current data on allowances and denials, reconsiderations, administrative law judge hearings, and appeals, characteristics of recipients and program costs;
 - projections of future numbers of recipients and program costs, through at least 25 years;
 - information on redeterminations, utilization of work incentives, administrative costs, State supplementation programs;
 - summaries of relevant research; and
 - a historical summary of statutory changes to the SSI law.

In addition, each member of the Social Security Advisory Council would be permitted to include in this annual report their views on the SSI program.

OTHER SSI PROVISIONS

Fraud Under Means-Tested Welfare and Public Assistance Programs

- o Provides that, if an individual is found ineligible for benefits under any public assistance program, including SSI, due to a finding of fraud, any other public assistance benefits for which he or she is eligible would not be increased. Effective upon enactment.

Denial of Federal Means-Tested Benefits to Non-Custodial Parents Who Are Delinquent in Paying Child Support

- o Provides that non-custodial parents who are more than 2 months delinquent in paying child support are ineligible to receive any means-tested Federal benefits. A non-custodial parent who becomes delinquent in child support a second or any subsequent time, would not be eligible to receive any means-tested Federal benefits for a 2-year period, beginning on the date that such parent failed to meet the terms of support. Effective upon enactment.

OTHER PROVISIONS OF INTEREST TO SSA

Regular Report to INS on Illegal Aliens

- o Requires the Commissioner to report to Immigration and Naturalization Service (INS) no less than four times a year, and upon the request of the INS, the name, address, and other identifying information of every individual the Commissioner knows to be in the United States illegally. In addition, States with State supplementary agreements under section 1616(a) must agree to do the same.

Development of Prototype of Counterfeit-Resistant Social Security Card

- o Requires SSA to develop a prototype of a counterfeit-resistant Social Security card made of plastic or polyester which uses security features, such as magnetic stripes, holograms, etc., and provides reliable proof of citizenship or legal resident alien status.
- o SSA is to conduct a study, and within 1 year of the date of enactment, issue a report to Congress on the different methods of improving the Social Security card application process. The study is to evaluate the cost and workload implications of issuing a counterfeit-resistant card for all individuals over a 3, 5, and 10-year period. In addition, the study is to evaluate the feasibility and cost implications of imposing a user fee for replacement cards. Appropriations would be authorized from the OASI trust fund to fund the study.

Prohibition on Payment of Federal Benefits to Certain Persons

- o Generally, prohibits payment of Federal benefits, including Social Security benefits, with some exceptions, to any person who is not lawfully present in the United States. A person lawfully present in the U. S. includes a U.S. citizen, a permanent resident alien, an alien whose deportation has been withheld under section 243(h) of the INA, an asylee, a refugee, a parolee who has been paroled for a period of at least 1 year, a national, or a national of the U.S. (as defined in section 101(a)(17) of the INA).

Sense of the Senate on RET

- o Provides that the Congress intends to pass legislation before the end of 1995 to raise the Social Security earnings limit for working seniors age 65 through 69 in a manner which will ensure the financial integrity of the Social Security trust

funds and will be consistent with the goal of achieving a balanced budget in seven years.

Increase in the Annual Exempt Amount

- o Increases the annual exempt amounts under the earnings test, over the amounts otherwise determined, for all Social Security beneficiaries to the extent that additional revenue is generated by extending to employees of all businesses (other than personal service corporations) the current \$1 million limit on the deductibility of an employee's compensation as a business expense.

Medicare Part B Premium

- o Increases the 1996 Part B premium to \$53, instead of the \$42.50 currently scheduled. Also, would gradually increase the Part B premium to \$89 by 2002.

Medicare Part B Premium for High-Income Individuals

- o Increases Part B premiums for individuals with modified adjusted gross incomes over \$50,000 and \$75,000 for joint filers (married individuals not filing joint returns who live with their spouses for any portion of the year would have a zero threshold). The amount of the increase would be phased in until it would equal 100 percent of program costs for individuals with modified adjusted gross incomes over \$100,000 and over \$150,000 for joint filers. This premium amount would continue to be deducted from the person's Social Security payment. The increase is effective for months after December 1996.

Medicare Coverage of State and Local Government Employees

- o Extends mandatory Medicare coverage, effective January 1996, to State and local government employees hired before April 1, 1986. (Those hired on or after that date are already covered under Medicare.) Under a special transitional provision, if an affected person works in State and local government employment during the first calendar quarter of 1996, prior State and local government employment will be treated as covered employment for purposes of meeting Medicare insured status requirements.

LEGISLATIVE Bulletin

SOCIAL SECURITY
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104-16

December 22, 1995

HOUSE AND SENATE PASS CONFERENCE REPORT ON H.R. 4--THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY ACT OF 1995

On December 21, 1995, the House agreed to the conference report on H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995, by a vote of 245-178. On December 22, 1995, the Senate agreed to the conference report by a vote of 52-47.

The conference report will be sent to the President for signature. The President, however, has stated that he will veto the bill.

Below are provisions of interest to Social Security contained in titles II and IV of the bill (complete text of the bill is presently unavailable). Note that the DA&A provisions have been dropped from H.R. 4; these provisions are now in S. 1470, the Senior Citizens' Freedom to Work Act of 1995 (see Legislative Bulletin 104-15). As the provisions requiring the use of Social Security numbers for certain child support enforcement activities were included in both the House- and Senate-passed versions of H.R. 4, we assume these provisions are included and are unchanged.

SUPPLEMENTAL SECURITY INCOME PROVISIONS

Limited Eligibility of Noncitizens for SSI Benefits

- o Provides generally that noncitizens would be ineligible for SSI, with the following exceptions for those lawfully present in the United States who are:

- refugees under section 207 of the Immigration and Nationality Act (INA) during the first 5 years after their arrival in the United States,
- asylees under section 208 of the INA during the first 5 years after the date asylum was granted, or
- entrants whose deportations have been withheld under section 243(h) of the INA during the first 5 years after deportation was withheld.
- lawfully admitted for permanent residence who are credited with 40 qualifying quarters of coverage and did not receive Federal means-tested benefits during any of these quarters (noncitizen spouses and children can meet the work requirement if their spouse or parent has worked for 40 quarters);
- active duty United States military personnel or honorably discharged veterans who were and their spouses and unmarried dependent children.

Effective upon enactment for new applicants. The SSI eligibility of noncitizens on the rolls at the time of enactment who do not meet one of the exceptions would continue until January 1, 1997.

Notification

- o Requires Federal agencies administering programs affected by these changes in noncitizen's eligibility to provide general notification to the public and program recipients about these eligibility changes.

In addition, requires individual notification to all currently eligible noncitizens affected by the provision within 90 days after the date of enactment. Noncitizens who want to reapply for benefits after receiving notification would have to do so within 4 months after enactment, and the Commissioner would be required to make a determination of their eligibility within 1 year after enactment.

Deeming of Sponsor's Income and Resources

- o Requires that the income and resources of a noncitizen shall be deemed to include all the income and resources of sponsors who execute new, legally binding affidavits of support (including the income and resources of their spouses) until:
 - the noncitizen is naturalized, or
 - has been credited with 40 quarters of coverage and has not received public assistance in any of these same quarters. (Noncitizen spouses and children can meet the work requirement if their spouse or parent has worked for 40 quarters.)

Effective for applications filed on or after the date of enactment by noncitizens whose entry into the United States is based on a legally enforceable affidavit of support.

Affidavits of Support

- o Makes the sponsorship affidavit of support legally enforceable by the Federal, State, or local government that provides means-tested support--including SSI--to an alien for a period of 10 years after the alien last receives benefits.

Requires the Federal, State, or local government that provided assistance to the alien to request reimbursement from the sponsor. If the sponsor does not respond or refuses to abide by repayment plans, the government entity may take legal action against the sponsor.

The Secretary of State is required to formulate the new affidavit of support no later than 90 days after the date of enactment and the new affidavit and associated liabilities placed on sponsors are effective no later than 90 days after its formulation.

SSI PROVISIONS RELATED TO CHILDREN WITH DISABILITIES

Restrictions on Eligibility for Benefits

- o Repeals the comparable severity provision and provides that an individual under age 18 would be considered disabled if he/she has a medically determinable physical or mental impairment which results in marked, and severe functional limitations and which can be expected to last for a continuous period of 12 months or to result in death.

Eliminates references to maladaptive behavior in the domain of personal/behavioral function in sections 112.00C.2. and 112.02B.2.c.(2) of the Listing of Impairments.

Discontinues the use of an individualized functional assessment for evaluating disability in individuals under age 18.

These changes apply to applicants for benefits for months beginning on or after the date of enactment of this Act, without regard to whether regulations have been issued to implement such changes.

- o Requires the Commissioner, within 1 year after the date of enactment, to redetermine the eligibility of any recipient who was receiving benefits as of the date of enactment and whose eligibility for such benefits would terminate by reason of these amendments. Such redeterminations would be given priority over other continuing eligibility reviews.

Requires the Commissioner to notify recipients affected by this provision within 90 days after enactment date.

These amendments apply to such recipients for months beginning on or after January 1, 1997.

- o Would establish a new payment rate equal to 75 percent of the Federal Benefit Rate (FBR) for disabled children, except for those described below who will continue to receive benefits at the full FBR.
 - Children under the age of 6 who meet the new definition of disability and whose medical impairment severely limits the

individual's ability to function in an age appropriate manner and who without special personal assistance would require specialized care outside the home; and

- Children who have attained the age of 6 who meet the new definition of disability and who require personal care assistance with: (1) at least 2 activities of daily living; (2) continual 24-hour supervision or monitoring to avoid causing injury or harm to self or others; or (3) the administration of medical treatment; and who without such assistance would require full or part-time specialized care outside the home.

Determinations of income eligibility will continue to be based on an amount equal to 100 percent of the FBR but for purposes of payment, countable income would be charged against the new 75 percent benefit standard. Application of the one-third reduction would apply to both eligibility determination and benefit amount calculation.

Changes to payment amounts would be effective for new applicants who apply for benefits on or after January 1, 1997 and for current recipients at their first CDR occurring after January 1, 1997.

Continuing Disability Reviews and Redeterminations

- o Requires the Commissioner to review at least once every 3 years the continuing eligibility for SSI benefits of each individual under age 18 whose condition is not expected to improve. The medical improvement review standard (MIRS) would be applicable, and, at the time of review, the representative payee must present evidence that the child is receiving appropriate treatment.
- o Requires the Commissioner to redetermine the eligibility of an SSI disability recipient during the 1-year period beginning on the date such recipient attains age 18. The SSI disability eligibility criteria for applicants age 18 and older would be applied in making such redeterminations.
- o Requires the Commissioner to review the continuing eligibility for SSI disability benefits of an individual whose low birth weight is a contributing factor material to the finding that such individual is disabled. These reviews must be conducted not later than 12 months

after the birth of the individual. The MIRS would be applicable, and, at the time of the review, the representative payee must present evidence that the child is receiving appropriate treatment.

- o Appropriates funding, in addition to funds otherwise appropriated for CDRs and redeterminations under title XVI, of \$200 million for FY 1996, \$75 million for FY 1997, and \$25 million for FY 1998 for conducting CDRs and redeterminations under title XVI. These funds would remain available in subsequent fiscal years until expended.
- o These amendments would apply to benefits for months beginning on or after the date of enactment of this Act, without regard to whether regulations have been issued to implement them.

Disposal of Assets and Treatment of Trusts

- o Provides that, in the case of parents who disposed of their assets or their child's assets (or a guardian who disposed of his ward's asset) within 36 months of the child's application for SSI benefits, the child's eligibility for benefits will be delayed for a number of months equal to the compensated value of the divested resource divided by the SSI Federal benefit rate.

Provides that the value of trusts on established with a child's own assets (and accruals to such trusts) would be counted in determining the child's eligibility for benefits.

Effective for disposals occurring at least 90 days after enactment and trusts established after January 1996.

Dedicated Accounts for Disabled Children

- o Provides that the Commissioner, at the request of the representative payee, would pay any lump-sum payment for the benefit of a SSI-eligible child into a dedicated savings account that could be used only for education and job skills training, personal needs assistance, special equipment, housing modification, medical treatment, therapy or rehabilitation, or any item or service determined to be appropriate by the Commissioner.

Funds contained in, and interest earned on, such accounts would be excluded from the determination of the individual's resources under SSI.

Requires that the Commissioner establish a system of accountability monitoring on the use of these funds by representative payees.

Effective upon enactment.

Limitation on Benefits for Children in Medical Treatment Facilities

- o Provides that SSI benefits payable to children who are in medical facilities whose care is paid for through private insurance would be limited to \$30 a month.

REPORTS

Report on Childhood Disability Initiatives

- o Requires the Commissioner to report to the Congress regarding the progress made in implementing the provisions relating to childhood disability not later than 180 days after the date of enactment of this Act.

Annual Report on the SSI Program

- o Requires that not later than May 30 of each year, the Commissioner report to the President and Congress regarding the SSI program, including
 - a comprehensive description of the program;
 - historical and current data on allowances and denials, reconsiderations, administrative law judge hearings, and appeals, characteristics of recipients and program costs;
 - projections of future numbers of recipients and program costs, through at least 25 years;
 - information on redeterminations, utilization of work incentives, administrative costs, State supplementation programs;

- summaries of relevant research; and
- a historical summary of statutory changes to the SSI law.

In addition, each member of the Social Security Advisory Council would be permitted to include in this annual report their views on the SSI program.

Study by the General Accounting Office

- o Requires the Comptroller General of the United States to study and report not later than January 1, 1998 on the impact of the amendments of this legislation on the SSI program.

OTHER SSI PROVISIONS

Increase Age for SSI Aged Benefits

- o Increases the age requirement for "aged" benefits to correspond with Social Security program's "retirement age." Beginning in 2003, the age would increase 2 months per year until it reaches age 66 in 2008. A similar transition between age 66 and 67 would occur between 2021 and 2026.

Effective for individuals obtaining age 62 after December 1, 1999 and later.

Repeal Maintenance of Effort Requirement

- o Eliminates the maintenance of effort requirement ("passalong") for States with regard to their State supplementary payment programs. Effective for calendar quarters beginning after September 1995.

Receipt of Public Assistance Benefits in Two or More States

- o Prohibits SSI eligibility for 10 years for individuals who have been convicted in a State or Federal court of having fraudulently misrepresented their State of residence in order to receive SSI, AFDC, Medicaid, or food stamp benefits simultaneously from two or more States. Effective upon enactment.

Fugitive Felons and Parole and Probation Violations

- o Prohibits SSI eligibility for fugitive felons and parole and probation violators and requires SSA to provide to law enforcement personnel, upon their request, the addresses of SSI recipients who are fleeing to avoid prosecution, custody, or confinement, are involved in parole or probation violations, or have information related to official law enforcement activities. Effective upon enactment.

DISABILITY-RELATED PROVISIONS

National Commission on the Future of Disability

- o Establishes a National Commission on the Future of Disability, whose expenses would be paid from funds appropriated for this purpose. The Commission would be required to undertake a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities and to report its recommendations for changes to the President and the Congress.

The Commission members would serve for the life of the Commission, i.e., a 2-year period.

Requires the Commission to submit an interim report, at the end of the first year, to the President and the Congress. This report must include a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative actions.

A final report, which discusses both the Commission's final findings, conclusions, and recommendations and an assessment of the extent to which the recommendations contained in its interim report have been implemented, would be required not later than the date on which the Commission terminates.

Upon receipt, the President would be required to print each report and make it available to the public upon request.

Study of Disability Determination Process

- o Requires the Commissioner, from funds otherwise appropriated, to contract with the National Academy of Sciences, or some other independent entity, to conduct a comprehensive study of the disability determination process under titles II and XVI of the Social Security Act, including the validity, reliability, and consistency of the Listing of Impairments with current scientific knowledge and standards. Effective not later than 90 days after the date of enactment.

The study would include an examination of the appropriateness of the definitions of disability under both titles and the advantages and disadvantages of alternative definitions.

Requires the Commissioner, through the appropriate entity, to issue an interim report and a final report of the findings and recommendations resulting from the study to the President and the Congress, not later than 18 months and 24 months, respectively, from the date of the contract for such study.

OTHER PROVISIONS OF INTEREST TO SSA

Regular Report to INS on Illegal Aliens

- o Requires the Commissioner to report to Immigration and Naturalization Service (INS) no less than four times a year, and upon the request of the INS, the name, address, and other identifying information of every individual the Commissioner knows to be in the United States illegally. In addition, States with State supplementary agreements under section 1616(a) must agree to do the same.

Prohibition on Payment of Federal Benefits to Certain Persons

- o Generally prohibits payment of Federal benefits, including Social Security benefits, to any alien who is not a "qualified alien", i.e., an alien lawfully admitted for permanent residence, an alien whose deportation has been withheld under section 243(h) of the INA, an asylee, a refugee, or a parolee who has been paroled for a period of at least 1 year. However, this prohibition does not apply to Social Security benefits: (1) if payable to an alien lawfully present in the U.S.;

(2) if nonpayment would contravene an international Social Security agreement; (3) if payment to an alien outside the U.S. is authorized under current law; or (4) if entitlement is based on an application filed in or before the month of enactment.

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service. SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Collection and Use of SSNs for Use in Child Support Enforcement

- o Provides that State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records. SSN's would also have to be recorded on death certificates.

LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

104-18

February 2, 1996

PROVISIONS OF THE BALANCED BUDGET ACT OF 1995 (H.R. 2491) AS VETOED BY THE PRESIDENT ON DECEMBER 6, 1995

On December 6, 1995, the President vetoed H.R. 2491, the Balanced Budget Act of 1995. This legislation included the following provisions of interest to SSA:

SUPPLEMENTAL SECURITY INCOME DISABILITY-RELATED PROVISIONS

SSI Benefits for Individuals Disabled by Drug Addiction or Alcoholism (DAA)

- o Would prohibit SSI eligibility, including cash SSI benefits and Medicaid coverage, to individuals whose DAA is a contributing factor material to a finding that they are disabled.

Would require SSA to notify affected SSI DAA recipients within 90 days of enactment. If such an individual reapplies for benefits within 120 days of enactment, SSA would be required to complete a redetermination of their eligibility not later than January 1, 1997.

Would be effective upon enactment for new applicants for benefits.

Would continue until January 1997 SSI eligibility for recipients on the rolls as of enactment.

- o Would require that SSI disability benefits be paid to a representative payee if SSA determines that such payment would be in the best interest of the disabled individual because he/she has a DAA condition that prevents him/her from managing such benefits. Such individuals would be referred to the appropriate State agency administering a substance abuse treatment program under the Public Health Service Act.

Would be effective upon enactment for new applicants for benefits.

For recipients on the rolls on enactment date, would be applicable on and after the date of such recipient's first continuing disability review occurring after enactment date.

For SSI disability recipients who have attained age 65, would be applicable in such manner as determined appropriate by the Commissioner.

- o Would also provide \$50 million in each of fiscal years 1997 and 1998 to supplement other funds appropriated for State and Tribal substance abuse programs funded under the Public Health Service Act.

SSI Eligibility Based on Childhood Disability

- o Would eliminate the comparable severity standard and provide, instead, a new statutory definition of childhood disability.

This definition would provide that a child under age 18 would be considered under a disability if he/she 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.

- o Would direct SSA to discontinue the use of an individualized functional assessment in evaluating disability in individuals under age 18.
- o Would also direct SSA to eliminate references to maladaptive behavior in the domain of personal/behavioral function in sections 112.00C.2. and 112.02B.2.c.(2) of the Listing of Impairments.

- o Would provide that the amount of the SSI benefit payable to a child who is determined to be disabled would be based on newly developed criteria related to the need for personal assistance. Children who meet the following criteria would receive 100 percent of the SSI benefit amount provided by current law:

For a child under age 6 - such individual has a medical impairment that severely limits his/her ability to function in an age-appropriate manner and who without special personal assistance would require specialized care outside the individual's home; or

For a child age 6 or older - such individual requires personal care assistance with (1) at least two activities of daily living; (2) continual 24-hour supervision or monitoring to avoid causing injury or harm to self or others; or (3) the administration of medical treatment; and who without such assistance would require full-time or part-time specialized care outside the individual's home.

All other disabled children would receive 75 percent of the SSI benefit amount provided by current law.

- o Except as noted, would be effective--
 - for new applicants for months beginning on or after the date of enactment; and
 - January 1, 1997, for SSI childhood disability recipients who are eligible for SSI benefits on the date of enactment. (SSA would be required to notify individuals whose eligibility would be affected by these amendments within 90 days of enactment and to redetermine the eligibility of these individuals within one year of enactment.)

The two-tiered benefit payment system would be effective January 1, 1997, for new applicants and current recipients.

- o Would require SSA to issue necessary regulations within two months and to submit for review to the Senate Committee on Finance and the House Committee on Ways and Means any final regulation, with supporting documents, pertaining to the eligibility for SSI benefits of individuals under the age of 18, at least 45 days before the effective date of such regulation.

- o Would provide \$300 million for SSA to use only for SSI CDRs and redeterminations, with reviews and redeterminations of children affected by the provisions dealing with maladaptive behavior and the individualized functional assessment given the highest priority.

Eligibility Redeterminations and Continuing Disability Reviews

- o Would require SSA to conduct continuing disability reviews (CDRs) at least once every three years for SSI childhood disability recipients with nonpermanent impairments and would require SSA to review the continuing disability of a child whose low birth weight is a contributing factor material to the finding of his/her disability within 12 months of the child's birth. At the time of such review, the representative payee would be required to present evidence demonstrating that the child is and has been receiving appropriate treatment for his/her disability. If the representative payee refuses, without good cause, to comply with this requirement, the SSA would be required to terminate the payment of benefits to the representative payee if it is in the best interest of the recipient.
- o Would require SSA to redetermine the eligibility of SSI recipients, under the adult criteria, during the one year period following their attainment of age 18.
- o Would be effective with respect to benefits for months beginning on or after enactment date.

OTHER SSI-RELATED PROVISIONS

Receipt of Benefits in Two or More States

- o Would prohibit SSI eligibility for 10 years for individuals who have been convicted in a State or Federal court of having fraudulently misrepresented their State of residence in order to receive SSI, AFDC, Medicaid, or food stamp benefits simultaneously from two or more States. Effective upon enactment.

Fugitive Felons and Parole and Probation Violations

- o Would prohibit SSI eligibility for fugitive felons and parole and probation violators and require SSA to provide to law enforcement personnel, upon their request, the addresses of SSI recipients who are fleeing to avoid prosecution, custody, or confinement, are involved in parole or probation violations, or have information related to official law enforcement activities. Effective upon enactment.

Payments for SSI-Eligible Children in Medical Facilities

- o Would provide that individuals who are under age 18 and who are in a medical facility and whose care is being paid for through private insurance would be eligible for an SSI benefit of up to \$30 a month.

Delay in Child's Eligibility for SSI

- o Would provide that, in the case of parents who disposed of their assets or their child's assets (or a guardian who disposed of his ward's assets) within 36 months of the child's application for SSI benefits, the child's eligibility for benefits will be delayed for a number of months equal to the compensated value of the divested resource divided by the SSI Federal benefit rate.

An individual shall be considered to have established a trust if any of his or her assets are placed in a trust. In the case of a revocable trust, all assets in the trust shall be considered assets of the individual. In the case of an irrevocable trust, any portion of the trust that could be made available to, or used for, the benefit of the individual shall be considered to be an asset of the individual.

The disposal of assets provision would become effective with respect to the transfer of resources for less than fair market value that occur at least 90 days after the date of enactment. The trust provision would become effective January 1, 1996 and shall apply to trusts established on or after such date.

Additional Accountability Requirement for Payees of SSI Beneficiaries

- o Would provide that a representative payee must pay any lump-sum payment for the benefit of an SSI-eligible child into a dedicated savings account that could only be used for:
 - education and job skills training;
 - personal needs assistance;
 - medical treatment;
 - special equipment or housing modification;
 - therapy and rehabilitation; or,
 - any other item or service deemed appropriate by the Commissioner.

Funds contained in, and interest earned on, such account would be excluded from the determination of the individual's resources under SSI. Would provide penalties for misuse of the funds. Effective with respect to payments made after the date of enactment.

Limited Eligibility of Noncitizens for SSI Benefits

- o Would provide generally that noncitizens would be ineligible for SSI, with the following exceptions for those lawfully present in the United States who are:
 - refugees under section 207 of the Immigration and Nationality Act (INA) during the first 5 years after their arrival in the United States,
 - asylees under section 208 of the INA during the first 5 years after the date asylum was granted, or
 - entrants whose deportations have been withheld under section 243(h) of the INA during the first 5 years after deportation was withheld,
 - lawfully admitted for permanent residence who are credited with 40 qualifying quarters of coverage and did not receive Federal means-tested benefits during any of these quarters (noncitizen spouses and children can meet the work requirement if their spouse or parent has worked for 40 quarters);

- active duty United States military personnel or honorably discharged veterans who were and their spouses and unmarried dependent children.

Effective upon enactment for new applicants. The SSI eligibility of noncitizens on the rolls at the time of enactment who do not meet one of the exceptions would continue until January 1, 1997.

Notification

- o Would require Federal agencies administering programs affected by these changes in noncitizen's eligibility to provide general notification to the public and program recipients about these eligibility changes. In addition, requires individual notification to all currently eligible noncitizens affected by the provision within 90 days after the date of enactment. Noncitizens who want to reapply for benefits after receiving notification would have to do so within 4 months after enactment, and the Commissioner would be required to make a determination of their eligibility within 1 year after enactment.

Deeming of Sponsor's Income and Resources

- o Would require that the income and resources of a noncitizen shall be deemed to include all the income and resources of sponsors who execute new, legally binding affidavits of support (including the income and resources of their spouses) until the noncitizen is naturalized.

Would be effective for applications filed on or after the date of enactment by noncitizens whose entry into the United States is based on a legally enforceable affidavit of support.

Affidavits of Support

- o Would make the sponsorship affidavit of support legally enforceable by the Federal, State, or local government that provides means-tested support--including SSI--to an alien for a period of 10 years after the alien last receives benefits.

Would require the Federal, State, or local government that provided assistance to the alien to request reimbursement from the sponsor. If the sponsor does not respond or refuses to abide by repayment plans, the government entity may take legal action against the sponsor.

The Secretary of State would be required to formulate the new affidavit of support no later than 90 days after the date of enactment and the new affidavit and associated liabilities placed on sponsors are effective no later than 90 days after its formulation.

OTHER PROVISIONS OF INTEREST

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service. SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Collection and Use of SSNs for Use in Child Support Enforcement

- o Provides that State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records. SSN's would also have to be recorded on death certificates.

Prohibition on Payment of Federal Benefits to Certain Persons

- o Generally, prohibits payment of Federal benefits, including Social Security benefits, with some exceptions, to any person who is not lawfully present in the United States. A person lawfully present in the U. S. includes a U.S. citizen, a permanent resident alien, an alien whose deportation has been withheld under section 243(h) of the INA, an asylee, a refugee, a parolee who has been paroled for a period of at least 1 year, a national, or a national of the U.S. (as defined in section 101(a)(17) of the INA).

Credit for Employer Tax on Tips

- o Would revise the provision for a business tax credit for tips for food and beverage establishments (enacted in OBRA of 1993) by providing that the credit would be available regardless of whether the tips are reported under section 6053 of the Internal Revenue Code (which provides for informational returns with respect to tips).

The provision would affect neither the amount of tips covered and taxable for Social Security purposes nor the amount of Social Security taxes credited to the Social Security trust funds.

Medical Savings Account

- o Would provide rules for the establishment of medical savings accounts (trusts exclusively created for the purpose of paying for medical care or long-term care insurance for an individual and his or her spouse or dependents). Also would provide for exclusion of employer contributions to these accounts from gross income for income tax purposes and from covered wages for Social Security tax and benefit purposes.

Newspaper Distributors

- o Would define persons engaged in the business of distributing newspapers or shopping news as direct sellers for Social Security and income tax purposes-- i.e., independent contractors (self-employed), if substantially all their pay is related to sales or other output rather than hours worked, and the work they do is pursuant to a written contract providing that they will not be treated as employees for Federal tax purposes. The proposal would be effective January 1, 1996.

Employer-Provided Educational Assistance

- o Would reinstate a provision that expired January 1, 1995, under which certain employer-provided educational assistance was excluded for Social Security and income tax purposes. The exclusion would apply to taxable years beginning after December 31, 1994 and ending before January 1, 1997; however, for taxable years beginning after December 31, 1995, the exclusion would not apply to graduate-level education.

Number 104-25

June 25, 1996

HOUSE COMMITTEE ON WAYS AND MEANS
MARKUP OF H.R. 3507, "THE PERSONAL
RESPONSIBILITY AND WORK OPPORTUNITY ACT
OF 1996"

On June 12, 1996, the House Ways and Means Committee completed markup of the Social Security-related titles of H.R. 3507, the "Personal Responsibility and Work Opportunity Act of 1996." Full House consideration of the bill is expected before the August recess.

A companion bill (S. 1795) in the Senate will be marked up by the Senate Finance Committee on June 26, 1996.

Below are descriptions of the SSA-related provisions in H.R. 3507 as marked up by the Ways and Means Committee.

SUPPLEMENTAL SECURITY INCOME (SSI) PROVISIONS

NONCITIZENS

Limited Eligibility of Noncitizens for SSI Benefits

- o Would prohibit SSI eligibility for all noncitizens except:
 - refugees (eligibility limited to the 5-year period after their arrival in the United States);
 - asylees (eligibility limited to the 5-year period after the date they are granted asylum);
 - noncitizens who have had deportation withheld under INA-section 243(h) (eligibility limited to the 5-year period after the date their deportations are withheld);

- active duty Armed Forces personnel, honorably discharged veterans, and their spouses and dependent children;
- lawful permanent residents who have earned 40 quarters of coverage for Social Security purposes and who did not receive any Federal means-tested benefits during any such quarter. (An individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage.)

Effective upon the date of enactment. However, with regard to individuals on the SSI rolls at the time of enactment, would require the Commissioner, within 1 year after enactment, to redetermine the eligibility of all noncitizens who do not meet the new eligibility categories. If a noncitizen is not in one of the new categories, his or her eligibility would terminate as of the date of the redetermination.

- o Would require the Commissioner to notify all potentially affected beneficiaries on the SSI rolls of the provision by 1/1/97.

Reports to INS

- o Would require the Commissioner to furnish the name, address, and other identifying information to INS of any individual that SSA knows is unlawfully in the United States. Such reports would be required at least 4 times a year. Also requires the Commissioner to ensure that State supplementary program agreements with States include provisions for the State also to furnish such information.

Effective upon the date of enactment.

Deeming of Sponsor's Incomes and Resources

- o Would deem all of the sponsor's (and sponsor's spouses) income and resources to the noncitizen until citizenship with the following exception:

- Deeming would end before citizenship in the case of lawful permanent residents who earn 40 quarters of coverage. Deeming for children and spouses of workers also could end before citizenship if they are credited with 40 quarters, i.e., an individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage. However, a quarter would not count toward 40 quarters of coverage if the noncitizen receives means-tested public assistance during the quarter.

Effective for sponsored noncitizens who are admitted into the country under new, legally enforceable affidavits of support.

Requirements for Affidavits of Support for Sponsorship

- o Would make affidavits of support legally enforceable against the sponsor until the noncitizen becomes a U.S. citizen. The affidavit would be enforceable for a period of 10 years after the noncitizen last received public assistance benefits, including SSI.
- o Would require the agency that provides assistance to a noncitizen to request reimbursement from the sponsor for the assistance it provided. If the sponsor does not respond or is unwilling to make reimbursement within 45 days after the agency's request, the agency may take legal action against the sponsor. Would allow the agency to hire individuals to collect reimbursement.
- o Would require the Attorney General, in consultation with the Secretary of Health and Human Services (HHS), to develop a standard affidavit of support within 90 days after the date of enactment. Also would require--effective with a date specified by the Attorney General which would be no earlier than 60 and no later than 90 days after development of the standard affidavit--that all newly signed affidavits be legally enforceable.

Denial of SSI Benefits for 10 Years to Individuals Who Have Misrepresented Residence in Order to Obtain Benefits in 2 or More States

- o Would deny SSI benefits for a period of 10 years to individuals convicted in Federal or State court of having made a fraudulent statement with respect to their places of residence in order to receive benefits simultaneously in two States.

Effective upon the date of enactment.

Denial of Benefits for Fugitive Felons and Parole Violators

- o Would deny eligibility for SSI with respect to any month in which an individual is fleeing prosecution, a fugitive felon, or violating a condition of probation or parole imposed under State or Federal law.
- o Would require SSA to provide upon written request of any law enforcement officer the current address, SSN, and photograph of any SSI recipient, providing the request includes the name of the recipient and other identifying information and notifies SSA that the recipient:
 - is fleeing to avoid prosecution, or custody or confinement after a felony conviction;
 - is violating a condition of probation or parole; or
 - has information that is necessary for the officer to conduct the officer's official duties and the location or apprehension of the recipient is within the officer's official duties.

Effective upon the date of enactment.

Denial of SSI Benefits for 10 Years to a Person Found to Have Fraudulently Obtained SSI Benefits While in Prison

- o Would provide that any person who is found to have made a fraudulent statement or misrepresentation while in prison in order to continue receiving SSI while in a penal institution

shall not be considered eligible for benefits for a 10 year period beginning on the date the person is no longer incarcerated.

Effective with respect to statements or representations made on or after the date of enactment.

Modify the Effective Date of Applications

- o Would provide that an individual's application for SSI benefits would be effective on the first day of the month following the month in which the application is filed, or in which the individual first becomes eligible, whichever is later. The amendment, in effect, eliminates prorated payments for the month of application.
- o Would permit the issuance of an emergency advance payment to an individual who is presumptively eligible and has a financial emergency in the month the application is filed (the month prior to the first month of eligibility).
- o Would require that the emergency advance payment be repaid through proportional reductions in benefits payable over a period of not more than 6 months.

Effective for applications filed on or after the date of enactment.

Disposal of Resources for Less Than Fair-Market Value

- o Children whose assets have been disposed of for less than their market value will be ineligible for a period of months equal to the uncompensated value of the disposed assets divided by the SSI Federal benefit rate (FBR)--currently \$470.

Effective with respect to transfers that occur at least 90 days after the date of enactment.

Treatment of Assets Held in Trusts

- o Would provide that trust funds established with a child's assets (where the child is the trust beneficiary) will be considered a countable resource of the child.

Applies to trusts established on or after 90 days after the date of enactment.

Dedicated Savings Accounts

- o Would require the establishment of a bank account to maintain retroactive SSI benefits that equal or exceed 6 times the FBR for disabled/blind children (smaller amounts may be placed in such accounts once established).
- o Would allow funds to be used for:
 - Education or job skill training.
 - Personal needs assistance.
 - Special equipment or housing modifications.
 - Medical treatment, therapy or rehabilitation.
 - Other items or services SSA determines appropriate.
- o Would require that expenditures must be for expenses related to the impairment of the child.
- o Would provide that unauthorized expenditures constitute misapplication of benefits and are recoverable from the payee.
- o Would require SSA to establish an accountability system to monitor these accounts and payees are required to report on the use of these funds.
- o Would provide that accounts are excluded from resource counting and that interest earned is excluded from income.

Effective with respect to payments made after the date of enactment.

Reduction in Cash Benefits Payable to Institutionalized Individuals Whose Medical Costs are Covered by Private Insurance

- o Would limit to not more than \$30 a month cash benefits payable to children who are in an institution receiving medical care covered by private insurance.

Effective with respect to benefits for months beginning 90 or more days after the date of enactment.

Installment Payments of Large Past-Due SSI Payments

- o Would establish a schedule for paying retroactive SSI benefit amounts that exceed 12 times the monthly FBR plus the monthly State supplement level. Payments would be made at six-month intervals.
 - The first installment would be 12 times the FBR (\$5,640 based on 1996 rates) plus any Federally administered State supplement.
 - Any remaining retroactive benefits would be paid in a second installment (not to exceed the first payment amount).
 - All remaining retroactive benefits would be paid in the third installment.
- o Would provide that where an underpaid individual has incurred debts to provide for food, clothing or shelter, has expenses for disability-related items and services that exceed the installment limit, or has entered into a contract to purchase a home, the installment payment would be increased by the amount needed to cover these debts, expenses, and obligations.
- o Would provide retroactive payments would be paid in full to an individual who is terminally ill.

Effective with respect to past-due benefits payable after the third month following the month of enactment.

Repeal Maintenance-of-Effort Requirement

- o Would eliminate the maintenance-of-effort requirement ("passalong") for States with regard to their State supplementary payment programs.

Effective upon the date of enactment.

Annual Report on the SSI Program

- o Would require the Commissioner to report to the President and Congress regarding the SSI program, not later than May 30 of each year, including:
 - a comprehensive description of the program;
 - historical and current data on allowances and denials, reconsiderations, administrative law judge hearings and appeals, characteristics of recipients, and program costs;
 - projections of future numbers of recipients and program costs, through at least 25 years;
 - information on redeterminations, utilization of work incentives, administrative costs, State supplementation programs;
 - summaries of relevant research; and
 - a historical summary of statutory changes to the SSI law.
- o Would provide that each member of the Social Security Advisory Board be permitted to include their views on the SSI program in the annual report.

Effective upon the date of enactment.

SSI Eligibility Based on Childhood Disability

- o Would eliminate the comparable severity standard and provide instead that a child under age 18 would be considered under a disability if he/she has a medically determinable 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.

- o Would direct SSA to eliminate references to maladaptive behavior in the domain of personal/behavioral function in the Listing of Impairments and to discontinue the use of an individualized functional assessment in evaluating a child's disability.
- o Would require that SSA ensure that:
 - the combined effects of all physical and mental impairments of a child are considered in determining whether the child is disabled; and
 - the Social Security regulations provide for the evaluation of children who cannot be tested because of their young age.
- o Would also require SSA to notify recipients whose eligibility may be affected by these amendments no later than January 1, 1997.

Effective with respect to applications filed on or after, and claims pending on, the date of enactment.

Would require SSA to redetermine the eligibility of recipients who are eligible for benefits on the date of enactment and whose benefits may terminate as a result of the new childhood disability eligibility criteria no later than 1 year after the date of enactment. The benefits of those recipients determined to be ineligible under the new eligibility criteria would terminate for the month beginning on or after the date of the redetermination.

- o Would require SSA to prescribe the regulations needed to implement the amendments within 3 months of the date of enactment.

In addition, directs SSA to submit final regulations pertaining to the eligibility of children to SSI disability benefits to the Congress at least 45 days before such regulations would be effective.

- o Would also require SSA to report to the Congress, no later

than 180 days following the date of enactment, on its progress in implementing the changes in the SSI disabled children's provisions.

- o Would authorize the appropriation, in addition to any funds otherwise appropriated for SSI CDRs and redeterminations, of \$200 million for FY 1997, \$75 million for FY 1998, and \$25 million for FY 1999 to be used only for the purpose of conducting SSI CDRs and making SSI redeterminations. Such funds would remain available without FY limitation.

Eligibility Redeterminations and Continuing Disability Reviews (CDRs)

- o Would require CDRs:
 - once every 3 years for recipients under age 18 with non-permanent impairments; and
 - not later than 12 months after birth for low-birth weight babies.
- o Would also require the representative payee of a recipient whose continuing eligibility is being reviewed to present evidence that the recipient is receiving treatment which is considered medically necessary and available, unless SSA determines that such treatment would be inappropriate or unnecessary. If the representative payee refuses, without good cause, to cooperate, SSA may change the payee.
- o Would require an eligibility redetermination, using the adult initial eligibility criteria, during the 1-year period beginning on a recipient's 18th birthday.

Applies to benefits for months beginning on or after the date of enactment, without regard to whether implementing regulations have been issued.

Study of Disability Determination Process

- o Would require SSA to arrange with the National Academy of Social Insurance, or another independent entity (effective

within 180 days after the date of enactment), to conduct a study of the disability determination process. Also requires SSA to ask the appropriate entity to submit a report of its findings and recommendations from the study to the President and the Congress at 18 and 24-month intervals.

Study by General Accounting Office

- o Would require GAO, not later than January 1, 1999, to study and report on the impact of the changes made by this Act on the SSI program and the extra expenses incurred by families of children receiving SSI benefits that are not covered by other Federal, State, or local programs.

National Commission on the Future of Disability

- o Would establish a National Commission on the Future of Disability to study all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities.
- o Would require the Commission to submit an interim report (not later than 1 year prior to its termination) and a final report (prior to its termination) to the President and the Congress which presents its findings and recommendations. The Commission will terminate 2 years after it names its chair and vice-chair.
- o Would also authorize the appropriation of such funds as are necessary to carry out the purposes of the Commission.

OTHER PROVISIONS

Requirement for Technical and Conforming Legislative Proposals

- o Would require within 90 days after the date of enactment that the Commissioner and the Secretary of Health and Human Services provide Congress with draft conforming and technical amendments necessary "to bring law into conformity with the policy embodied in this title" (i.e., title I, "Block Grants for Temporary Assistance for Needy

Families," which would replace the current AFDC program in title IV of the Social Security Act.) The amendment would require that references to title IV throughout the Social Security Act be revised if title I of the bill is enacted.

LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

104-26

July 2, 1996

ADDITIONAL SSA-RELATED PROVISIONS IN H.R. 3507, "THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY ACT OF 1996"

Legislative Bulletin 104-25 provided descriptions of SSA-related provisions in the House Ways and Means Committee markup of H.R. 3507. Below are additional SSA-related provisions in that legislation.

Suspension of Benefits to Prisoners

- o Would provide for incentive payments from program funds to State and local institutions for furnishing information (date of confinement and certain identifying information) to SSA which results in suspension of Social Security or SSI benefits (up to \$400 for information received within 30 days of confinement or up to \$200 for information received from 31 to 90 days after confinement).

Effective with respect to benefits payable for months beginning more than 180 days after enactment.

- o Would eliminate the Social Security benefit suspension requirement that inmates be confined for a crime punishable by imprisonment for more than 1 year. Suspension of Social Security benefits would apply to individuals confined throughout a calendar month.

Effective with respect to benefits payable for months beginning more than 180 days after enactment.

- o Would exempt prisoner reporting agreements from the Computer Matching and Privacy Protection Act of 1988.

Effective upon the date of enactment.

- o Would require SSA to complete a study and report to Congress within 1 year of the date of enactment on feasibility of prisoner reporting by courts and mandatory electronic reporting by correctional facilities.

Social Security Benefits

- o Would prohibit the payment of Social Security benefits to any noncitizen in the U.S. for any month the noncitizen is not lawfully present in the U.S. (to be determined by the Attorney General).

Effective for benefits based on applications filed on or after the date of enactment.

Recovery of SSI Overpayments from Social Security Benefits

- o Would provide that the Commissioner of Social Security can recover the amount of an overpayment of SSI benefits from an individual's Social Security benefits. Also provides that the reduction in the individual's Social Security benefit resulting from the recovery shall not make the individual eligible for SSI, or, if the individual is already eligible, result in an increase in the SSI benefit.

Effective upon enactment with respect to overpayments outstanding on or after the date of enactment.

Social Security Card

- o Would require that the Commissioner of Social Security to develop a prototype of a counterfeit-resistant Social Security card that:
 - is made of durable, tamper-resistant material (e.g., plastic);
 - employs technologies that provide security features (e.g., magnetic stripe); and
 - provides individuals with reliable proof of citizenship or legal resident alien status.

- o Would require that the Commissioner of Social Security study and report on different methods of improving the Social Security card application process, including:
 - evaluation of the cost and workload implications of issuing a counterfeit-resistant Social Security card for all individuals over a 3-, 5-, and 10-year period;
 - evaluation of the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.
- o Would require the Commissioner to submit the report and a facsimile of the prototype card to the Congress within 1 year of the date of enactment..

Collection and Use of SSNs for Use in Child Support Enforcement

- o Would provide that State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records. SSN's would also have to be recorded on death certificates.

Effective upon the date of enactment.

Expansion of the Federal Parent Locator Service

- o Would require HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service in an automated directory to be known as the National Directory of New Hires. SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Effective upon the date of enactment.

LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

104-27

July 26, 1996

HOUSE PASSES H.R. 3734, THE WELFARE REFORM RECONCILIATION ACT OF 1996

On July 18, 1996, the House of Representatives passed H.R. 3734, the Welfare Reform Reconciliation Act of 1996, by a vote of 256 to 170. H.R. 3734 (as passed) contains the text of H.R. 3829 as amended on the floor of the House. The bill includes SSI provisions affecting noncitizens, recovery of SSI overpayments, childhood disability and reduction in payments to institutionalized individuals. It also includes provisions on nonpayment of title II benefits for noncitizens in the United States and development of a prototype of a counterfeit resistant Social Security card.

LIMITED ELIGIBILITY OF NONCITIZENS

Social Security Benefits

- o Prohibits the payment of Social Security benefits to any noncitizen in the U.S. who is not a qualified alien, defined as:
 - an alien who is lawfully admitted for permanent residence;
 - an alien who is granted asylum;
 - a refugee;
 - an alien who is paroled into the U.S. for a period of at least 1 year;
 - an alien whose deportation is being withheld; or
 - an alien who is granted conditional entry.
- o Excludes from the nonpayment provision, benefits payable under an international agreement or treaty or under a totalization agreement.

Effective for benefits based on applications filed on or after the date of enactment.

SSI Benefits

- o Prohibits SSI eligibility for all noncitizens except:
 - refugees (eligibility limited to the 5-year period after their arrival in the United States);
 - asylees (eligibility limited to the 5-year period after the date they are granted asylum);
 - noncitizens who have had deportation withheld under INA-section 243(h) (eligibility limited to the 5-year period after the date their deportations are withheld);
 - active duty Armed Forces personnel, honorably discharged veterans, and their spouses and dependent children;
 - lawful permanent residents who have earned 40 quarters of coverage for Social Security purposes. An individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage. However, a quarter would not count as one of the required 40 if the noncitizen or person whose quarters are being credited to the noncitizen got federally funded assistance for low-income persons during the quarter the work was done.

Effective upon enactment. However, with regard to individuals on the SSI rolls at the time of enactment, would require the Commissioner, within 1 year after enactment, to redetermine the eligibility of all noncitizens who do not meet the new eligibility categories. If a noncitizen is not in one of the new categories, his or her eligibility would terminate as of the date of the redetermination.

- o Requires the Commissioner to notify all potentially affected beneficiaries on the SSI rolls of the provision by 1/1/97.

Deeming of Sponsors' Incomes and Resources

- o For purposes of eligibility under SSI, deems all of the sponsors' (and sponsors' spouses') income and resources to the noncitizen until citizenship with the following exception:
 - Deeming would end before citizenship in the case of lawful permanent residents who earn 40 quarters of coverage. Deeming for children and spouses of workers also could end before citizenship if they are credited with 40 quarters, i.e., an individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage. However, a

quarter would not count as one of the required 40 if the noncitizen or person whose quarters are being credited to the noncitizen got federally funded assistance for low-income persons during the quarter the work was done.

Effective for sponsored noncitizens who are admitted into the country under new, legally enforceable affidavits of support.

Requirements for Affidavits of Support for Sponsorship

- o Makes affidavits of support legally enforceable against the sponsor until the noncitizen becomes a U.S. citizen. The affidavit would be enforceable for a period of 10 years after the noncitizen last received public assistance benefits, including SSI.
- o Requires the agency that provides assistance to a noncitizen to request reimbursement from the sponsor for the assistance it provided. If the sponsor does not respond or is unwilling to make reimbursement within 45 days after the agency's request, the agency may take legal action against the sponsor. Would allow the agency to hire individuals to collect reimbursement.
- o Requires the Attorney General, in consultation with the Secretary of Health and Human Services (HHS), to develop a standard affidavit of support within 90 days after the date of enactment. Also would require--effective with a date specified by the Attorney General which would be no earlier than 60 and no later than 90 days after development of the standard affidavit--that all newly signed affidavits be legally enforceable.

Reports to INS

- o Requires the Commissioner to furnish the name, address, and other identifying information to INS of any individual that SSA knows is unlawfully in the United States. Such reports would be required at least 4 times a year. Also requires the Commissioner to ensure that State supplementary program agreements with States include provisions for the State also to furnish such information.

Effective upon enactment.

CHILDHOOD DISABILITY

SSI Eligibility Based on Childhood Disability

- o Eliminates the comparable severity standard and provides instead that a child under age 18 would be considered under a disability if he/she has a medically determinable impairment which results in marked and severe functional

- o 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.
- o Directs SSA to eliminate references to maladaptive behavior in the domain of personal/behavioral function in the Listing of Impairments and to discontinue the use of an individualized functional assessment in evaluating a child's disability.
- o Requires SSA to ensure that:
 - the combined effects of all physical and mental impairments of a child are considered in determining whether the child is disabled; and
 - the Social Security regulations provide for the evaluation of children who cannot be tested because of their young age.

These provisions would be applicable to any individual who applies for SSI disability benefits or whose claim is finally adjudicated on or after the date of enactment, without regard to whether implementing regulations have been issued.

- o Makes conforming changes in the medical improvement review standard to reflect the new definition of disability for children who file for SSI benefits.

Applicable with respect to benefits for months beginning on or after the date of enactment, without regard to whether implementing regulations have been issued.

Current Recipients

- o Requires SSA to notify recipients eligible for SSI disability benefits on enactment date and whose eligibility may be affected by the new childhood disability eligibility criteria no later than January 1, 1997.
- o Requires SSA to redetermine the eligibility of such recipients no later than 1 year after the date of enactment.
- o The benefits of those recipients determined to be ineligible under the new eligibility criteria would terminate for the month beginning on or after the date of the redetermination.

Eligibility Redeterminations and Continuing Disability Reviews (CDRs)

- o Requires CDRs:
 - once every 3 years for recipients under age 18 with non-permanent impairments; and
 - not later than 12 months after birth for low-birth weight babies.

- o Requires the representative payee of a recipient whose continuing eligibility is being reviewed to present evidence that the recipient is receiving treatment which is considered medically necessary and available, unless SSA determines that such treatment would be inappropriate or unnecessary. If the representative payee refuses, without good cause, to cooperate, SSA may change the payee.
- o Requires an eligibility redetermination, using the adult initial eligibility criteria, during the 1-year period beginning on a recipient's 18th birthday.

Applies to benefits for months beginning on or after the date of enactment, without regard to whether implementing regulations have been issued.

- o Repeals the present law requirement in the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296) that SSA (1) redetermine, using the adult eligibility criteria, the eligibility of one-third of the recipients who attain age 18 in or after May 1995 in each of fiscal years 1996 through 1998 and (2) submit a report regarding these reviews to the House Committee on Ways and Means and the Senate Committee on Finance not later than October 1, 1998.

MISCELLANEOUS CHANGES IN SSI ELIGIBILITY RULES

Suspension of Benefits to Prisoners

- o Provides for incentive payments from program funds to State and local institutions for furnishing information (date of confinement and certain identifying information) to SSA which results in suspension of Social Security or SSI benefits (up to \$400 for information received within 30 days of confinement or up to \$200 for information received from 31 to 90 days after confinement).

Applies to individuals whose period of confinement commences on or after the first day of the seventh month beginning after the month of enactment.

- o Eliminates the Social Security benefit suspension requirement that inmates be confined for a crime punishable by imprisonment for more than 1 year. Suspension of Social Security benefits would apply to individuals confined throughout a calendar month.

Effective with respect to benefits payable for months beginning more than 180 days after enactment.

Repeal Maintenance-of-Effort Requirement

- o Eliminates the maintenance-of-effort requirement ("passalong") for States with regard to their State supplementary payment programs.

Effective upon enactment.

Modify the Effective Date of Applications

- o Provides that an individual's application for SSI benefits would be effective on the first day of the month following the month in which the application is filed, or in which the individual first becomes eligible, whichever is later. The amendment, in effect, eliminates prorated payments for the month of application.
- o Permits the issuance of an emergency advance payment to an individual who is presumptively eligible and has a financial emergency in the month the application is filed (the month prior to the first month of eligibility).
- o Requires that the emergency advance payment be repaid through proportional reductions in benefits payable over a period of not more than 6 months.

Effective for applications filed on or after the date of enactment.

Reduction in Cash Benefits Payable to Institutionalized Individuals Whose Medical Costs are Covered by Private Insurance

- o Limits to not more than \$30 a month cash benefits payable to children who are in an institution receiving medical care covered by private insurance.

Effective with respect to benefits for months beginning 90 or more days after the date of enactment.

Recovery of SSI Overpayments from Social Security Benefits

- o Provides that the Commissioner of Social Security can recover the amount of an overpayment of SSI benefits from an individual's Social Security benefits. Also provides that the reduction in the individual's Social Security benefit resulting from the recovery shall not make the individual eligible for SSI, or, if the individual is already eligible, result in an increase in the SSI benefit.

Effective upon enactment with respect to overpayments outstanding on or after the date of enactment.

Installment Payments of Large Past-Due SSI Payments

- o Establishes a schedule for paying retroactive SSI benefit amounts that exceed 12 times the monthly FBR plus the monthly State supplement level. Payments would be made at six-month intervals.
 - The first installment would be 12 times the FBR (\$5,640 based on 1996 rates) plus any Federally administered State supplement.
 - Any remaining retroactive benefits would be paid in a second installment (not to exceed the first payment amount).
 - All remaining retroactive benefits would be paid in the third installment.
- o Provides that where an underpaid individual has incurred debts to provide for food, clothing or shelter, has expenses for disability-related items and services that exceed the installment limit, or has entered into a contract to purchase a home, the installment payment would be increased by the amount needed to cover these debts, expenses, and obligations.
- o Provides that retroactive payments be paid in full to an individual who is terminally ill.

Effective with respect to past-due benefits payable after the third month following the month of enactment.

Disposal of Resources for Less Than Fair-Market Value

- o Children whose assets have been disposed of for less than their market value will be ineligible for a period of months equal to the uncompensated value of the disposed assets divided by the SSI Federal benefit rate (FBR)--currently \$470.

Effective with respect to transfers that occur at least 90 days after the date of enactment.

Treatment of Assets Held in Trusts

- o Provides that trusts funds established with a child's assets (where the child is the trust beneficiary) will be considered a countable resource of the child.

Applies to trusts established on or after 90 days after the date of enactment.

Dedicated Savings Accounts

- o Requires the establishment of a bank account to maintain retroactive SSI benefits that equal or exceed 6 times the FBR for disabled/blind children (smaller amounts may be placed in such accounts once established).
- o Allow funds to be used for:
 - Education or job skill training.
 - Personal needs assistance.
 - Special equipment or housing modifications.
 - Medical treatment, therapy or rehabilitation.
 - Other items or services SSA determines appropriate.
- o Requires that expenditures must be for expenses related to the impairment of the child.
- o Provides that unauthorized expenditures constitute misapplication of benefits and are recoverable from the payee.
- o Requires SSA to establish an accountability system to monitor these accounts and payees are required to report on the use of these funds.
- o Provides that accounts are excluded from resource counting and that interest earned is excluded from income.

Effective with respect to payments made after the date of enactment.

Denial of Benefits for Fugitive Felons and Parole Violators/Exchange of Information with Law Enforcement Officers

- o Denies eligibility for SSI with respect to any month in which an individual is fleeing prosecution, a fugitive felon, or violating a condition of probation or parole imposed under State or Federal law.
- o Requires SSA to provide upon written request of any law enforcement officer the current address, SSN, and photograph of any SSI recipient, providing the request includes the name of the recipient and other identifying information and notifies SSA that the recipient:
 - is fleeing to avoid prosecution, or custody or confinement after a felony conviction;
 - is violating a condition of probation or parole; or

- has information that is necessary for the officer to conduct the officer's official duties and the location or apprehension of the recipient is within the officer's official duties.

Effective upon enactment.

Denial of SSI Benefits for 10 Years to Individuals Who Have Misrepresented Residence in Order to Obtain Benefits in 2 or More States

- o Denies SSI benefits for a period of 10 years to an individual convicted in Federal or State court of having made a fraudulent statement with respect to his or her place of residence in order to receive benefits simultaneously in two or more States.

Effective upon enactment.

USE OF SOCIAL SECURITY NUMBERS

Social Security Card

- o Requires the Commissioner of Social Security to develop a prototype of a counterfeit-resistant Social Security card that:
 - is made of durable, tamper-resistant material (e.g., plastic);
 - employs technologies that provide security features (e.g., magnetic stripe); and
 - provides individuals with reliable proof of citizenship or legal resident alien status.
- o Requires the Commissioner of Social Security to study and report on different methods of improving the Social Security card application process, including:
 - evaluation of the cost and workload implications of issuing a counterfeit-resistant Social Security card for all individuals over a 3-, 5-, and 10-year period;
 - evaluation of the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.
- o Requires the Commissioner to submit the report and a facsimile of the prototype card to the Congress within 1 year of the date of enactment.

Effective with respect to benefits payable for months beginning more than 180 days after enactment.

- o Requires SSA to complete a study and report to Congress within 1 year of the date of enactment on feasibility of prisoner reporting by courts and mandatory electronic reporting by correctional facilities.

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service in an automated directory to be known as the National Directory of New Hires. SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Effective upon enactment.

Collection and Use of SSNs for Use in Child Support Enforcement

- o Provides that State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records. SSN's would also have to be recorded on death certificates. Amends the Social Security Act to provide for this new State use of the SSN.

Effective upon enactment.

OTHER PROVISIONS

Regulations and Miscellaneous

- o Directs SSA to submit final regulations pertaining to the eligibility of children to SSI disability benefits to the Congress at least 45 days before such regulations would be effective.

Requires SSA to prescribe the regulations needed to implement the amendments within 3 months of the date of enactment.

- o Requires SSA to report to the Congress, no later than 180 days following the date of enactment, on its progress in implementing the changes in the SSI disabled children's provisions.

REPORTS

Study of Disability Determination Process

- o Requires SSA to arrange (not later than 90 days after the date of enactment), with the National Academy of Social Insurance, or another independent entity, to conduct a study of the Social Security and Supplemental Security Income disability determination processes. Also requires SSA to ask the appropriate entity to submit a report of its findings and recommendations from the study to the President and the Congress at 18 and 24-month intervals.

Directs SSA, following the receipt of each report, to issue regulations implementing any necessary changes.

National Commission on the Future of Disability

- o Establishes a 15 member National Commission on the Future of Disability to study all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities, especially the Social Security and SSI disability programs.
- o Requires the Commission to submit an interim report (not later than 1 year prior to its termination) and a final report (prior to its termination) to the President and the Congress which presents its findings and recommendations. The Commission will terminate 2 years after it names its chair and vice-chair.
- o Authorizes the appropriation of such funds as are necessary to carry out the purposes of the Commission.

Study by General Accounting Office

- o Requires GAO, not later than January 1, 1999, to study and report on the impact of the changes made by this Act on the SSI program and the extra expenses incurred by families of children receiving SSI benefits that are not covered by other Federal, State, or local programs.

Annual Report on the SSI Program

- o Requires the Commissioner to report to the President and Congress regarding the SSI program, not later than May 30 of each year, including:
 - a comprehensive description of the program;
 - historical and current data on allowances and denials, reconsiderations, administrative law judge hearings and appeals, characteristics of recipients, and program costs;

- projections of future numbers of recipients and program costs, through at least 25 years;
 - information on redeterminations, utilization of work incentives, administrative costs, State supplementation programs;
 - summaries of relevant research; and
 - a historical summary of statutory changes to the SSI law.
- o Provides that each member of the Social Security Advisory Board be permitted to include their views on the SSI program in the annual report.

Effective upon enactment.

LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

104-29

July 31, 1996

SENATE PASSES H.R. 3734, THE PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

On July 23, 1996, the Senate passed its version of H.R. 3734, the Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996, by a vote of 74 to 24. H.R. 3734 (as passed) contains the text of S. 1956 as amended on the floor of the Senate. The House passed its version of the bill on July 18, 1996 (see Legislative Bulletin 104-27).

Section I of this bulletin contains descriptions of provisions that appear only in the Senate-passed bill while Section II contains descriptions of provisions found in both bills.

SECTION I: PROVISIONS ONLY IN SENATE BILL

SSI Eligibility Based on Childhood Disability

- o Benefits of those current recipients determined to be ineligible under the new eligibility criteria would terminate for the month beginning on or after the date of the redetermination or July 1, 1997, whichever is later.
- o SSA would be required to publish in the Federal Register within 60 days after enactment, and annually thereafter, a request for comments regarding improvements in the disability determination procedures for SSI child benefits.
- o The bill authorizes funding for Fys 1997-1999 for processing CDRs and redeterminations for individuals affected by these provisions.

Implementation of Payment Prohibition for Prisoners

- o The bill provides for incentive payments from SSI program funds to State and local public institutions, including nursing homes, for furnishing information (date of confinement and certain identifying information) to SSA which results in suspension or reduction (to \$30 personal needs allowance) of SSI benefits (up to \$400 for information received within 30 days of confinement or up to \$200 for information received from 31 to 90 days after confinement).

The provision is effective on the date of enactment.

- o The bill exempts institution reporting agreements from the Computer Matching and Privacy Protection Act.

Effective upon enactment.

- o The bill requires the Commissioner of Social Security to study and report to Congress (within one year of enactment) on the feasibility of prisoner reporting by courts and mandatory electronic reporting by correctional facilities for purposes of carrying out the suspension of benefits under the SSI program.
- o The bill provides for a 10-year period of ineligibility for individuals who make fraudulent statements in order to continue to receive SSI benefits while in prison. This provision would be effective for statements made on or after the date of enactment.

Denial of Federal Means-Tested Benefits for Certain Drug-Related Convictions

- o Provides that individuals convicted of crimes relating to illegal possession, use, or distribution of a drug would be ineligible for any Federal means-tested public assistance, including SSI, for a period of 5 years from the date of a misdemeanor conviction or for life in the case of a felony conviction.
- o Requires the Attorney General to prescribe regulations no later than December 31, 1996, detailing how Federal and State agencies, courts, and law enforcement agencies will exchange information necessary to enforce the withholding of Federal benefits.

Applies with respect to convictions occurring after the date of enactment.

SECTION II: PROVISIONS IN BOTH HOUSE AND SENATE BILLS

LIMITED ELIGIBILITY OF NONCITIZENS

Social Security Benefits

- o Prohibits the payment of Social Security benefits to any noncitizen in the U.S. who is not lawfully present in the U.S. (as determined by the Attorney General).
- o Excludes from the nonpayment provision benefits payable under a totalization agreement.

Effective for benefits based on applications filed after the month of enactment.

SSI Benefits

- o Prohibits SSI eligibility for all noncitizens except:
 - refugees (eligibility limited to the 5-year period after their arrival in the United States);
 - asylees (eligibility limited to the 5-year period after the date they are granted asylum);
 - noncitizens who have had deportation withheld under INA-section 243(h) (eligibility limited to the 5-year period after the date their deportations are withheld);
 - active duty Armed Forces personnel, honorably discharged veterans, and their spouses and dependent children;
 - lawful permanent residents who have earned 40 quarters of coverage for Social Security purposes. An individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage.

However, a quarter would not count as one of the required 40 if the noncitizen or person whose quarters are being credited to the noncitizen got federally funded assistance for low-income persons during the quarter the work was done.

Effective upon enactment. However, with regard to individuals on the SSI rolls at the time of enactment, would require the Commissioner, within 1 year after enactment, to

redetermine the eligibility of all noncitizens who do not meet the new eligibility categories. If a noncitizen is not in one of the new categories, his or her eligibility would terminate as of the date of the redetermination.

- o Requires the Commissioner to notify all potentially affected beneficiaries on the SSI rolls of the provision by 1/1/97.

Deeming of Sponsors' Incomes and Resources

- o For purposes of eligibility under SSI, deems all of the sponsors' (and sponsors' spouses') income and resources to the noncitizen until citizenship with the following exception:
 - Deeming would end before citizenship in the case of lawful permanent residents who earn 40 quarters of coverage. Deeming for children and spouses of workers also could end before citizenship if they are credited with 40 quarters, i.e., an individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage. However, a quarter would not count as one of the required 40 if the noncitizen or person whose quarters are being credited to the noncitizen got federally funded assistance for low-income persons during the quarter the work was done.

Effective for sponsored noncitizens who are admitted into the country under new, legally enforceable affidavits of support.

Requirements for Affidavits of Support for Sponsorship

- o Makes affidavits of support legally enforceable against the sponsor until the noncitizen becomes a U.S. citizen. The affidavit would be enforceable for a period of 10 years after the noncitizen last received public assistance benefits, including SSI.
- o Requires the agency that provides assistance to a noncitizen to request reimbursement from the sponsor for the assistance it provided. If the sponsor does not respond or is unwilling to make reimbursement within 45 days after the agency's request, the agency may take legal action against the sponsor. Would allow the agency to hire individuals to collect reimbursement.

- o Requires the Attorney General, in consultation with the Secretary of Health and Human Services (HHS), to develop a standard affidavit of support within 90 days after the date of enactment. Also would require--effective with a date specified by the Attorney General which would be no earlier than 60 and no later than 90 days after development of the standard affidavit--that all newly signed affidavits be legally enforceable.

Reports to INS

- o Requires the Commissioner to furnish the name, address, and other identifying information to INS of any individual that SSA knows is unlawfully in the United States. Such reports would be required at least 4 times a year. Also requires the Commissioner to ensure that State supplementary program agreements with States include provisions for the State also to furnish such information.

Effective upon enactment.

CHILDHOOD DISABILITY

SSI Eligibility Based on Childhood Disability

- o Eliminates the comparable severity standard and provides instead that a child under age 18 would be considered under a disability if he/she has a medically determinable 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.
- o Directs SSA to eliminate references to maladaptive behavior in the domain of personal/behavioral function in the Listing of Impairments and to discontinue the use of an individualized functional assessment in evaluating a child's disability.

These provisions would be applicable to any individual who applies for SSI disability benefits, or whose claim is finally adjudicated, on or after the date of enactment, without regard to whether implementing regulations have been issued.

- o Makes conforming changes in the medical improvement review standard to reflect the new definition of disability for children who file for SSI benefits.

Applicable with respect to benefits for months beginning on or after the date of enactment, without regard to whether implementing regulations have been issued.

Current Recipients

- o Requires SSA to notify recipients eligible for SSI disability benefits on enactment date and whose eligibility may be affected by the new childhood disability eligibility criteria no later than January 1, 1997.
- o Requires SSA to redetermine the eligibility of such recipients no later than 1 year after the date of enactment.

Eligibility Redeterminations and Continuing Disability Reviews CDRs

- o Requires CDRs:
 - once every 3 years for recipients under age 18 with non-permanent impairments; and
 - not later than 12 months after birth for low-birth weight babies.
- o Requires the representative payee of a recipient whose continuing eligibility is being reviewed to present evidence that the recipient is receiving treatment which is considered medically necessary and available, unless SSA determines that such treatment would be inappropriate or unnecessary. If the representative payee refuses, without good cause, to cooperate, SSA may change the payee.
- o Requires an eligibility redetermination, using the adult initial eligibility criteria, during the 1-year period beginning on a recipient's 18th birthday.

Applies to benefits for months beginning on or after the date of enactment, without regard to whether implementing regulations have been issued.

- o Repeals the present law requirement in the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296) that SSA (1) redetermine, using the adult eligibility criteria, the eligibility of one-third of the recipients who attain age 18 in or after May 1995 in each of fiscal

years 1996 through 1998 and (2) submit a report regarding these reviews to the House Committee on Ways and Means and the Senate Committee on Finance not later than October 1, 1998.

MISCELLANEOUS CHANGES IN SSI ELIGIBILITY RULES

Modify the Effective Date of Applications

- o Provides that an individual's application for SSI benefits would be effective on the first day of the month following the month in which the application is filed, or in which the individual first becomes eligible, whichever is later. The amendment, in effect, eliminates prorated payments for the month of application.
- o Permits the issuance of an emergency advance payment to an individual who is presumptively eligible and has a financial emergency in the month the application is filed (the month prior to the first month of eligibility).
- o Requires that the emergency advance payment be repaid through proportional reductions in benefits payable over a period of not more than 6 months.

Effective for applications filed on or after the date of enactment.

Reduction in Cash Benefits Payable to Institutionalized Individuals Whose Medical Costs are Covered by Private Insurance

- o Limits to not more than \$30 a month cash benefits payable to children who are in an institution receiving medical care covered by private insurance.

Effective with respect to benefits for months beginning 90 or more days after the date of enactment.

Installment Payments of Large Past-Due SSI Payments

- o Establishes a schedule for paying retroactive SSI benefit amounts that exceed 12 times the monthly Federal Benefit Rate (FBR) plus the monthly State supplement level. Payments would be made at six-month intervals.
 - The first installment would be 12 times the FBR (\$5,640 (based on 1996 rates) plus any Federally administered State supplement.

- Any remaining retroactive benefits would be paid in a second installment (not to exceed the first payment amount).
- All remaining retroactive benefits would be paid in the third installment.
- o Provides that where an underpaid individual has incurred debts to provide for food, clothing or shelter, has expenses for disability-related items and services that exceed the installment limit, or has entered into a contract to purchase a home, the installment payment would be increased by the amount needed to cover these debts, expenses, and obligations.
- o Provides that retroactive payments be paid in full to an individual who is terminally ill, or is eligible and is likely to remain so for at least 12 months.

Effective with respect to past-due benefits payable after the third month following the month of enactment.

Dedicated Savings Accounts

- o Requires the establishment of a bank account to maintain retroactive SSI benefits that equal or exceed 6 times the FBR for disabled/blind children (smaller amounts may be placed in such accounts once established).
- o Allow funds to be used for:
 - Education or job skill training.
 - Personal needs assistance.
 - Special equipment or housing modifications.
 - Medical treatment, therapy or rehabilitation.
 - Other items or services SSA determines appropriate.
- o Requires that expenditures must be for expenses related to the impairment of the child.
- o Provides that unauthorized expenditures constitute misapplication of benefits and are recoverable from the payee.
- o Requires SSA to establish an accountability system to monitor these accounts and payees are required to report on the use of these funds.

- o Provides that accounts are excluded from resource counting and that interest earned is excluded from income.

Effective with respect to payments made after the date of enactment.

Denial of Benefits for Fugitive Felons and Parole Violators/Exchange of Information with Law Enforcement Officers

- o Denies eligibility for SSI with respect to any month in which an individual is fleeing prosecution, a fugitive felon, or violating a condition of probation or parole imposed under State or Federal law.
- o Requires SSA to provide upon written request of any law enforcement officer the current address, SSN, and photograph of any SSI recipient, provided that the request includes the name of the recipient and other identifying information and notifies SSA that the recipient:
 - is fleeing to avoid prosecution, or custody or confinement, after a felony conviction;
 - is violating a condition of probation or parole; or
 - has information that is necessary for the officer to conduct the officer's official duties and the location or apprehension of the recipient is within the officer's official duties.

Effective upon enactment.

Denial of SSI Benefits for 10 Years to Individuals Who Have Misrepresented Residence in Order to Obtain Benefits in 2 or More States

- o Denies SSI benefits for a period of 10 years to an individual convicted in Federal or State court of having made a fraudulent statement with respect to his or her place of residence in order to receive benefits simultaneously in two or more States.

Effective upon enactment.

USE OF SOCIAL SECURITY NUMBERS

Social Security Card

- o Requires the Commissioner of Social Security to develop a prototype of a counterfeit-resistant Social Security card that:
 - is made of durable, tamper-resistant material (e.g., plastic);
 - employs technologies that provide security features (e.g., magnetic stripe); and
 - provides individuals with reliable proof of citizenship or legal resident alien status.
- o Requires the Commissioner of Social Security to study and report on different methods of improving the Social Security card application process, including:
 - evaluation of the cost and workload implications of issuing a counterfeit-resistant Social Security card for all individuals over a 3-, 5-, and 10-year period;
 - evaluation of the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.
- o Requires the Commissioner to submit the report and a facsimile of the prototype card to the Congress within 1 year of the date of enactment.
- o Requires SSA to complete a study and report to Congress within 1 year of the date of enactment on feasibility of prisoner reporting by courts and mandatory electronic reporting by correctional facilities.

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service in an automated directory to be known as the National Directory of New Hires. SSA would be required to verify the accuracy of, correct, or

supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Effective upon enactment.

Collection and Use of SSNs for Use in Child-Support Enforcement

- o Provides that State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records. SSN's would also have to be recorded on death certificates.

Effective upon enactment.

OTHER PROVISIONS

Regulations and Miscellaneous

- o Generally, requires SSA to prescribe the regulations needed to implement the amendments within 3 months of the date of enactment.
- o Directs SSA to submit final regulations pertaining to the eligibility of children to SSI disability benefits to the Congress at least 45 days before such regulations would be effective.
- o Requires SSA to report to the Congress, no later than 180 days following the date of enactment, on its progress in implementing the changes in the SSI disabled children's provisions.

REPORTS

Study by the General Accounting Office (GAO)

- o Requires GAO, not later than January 1, 1999, to study and report on the impact of the changes made by this Act on the SSI program and the extra expenses incurred by families of children receiving SSI benefits that are not covered by other Federal, State, or local programs.

Annual Report on the SSI Program

- o Requires the Commissioner to report to the President and Congress regarding the SSI program, not later than May 30 of each year, including:
 - a comprehensive description of the program;
 - historical and current data on allowances and denials, reconsiderations, administrative law judge hearings and appeals, characteristics of recipients, and program costs;
 - projections of future numbers of recipients and program costs, through at least 25 years;
 - information on redeterminations, utilization of work incentives, administrative costs, State supplementation programs;
 - summaries of relevant research; and
 - a historical summary of statutory changes to the SSI law.

- o Provides that each member of the Social Security Advisory Board be permitted to include their views on the SSI program in the annual report.

Effective upon enactment.

104-30

August 2, 1996

**CONGRESS REACHES AGREEMENT ON H.R. 3734,
THE PERSONAL RESPONSIBILITY AND
WORK OPPORTUNITY RECONCILIATION ACT OF 1996**

House and Senate conferees reached agreement on the differences in the House- and Senate-passed versions of H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. On July 31, the House passed the conference agreement by a vote of 328-101.

On August 1, the Senate passed the conference agreement by a vote of 78-21. President Clinton announced on July 31 his intention to sign the bill into law.

The bill includes the following provisions of interest to SSA:

LIMITED ELIGIBILITY OF NONCITIZENS

Social Security Benefits

- o Prohibits the payment of Social Security benefits to any noncitizen in the U.S. who is not lawfully present in the U.S. (as determined by the Attorney General), unless the payment is made pursuant to a totalization agreement or treaty obligation.

Effective for benefits based on applications filed after the month of enactment.

SSI BENEFITS

- o Prohibits SSI eligibility for all noncitizens except:
 - refugees (eligibility limited to the 5-year period after their arrival in the United States);
 - asylees (eligibility limited to the 5-year period after the date they are granted asylum);
 - noncitizens who have had deportation withheld under INA-section 243(h) (eligibility limited to the 5-year period after the date their deportations are withheld);
 - certain active duty Armed Forces personnel, honorably discharged veterans, and their spouses and dependent children;
 - lawful permanent residents who have earned 40 quarters of coverage for Social Security purposes. An individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage. However, for quarters earned after December 31, 1996, a quarter would not count as one of the required 40 if the noncitizen or person whose quarters are being credited to the noncitizen received federally funded public assistance during the quarter the work was done.

Effective upon enactment. However, with regard to individuals on the SSI rolls at the time of enactment, requires the Commissioner to redetermine the eligibility of all noncitizens who do not meet the new eligibility categories within 1 year after enactment. If a noncitizen is not in one of the new categories, his or her eligibility would end as of the date of the redetermination.

- o Requires the Commissioner to notify all potentially affected beneficiaries on the SSI rolls of the provision by 3/31/97.

Deeming of Sponsors' Incomes and Resources

- o For purposes of eligibility under SSI, deems all of the sponsors' (and sponsors' spouses') incomes and resources to the noncitizen until citizenship with the following exception:
 - Deeming would end before citizenship in the case of lawful permanent residents who earn 40 quarters of coverage. Deeming for children and spouses of workers also could end before citizenship if they are credited

with 40 quarters, i.e., an individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage. However, for quarters earned after December 31, 1996, a quarter would not count as one of the required 40 if the noncitizen or person whose quarters are being credited to the noncitizen received federally funded public assistance during the quarter the work was done.

Effective for sponsored noncitizens who are admitted into the country under new, legally enforceable affidavits of support.

Requirements for Affidavits of Support for Sponsorship

- o Makes affidavits of support legally enforceable against the sponsor until the noncitizen becomes a U.S. citizen. The affidavit would be enforceable for a period of 10 years after the noncitizen last received public assistance benefits, including SSI.
- o Requires the agency that provides assistance to a noncitizen to request reimbursement from the sponsor for the assistance it provided. If the sponsor does not respond or is unwilling to make reimbursement within 45 days after the agency's request, the agency may take legal action against the sponsor. Would allow the agency to hire individuals to collect reimbursement.
- o Requires the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, to develop a standard affidavit of support within 90 days after the date of enactment. Also would require--effective with a date specified by the Attorney General which would be no earlier than 60 and no later than 90 days after development of the standard affidavit--that all newly signed affidavits be legally enforceable.

Reports to INS

- o Requires the Commissioner to furnish the name, address, and other identifying information to INS of any individual that SSA knows is unlawfully in the United States. Such reports would be required at least four times a year. Also

requires the Commissioner to ensure that State supplementary program agreements with States include provisions for the State also to furnish such information.

Effective upon enactment.

CHILDHOOD DISABILITY

SSI Eligibility Based on Childhood Disability

- o Eliminates the comparable severity standard and provides instead that a child under age 18 would be considered under a disability if he/she has a medically determinable 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.
- o Directs SSA to eliminate references to maladaptive behavior in the domain of personal/behavioral function in the Listing of Impairments for children and to discontinue the use of an individualized functional assessment in evaluating a child's disability.

These provisions would be applicable to any individual who applies for SSI disability benefits, or whose claim is finally adjudicated, on or after the date of enactment, without regard to whether implementing regulations have been issued.

Current Recipients

- o Requires SSA to notify recipients eligible for SSI disability benefits on enactment date and whose eligibility may be affected by the new childhood disability eligibility criteria, no later than January 1, 1997.
- o Requires SSA to redetermine the eligibility of such recipients, using the new childhood disability eligibility criteria no later than 1 year after the date of enactment.

Benefits for those recipients who do not meet the new childhood disability eligibility criteria would terminate for the month beginning on or after the later of July 1, 1997 or the date of the redetermination.

Eligibility Redeterminations and Continuing Disability reviews (CDRs)

- o Requires CDRs:
 - once every 3 years for recipients under age 18 with non-permanent impairments; and
 - not later than 12 months after birth for low-birth weight babies.
- o Requires the representative payee of a recipient whose continuing eligibility is being reviewed to present evidence that the recipient is receiving treatment which is considered medically necessary and available, unless SSA determines that such treatment would be inappropriate or unnecessary. If the representative payee refuses, without good cause, to cooperate, SSA may change the payee.
- o Requires an eligibility redetermination, using the adult initial eligibility criteria, during the 1-year period beginning on a recipient's 18th birthday.

Applies to benefits for months beginning on or after the date of enactment, without regard to whether implementing regulations have been issued.

- o Repeals the present law requirement in the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296) that SSA (1) redetermine, using the adult eligibility criteria, the eligibility of one-third of the recipients who attain age 18 in or after May 1995 in each of fiscal years 1996 through 1998 and (2) submit a report regarding these reviews to the House Committee on Ways and Means and the Senate Committee on Finance not later than October 1, 1998.

Medical Improvement Review Standard

- o Makes conforming changes in the medical improvement review standard to reflect the new definition of disability for children who file for SSI benefits.

Applicable with respect to benefits for months beginning on or after the date of enactment, without regard to whether implementing regulations have been issued.

Funding

- o Authorizes the appropriation of an additional \$150 million in fiscal year 1997 and \$100 million in fiscal year 1998 for the costs of processing CDRs and redeterminations.

Regulations

- o Requires SSA to issue regulations implementing the changes relating to benefits for disabled children within 3 months after enactment date.
- o Directs SSA to submit all final regulations pertaining to a child's eligibility for SSI disability benefits to the Congress at least 45 days before such regulations become effective.

Reports

- o Requires SSA to report to the Congress, not later than 180 days following the date of enactment, on its progress in implementing the changes in the SSI disabled children's provisions.
- o Requires GAO, not later than January 1, 1999, to study and report on the impact of the changes made by this Act on the SSI program and the extra expenses incurred by families of children receiving SSI benefits that are not covered by other Federal, State, or local programs.

OTHER SSI CHANGES

Prisoner Reporting

- o Provides for incentive payments from SSI program funds to State and local penal institutions for furnishing information (date of confinement and certain identifying information) to SSA which results in suspension of SSI benefits (up to \$400 for information received within 30 days of confinement or up to \$200 for information received from 31 to 90 days after confinement).

Applies to individuals whose period of confinement commences on or after the first day of the seventh month beginning after the month of enactment.

- o Exempts SSI reporting agreements under which incentive payments are made from the Computer Matching and Privacy Protection Act of 1988.

- o Requires the Commissioner to study and report to Congress (within 1 year of enactment) on the feasibility of prisoner reporting by courts and mandatory electronic reporting by correctional facilities for purposes of carrying out the suspension of benefits under the SSI program.
- o Requires SSA to provide Congress (not later than October 1, 1998) with a list of the institutions that are not providing information on SSI recipients to SSA.
- o Authorizes SSA to provide, on a reimbursable basis, information obtained pursuant to SSI reporting agreements under which incentive payments are made to any Federal or Federally-assisted cash, food, or medical assistance program for eligibility purposes.

Modify the Effective Date of Applications

- o Provides that an individual's application for SSI benefits would be effective on the first day of the month following the date on which the application is filed, or on which the individual first becomes eligible, whichever is later. The amendment, in effect, eliminates prorated payments for the month of application.
- o Permits the issuance of an emergency advance payment to an individual who is presumptively eligible and has a financial emergency in the month the application is filed (the month prior to the first month of eligibility).
- o Requires that the emergency advance payment be repaid through proportional reductions in benefits payable over a period of not more than 6 months.

Effective for applications filed on or after the date of enactment.

Reduction in Cash Benefits Payable to Institutionalized Individuals Whose Medical Costs are Covered by Private Insurance

- o Limits to not more than \$30 a month cash benefits payable to children who are in an institution receiving medical care covered by private insurance.

Effective with respect to benefits for months beginning 90 or more days after the date of enactment.

Installment Payments of Large Past-Due SSI Payments

- o Establishes a schedule for paying retroactive SSI benefit amounts that exceed 12 times the monthly FBR plus the monthly State supplement level. Payments would be made at six-month intervals.
 - The first installment would be 12 times the FBR (\$5,640 based on 1996 rates) plus any Federally administered State supplement.
 - Any remaining retroactive benefits would be paid in a second installment (not to exceed the first payment amount).
 - All remaining retroactive benefits would be paid in the third installment.
- o Provides that where an underpaid individual has incurred debts to provide for food, clothing or shelter, has expenses for disability-related items and services that exceed the installment limit, or has entered into a contract to purchase a home, the installment payment would be increased by the amount needed to cover these debts, expenses, and obligations.
- o Provides that full retroactive payments be paid to an individual who is terminally ill or, if currently ineligible, is likely to remain so for the next 12 months.

Effective with respect to past-due benefits payable after the third month following the month of enactment.

Dedicated Savings Accounts

- o Requires the establishment of a bank account to maintain retroactive SSI benefits that exceed 6 times the FBR for disabled/blind children (smaller amounts may be placed in such accounts once established).
- o Allows funds to be used for:
 - education or job skill training.
 - personal needs assistance.
 - special equipment or housing modifications.
 - medical treatment, therapy or rehabilitation.
 - other items or services SSA determines appropriate.

- o Requires that expenditures must be for expenses related to the impairment of the child.
- o Provides that unauthorized expenditures constitute misapplication of benefits and are recoverable from the payee.
- o Requires SSA to establish an accountability system to monitor these accounts and payees are required to report on the use of these funds.
- o Provides that accounts are excluded from resource counting and that interest earned is excluded from income.

Effective with respect to payments made after the date of enactment.

Denial of Benefits for Fugitive Felons and Parole Violators/Exchange of Information with Law Enforcement Officers

- o Denies eligibility for SSI with respect to any month in which an individual is fleeing prosecution, a fugitive felon, or violating a condition of probation or parole imposed under State or Federal law.
- o Requires SSA to provide upon written request of any law enforcement officer, the current address, SSN, and photograph of any SSI recipient, provided that the request includes the name of the recipient and other identifying information and notifies SSA that the recipient:
 - is fleeing to avoid prosecution, or custody or confinement after a felony conviction;
 - is violating a condition of probation or parole; or
 - has information that is necessary for the officer to conduct the officer's official duties and the location or apprehension of the recipient is within the officer's official duties.

Effective upon enactment.

Denial of SSI Benefits for 10 Years to Individuals Who Have Misrepresented Residence in Order to Obtain Benefits in 2 or More States

- o Denies SSI benefits for a period of 10 years to an individual convicted in Federal or State court of having made a fraudulent statement with respect to his

or her place of residence in order to receive benefits simultaneously in two or more States.

Effective upon enactment.

Annual Report on the SSI Program

- o Requires the Commissioner to report to the President and Congress regarding the SSI program, not later than May 30 of each year, including:
 - a comprehensive description of the program;
 - historical and current data on allowances and denials, reconsiderations, administrative law judge hearings and appeals, characteristics of recipients, and program costs;
 - historical and current data on prior enrollment by recipients in public benefit programs;
 - projections of future numbers of recipients and program costs, through at least 25 years;
 - information on redeterminations, continuing disability reviews, utilization of work incentives, administrative costs, State supplementation programs;
 - summaries of relevant research; and
 - a historical summary of statutory changes to the SSI law.

- o Provides that each member of the Social Security Advisory Board be permitted to include their views on the SSI program in the annual report.

Effective upon enactment.

USE OF SOCIAL SECURITY NUMBERS

Social Security Card

- o Requires the Commissioner of Social Security to develop a prototype of a counterfeit-resistant Social Security card that:
 - is made of durable, tamper-resistant material (e.g., plastic);
 - employs technologies that provide security features (e.g., magnetic stripe); and
 - provides individuals with reliable proof of citizenship or legal resident alien status.

- o Requires the Commissioner of Social Security to study and report on different methods of improving the Social Security card application process, including:
 - evaluation of the cost and workload implications of issuing a counterfeit-resistant Social Security card for all individuals over a 3-, 5-, and 10-year period;
 - evaluation of the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.

- o Requires the Commissioner to submit the report and a facsimile of the prototype card to the Congress within 1 year of the date of enactment.

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service in an automated directory to be known as the National Directory of New Hires. SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Effective upon enactment.

Collection and Use of SSNs for Use in Child-Support Enforcement

- o Provides that State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records. SSN's would also have to be recorded on death certificates.

Effective upon enactment.

Earned Income Tax Credit (EITC)

- o Provides that, in order to be eligible for the EITC, an individual must include on his or her tax return a Social Security number which was not assigned solely for nonwork purposes.

Effective for taxable years beginning after 1995.

LEGISLATIVE Bulletin

SOCIAL SECURITY
ADMINISTRATION

104-32

August 22, 1996

THE PRESIDENT SIGNS H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

Today President Clinton signed into law H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The legislation was approved by the House on July 31, 1996 and by Senate on August 1, 1996.

The bill includes the following provisions of interest to SSA:

LIMITED ELIGIBILITY OF NONCITIZENS

Social Security Benefits

- o Prohibits the payment of Social Security benefits to any noncitizen in the U.S. who is not lawfully present in the U.S. (as determined by the Attorney General), unless the payment is made pursuant to a totalization agreement or treaty obligation.

Effective for benefits based on applications filed after the month of enactment.

SSI BENEFITS

- o Prohibits SSI eligibility for all noncitizens except:
 - refugees (eligibility limited to the 5-year period after their arrival in the United States);

- asylees (eligibility limited to the 5-year period after the date they are granted asylum);
- noncitizens who have had deportation withheld under INA-section 243(h) (eligibility limited to the 5-year period after the date their deportations are withheld);
- certain active duty Armed Forces personnel, honorably discharged veterans, and their spouses and dependent children;
- lawful permanent residents who have earned 40 quarters of coverage for Social Security purposes. An individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage. However, for quarters earned after December 31, 1996, a quarter would not count as one of the required 40 if the noncitizen or person whose quarters are being credited to the noncitizen received federally funded public assistance during the quarter the work was done.

Effective upon enactment. However, with regard to individuals on the SSI rolls at the time of enactment, requires the Commissioner to redetermine the eligibility of all noncitizens who do not meet the new eligibility categories within 1 year after enactment. If a noncitizen is not in one of the new categories, his or her eligibility would end as of the date of the redetermination.

- o Requires the Commissioner to notify all potentially affected beneficiaries on the SSI rolls of the provision by 3/31/97.

Deeming of Sponsors' Incomes and Resources

- o For purposes of eligibility under SSI, deems all of the sponsors' (and sponsors' spouses') incomes and resources to the noncitizen until citizenship with the following exception:
 - Deeming would end before citizenship in the case of lawful permanent residents who earn 40 quarters of coverage. Deeming for children and spouses of workers also could end before citizenship if they are credited with 40 quarters, i.e., an individual under age of 18 would be credited with all quarters of coverage earned by his or her parent, and a married individual (including widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage. However, for quarters earned after December 31, 1996, a quarter would not count as

one of the required 40 if the noncitizen or person whose quarters are being credited to the noncitizen received federally funded public assistance during the quarter the work was done.

Effective for sponsored noncitizens who are admitted into the country under new, legally enforceable affidavits of support.

Requirements for Affidavits of Support for Sponsorship

- o Makes affidavits of support legally enforceable against the sponsor until the noncitizen becomes a U.S. citizen. The affidavit would be enforceable for a period of 10 years after the noncitizen last received public assistance benefits, including SSI.
- o Requires the agency that provides assistance to a noncitizen to request reimbursement from the sponsor for the assistance it provided. If the sponsor does not respond or is unwilling to make reimbursement within 45 days after the agency's request, the agency may take legal action against the sponsor. Would allow the agency to hire individuals to collect reimbursement.
- o Requires the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, to develop a standard affidavit of support within 90 days after the date of enactment. Also would require--effective with a date specified by the Attorney General which would be no earlier than 60 and no later than 90 days after development of the standard affidavit--that all newly signed affidavits be legally enforceable.

Reports to INS

- o Requires the Commissioner to furnish the name, address, and other identifying information to INS of any individual that SSA knows is unlawfully in the United States. Such reports would be required at least four times a year. Also requires the Commissioner to ensure that State supplementary program agreements with States include provisions for the State also to furnish such information.

Effective upon enactment.

CHILDHOOD DISABILITY

SSI Eligibility Based on Childhood Disability

- o Eliminates the comparable severity standard and provides instead that a child under age 18 would be considered under a disability if he/she has a medically determinable 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.
- o Directs SSA to eliminate references to maladaptive behavior in the domain of personal/behavioral function in the Listing of Impairments for children and to discontinue the use of an individualized functional assessment in evaluating a child's disability.

These provisions would be applicable to any individual who applies for SSI disability benefits, or whose claim is finally adjudicated, on or after the date of enactment, without regard to whether implementing regulations have been issued.

Current Recipients

- o Requires SSA to notify recipients eligible for SSI disability benefits on enactment date and whose eligibility may be affected by the new childhood disability eligibility criteria, no later than January 1, 1997.
- o Requires SSA to redetermine the eligibility of such recipients, using the new childhood disability eligibility criteria no later than 1 year after the date of enactment.

Benefits for those recipients who do not meet the new childhood disability eligibility criteria would terminate for the month beginning on or after the later of July 1, 1997 or the date of the redetermination.

Eligibility Redeterminations and Continuing Disability reviews (CDRs)

- o Requires CDRs:
 - once every 3 years for recipients under age 18 with non-permanent impairments; and
 - not later than 12 months after birth for low-birth weight babies.

- o Requires the representative payee of a recipient whose continuing eligibility is being reviewed to present evidence that the recipient is receiving treatment which is considered medically necessary and available, unless SSA determines that such treatment would be inappropriate or unnecessary. If the representative payee refuses, without good cause, to cooperate, SSA may change the payee.
- o Requires an eligibility redetermination, using the adult initial eligibility criteria, during the 1-year period beginning on a recipient's 18th birthday.

Applies to benefits for months beginning on or after the date of enactment, without regard to whether implementing regulations have been issued.

- o Repeals the present law requirement in the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296) that SSA (1) redetermine, using the adult eligibility criteria, the eligibility of one-third of the recipients who attain age 18 in or after May 1995 in each of fiscal years 1996 through 1998 and (2) submit a report regarding these reviews to the House Committee on Ways and Means and the Senate Committee on Finance not later than October 1, 1998.

Medical Improvement Review Standard

- o Makes conforming changes in the medical improvement review standard to reflect the new definition of disability for children who file for SSI benefits.

Applicable with respect to benefits for months beginning on or after the date of enactment, without regard to whether implementing regulations have been issued.

Funding

- o Authorizes the appropriation of an additional \$150 million in fiscal year 1997 and \$100 million in fiscal year 1998 for the costs of processing CDRs and redeterminations.

Regulations

- o Requires SSA to issue regulations implementing the changes relating to benefits for disabled children within 3 months after enactment date.

- o Directs SSA to submit all final regulations pertaining to a child's eligibility for SSI disability benefits to the Congress at least 45 days before such regulations become effective.

Reports

- o Requires SSA to report to the Congress, not later than 180 days following the date of enactment, on its progress in implementing the changes in the SSI disabled children's provisions.
- o Requires GAO, not later than January 1, 1999, to study and report on the impact of the changes made by this Act on the SSI program and the extra expenses incurred by families of children receiving SSI benefits that are not covered by other Federal, State, or local programs.

OTHER SSI CHANGES

Prisoner Reporting

- o Provides for incentive payments from SSI program funds to State and local penal institutions for furnishing information (date of confinement and certain identifying information) to SSA which results in suspension of SSI benefits (\$400 for information received within 30 days of confinement or \$200 for information received from 31 to 90 days after confinement).

Applies to individuals whose period of confinement commences on or after the first day of the seventh month beginning after the month of enactment.

- o Exempts SSI reporting agreements under which incentive payments are made from the Computer Matching and Privacy Protection Act of 1988.
- o Requires the Commissioner to study and report to Congress (within 1 year of enactment) on the feasibility of prisoner reporting by courts and mandatory electronic reporting by correctional facilities for purposes of carrying out the suspension of benefits under the SSI program.
- o Requires SSA to provide Congress (not later than October 1, 1998) with a list of the institutions that are, and are not, providing information on SSI recipients to SSA.

- o Authorizes SSA to provide, on a reimbursable basis, information obtained pursuant to SSI reporting agreements under which incentive payments are made to any Federal or Federally-assisted cash, food, or medical assistance program for eligibility purposes.

Modify the Effective Date of Applications

- o Provides that an individual's application for SSI benefits would be effective on the first day of the month following the date on which the application is filed, or on which the individual first becomes eligible, whichever is later. The amendment, in effect, eliminates prorated payments for the month of application.
- o Permits the issuance of an emergency advance payment to an individual who is presumptively eligible and has a financial emergency in the month the application is filed (the month prior to the first month of eligibility).
- o Requires that the emergency advance payment be repaid through proportional reductions in benefits payable over a period of not more than 6 months.

Effective for applications filed on or after the date of enactment.

Reduction in Cash Benefits Payable to Institutionalized Individuals Whose Medical Costs are Covered by Private Insurance

- o Limits to not more than \$30 a month cash benefits payable to children who are in an institution receiving medical care covered by private insurance.

Effective with respect to benefits for months beginning 90 or more days after the date of enactment.

Installment Payments of Large Past-Due SSI Payments

- o Establishes a schedule for paying retroactive SSI benefit amounts that exceed 12 times the monthly FBR plus the monthly State supplement level. Payments would be made at six-month intervals.
 - The first installment would be 12 times the FBR (\$5,640 based on 1996 rates) plus any Federally administered State supplement.

- Any remaining retroactive benefits would be paid in a second installment (not to exceed the first payment amount).
- All remaining retroactive benefits would be paid in the third installment.
- o Provides that where an underpaid individual has incurred debts to provide for food, clothing or shelter, has expenses for disability-related items and services that exceed the installment limit, or has entered into a contract to purchase a home, the installment payment would be increased by the amount needed to cover these debts, expenses, and obligations.
- o Provides that full retroactive payments be paid to an individual who is terminally ill or, if currently ineligible, is likely to remain so for the next 12 months.

Effective with respect to past-due benefits payable after the third month following the month of enactment.

Dedicated Savings Accounts

- o Requires the establishment of a bank account to maintain retroactive SSI benefits that exceed 6 times the FBR for disabled/blind children (smaller amounts may be placed in such accounts once established).
- o Allows funds to be used for:
 - education or job skill training.
 - personal needs assistance.
 - special equipment or housing modifications.
 - medical treatment, therapy or rehabilitation.
 - other items or services SSA determines appropriate.
- o Requires that expenditures must be for expenses related to the impairment of the child.
- o Provides that unauthorized expenditures constitute misapplication of benefits and are recoverable from the payee.
- o Requires SSA to establish an accountability system to monitor these accounts and payees are required to report on the use of these funds.

- o Provides that accounts are excluded from resource counting and that interest earned is excluded from income.

Effective with respect to payments made after the date of enactment.

Denial of Benefits for Fugitive Felons and Parole Violators/Exchange of Information with Law Enforcement Officers

- o Denies eligibility for SSI with respect to any month in which an individual is fleeing prosecution, a fugitive felon, or violating a condition of probation or parole imposed under State or Federal law.
- o Requires SSA to provide upon written request of any law enforcement officer, the current address, SSN, and photograph of any SSI recipient, provided that the request includes the name of the recipient and other identifying information and notifies SSA that the recipient:
 - is fleeing to avoid prosecution, or custody or confinement after a felony conviction;
 - is violating a condition of probation or parole; or
 - has information that is necessary for the officer to conduct the officer's official duties and the location or apprehension of the recipient is within the officer's official duties.

Effective upon enactment.

Denial of SSI Benefits for 10 Years to Individuals Who Have Misrepresented Residence in Order to Obtain Benefits in 2 or More States

- o Denies SSI benefits for a period of 10 years to an individual convicted in Federal or State court of having made a fraudulent statement with respect to his or her place of residence in order to receive benefits simultaneously in two or more States.

Effective upon enactment.

Annual Report on the SSI Program

- o Requires the Commissioner to report to the President and Congress regarding the SSI program, not later than May 30 of each year, including:

- a comprehensive description of the program;
 - historical and current data on allowances and denials, reconsiderations, administrative law judge hearings and appeals, characteristics of recipients, and program costs;
 - historical and current data on prior enrollment by recipients in public benefit programs;
 - projections of future numbers of recipients and program costs, through at least 25 years;
 - information on redeterminations, continuing disability reviews, utilization of work incentives, administrative costs, State supplementation programs;
 - summaries of relevant research; and
 - a historical summary of statutory changes to the SSI law.
- o Provides that each member of the Social Security Advisory Board be permitted to include their views on the SSI program in the annual report.

Effective upon enactment.

USE OF SOCIAL SECURITY NUMBERS

Social Security Card

- o Requires the Commissioner of Social Security to develop a prototype of a counterfeit-resistant Social Security card that:
- is made of durable, tamper-resistant material (e.g., plastic);
 - employs technologies that provide security features (e.g., magnetic stripe); and
 - provides individuals with reliable proof of citizenship or legal resident alien status.
- o Requires the Commissioner of Social Security to study and report on different methods of improving the Social Security card application process, including:
- evaluation of the cost and workload implications of issuing a counterfeit-resistant Social Security card for all individuals over a 3-, 5-, and 10-year period;
 - evaluation of the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.

- o Requires the Commissioner to submit the report and a facsimile of the prototype card to the Congress within 1 year of the date of enactment.

Expansion of the Federal Parent Locator Service

- o Requires HHS to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service in an automated directory to be known as the National Directory of New Hires. SSA would be required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA would be reimbursed by HHS for the cost of this verification service.

Effective upon enactment.

Collection and Use of SSNs for Use in Child-Support Enforcement

- o Provides that State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, or paternity determination or acknowledgement would have to be placed in the pertinent records. SSN's would also have to be recorded on death certificates.

Effective upon enactment.

Earned Income Tax Credit (EITC)

- o Provides that, in order to be eligible for the EITC, an individual must include on his or her tax return a Social Security number which was not assigned solely for nonwork purposes.

Effective for taxable years beginning after 1995.

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Major Welfare Reforms Enacted in 1996*

During the second session of the 104th Congress, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law (P.L.) 104-193) was enacted into law on August 22, 1996. Reversing the policy in effect for over 60 years, the Act repealed the open-ended Federal entitlement program known as Aid to Families with Dependent Children, replacing it with a new program called Temporary Assistance for Needy Families, which will provide block grants to States to be spent on time-limited cash assistance. The comprehensive legislation also made far-reaching changes to child care, the Food Stamp program, Supplemental Security Income (SSI) for children, benefits for legal immigrants, and the Child Support Enforcement Program. Modifications to child nutrition programs and a reduction in the Social Services Block Grant also were included in the new Act. Current law remains in force for other child welfare and child protection programs.

Highlights of changes in Social Security law will be examined along with the major provisions enacted in social welfare programs.

Social Security Provisions

Limited Eligibility of Noncitizens

Social Security benefits.—The payment of Social Security benefits to any noncitizen in the United States who is not lawfully present (as determined by the U.S. Attorney General), is prohibited unless the payment of benefits is made pursuant to a totalization agreement or treaty obligation. This provision is effective for benefits based on applications filed after the month of enactment.

Supplemental Security Income benefits.—SSI eligibility is denied for all noncitizens except the following:

- refugees (in the first 5 years after their arrival in the United States);
- asylees (in the first 5 years after the date they are granted asylum);
- noncitizens who have had deportation withheld under the Immigration and Naturalization Service (INS) section 243(h) (in the first 5 years after the date their deportations are withheld);

* Rita L. DiSimone is with the Division of Program Analysis, Office of Research, Evaluation, and Statistics, Social Security Administration.

- certain active duty Armed Forces personnel, honorably discharged veterans, and their spouses and dependent children; and
- lawful permanent residents who are credited with 40 quarters of coverage for Social Security purposes. An individual will be credited with all quarters of coverage earned by his or her parent during the period the individual was under age 18, and a married individual (including widow(er)s) with all quarters of coverage earned by his or her spouse during the marriage. However, for quarters earned after December 31, 1996, a quarter will not count as one of the required 40 if the noncitizen, or person whose quarters are being credited to the noncitizen, received federally funded public assistance during the quarter the work was done.

The above provisions are effective upon enactment (August 22, 1996). The Commissioner of Social Security is required to notify all potentially affected beneficiaries on the SSI rolls of this provision by March 31, 1997, and to redetermine the eligibility of all noncitizens on the SSI rolls at the time of enactment who do not meet the new eligibility categories by August 1997. If a noncitizen is not in one of the exempt categories previously listed, his or her eligibility will end as of the date of the redetermination decision.

Deeming of sponsors' incomes and resources.—When determining SSI eligibility, the income and resources of the sponsor (and sponsors' spouses) are deemed to the noncitizen until citizenship is attained, with the following exception:

- Deeming will end before citizenship in the case of lawful permanent residents who earn 40 quarters of coverage. Deeming for children and spouses of workers can also end before citizenship if they are credited with 40 quarters; that is, an individual would be credited with all quarters of coverage earned by his or her parent during the period the individual was under age 18, and a married individual (including a widow(er)) would be credited with all quarters of coverage earned by his or her spouse during the marriage. However, for quarters earned after December 31, 1996, a quarter will not count as one of the required 40 if the noncitizen, or person whose quarters are being credited to the noncitizen, received federally funded public assistance during the quarter the work was done.

Unlike the previous deeming provision, no allocation of the sponsor's income and resources is set aside for the sponsor's use, and there is no exception for individuals who become disabled after entry.

In addition to the "40 quarters" exception from sponsor-to-immigrant deeming provided for under welfare reform, provisions of the recently enacted immigration reform legislation (P.L. 102-208) exempt noncitizens whose income from all sources (including the sponsor) is not sufficient, in the absence of a cash assistance payment, to meet their need for food and shelter, and noncitizens who are battered spouses or battered children.

Requirements for affidavits of support for sponsorship.—The new law requires the following in sponsoring a non-citizen:

- In consultation with the Secretary of State and the Secretary of Health and Human Services, the Attorney General is required to develop a standard affidavit of support within 90 days after date of enactment. Effective with a date specified by the Attorney General, which will be no earlier than 60 and no later than 90 days after development of the standard affidavit, the new law requires that all newly signed affidavits be legally enforceable.
- Affidavits of support are legally enforceable against the sponsor until the noncitizen becomes naturalized. The affidavit will be enforceable for a period of 10 years after the noncitizen last received public assistance benefits, including SSI.
- The agency that provides assistance to a noncitizen is required to request reimbursement from the sponsor. If the sponsor does not respond or is unwilling to make reimbursement within 45 days after the agency's request, the agency may take legal action against the sponsor, and can hire individuals to collect reimbursement.

Reports to the Immigration and Naturalization Service.—Effective upon enactment, the Commissioner of the Social Security Administration (SSA) is required to furnish the name, address, and other identifying information to the INS of any individual that SSA knows is unlawfully in the United States. Such reports will be required at least four times a year. The Commissioner is also required to ensure that supplementary program agreements made with States also include provisions that they also furnish such information.

Childhood Disability Provisions

SSI Eligibility Based on Childhood Disability

A new disability standard for new and pending applications is established for children for whom an application is made for SSI disability benefits, or whose claim is finally adjudicated, on or after the date of enactment, regardless of whether implementing regulations have been issued.

- The comparable severity standard is eliminated. Instead, a child under age 18 will be considered disabled if he/she has a medically determinable 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.

- SSA is directed to eliminate references to maladaptive behavior in the domain of personal/behavioral function in the Listing of Impairments for children, and to discontinue the use of an individualized functional assessment in evaluating a child's disability.

Current recipients.—Benefits for recipients who do not meet the new childhood disability criteria terminate for the month beginning on or after July 1, 1997, or the date of the redetermination, whichever is later.

- No later than January 1, 1997, SSA is required to notify SSI recipients whose eligibility may be affected by the new eligibility criteria.
- Using the new criteria, SSA is required to redetermine the eligibility of these recipients no later than 1 year after the date of enactment.

Eligibility redeterminations and continuing disability reviews (CDRs).—The following requirements apply to benefits for months beginning on or after the date of enactment, regardless of whether implementing regulations have been issued:

- CDRs are required once every 3 years for recipients under age 18 with nonpermanent impairments; and not later than 12 months after birth for low-birth weight babies.
- The representative payee of a child recipient whose continuing eligibility is being reviewed is required to present evidence that the recipient is receiving treatment that is considered medically necessary and available, unless SSA determines that such treatment would be inappropriate or unnecessary. If the representative payee refuses to cooperate without good cause, SSA may change the payee.
- Eligibility redeterminations, using the adult initial eligibility criteria, must be conducted on all recipients upon attainment of age 18.
- The following present law requirements in the Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296) are repealed: (1) that SSA redetermine, using the adult eligibility criteria, the eligibility of one-third of the recipients who attain age 18 in or after May 1995 in each of fiscal years 1996 through 1998; and (2) submitting a report regarding these reviews to the House Committee on Ways and Means and the Senate Committee on Finance not later than October 1, 1998.

Medical improvement review standard.—For months beginning on or after the date of enactment, regardless of whether implementing regulations have been issued, the Act makes conforming changes in the medical improvement review standard to reflect the new definition of disability for children who file for SSI benefits.

Funding.—To provide for the costs of processing CDRs and redeterminations, an additional \$150 million appropria-

tion is authorized in fiscal year 1997 and \$100 million in fiscal year 1998.

Regulations.—SSA is required to issue regulations implementing the changes relating to benefits for disabled children within 3 months after the enactment date. SSA is also directed to submit to Congress all final regulations pertaining to child eligibility at least 45 days before such regulations become effective.

Reports.—Not later than 180 days following the date of enactment, SSA is required to report to Congress on its progress in implementing the changes in the SSI disabled children's provisions. In addition, the General Accounting Office (GAO) is required to study and report to Congress not later than January 1, 1999, the impact that changes made by the new law have on the SSI program, and the extra expenses incurred by families of children receiving SSI benefits that are not covered by other Federal, State, or local programs.

Other SSI Changes

Prisoner reporting.—The new Act provides incentive payments from SSI program funds to State and local penal institutions for furnishing information (date of confinement and certain identifying information) to SSA, which results in suspension of SSI benefits (\$400 is provided for information received within 30 days of confinement or \$200 for information received from 31 to 90 days after confinement). This provision applies to individuals whose period of confinement commences on or after the first day of the seventh month beginning after the month of enactment. Related provisions are as follows:

- SSI reporting agreements under which incentive payments are made are exempt from the Computer Matching and Privacy Protection Act of 1988.
- The Commissioner of SSA is required to study and report to Congress within 1 year of enactment on the feasibility of prisoner reporting by courts and mandatory electronic reporting by correctional facilities for purposes of carrying out the suspension of benefits under the SSI program.
- Not later than October 1, 1998, SSA is required to provide Congress with a list of the penal institutions that are, and are not, providing information on possible SSI recipients.
- SSA is authorized to provide, on a reimbursable basis, information obtained pursuant to SSI reporting agreements under which incentive payments are made to any Federal or federally assisted cash, food, or medical assistance program for eligibility purposes.

Modifying effective date of applications.—The following provisions are effective for applications filed on or after the date of enactment:

- An individual's application for SSI benefits will be effective on the first day of the month following the date on which the application is filed, or on which the individual first becomes eligible, whichever is later. This amend-

ment, in effect, eliminates prorated payments for the month of application.

- The issuance of an emergency advance payment is permitted to an individual who is presumptively eligible and has a financial emergency in the month the application is filed (the month prior to the first month of eligibility).
- Emergency advance payments will be repaid through proportional reductions in benefits payable over a period of not more than 6 months.

Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by private insurance.—Cash benefits payable to children who are in an institution receiving medical care covered by private insurance are limited to not more than \$30 a month. This provision becomes effective for months beginning 90 or more days after enactment.

Installment payments of large past-due SSI payments.—The following provisions are effective the third month following the month of enactment.

- A schedule is established for paying retroactive SSI benefit amounts that exceed 12 times the monthly Federal Benefit Rate (FBR) plus the monthly State supplement level. Payments will be made at 6-month intervals.
 1. The first installment will be 12 times the FBR (\$5,640 based on 1996), plus any federally administered State supplement.
 2. Remaining retroactive benefits will be paid in a second installment (not to exceed the first payment amount).
 3. Additional retroactive benefits will be paid in a third installment.
- Where an underpaid individual has incurred debts to provide for food, clothing, or shelter, has expenses for disability-related items and services that exceed the installment limit, or has entered into a contract to purchase a home, the installment payment will be increased by the amount needed to cover these debts, expenses, and obligations.

Full retroactive payments are to be paid to an individual who is terminally ill. However, installment payments shall not apply to individuals whose medical impairment is expected to result in death in 12 months, or to an individual who is no longer eligible and is likely to remain ineligible for the next 12 months.

Dedicated savings accounts.—The following provisions are effective with respect to payments made after the date of enactment.

- The establishment of a bank account is required to receive retroactive SSI benefits that exceed six times the FBR for disabled/blind children (smaller amounts may be placed in such accounts once established).

- Accounts are excluded from resource counting; interest earned is excluded from income.
- SSA is required to establish an accountability system to monitor these accounts, and payees are required to report on the use of these funds.
- Funds can be used for:
 1. education or job skill training;
 2. personal needs assistance;
 3. special equipment or housing modifications;
 4. medical treatment, therapy, or rehabilitation; or
 5. other items or services SSA determines appropriate.

• Expenditures must be for expenses related to the impairment of the child.

• Unauthorized expenditures constitute misapplication of benefits and are recoverable from the payee.

Denial of benefits for fugitive felons and parole violators and exchange of information with law enforcement officers.— Effective upon enactment:

- SSI eligibility is denied in any month in which an individual is fleeing prosecution, is a fugitive felon, or is violating a condition of probation or parole imposed under State or Federal law.
- SSA is required to provide, upon written request of any law enforcement officer, the current address, Social Security number (SSN), and photograph (if applicable) of any SSI recipient, provided that the request includes the name of the recipient and other identifying information, and notifies SSA that the recipient:
 1. is fleeing to avoid prosecution, or custody or confinement after a felony conviction;
 2. is violating a condition of probation or parole; or
 3. has information that is necessary for the officer to conduct official duties, and the location or apprehension of the recipient is within the officer's official duties.

Denial of SSI benefits for 10 years to individuals who have misrepresented residence in order to obtain benefits in two or more States.— Effective upon enactment, SSI benefits are denied for 10 years to an individual convicted in Federal or State court of having made a fraudulent statement with respect to his or her place of residence in order to receive benefits simultaneously in two or more States.

Annual report on the SSI program.— Not later than May 30 of each year, the Commissioner of SSA is required to report to the President and the Congress regarding the SSI program, including:

- a comprehensive description of the program;
- historical and current data on allowances and denials, reconsiderations, administrative law judge hearings and

- appeals, characteristics of recipients, and program costs;
- historical and current data on prior enrollment by recipients in public benefit programs;
- projections of future numbers of recipients and program costs, through at least 25 years;
- information on redeterminations, continuing disability reviews, utilization of work incentives, administrative costs, and State supplementation program;
- summaries of relevant research; and
- an historical summary of statutory changes to the SSI law.

Effective upon enactment, each member of the Social Security Advisory Board is permitted to include his or her views on the SSI program in the annual report.

Use of Social Security Numbers

Social Security Card

The Commissioner of Social Security is required to develop a prototype of a counterfeit-resistant Social Security card that:

- is made of durable, tamper-resistant material (for example, plastic);
- employs technologies that provide security features (for example, magnetic strip); and
- provides individuals with reliable proof of citizenship or legal resident alien status.

The Commissioner is also required to study and report on different methods of improving the Social Security card application process, including:

- evaluation of the cost and workload implication of issuing a counterfeit-resistant Social Security card for all individuals over a 3-, 5-, and 10-year period; and
- evaluation of the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.

A report and a facsimile of the prototype card is due to Congress from the Commissioner within 1 year of the date of enactment.

Expansion of the Federal Parent Locator Service.— Effective upon enactment, the new Act requires the Department of Health and Human Services (HHS) to transmit to SSA, for verification purposes, certain information about individuals and employers maintained under the Federal Parent Locator Service in an automated directory to be known as the National Directory of New Hires. SSA is required to verify the accuracy of, correct, or supply to the extent possible, and report to HHS the name, SSN, and birth date of individuals and the employer identification number of employers. SSA will be reimbursed by HHS for the cost of this verification service.

Collection and use of SSNs for use in child support enforcement.— Effective upon enactment, this provision provides

that State child support enforcement procedures would have to require that the SSN of any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application. The SSN of any person subject to a divorce decree, support order, paternity determination or acknowledgment would have to be placed in the pertinent records. SSNs will also have to be recorded on death certificates.

Welfare Reform Provisions

Block Grants

Title IV-A of the Social Security Act, which provided open-ended matching grants to States for aid and services to needy families with children (AFDC), is replaced by giving to States cash block grants for temporary assistance for needy families (TANF). The legislation ends the Federal entitlement of individuals to cash assistance under Title IV-A, giving States complete flexibility to determine eligibility criteria and set benefit levels. States have until July 1, 1997, to submit a plan and begin implementing the TANF block grant, but the maximum funding a State may receive in fiscal year 1997 (which began October 1, 1996, and ends September 30, 1997) is its block grant allocation. States may opt to implement the block grant immediately after allowing for a 45-day comment period on the State plan by local governments and private organizations, and subject to appropriation of the block grant funds by the State legislature. States may use their TANF allocation in any manner reasonably calculated to accomplish the purpose of the program. Activities that were authorized under Titles IV-A and IV-F of the Social Security Act as of September 30, 1995, are also eligible uses. States also have the option to carry over TANF block grant funds for the purpose of providing assistance in future years, making payments or vouchers for employment placement programs, implementing an electronic benefits transfer (EBT) program, and treating families, who have moved from another State, for 12 months under the cash assistance rules operating in that State, including benefit levels.

States may transfer up to 30 percent from the TANF block grant into the child care block grant and the Social Services Block Grant (SSBG), but no more than 10 percent to the latter. Additionally, funds transferred to SSBG must be spent on services to children and families whose incomes do not exceed 200 percent of the poverty level.

Over the coming years, the Federal cash block grant will provide States with at least their 1995 level of funding, and a total of \$16.4 billion per year will be provided under the basic block grant. Altogether, States will initially receive about \$3 billion more in Federal cash welfare and child care funds under the new law than the old one. Additional guaranteed funding will be provided to help States cope with specific problems. A contingency fund of \$2 billion in Federal matching funds is provided for fiscal years 1997 to 2001 for States experiencing economic downturns, and \$800 mil-

lion is available in grants for States that experience population growth and have low benefit levels. States will have to maintain 100 percent of prior spending to access contingency funds. Up to \$1.7 billion is available in loans for States that could also be used in case of recession.

States must maintain at least 75 percent of prior levels of State spending or lose Federal funds; those that fail to meet work requirements will have to maintain at least 80 percent. States that are successful in achieving the goals of the block grant in fiscal years 1998 to 2002 will be eligible for a share of a new \$1 billion "high performance" fund, spread over 5 years (\$200 million per year). The legislation places a 15-percent administrative cap on States' use of TANF funds for administrative activities, but this does not include spending on information technology and computerization needed for tracking and monitoring recipients of assistance.

The States that experience the greatest reduction in out-of-wedlock births without increasing abortions will receive added cash grants of up to \$25 million per year. States are given tools and incentives to combat such births—they can stop payments to unmarried teens; deny aid to teen parents unless the mother stays in school and lives with an adult; or establish a family cap policy. Parents who refuse to cooperate on obtaining child support will have their grants reduced by a minimum of 25 percent. Various other child support reforms designed to collect more funds from absent parents are also included in the law.

Medicaid

While comprehensive Medicaid reform was not included in the welfare reform bill, several important changes were made with respect to categorical eligibility for Medicaid based on receipt of welfare and immigrant status. Under prior law, persons eligible for assistance under Title IV-A are automatically entitled to coverage under the State's Medicaid program. The new law severs this automatic link and amends Title XIX of the Social Security Act to say that any reference in Title XIX to eligibility under Title IV-A shall mean the State's AFDC State plan as it existed on July 16, 1996. A State can modify those "frozen" plans in three ways:

- It can lower its income standards, but not below the level applicable under its AFDC State plan as of May 1, 1988;
- It may increase income or resource standards and medically needy income levels by an amount not to exceed the consumer price index; and
- It may use income and resource methodologies that are less restrictive than the methodologies used under the State plan as of July 16, 1996.

For transitional Medicaid, the new legislation provides the following:

- Prior Medicaid law regarding transitional assistance is retained. Families losing eligibility for cash assistance due to increased child support will receive 4 months of

transitional Medicaid; those losing cash assistance due to increased earnings will receive 12 months;

- Transitional assistance provisions, previously due to sunset in 1998, are extended to the year 2001; and
- States will have the option to terminate medical assistance for persons denied cash assistance because of refusal to work; however, pregnant women and minor children are protected.

A State with a waiver of certain Title IV-A provisions in place or approved by the Department of Health and Human Services on or before July 1, 1997, will have the option to continue to operate under that waiver with regard to eligibility for medical assistance. The new Act allows HHS to increase the Federal share of administrative costs associated with the implementation of the new eligibility rules, up to a total Federal expenditure of \$500 million over 4 years.

With regard to Medicaid services for aliens, the following will apply:

- As of January 1, 1997, a State will have the option of denying Medicaid coverage to persons who are legal residents but not citizens;
- New immigrants will be automatically barred for 5 years after entry. After that, the State may offer Medicaid coverage but will have to apply deeming provisions. Certain exceptions are provided for persons who have worked for 40 quarters in covered employment, or who have served in the military;
- Legal immigrants who will be losing SSI benefits will also lose Medicaid coverage. Accordingly, aged, blind, and disabled immigrants will not be categorically eligible for Medicaid. If a State wishes to extend Medicaid coverage to these individuals, it will have to do so through optional eligibility categories; and
- No State may deny coverage of emergency medical services to either legal or illegal aliens.

These changes are effective no later than July 1, 1997, and earlier at State option.

Work Requirements

Adults in families receiving assistance funded by the block grant are required to participate in work activities after receiving assistance for 2 years (subject to good-cause exemptions by the State). Recipients must be participating in community service within 2 months of receiving benefits if they are not working. States may opt out of this community service requirement with a letter from the governor to the Secretary of the Department of Health and Human Services.

Lifetime cash welfare benefits will be limited to 5 years per family. A State may not use any part of the TANF cash block grant to provide additional assistance to a family that includes an adult who has received 5 years worth of benefits,

whether or not consecutive, under a State program funded by the TANF block grant. However, States may use their own funds to provide assistance after 60 months. This prohibition applies to the entire household and to all forms of assistance under the grant. For families currently receiving assistance, the 5-year clock will start on the date the State begins implementation of the block grant. Child-only cases are not subject to the 5-year limit. Months spent on welfare as a dependent child do not count toward the limit. A State may exempt up to 20 percent of its average monthly number of families receiving assistance from the lifetime limit by reasons of hardship, including families with members who have been battered or subject to extreme cruelty. The Title XX social services block grant (along with the expanded child care block grant) can be used to provide vouchers to assist children in families that have reached the time limit.

States will be required to have 50 percent of welfare families working by the year 2002 and beyond. Those that fail to meet annual goals will lose Federal funds, and increasing penalties will apply against States that fail year after year. If a two-parent family receives federally funded child care, both parents must work, with exceptions for parents of severely disabled children or parents who are themselves disabled.

Child Support

To ensure that children receive the support they are due on time and in full, the new law contains sweeping revisions of the Federal child support statute and restructures the administration of child support into centralized collections, disbursement, and nationwide registries designed to achieve four major goals: (1) establish uniform State tracking procedures; (2) promote automation of child support procedures in every State; (3) take strong measures to establish paternity; and (4) ensure tough child support collection efforts.

Restricting Welfare and Public Benefits for Noncitizens

Numerous changes were made in the eligibility of illegal and legal noncitizen residents for Federal, State, and local public welfare benefits. In general, all noncitizens are now ineligible for SSI and food stamps until they become citizens or have worked for at least 10 years (40 quarters). Noncitizens who arrived after August 22, 1996, will not be eligible to receive most Federal welfare benefits during their first 5 years in the United States, with limited exceptions—certain categories of noncitizens, such as refugees and veterans and their families; and certain programs such as emergency medical services, foster care and adoption payments, and education and job training programs. After 5 years, future entrants will continue to be ineligible for SSI and food stamps until citizenship is granted, or until they have worked for 10 years. Cash welfare, Medicaid, and Title XX social services may be available at State option. Stricter controls

will apply to illegal aliens for Federal, State, and local benefits. States are authorized to specify the eligibility of legal noncitizens for State and local benefits. This allows States to follow the restrictions placed on Federal benefits in providing State and local assistance. Congress further amended the welfare reform law (P.L. 104-208), allowing legal immigrants who were in the U.S. prior to August 22, 1996, to receive food stamps until April 1, 1997, and a few months longer in some cases.

Deeming (the process of counting a sponsor's income along with that of a sponsored noncitizen when determining eligibility) will be expanded to apply to most Federal benefit programs. Sponsorship documents will be made legally enforceable so that if sponsored aliens qualify for benefits, their sponsors will be required to reimburse any costs to taxpayers. Both deeming and sponsorship will continue until the alien becomes naturalized, unless the sponsored noncitizen has worked for at least 10 years.

Child Protection Program and Foster Care and Adoption Assistance

All prior law programs under Title IV-B (child welfare services) and Title IV-E (foster care and adoption assistance services) of the Social Security Act are retained. All open-ended entitlement funding for foster care and adoption assistance, as well as capped entitlement funding for Independent Living and Family Preservation and Support, is preserved. The only changes to prior law are an extension for funding for child welfare data collection and allowing for-profit facilities to be paid for serving foster care youths.

Child Care

To assist low- and moderate-income parents in paying for child care, all major child care programs are consolidated into a single block grant, the Child Care and Development Block Grant (CCDBG). This consolidation is intended to eliminate conflicting income requirements, time limits, and work requirements between and among separate programs under prior law. Funding for the CCDBG will be partially mandatory and partially discretionary. Child care funds made available through the block grant will total \$15 billion in entitlement funding over 7 years (1996-2002). Additionally, the proposal authorizes \$1 billion each year in discretionary funds. The block grant will contain provisions that promote parental choice and give parents the authority to decide where to send their child for day care services, including the option of receiving assistance through vouchers or cash. Federal child care health and safety standards continue as under prior law.

Child Nutrition

Reimbursement rates for the Summer Food Program are set at \$1.97 per lunch. Meal reimbursement rates for the

Family Day Care Home Feeding Program are reduced for families in middle and upper income neighborhoods in order to introduce a means test in a program that currently provides free meals, regardless of income. Reimbursement rates for full price participants in the School Lunch and Breakfast programs are to be rounded down to the nearest cent rather than to the nearest quarter of a cent in calculating future inflation adjustments. School breakfast incentive start-up grants are discontinued.

Food Stamps and Commodity Distribution

The Food Stamp program remains a Federal program, providing food to families in need of assistance. All automatic spending increases are ended, but benefits will continue to be based on the U.S. Department of Agriculture's thrifty food plan, though at 100 percent of cost rather than 103 percent as under current law. The thrifty food plan will be adjusted annually to reflect changes in the cost of food. States will be allowed to harmonize their Food Stamp program rules with those of their cash welfare block program for families receiving benefits from both programs.

Able-bodied individuals between the ages of 18 and 50 with no dependents will be required to work at least 20 hours a week or participate in a State work program in order to continue to receive food stamps for more than 3 months out of every 36-month period; an additional 3-month period of eligibility is provided for persons returning to work but later laid off. Qualifying work programs include programs under the Job Training Partnership Act or the Trade Adjustment Assistance Act; State or local programs approved by the governor of a State, including a food stamp employment and training program; and workfare. States can encourage employers to participate in an approved wage supplementation program so that welfare recipients have an opportunity to work in real jobs.

The standard deduction will remain frozen at fiscal year 1996 levels—\$134 for the 48 States and the District of Columbia.¹ The excess shelter deduction will remain capped at current-law levels through December 31, 1996—\$247 for the 48 States and the District of Columbia—then rise incrementally to \$300 through fiscal year 2001. Low Income Home Energy Assistance Program (LIHEAP) payments will not be counted as income. The homeless shelter allowance is maintained at current levels, and an increase in the shelter deduction over time is permitted. However, the level to which the deduction can rise is capped. The threshold above which the fair market value of vehicles is counted as an asset in determining food stamp eligibility is increased to \$4,650.

To curb fraud and trafficking in the Food Stamp program, forfeiture of property is authorized, with the proceeds to be used to reimburse law enforcement officials. States are required to implement food stamp electronic benefit transfer systems by October 1, 2002, unless waived. Systems must be cost neutral over the life of the program. Within 2 years,

State EBT systems shall include, to the extent practicable, retailer scanning devices that differentiate between allowable and nonallowable food items.

Mandatory funding for The Emergency Food Assistance Program (TEFAP) is authorized at \$100 million. Several other small commodity donation programs are reorganized into TEFAP.

Earned Income Tax Credit (EITC)

The modifications made to the EITC are intended to improve tax compliance and direct the credit to needy working families. The EITC is denied to individuals who are not authorized to be employed in the United States, or who do not have valid Social Security numbers, or have numbers assigned solely for nonwork purposes; and allows the Internal Revenue Service to use expedited procedures to correct EITC claims when there is an incorrect or missing taxpayer identification number on tax returns. The legislation also changes the definition of adjusted gross income used to determine the phaseout of EITC benefits, and the threshold above which an individual is not eligible as a result of having disqualified income (for example, interest, dividends, rents, royalties) is reduced from \$2,350 to \$2,200, indexed for inflation after 1996.

Miscellaneous Provisions

Other provisions under welfare reform include:

- Federal block grant funds must be expended in accordance with the laws and procedures applicable to the expenditure of the State's own resources (that is, appropriated through the State legislature in all States; however, States must continue to spend Federal funds in accordance with Federal law).
- States may test welfare recipients for use of controlled substances and may sanction those who test positive.
- Funding for the Title XX Social Services Block Grant is reduced by 15 percent in fiscal years 1997 through 2002; however, some of these funds were restored in the fiscal year 1997 appropriations bill (P.L. 104-208).
- Housing benefits for fugitive felons and probation and parole violators are ended.
- The reduction of public housing rents for persons whose income declines as a result of being sanctioned for failure to follow State welfare program requirements, such as the work requirements, is prohibited.
- National goals will be established to prevent out-of-wedlock teenage pregnancies.

- A new mandatory appropriation of \$50 million is provided annually through the Maternal and Child Health Care Block Grant to fund abstinence education programs to combat teenage pregnancy and illegitimacy.
- The use of electronic benefit transfer systems is encouraged.

Note

¹ Deduction levels are somewhat higher in Hawaii and Alaska.

104TH CONGRESS
2^D SESSION

H. R. 2903

To provide for deficit reduction and achieve a balanced budget by fiscal year 2002.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1996

Mr. KASICH (by request): introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Ways and Means, Commerce, Banking and Financial Services, the Judiciary, Agriculture, Economic and Educational Opportunities, Government Reform and Oversight, House Oversight, National Security, Veterans' Affairs, Resources, International Relations, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for deficit reduction and achieve a balanced budget by fiscal year 2002.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Balanced Budget Act
5 of 1995 for Economic Growth and Fairness".

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

7 This Act is organized into titles as follows:

Title I—Banking, Housing, and Related Provisions
 Title II—Spectrum Allocation Provisions
 Title III—Medicaid
 Title IV—Medicare
 Title V—Welfare Reform
 Title VI—Federal Retirement Provisions
 Title VII—Veterans Provisions
 Title VIII—Asset Sales, User Fees, and other Mandatory Provisions
 Title IX—Revenues
 Title X—Budget Enforcement

1 **TITLE I—BANKING, HOUSING,**
 2 **AND RELATED PROVISIONS**

3 **Subtitle A—Financial Institutions**

4 **SEC. 2011. SPECIAL ASSESSMENT TO CAPITALIZE SAIF.**

5 (a) **IN GENERAL.**—Except as provided in subsection
 6 (f), the Board of Directors shall impose a special assess-
 7 ment on the SAIF-assessable deposits of each insured de-
 8 pository at a rate applicable to all such institutions that
 9 the Board of Directors, in its ‘sole discretion, determines
 10 (after taking into account the adjustments described in
 11 subsections (g) through (j)) will cause the Savings Asso-
 12 ciation Insurance Fund to achieve the designated reserve
 13 ratio on the first business day of January 1996.

14 (b) **FACTORS TO BE CONSIDERED.**—In carrying out
 15 subsection (a), the Board of Directors shall base its deter-
 16 mination on—

- 17 (1) the monthly Savings Association Insurance
 18 Fund balance most recently calculated;
 19 (2) data on insured deposits reported in the
 20 most recent reports of condition filed not later than

1 ion, Report, and Order of the Commission entitled
 2 “Advanced Television Systems and Their Impact
 3 Upon the Existing Television Service,” MM Docket
 4 No. 87-268; and

5 (2) the term “analog television licenses” means
 6 licenses issued pursuant to CFR 73.682 et seq. and
 7 in effect November 13, 1995.

8 **TITLE III—MEDICAID**

9 **SEC. 11300. TABLE OF CONTENTS OF SUBTITLE.**

10 The table of contents of this subtitle is as follows:

TITLE III—MEDICAID

Sec. 11300. Table of contents of subtitle.

PART 1—FEDERAL PAYMENTS

Sec. 11301. Limitations on average per beneficiary rate of growth in Federal financial participation.

Sec. 11302. Reduction of disproportionate share payments.

Sec. 11303. Medicaid eligibility quality control (MEQC) requirements.

PART 2—ELIGIBILITY

Sec. 11311. Extension of coverage to additional individuals, subject to poverty-related or caseload limits.

Sec. 11312. Elimination of authority for new eligibility expansion demonstrations.

Sec. 11313. Upper income limit on “less restrictive” eligibility methodologies.

PART 3—MANAGED CARE

Sec. 11321. Primary care case management services as State option without need for waiver.

Sec. 11322. State options to restrict choice of providers.

Sec. 11323. Elimination of restrictions on risk contracts.

Sec. 11324. 6-month guaranteed eligibility for all individuals enrolled in managed care.

Sec. 11325. Requirements to ensure quality of and access to care under managed care plans.

PART 4—BENEFITS

Sec. 11331. Home- and community-based services as State option without need for waiver.

Sec. 11332. Elimination of requirement to pay for private insurance.

Sec. 11333. Benefits for individuals covered during transition to work.

PART 5—PROVIDER PARTICIPATION AND PAYMENT RATES

- Sec. 11341. Methods for establishing provider payment rates.
 Sec. 11343. Elimination of obstetrical and pediatric payment rate requirements.

PART 6—STATE PLAN ADMINISTRATION

- Sec. 11351. MMIS requirements.
 Sec. 11352. Elimination of personnel requirements.
 Sec. 11353. Elimination of requirements for cooperative agreements with health agencies.
 Sec. 11355. State review of mentally ill or retarded nursing facility residents upon change in physical or mental condition.
 Sec. 11356. Nurse aide training in Medicare and Medicaid nursing facilities subject to extended survey and under certain other conditions.
 Sec. 11357. Combined State plan submission.
 Sec. 11358. Public Process for developing State plan amendments.

PART 7—EFFECTIVE DATE

- Sec. 11361. Effective date.

1 **PART 1—FEDERAL PAYMENTS**

2 **SEC. 11301. LIMITATIONS ON AVERAGE PER BENEFICIARY**
 3 **RATE OF GROWTH IN FEDERAL FINANCIAL**
 4 **PARTICIPATION.**

5 (a) IN GENERAL.—Title XIX of the Social Security
 6 Act is amended—

7 (1) by redesignating section 1931 as section
 8 1932, and

9 (2) by inserting after section 1930 the following
 10 new section:

11 “LIMITATION ON FEDERAL FINANCIAL PARTICIPATION
 12 BASED ON AVERAGE PER BENEFICIARY EXPENDITURES

13 “SEC. 1931. (a) AGGREGATE LIMIT.—

14 “(1) IN GENERAL.—Subject to the succeeding
 15 provisions of this section, the total amount of pay-
 16 ments in grant awards to a State under section

1 (B) No penalty shall be imposed under sec-
2 tion 1882(d)(3)(A)(i) of the Social Security Act
3 for any set or omission occurring after the ef-
4 fective date of the amendments made by section
5 4354 of OBRA-90 and before the date of the
6 enactment of this Act relating to the sale of a
7 health insurance policy described in section
8 1882(d)(3)(C)(iv) of the Social Security Act.

9 **SEC. 11209. STANDARDIZED BENEFITS PACKAGES.**

10 (a) **MANAGED CARE.**—The Secretary, no later than
11 July 1, 1996, after consulting with the National Associa-
12 tion of Insurance Commissioners, consumer groups, man-
13 aged care plans, providers of health care, and insurers,
14 shall develop standard packages of benefits (in addition
15 to the benefits covered under title XVIII of the Social Se-
16 curity Act (42 U.S.C. 1395 et seq.)) that may be offered
17 by eligible organizations under part C of that title (as
18 added by section 11202(a)(2) of this Act).

19 (b) **MEDIGAP.**—

20 (1)(A) The Secretary shall request the National
21 Association of Insurance Commissioners, in con-
22 sultation with consumer groups, managed care
23 plans, providers of health care, and insurers, to ex-
24 amine (and recommend by March 1, 1997, any re-
25 structuring needed for) the standard benefit pack-

1 ages developed under section 1882(p)(2) of the So-
2 cial Security Act (42 U.S.C. 1395ss(p)(2)) in order
3 to facilitate to the maximum extent feasible compari-
4 son across medicare supplemental policies and bene-
5 fits offered by eligible organizations under section
6 1876.

7 (B) The Secretary, no later than May 1, 1997,
8 after taking into account any recommendations
9 made under subparagraph (A) by the National Asso-
10 ciation of Insurance Commissioners, shall restruc-
11 ture, as needed, those standard benefit packages.

12 (2)(A) Section 1882(p) (42 U.S.C. 1395ss(p))
13 is amended by adding at the end the following:

14 “(11) The groups or packages of benefits (in-
15 cluding the core group of basic benefits) under para-
16 graph (2) shall be modified by any changes made by
17 the Secretary under section 11209(b)(1)(B) of the
18 Balanced Budget Act of 1995 for Economic Growth
19 and Fairness.”.

20 (B) The amendment made by subparagraph (A)
21 applies to services provided after 1997.

22 MEDICAID LANGUAGE EXPLANATION

23 The proposal would include language with establish-
24 ing a per capita cap on the average per beneficiary rate
25 of growth in the Medicaid program.

1 There would be an “equity adjustor” to states with
 2 low per capita expenditures (i.e., their growth rates would
 3 be higher than other states). The national average growth
 4 rate, however, would be tagged to grow by a national index
 5 (compensating for the “equity adjustor”).

6 With respect to savings in the disproportionate share
 7 hospital program, we would phase out the current dis-
 8 proportionate share program and phase in a retargeted
 9 disproportionate share program identical to the Coalition’s
 10 bill.

11 Funding levels would be as follows:

	1996	1997	1998	1999	2000	2001	2002
Phase-out	10.7	8.0	5.3	2.6	0.0	0.0	0.0
Phase-in .	0.0	1.3	2.7	4.0	5.0	5.0	5.0
Total ...	10.7	9.3	8.0	6.6	5.0	5.0	5.0

12 The program would also include a mandatory set-
 13 aside of payments of \$290 million for federally qualified
 14 health centers and \$125 million for rural health centers
 15 in FY 1997 to be increased annually by the overall rate
 16 of Medicaid growth in the previous year. We estimate this
 17 would cost approximately \$3 billion over the six year pe-
 18 riod.

19 In addition, we would include language from the con-
 20 ference report for the \$3.5 billion for payments to states
 21 for costs incurred for the provision of care to undocu-
 22 mented aliens.

1 “(b) FOR UNDOCUMENTED IMMIGRANTS.—

2 “(1) IN GENERAL.—Each of the 15 States with
3 the largest number of illegal immigrants (as esti-
4 mated by the Statistics Division of the Immigration
5 and Naturalization Service as of October, 1992)
6 shall be entitled, for each of fiscal years 1996
7 through 2000, to an amount bearing the same ratio
8 to the amount specified in paragraph (2) as the ille-
9 gal immigrant population in all 15 such States.

10 “(2) AMOUNTS AUTHORIZED.—For purposes of
11 paragraph (1) amounts authorized to be appro-
12 priated are—

13 “(A) \$631,000,000 for fiscal year 1996;

14 “(B) \$664,000,000 for fiscal year 1997;

15 “(C) \$699,000,000 for fiscal year 1998;

16 “(D) \$735,000,000 for fiscal year 1999;

17 and

18 “(E) \$771,000,000 for fiscal year 2000.

19 “(3) ANNUAL REPORT.—Not later than 90 days
20 after the end of each fiscal year in which a State re-
21 ceives or uses amounts pursuant to this subsection,
22 the State shall submit to the Secretary, and make
23 available to the public, a report on its use of such
24 amounts in such fiscal year which includes:

1 “(A) a listing of each of the providers re-
2 ceiving payment from such amounts and the
3 amount of such payments; and

4 “(B) such information as the Secretary
5 may require to provide an assurance that serv-
6 ices provided with such payments were consist-
7 ent with the limitations under section 1903(v).

8 “(c) EXTENDED AVAILABILITY OF FUNDS.—
9 Amounts appropriated pursuant to this section and not
10 required by a State for the purposes of this section in a
11 fiscal year may be used by the State for such purposes
12 in any subsequent fiscal year, and shall remain available
13 until expended.

14 “(d) STATE ASSURANCES.—Each State receiving
15 transitional assistance payments under this section shall
16 provide assurances satisfactory to the Secretary—

17 “(1) in the case of payments under subsection
18 (a), that such payments will be used by the State to
19 make payments to health care providers for services
20 which would otherwise be uncompensated; and

21 “(2) in the case of payments under subsection
22 (b), that such payments will be used by the State to
23 make payments for emergency health care services
24 for illegal immigrants in accordance with section
25 1903(v).”.

1 (2) PAYMENTS TO STATES.—Section 1903(a) is
2 amended—

3 (A) by striking the period at the end of
4 paragraph (7) and inserting “; plus”; and

5 (B) by adding after paragraph (7) the fol-
6 lowing new paragraph;

7 “(8) an amount equal to 100 percent
8 of payments authorized pursuant to section
9 1923A”.

10 (3) SUNSET.—Effective October 1, 2000, the
11 amendments made by this subsection are repealed.

12 **SEC. 11303. MEDICAID ELIGIBILITY QUALITY CONTROL**
13 **(MEQC) REQUIREMENTS.**

14 Section 1903(u) is amended—

15 (1) in paragraph (1)(A), to read as follows:

16 “(A) Notwithstanding subsection (a), the
17 Secretary shall reduce the aggregate Federal
18 payment limit applicable to a State for fiscal
19 year 1997 or any succeeding fiscal year by the
20 amount, if any, equal to the sum of the prod-
21 ucts, for each group defined in section 1931(b),
22 of—

23 “(i) the number of excess erroneous
24 enrollments of individuals in each such
25 group; and

1 “(ii) the per beneficiary rate applica-
2 ble to such group for such fiscal year pur-
3 suant to section 1931(c).”;

4 (2) in paragraph (1)(C), by striking “erroneous
5 excess payments for medical assistance” and insert-
6 ing “excess erroneous enrollments”;

7 (3) by striking subparagraphs (D) and (E) of
8 paragraph (1) and inserting the following:

9 “(D) CALCULATION FACTORS.—For pur-
10 poses of this subsection—

11 “(i) ERRONEOUS ENROLLMENTS.—
12 The term ‘erroneous enrollments’ means,
13 with respect to a group defined in section
14 1931(b), the number of individuals that a
15 State reports, pursuant to section
16 1931(c)(4), as enrolled in such group who
17 either (I) should have been so reported as
18 enrolled in another such group which has
19 a lower per beneficiary base rate, or (II)
20 were ineligible for medical assistance under
21 the State plan.

22 “(ii) EXCLUSION FROM ERRONEOUS
23 ENROLLMENTS.—The term ‘erroneous en-
24 rollments’ does not include any enroll-
25 ment—

1 “(I) of individuals whose eligi-
2 bility was determined exclusively by
3 the Commissioner of Social Security
4 under an agreement pursuant to sec-
5 tion 1634, and such other classes of
6 individuals as the Secretary may by
7 regulation prescribe whose eligibility
8 was determined in part under such an
9 agreement;

10 “(II) resulting from the failure of
11 an individual to cooperate or give cor-
12 rect information with respect to third-
13 party liability as required under sec-
14 tion 1912(a)(1)(C) or 402(a)(26)(C);
15 or

16 “(III) during a presumptive eligi-
17 bility period (as defined in section
18 1920(b)(1)).

19 “(iii) EXCESS ERRONEOUS ENROLL-
20 MENTS.—The term ‘excess erroneous en-
21 rollments’ means, with respect to a group
22 of individuals defined in section 1931(b),
23 erroneous enrollments in excess of 3 per-
24 cent of total enrollments of individuals in
25 such group.’; and

1 (4) in paragraph (2), by striking “erroneous ex-
2 cess payments” and inserting “excess erroneous en-
3 rollments”.

4 **PART 2—ELIGIBILITY**

5 **SEC. 11311. EXTENSION OF COVERAGE TO ADDITIONAL IN-** 6 **DIVIDUALS, SUBJECT TO POVERTY-RELATED** 7 **OR CASELOAD LIMITS.**

8 (a) **EXPANDED ELIGIBILITY.**—Section 1902(a)(10)
9 is amended by adding after subparagraph (F) the follow-
10 ing new paragraph:

11 “(G) at the option of a State, for making
12 medical assistance available to one of the fol-
13 lowing groups of individuals who would other-
14 wise be ineligible for such assistance:

15 “(i) individuals whose income does not
16 exceed a limit established by the State, not
17 greater than 150 percent of the Federal
18 poverty line; or * * *

19 (b) **DISREGARD OF ADDITIONAL ENROLLEES IN CAL-**
20 **CULATION OF FEDERAL PAYMENT LIMIT.**—Section
21 1931(c)(4)(A), as added by section 11301 of this Act, is
22 amended by adding at the end the following new clause:

23 “(iii) **EXPANDED ELIGIBILITY DIS-**
24 **REGARD.**—The numbers reported by the
25 State shall not include any individuals en-

1 rolled in the State program under this title
2 pursuant to section 1902(a)(10)(G).”.

3 **SEC. 11312. ELIMINATION OF AUTHORITY FOR NEW ELIGI-**
4 **BILITY EXPANSION DEMONSTRATIONS.**

5 Section 1115(a)(1) is amended by inserting “(except
6 that waivers of requirements of section 1902 with respect
7 to eligibility of individuals for medical assistance shall not
8 be granted (but may be extended or modified) on or after
9 October 1, 1996)” after “project”.

10 **SEC. 11313. UPPER INCOME LIMIT ON “LESS RESTRICTIVE”**
11 **ELIGIBILITY METHODOLOGIES.**

12 Section 1902(r)(2) is amended—

13 (1) in paragraph (A), by inserting “(except as
14 provided in subparagraph (C))” after “no more re-
15 strictive”; and

16 (2) by adding at the end the following new sub-
17 paragraph:

18 “(C) The methodology described in subparagraph (A)
19 shall not result in an income eligibility limit (based on
20 gross income) higher than the higher of—

21 “(i) 150 percent of the Federal poverty line; or

22 “(ii) the income eligibility limit applicable under
23 the State plan in effect in fiscal year 1995 (taking
24 into account any such limit applicable under a waiv-
25 er under section 1115).”.

1 **SEC. 11358. PUBLIC PROCESS FOR DEVELOPING STATE**
2 **PLAN AMENDMENTS.**

3 Section 1902(a), as amended by sections 11321(c),
4 11325, and 11331(c), is amended—

5 (1) by striking “and” at the end of paragraph
6 (64);

7 (2) by striking the period at the end of para-
8 graph (65) and inserting “; and”; and

9 (3) by adding after paragraph (65) the follow-
10 ing new paragraph:

11 “(66) a process for development of amendments
12 to the State plan that affords an opportunity for re-
13 view and comment to interested persons and groups,
14 including beneficiaries, providers, Indian tribes, trib-
15 al organizations, Indian Health Service facilities,
16 and urban Indian health organizations.”.

17 **PART 7—EFFECTIVE DATE**

18 **SEC. 11361. EFFECTIVE DATE.**

19 (a) **IN GENERAL.**—Except where otherwise specifi-
20 cally provided, the provisions of and amendments made
21 by this subtitle shall be effective with respect to State pro-
22 grams under title XIX of the Social Security Act on and
23 after October 1, 1996.

24 (b) **EXTENSION FOR STATE LAW AMENDMENT.**—In
25 the case of a State plan under title XIX of the Social Se-
26 curity Act which the Secretary of Health and Human

1 Services determines requires State legislation in order for
 2 the plan to meet the additional requirements imposed by
 3 the amendments made by subsection (a), the State plan
 4 shall not be regarded as failing to comply with the require-
 5 ments of such title solely on the basis of its failure to meet
 6 these additional requirements before the first day of the
 7 first calendar quarter beginning after the close of the first
 8 regular session of the State legislature that begins after
 9 the date of enactment of this Act. For purposes of the
 10 previous sentence, in the case of a State that has a 2-
 11 year legislative session, each year of such session shall be
 12 deemed to be a separate regular session of the State legis-
 13 lature.

14 **Subtitle D—Fraud and Abuse**

15 **SEC. 11401. SHORT TITLE; TABLE OF CONTENTS OF SUB-** 16 **TITLE.**

17 (a) **SHORT TITLE.**—This subtitle may be cited as the
 18 “Federal Health Care Payment Integrity Act of 1995”.

19 (b) **TABLE OF CONTENTS OF SUBTITLE.**—The table
 20 of contents of this subtitle is as follows:

TABLE OF CONTENTS

Sec. 11401. Short title; table of contents of subtitle.

PART 1—AMENDMENTS TO CURRENT LAW ENFORCEMENT AUTHORITIES

Sec. 11402. Extension of current civil money penalties.

Sec. 11403. Exclusion of persons who defraud Medicare.

Sec. 11404. Illegal remuneration with respect to health care benefit programs

Sec. 11405. Amendments to PRO (quality of care) sanctions provisions.

Sec. 11406. Final adverse action data base.

Sec. 11407. Expansion of authority of medicaid fraud control units.

- Sec. 11408. Recovery of overpayments from bankrupt providers.
- Sec. 11409. Grants to States to revoke licenses of unqualified providers.
- Sec. 11410. Authorization for interception of wire, oral or electronic communications.

PART 2—RESOURCES FOR ANTI-FRAUD ACTIVITIES

- Sec. 11421. Medicare anti-fraud and abuse program.
- Sec. 11422. Medicare beneficiary integrity system.
- Sec. 11423. Government-side anti-fraud reinvestment fund.

PART 3—AMENDMENTS TO CRIMINAL LAW

- Sec. 11431. Health care fraud.
- Sec. 11432. Forfeitures for federal health care offenses.
- Sec. 11433. Injunctive relief relating to federal health care offenses.
- Sec. 11434. Grand jury disclosure.
- Sec. 11435. False statements.
- Sec. 11436. Obstruction of criminal investigations, audits or inspections of federal health care offenses.
- Sec. 11437. Theft or embezzlement.
- Sec. 11438. Laundering of monetary instruments.
- Sec. 11439. Authorized investigative demand procedures.

PART 4—MEDICARE IMPROVEMENTS

Subpart A—Coordination of Benefits

- Sec. 11441. Clarification of time and filing limitations.
- Sec. 11442. Clarification of liability of third party administrators.
- Sec. 11443. Clarification of payment amounts to Medicare.
- Sec. 11444. Conditions for double damages.
- Sec. 11445. Repeal of excise tax.
- Sec. 11446. Information requirements.
- Sec. 11447. Technical changes concerning minimum sizes of group health plans.

Subpart B—Contractor Reform

- Sec. 11451. Increased flexibility in contracting for medicare claims processing.

Subpart C—Provisions Relating to Part B of Medicare

- Sec. 11461. Replacement of reasonable charge methodology by fee schedules.
- Sec. 11462. Application of inherent reasonableness to surgical dressings.
- Sec. 11463. Application of competitive acquisition process to certain part B items and services.
- Sec. 11464. Application of competitive acquisition process to laboratory services.
- Sec. 11465. Changes in payments for clinical laboratory tests.

Subpart D—Provisions Relating to Parts A and B of Medicare

- Sec. 11471. Disclosure of taxpayer identifying numbers and other information.
- Sec. 11472. Use of wage index for area in which home health services are furnished.

1 **PART 1—AMENDMENTS TO CURRENT LAW**
2 **ENFORCEMENT AUTHORITIES**

3 **SEC. 11402. EXTENSION OF CURRENT CIVIL MONEY PEN-**
4 **ALTIES.**

5 (a) **GENERAL CIVIL MONEY PENALTIES.**—Section
6 1128A (42 U.S.C. 1320a-7a) is amended—

7 (1) in the third sentence of subsection (a), by
8 striking “programs under title XVIII” and inserting
9 “Federal health care program (as defined in sub-
10 section (m))”;

11 (2) in subsection (f)—

12 (A) by redesignating paragraph (3) as
13 paragraph (4); and

14 (B) by inserting after paragraph (2) the
15 following new paragraph:

16 “(3) With respect to amounts recovered arising
17 out of a claim under a Federal health care program
18 (as defined in subsection (m)), the portion of such
19 amounts as is determined to have been paid by the
20 program shall be repaid to the program, and the
21 portion of such amount attributable to the amounts
22 recovered under this section by reason of the amend-
23 ments made by the Federal Health Care Payment
24 Integrity Act of 1995 (as estimated by the Sec-
25 retary) shall be deposited into the Health Care

1 Fraud and Abuse Control Account established under
2 section 11423 of such Act.”;

3 (3) in subsection (i)—

4 (A) in paragraph (2), by striking “title V,
5 XVIII, XIX, or XX of this Act” and inserting
6 “a Federal health care program (as defined in
7 subsection (m))”;

8 (B) in paragraph (4), by striking “a health
9 insurance or medical services program under
10 title XVIII or XIX of this Act” and inserting
11 “a Federal health care program (as so de-
12 fined)”; and

13 (C) in paragraph (5), by striking “title V,
14 XVIII, XIX, or XX” and inserting “a Federal
15 health care program (as so defined)”; and

16 (4) by adding at the end the following new sub-
17 section:

18 “(m)(1) For purposes of this section, with respect to
19 a Federal health care program not contained in this Act,
20 references to the Secretary in this section shall be deemed
21 to be references to the Secretary of Administrator of the
22 department or agency with jurisdiction over such program
23 and references to the Inspector General of the Department
24 of Health and Human Services in this section shall be
25 deemed to be references to the Inspector General and any

1 other office with primary enforcement authority of the ap-
2 plicable department or agency. With respect to investiga-
3 tions of an employee welfare benefit plan as defined in
4 section 3 of the Employee Retirement Income Security
5 Act, the agency or department shall be deemed to be the
6 Department of Labor.

7 “(2)(A) The Secretary and Administrator of the de-
8 partments and agencies referred to in paragraph (1) may
9 include, in any action pursuant to this section, claims
10 within the Jurisdiction of other Federal departments or
11 agencies as long as the following conditions are satisfied:

12 “(i) The case involves primarily claims submit-
13 ted to the Federal health care programs of the de-
14 partment or agency initiating the action.

15 “(ii) The Secretary of Administrator and the
16 Inspector General of the department or agency initi-
17 ating the action gives notice and an opportunity to
18 participate in the investigation to the Secretary or
19 Administrator and the Inspector General of the de-
20 partment or agency with primary jurisdiction over
21 the Federal health care programs to which the
22 claims were submitted. With respect to actions in-
23 volving an employee welfare benefit plan as defined
24 in section 3 of the Employee Retirement Income Se-
25 curity Act, the department with primary jurisdiction

1 shall be deemed to be the Department of Labor for
2 purposes of this notice.

3 “(B) If the conditions specified in subparagraph (A)
4 are fulfilled, the Inspector General of the department or
5 agency initiating the action is authorized to exercise all
6 powers granted under the Inspector General Act of 1978
7 with respect to the claims submitted to the other depart-
8 ments or agencies to the same manner and extent as pro-
9 vided in that Act with respect to claims submitted to such
10 departments or agencies.”.

11 (b) EXCLUDED INDIVIDUAL RETAINING OWNERSHIP
12 OR CONTROL INTEREST IN PARTICIPATING ENTITY.—
13 Section 1128A(a) (42 U.S.C. 1320a-7a(a)) is amended—

14 (1) by striking “or” at the end of paragraph
15 (a)(D);

16 (2) by striking “, or” at the end of paragraph
17 (2) and inserting a semicolon;

18 (3) by striking the semicolon at the end of
19 paragraph (3) and inserting “; or”; and

20 (4) by inserting after paragraph (3) the follow-
21 ing new paragraph:

22 “(4) in the case of a person who is not an orga-
23 nization, agency, or other entity, is excluded from
24 participating in a program under title XVIII or a
25 State health care program in accordance with this

1 subsection or under section 1128 and who, at the
2 time of a violation of this subsection, retains a direct
3 or indirect ownership or control interest of 5 percent
4 or more, or an ownership or control interest (as de-
5 fined in section 1124(a)(3)) in, or who is an officer
6 or managing employee (as defined in section
7 1126(b)) of, an entity that is participating in a pro-
8 gram under title XVIII or a State health care pro-
9 gram;”.

10 (c) EMPLOYER BILLING FOR SERVICES FURNISHED,
11 DIRECTED, OR PRESCRIBED BY AN EXCLUDED EM-
12 PLOYEE.—Section 1128A(a)(1) (42 U.S.C. 1320a-
13 7a(a)(1)) is amended—

14 (1) by striking “or” at the end of subparagraph
15 (C);

16 (2) by striking “; or” at the end of subpara-
17 graph (D) and inserting “, or”; and

18 (3) by adding at the end the following new sub-
19 paragraph:

20 “(E) is for a medical or other item or serv-
21 ice furnished, directed, or prescribed by an indi-
22 vidual who is an employee or agent of the per-
23 son during a period in which such employee or
24 agent was excluded from the program under
25 which the claim was made on any of the

1 grounds for exclusion described in subpara-
2 graph (D);”.

3 (d) MODIFICATIONS OF AMOUNTS OF PENALTIES
4 AND ASSESSMENTS.—Section 1128A(a) (42 U.S.C.
5 1320a–7a(a)), as amended by subsection (b), is amended
6 in the matter following paragraph (4)—

7 (1) by striking “\$2,000” and inserting
8 \$10,000”;

9 (2) by inserting “; in cases under paragraph
10 (4), \$10,000 for each day the prohibited relationship
11 occurs” after “false or misleading information was
12 given”; and

13 (3) by striking “twice the amount” and insert-
14 ing “3 times the amount”.

15 (e) CLAIMS FOR ITEM OR SERVICE BASED ON INCOR-
16 RECT CODING.—Section 1128A(a)(1)(A) (42 U.S.C.
17 1320a–7a(a)(1)(A)) is amended by striking “claimed,”
18 and inserting “claimed, including any person who engages
19 in a pattern or practice of presenting or causing to be pre-
20 sented a claim for an item or service that is based on a
21 code that the person knows or should know will result in
22 a greater payment to the person that the code the person
23 knows or should know is applicable to the item or service
24 actually provided”.

1 (f) PERMITTING SECRETARY TO IMPOSE CIVIL
2 MONEY PENALTY.—Section 1128A(b) (42 U.S.C. 1320a-
3 7a(b)) is amended by adding the following new subpara-
4 graph:

5 “(3) Any person (including any organization,
6 agency, or other entity, but excluding a beneficiary
7 as defined in subsection (i)(5)) who the Secretary
8 determines has violated section 1128B(b) of this
9 title shall be subject to a civil monetary penalty of
10 not more than \$10,000 for each such violation. In
11 addition, such person shall be subject to an assess-
12 ment of not more than twice the total amount of the
13 remuneration offered, paid, solicited, or received in
14 violation of section 1128B(b). The total amount of
15 remuneration subject to all assessments shall be cal-
16 culated without regard to whether some portion
17 thereof also may have been intended to serve a pur-
18 pose other than one proscribed by section
19 1128B(b).”.

20 (g) PROHIBITION AGAINST OFFERING INDUCEMENTS
21 TO INDIVIDUALS ENROLLED UNDER PROGRAMS.—

22 (1) OFFER OF REMUNERATION.—Section
23 1128A(a) (42 U.S.C. 1320a-7a(a)) as amended by
24 subsection (b) of this section, is amended—

1 (A) by striking “or” at the end of para-
2 graph (3) and inserting a semicolon;

3 (B) by inserting “or” after the semicolon
4 at the end of paragraph (4); and

5 (C) by inserting after paragraph (4) the
6 following new paragraph:

7 “(5) offers to or transfers remuneration to
8 any individual eligible for benefits under a Fed-
9 eral health program that such person knows or
10 should know is likely to influence such individ-
11 ual to order or receive from a particular pro-
12 vider, practitioner, or supplier any item or serv-
13 ice for which payment may be made, in whole
14 or in part, under such program;”.

15 (2) REMUNERATION DEFINED.—Section
16 2238A(i) (42 U.S.C. 1320a-7a(i)) is amended by
17 adding the following new paragraph:

18 “(6) The term ‘remuneration’ includes the waiv-
19 er of coinsurance and deductible amounts (or any
20 part thereof), and transfers of items or services for
21 free or for other than fair market value. The term
22 ‘remuneration’ does not include—

23 “(A) the waiver of coinsurance and deduct-
24 ible amounts by a person, if—

1 “(i) the waiver is not offered as part
2 of any advertisement or solicitation;

3 “(ii) the person does not routinely
4 waive coinsurance or deductible amounts;
5 and

6 “(iii) the person—

7 “(I) waives the coinsurance and
8 deductible amount after determining
9 in good faith that the individual is in
10 financial need;

11 “(II) fails to collect coinsurance
12 or deductible amounts after making
13 reasonable collection efforts; or

14 (III) provides for any permissible
15 waiver as specified in section
16 1128B(b)(3) or in regulations issued
17 by the Secretary;

18 “(B) differentials in coinsurance and de-
19 ductible amounts as part of a benefit plan de-
20 sign as long as the differentials have been dis-
21 closed in writing to all beneficiaries, third party
22 payors, and providers, to whom claims are pre-
23 sented and as long as the differentials meet the
24 standards as defined in regulations promulgated

1 by the Secretary not later than 180 days after
2 the date of the enactment of this Act; or

3 “(C) incentives given to individuals to pro-
4 mote the delivery of preventive care as deter-
5 mined by the Secretary in regulations as pro-
6 mulgated.”.

7 (h) DEFINITION OF FEDERAL HEALTH CARE PRO-
8 GRAM.—Section 1128A (42 U.S.C. 1320a–7b) is amended
9 by adding at the end the following new subsection:

10 “(m) FEDERAL HEALTH CARE PROGRAM.—For pur-
11 poses of this section, the term ‘Federal health care pro-
12 gram’ means—

13 “(1) any plan or program (except a plan de-
14 scribed in section 3(1) of the Employee Retirement
15 Income Security Act) that provides health benefits,
16 whether directly, through insurance, or otherwise,
17 which is funded, in whole or in part, by the United
18 States Government; or

19 “(2) any State health care program, as defined
20 in section 1128(h).”.

21 **SEC. 11403. EXCLUSION OF PERSONS WHO DEFRAUD MEDI-**
22 **CARE.**

23 (a) MINIMUM PERIOD OF EXCLUSION FOR CERTAIN
24 INDIVIDUALS AND ENTITIES SUBJECT TO PERMISSIVE
25 EXCLUSION FROM MEDICARE AND STATE HEALTH CARE

1 PROGRAMS.—Section 1128(c)(3) (42 U.S.C. 1320a–
2 7(c)(3)) is amended by adding at the end the following
3 new subparagraphs:

4 “(D) In the case of an exclusion of an individ-
5 ual or entity under paragraph (1), (2), or (3) of sub-
6 section (b), the period of the exclusion shall be 3
7 years, unless the Secretary determines in accordance
8 with published regulations that a longer period is
9 appropriate because of aggravating circumstances.

10 “(E) In the case of an exclusion of an individ-
11 ual or entity under subsection (b)(4) or (b)(5), the
12 period of the exclusion shall not be less than the pe-
13 riod during which the individual or entity’s license to
14 provide health care is revoked, suspended, or surren-
15 dered, or the individual or the entity is excluded or
16 suspended from a Federal or State health care pro-
17 gram.

18 “(F) In the case of an exclusion of an individ-
19 ual or entity under subsection (b)(6)(B), the period
20 of the exclusion shall be not less than 1 year.”.

21 (b) PERMISSIVE EXCLUSION OF INDIVIDUALS WITH
22 OWNERSHIP OR CONTROL INTEREST IN SANCTIONED EN-
23 TITIES.—Section 1128(b) (42 U.S.C. 1320a–7(b)) is
24 amended by adding at the end the following new para-
25 graph:

1 “(15) INDIVIDUALS CONTROLLING A SANC-
2 TIONED ENTITY.—Any individual who has a direct
3 or indirect ownership or control interest of 5 percent
4 or more, or an ownership or control interest (as de-
5 fined in section 1124(a)(3)) in, or who is an officer
6 or managing employee (as defined in section
7 1126(b)) of, an entity—

8 “(A) that has been convicted of any of-
9 fense described in subsection (a) or in para-
10 graph (1), (2), or (3) of this subsection; or

11 “(B) that has been excluded from partici-
12 pation under a program title XVIII or under a
13 State health care program.”.

14 (c) SANCTIONS AGAINST PROVIDERS FOR EXCESSIVE
15 FEES OR PRICES.—Section 1128(b)(6)(A) (42 U.S.C.
16 1320a-7(b)(6)(A)) is amended—

17 (1) by inserting after “substantially in excess of
18 such individual’s or entity’s usual charges” the fol-
19 lowing: “(as specified by the Secretary in regula-
20 tions)”; and

21 (2) by striking “(or in applicable cases, sub-
22 stantially in excess of such individuals or entities’
23 costs)” and inserting “, costs or fees” before “for
24 such items or services.”.

1 (d) APPLICABILITY OF THE BANKRUPTCY CODE TO
2 PROGRAM SANCTIONS.—

3 (1) Section 1128 (42 U.S.C. 1320a-7) is
4 amended by adding at the end the following new
5 subsection:

6 “(j) An exclusion imposed under this sec-
7 tion is not subject to the automatic stay im-
8 posed under the Bankruptcy Code, 11 U.S.C.
9 § 362.”.

10 (2) Section 1128A(a) (42 U.S.C. 1320a-7a) is
11 amended by adding at the end the following sen-
12 tence: “An exclusion imposed under this section is
13 not subject to the automatic stay which is imposed
14 under 11 U.S.C. § 362, and any penalties and as-
15 sessments imposed under this section shall be
16 nondischargeable under the Bankruptcy Code (11
17 U.S.C. § 101 et seq.).”.

18 (3) Section 1892(a)(4) (42 U.S.C.
19 1395ccc(a)(4)) is amended by adding at the end the
20 following sentence: “An exclusion imposed under
21 paragraph (2)(C)(ii) or paragraph (3)(B) is not sub-
22 ject to the automatic stay which is imposed under
23 the Bankruptcy Code (11 U.S.C. § 362).”.

1 **SEC. 11404. ILLEGAL REMUNERATION WITH RESPECT TO**
2 **HEALTH CARE BENEFIT PROGRAMS.**

3 (a) IN GENERAL.—Chapter 11 of title 18, United
4 States Code, is amended by adding at the end the follow-
5 ing:

6 **“§227. Illegal remuneration with respect to health**
7 **care benefit programs**

8 “(a) Whoever knowingly and willfully solicits or re-
9 ceives any remuneration (including any kickback, bribe, or
10 rebate) directly or indirectly, overtly or covertly, in cash
11 or in kind—

12 “(1) in return for referring any individual to a
13 person for the furnishing or arranging for the fur-
14 nishing of any item or service for which payment
15 may be made in whole or in part by any health care
16 benefit program; or

17 “(2) in return for purchasing, leasing, ordering,
18 or arranging for or recommending purchasing, leas-
19 ing or ordering any good, facility, service, or item
20 for which payment may be made in whole or in part
21 by any health care benefit program, or attempting to
22 do so,

23 shall be fined under this title or imprisoned for not more
24 than 5 years, or both.

25 “(b) Whoever knowingly and willfully offers or pays
26 any remuneration (including any kickback, bribe, or re-

1 bate) directly or indirectly, overtly, or covertly, in cash or
2 in kind to any person to induce such person—

3 “(1) to refer an individual to a person for the
4 furnishing or arranging for the furnishing of any
5 item or service for which payment may be made in
6 whole or in part by any health benefit program; or

7 “(2) to purchase, lease, order, or arrange for or
8 recommend purchasing, leasing, or ordering any
9 good, facility, service, or item for which payment
10 may be made in whole or in part by any health bene-
11 fit program or attempts to do so,

12 shall be fined under this title or imprisoned for not more
13 than 5 years, or both.

14 “(c) Subsections (a) and (b) shall not apply to—

15 “(1) a discount or other reduction in price ob-
16 tained by a provider of services or other entity under
17 a health care benefit program if the reduction in
18 price is properly disclosed and appropriately re-
19 flected in the costs claimed or charges made by the
20 provider or entity under a health care benefit pro-
21 gram;

22 “(2) any amount paid by an employer to an em-
23 ployee (who has a bona fide employment relationship
24 with such employer) for employment in the provision
25 of covered items or services if the amount of the re-

1 muneration under the arrangement is consistent
2 with the fair market value of the services and is not
3 determined in a manner that takes into account (di-
4 rectly or indirectly) the volume or value of any refer-
5 rals;

6 “(3) any amount paid by a vendor of goods or
7 services to a person authorized to act as a purchas-
8 ing agent for a group of individuals or entities who
9 are furnishing services reimbursed under a health
10 care benefit program if—

11 “(A) the person has a written contract,
12 with each such individual or entity, which speci-
13 fies the amount to be paid the person, which
14 amount may be a fixed amount or a percentage
15 of the value of the purchases made by each
16 such individual or entity under the contract,
17 and

18 “(B) in the case of an entity that is a pro-
19 vider of services (as defined in section 1861(u)
20 of the Social Security Act, the person discloses
21 (in such form and manner as the Secretary of
22 Health and Human Services requires) to the
23 entity and, upon request, to the Secretary the
24 amount received from each such vendor with re-

1 spect to purchases made by or on behalf of the
2 entity;

3 “(4) a waiver of any coinsurance under part B
4 of title XVIII of the Social Security Act by a feder-
5 ally qualified health care center with respect to an
6 individual who qualifies for subsidized services under
7 a provision of the Public Health Service Act; and

8 “(5) any payment practice specified by the Sec-
9 retary of Health and Human Services in regulations
10 promulgated pursuant to section 14(a) of the Medi-
11 care and Medicaid Patient and Program Protection
12 act of 1987.

13 “(d) Any person injured in his business or property
14 by reason of a violation of this section or section 226 of
15 this title may sue therefor in any appropriate United
16 States district court and shall recover threefold the dam-
17 ages such person sustains and the cost of the suit, includ-
18 ing a reasonable attorney’s fee.

19 “(e) As used in this section, ‘health care benefit pro-
20 gram’ has the meaning given such term in section 1347(b)
21 of this title.”.

22 (b) CLERICAL AMENDMENT.—The table of sections
23 at the beginning of chapter 11 of title 18, United States
24 Code, is amended by adding at the end the following:

“227. Illegal remuneration with respect to health care benefit programs.”.

1 (c) CONFORMING AMENDMENT.—Section 1128B of
2 the Social Security Act (42 U.S.C. 1320a–7b) is amended
3 by striking subsection (b).

4 **SEC. 11405. AMENDMENTS TO PRO (QUALITY OF CARE)**
5 **SANCTIONS PROVISIONS.**

6 (a) MINIMUM PERIOD OF EXCLUSION FOR PRACTI-
7 TIONERS AND PERSONS FAILING TO MEET STATUTORY
8 OBLIGATIONS.—

9 (1) IN GENERAL.—Section 1156(b)(1) (42
10 U.S.C. 1320c–5(b)(1)) is amended in the second
11 sentence by striking “may prescribe)” and inserting
12 “may prescribe, except that such period may not be
13 less than 1 year).”.

14 (2) CONFORMING AMENDMENT.—Section
15 1156(b)(2) (42 U.S.C. 1320c–5(b)(2)) is amended
16 by striking “shall remain” and inserting “shall (sub-
17 ject to the minimum period specified in the second
18 sentence of paragraph (1)) remain”.

19 (b) REPEAL OF “UNWILLING OR UNABLE” CONDI-
20 TION FOR IMPOSITION OF SANCTION.—Section 1156(b)(1)
21 (42 U.S.C. 1320c–5(b)(1) is amended—

22 (1) in the second sentence, by striking “and de-
23 termines” and all that follows through “such obliga-
24 tions,”; and

25 (2) by striking the third sentence.

1 (c) SANCTIONS AGAINST PRACTITIONERS AND PER-
2 SONS FOR FAILURE TO COMPLY WITH STATUTORY OBLI-
3 GATIONS.—Section 1156(b)(3) (42 U.S.C. 1320c-5(b)(3))
4 is amended by striking “the actual or estimated cost” and
5 inserting “up to \$10,000 for each instance.”

6 **SEC. 11406. FINAL ADVERSE ACTION DATA BASE.**

7 (a) GENERAL PURPOSE.—Not later than January 1,
8 1997, the Secretary of Health and Human Services (in
9 this section referred to as the “Secretary”) shall establish
10 a national health care fraud and abuse data collection pro-
11 gram or the reporting of final adverse actions against
12 health care providers, suppliers, or practitioners as re-
13 quired by subsection (b), with access as set forth in sub-
14 section (c).

15 (b) REPORTING OF INFORMATION.—

16 (1) IN GENERAL.—Each government agency
17 and Federal health care program shall (and each
18 other health plan may) report to the Secretary any
19 final adverse action taken against a health care pro-
20 vider, supplier, or practitioner.

21 (2) INFORMATION TO BE REPORTED.—The in-
22 formation to be reported under paragraph (1) in-
23 cludes:

1 (A) The name and TIN (as defined in sec-
2 tion 7701(a)(41) of the Internal Revenue Code
3 of 1986) of—

4 (i) any health care provider, supplier,
5 or practitioner that is the subject of a final
6 adverse action, and

7 (ii) any individual with a relationship
8 specified in section 1128(b)(8)(A) to an
9 entity described in clause (i).

10 (B) The name (if know) of any health care
11 entity with which a health care provider, sup-
12 plier, or practitioner is affiliated or associated.

13 (C) The nature of the final adverse action
14 and whether such action is on appeal.

15 (D) A description of the acts of omissions
16 and injuries upon which the final adverse action
17 was based, and such other information as the
18 Secretary determines by regulation is required
19 for appropriate interpretation of information re-
20 ported under this section.

21 (3) CONFIDENTIALITY.—In determining what
22 information is required, the Secretary shall include
23 procedures to ensure that the privacy of individuals
24 receiving health care services is appropriately pro-
25 tected.

1 (4) TIMING AND FORM OF REPORTING.—The
2 information required to be reported under this sub-
3 section shall be reported regularly (but less often
4 than monthly) and in such form and manner as the
5 Secretary prescribes. Such information shall first be
6 required to be reported on a date specified by the
7 Secretary.

8 (c) DISCLOSURE AND CORRECTION OF INFORMA-
9 TION.—

10 (1) DISCLOSURE.—With respect to the informa-
11 tion about final adverse actions reported to the Sec-
12 retary under this section respecting a health care
13 provider, supplier, or practitioner, the Secretary
14 shall, by regulation, provide for—

15 (A) disclosure of the information, upon re-
16 quest, to the health care provider, supplier, or
17 licensed practitioner, and

18 (B) procedures in the case of disputed ac-
19 curacy of the information.

20 (2) CORRECTIONS.—Each Government agency
21 and health plan shall report corrections of informa-
22 tion already reported about any final adverse action
23 taken against a health care provider, supplier, or
24 practitioner, in such form and manner that the Sec-
25 retary prescribes by regulation.

1 (d) ACCESS TO REPORTED INFORMATION.—

2 (1) AVAILABILITY.—The information in this
3 database shall be available to Federal and State gov-
4 ernment agencies, health plans, and the public pur-
5 suant to procedures that the Secretary shall provide
6 by regulation.

7 (2) FEES FOR DISCLOSURE.—The Secretary
8 may establish or approve reasonable fees for the dis-
9 closure of information in this database (other than
10 with respect to requests by Federal agencies). The
11 amount of such a fee may be sufficient to recover
12 the full costs of carrying out the provisions of this
13 section, including reporting, disclosure and adminis-
14 tration. Such fees shall be available to the Secretary
15 or, in the Secretary's discretion to the agency des-
16 ignated under this section to cover such costs.

17 (e) PROTECTION FROM LIABILITY FOR REPORT-
18 ING.—No person or entity, including the agency des-
19 ignated by the Secretary in subsection (b)(5) shall be held
20 liable in any civil action with respect to any report made
21 as required by this section, without knowledge of the fal-
22 sity of the information contained in the report.

23 (f) DEFINITIONS AND SPECIAL RULES.—For pur-
24 poses of this section:

1 (1)(A) The term “final adverse action” in-
2 cludes:

3 (i) Civil judgments against a health care
4 provider or practitioner in Federal or State
5 court related to the delivery of a health care
6 item or service.

7 (ii) Federal or State criminal convictions
8 related to the delivery of a health care item or
9 service.

10 (iii) Actions by Federal or State agencies
11 responsible for the licensing and certifications
12 of health care providers, suppliers, and licensed
13 health care practitioners, including—

14 (I) formal or official actions, such as
15 revocation or suspension of a license (and
16 the length of any such suspension), rep-
17 rimand, censure or probation,

18 (II) any other loss of license, or the
19 right to apply for or renew a license of the
20 provider, supplier, or practitioner, whether
21 by operation of law, voluntary surrender,
22 non-renewable or otherwise, or

23 (III) any other negative action or
24 finding by such Federal or State agency
25 that, is publicly available information.

1 (iv) Exclusion from participation in Fed-
2 eral or State health care programs.

3 (v) Any other adjudicated actions or deci-
4 sions that the Secretary shall establish by regu-
5 lation.

6 (B) The term does not include any action with
7 respect to a malpractice claim.

8 (2) The terms “licensed health care practi-
9 tioner”, “licensed practitioner”, and “practitioner”
10 mean, with respect to a State, an individual who is
11 licensed or otherwise authorized by the State to pro-
12 vide health care services (or any individual who,
13 without authority holds himself or herself out to be
14 so licensed or authorized).

15 (3) The term “health care provider” means a
16 provider of services as defined in section 1861(u) of
17 the Social Security Act, and any person or entity, in-
18 cluding a health maintenance organization, group
19 medical practice, or any other entity listed by the
20 Secretary in regulation, that provides health care
21 services.

22 (4) The term “supplier” means a supplier of
23 health care items and services described in section
24 1819(a) and (b), and section 1861 of the Social Se-
25 curity Act.

1 (5) The term “Government agency” shall in-
2 clude:

3 (A) The Department of Justice.

4 (B) The Department of Health and
5 Human Services.

6 (C) Any other Federal agency that either
7 administers or provides payment for the deliv-
8 ery of health care services, including, but not
9 limited to the Department of Defense and the
10 Veterans’ Administration.

11 (D) State law enforcement agencies.

12 (E) State medicaid fraud and abuse units.

13 (F) Federal or State agencies responsible
14 for the licensing and certification of health care
15 providers and licensed health care practitioners.

16 (6) the term “Federal health care program”
17 has the meaning given such term in section
18 1128B(b) of the Social Security Act.

19 (7) The term “health plan” has the meaning
20 given such term in section 1347 of title 18 of the
21 United States Code.

22 (8) For purposes of paragraph (1), the exist-
23 ence of a conviction shall be determined under sec-
24 tion 1128 of the Social Security Act.

1 (g) CONFORMING AMENDMENT.—Section 1921(d)
2 (42 U.S.C. 1396r-2(d)) is amended by inserting “and sec-
3 tion 105 of the Federal Health Care Payment Integrity
4 Act of 1995 after “section 422 of the Health Care Quality
5 Improvement Act of 1986”.

6 **SEC. 11407. EXPANSION OF AUTHORITY OF MEDICAID**
7 **FRAUD CONTROL UNITS.**

8 (a) EXTENSION OF CONCURRENT AUTHORITY TO IN-
9 VESTIGATE AND PROSECUTE FRAUD IN OTHER FEDERAL
10 PROGRAMS.—Section 1903(q)(3) (42 U.S.C. 1396b(q)(3))
11 is amended by striking “in connection with” and all that
12 follows and inserting the following:

13 “in connection with—

14 “(A) any aspect of the provision of medical
15 assistance and the activities of providers of
16 such assistance under the State plan under this
17 title; and

18 “(B) (in cases where the entity’s function
19 is also described by subparagraph (A), and
20 upon the approval of the relevant Federal agen-
21 cy) any aspect of the provision of health care
22 services and activities of providers of such serv-
23 ices under any Federal health care program (as
24 defined in section 1128B(b)(1)).”

1 (b) EXTENSION OF AUTHORITY TO INVESTIGATE
2 AND PROSECUTE PATIENT ABUSE IN NON-MEDICAID
3 BOARD AND CARE FACILITIES.—Section 1903(q)(4) (42
4 U.S.C. 1396(b)(q)(4)) is amended to read as follows:

5 “(4)(A) The entity has—

6 “(i) procedures for reviewing complaints of
7 abuse or neglect of patients in health care fa-
8 cilities which receive payments under the State
9 plan under this title;

10 “(ii) at the option of the entity, procedures
11 for reviewing complaints of abuse or neglect of
12 patients residing in board and care facilities;
13 and

14 “(iii) procedures for acting upon such com-
15 plaints under the criminal laws of the State or
16 for referring such complaints to other State
17 agencies for action.

18 “(B) For purposes of this paragraph, the term
19 ‘board and care facility’ means a residential setting
20 which receives payment from or on behalf of two or
21 more unrelated adults who reside in such facility,
22 and for whom one or both of the following is pro-
23 vided:

24 “(i) Nursing care services provided by, or
25 under the supervision of, a registered nurse, li-

1 censed practical nurse, or licensed nursing as-
2 sistant.

3 “(ii) Personal care services that assist resi-
4 dents with the activities of daily living, includ-
5 ing personal hygiene, dressing, bathing, eating,
6 toileting, ambulation, transfer, positioning, self-
7 medication, body care, travel to medical serv-
8 ices, essential shopping, meal preparation, laun-
9 dry, and housework.”.

10 (c) **AUTHORITY OF INSPECTORS GENERAL.**—Nothing
11 in this Act affects the authority of the Inspectors General
12 of the Department of Veterans Affairs, the Department
13 of Defense, and other health care agencies under the In-
14 spector General Act of 1978 to conduct investigations, au-
15 dits, inspections, and evaluations of programs and oper-
16 ations of their respective agencies, including health care
17 programs and operations.

18 **SEC. 11408. RECOVERY OF MEDICARE OVERPAYMENTS**
19 **FROM BANKRUPT PROVIDERS.**

20 (a) **MEDICARE PART A.**—Section 1815(d) (42 U.S.C.
21 1395g(d)) is amended by adding at the end the following
22 sentence: “Amounts due to the program under this part
23 are not dischargeable under any title of the Bankruptcy
24 Code (11 U.S.C. 101 et seq.).”.

1 (b) MEDICARE PART B.—Section 1833(j) (42 U.S.C.
2 13951(j)) is amended by adding at the end the following
3 sentence: “Amounts due to the program under this part
4 are not dischargeable under any title of the Bankruptcy
5 Code (11 U.S.C. 101 et seq.).”.

6 **SEC. 11409. GRANTS TO STATES TO REVOKE LICENSES OF**
7 **UNQUALIFIED PROVIDERS.**

8 The Secretary of Health and Human Services is au-
9 thorized to make grants to States for activities necessary
10 to revoke the licenses, certification, or other State author-
11 ization of health care professionals and entities determined
12 to be unqualified for such authorization on the basis of
13 exclusion from Federal health care programs under sec-
14 tion 1128 or 1128A or for any other reason.

15 **SEC. 11410. AUTHORIZATION FOR INTERCEPTION OF WIRE,**
16 **ORAL OR ELECTRONIC COMMUNICATIONS.**

17 (a) Section 2516(1)(c) of title 18, United States
18 Code, is amended—

19 (1) by inserting “section 226 (bribery and graft
20 in connection with health care), section 227 (illegal
21 remunerations,” after “section 224 (bribery in sport-
22 ing contests),”; and

23 (2) by inserting “section 1347 (health care
24 fraud),” after “section 1344 (relating to bank
25 fraud),”.

1 (b) DEFINITIONS.—Section 1961(1) of title 18, Unit-
2 ed States Code, is amended—

3 (1) by inserting “sections 226 and 227 (relating
4 to bribery and graft, and illegal remuneration in
5 connection with health care),” after “section 224
6 (relating to sports bribery),”;

7 (2) by inserting “section 669 (relating to theft
8 or embezzlement in connection with health care),”
9 after “section 664 (relating to embezzlement from
10 pension and welfare funds),”; and

11 (3) by inserting “section 1347 (relating to
12 health care fraud),” after “section 1344 (relating to
13 financial institution fraud),”.

14 **PART 2—RESOURCES FOR ANTI-FRAUD**
15 **ACTIVITIES**

16 **SEC. 11421. HEALTH CARE FINANCING ADMINISTRATION**
17 **AND HHS INSPECTOR GENERAL FUNDING.**

18 (a) FINDINGS AND STATEMENT OF PURPOSE.—

19 (1) FINDINGS.—The Congress finds that—

20 (A) a significant amount of funds ex-
21 pended on the Medicare program are lost to
22 fraud, medically unnecessary services and other
23 abuse; and

24 (B) The Department of Health and
25 Human Services through activities of the Office

1 of Inspector General and Health Care Financ-
2 ing Administration is effective in combating
3 Medicare fraud and abuse and returning
4 misspent funds to the Federal Treasury.

5 (2) PURPOSE.—It is the purpose of this Act
6 to—

7 (A) protect, to the maximum extent prac-
8 ticable, the Medicare and Medicaid programs
9 from further losses due to fraud and abuse;

10 (B) test methods by which the savings that
11 these activities generate can be properly ac-
12 counted for when determining funding levels;
13 and

14 (C) ensure an adequate source of five-year
15 funding for HHS Medicare anti-fraud and
16 abuse activities.

17 (b) ESTABLISHMENT OF MEDICARE ANTI-FRAUD
18 AND ABUSE PROGRAM.—Title XI (42 U.S.C. 1301 et seq.)
19 is amended by adding at the end thereof the following new
20 part:

21 “PART C—MEDICARE ANTI-FRAUD AND ABUSE
22 PROGRAM

23 “PURPOSE

24 “SEC. 1171. The purpose of this part is to provide
25 funding for activities of the Office of Inspector General

1 related to preventing and detecting fraud and abuse in the
2 programs under title XVIII and determining the accuracy
3 and appropriateness of expenditures under such programs.

4 "FUNDING AVAILABLE

5 "SEC. 1172. (a) COVERED ANTI-FRAUD AND ABUSE
6 ACTIVITIES.—Funding from the trust funds established
7 under title XVIII shall be available, in accordance with
8 subsection (b), for activities conducted by the Inspector
9 General, either directly or by contract, pursuant to this
10 Act or the Inspector General Act of 1978, for the purposes
11 of—

12 "(1) Prosecuting matters related to the pro-
13 grams under title XVIII through criminal, civil, and
14 administrative proceedings.

15 "(2) Conducting investigations relating to such
16 programs.

17 "(3) Performing financial and performance au-
18 dits of programs and operations relating to the such
19 programs.

20 "(4) Performing inspections and other evalua-
21 tions relating to such programs.

22 "(5) Conducting provider and consumer edu-
23 cation activities regarding the requirements of this
24 title and title XVIII.

1 “(b) PAYMENTS FROM TRUST FUNDS.—Obligations
2 incurred by the Inspector General in carrying out the ac-
3 tivities designated in subsection (a) shall be paid from—

4 “(1) funds in the Federal Hospital Insurance
5 Trust Fund; and

6 “(2) funds in the Federal Supplementary Medi-
7 cal Insurance Trust Fund, in the amounts set forth
8 in subsection (c), allocated between those funds as
9 the Secretary shall deem fair and equitable after
10 taking into consideration the expenses attributable
11 to each of the programs under title XVIII. The Sec-
12 retary shall make such transfers of moneys between
13 those funds as may be appropriate to settle accounts
14 between them in cases where expenses properly pay-
15 able from one fund have been paid from the other
16 fund.

17 “(c) PAYMENT AMOUNTS.—Total amounts paid from
18 the Trust Funds in accordance with subsection (b) shall
19 equal—

20 “(1) \$130 million for fiscal year 1996;

21 “(2) \$181 million for fiscal year 1997;

22 “(3) \$204 million for fiscal year 1998;

23 “(4) \$223 million for fiscal year 1999; and

24 “(5) \$244 million for fiscal year 2000.”.

1 SEC. 11422. ESTABLISHMENT OF THE MEDICARE BENE-
2 FICIARY INTEGRITY SYSTEM.

3 (a) IN GENERAL.—Part C of title XVIII (42 U.S.C.
4 1395x et seq.) is amended by inserting after section 1889
5 the following:

6 “BENEFICIARY INTEGRITY SYSTEM

7 “SEC. 1890. (a) Obligations incurred for beneficiary
8 integrity system activities for each of fiscal years 1996
9 through 2000 shall be paid from funds in the Federal
10 Hospital Insurance Trust Fund and the Federal Supple-
11 mentary Medical Insurance Trust Fund, in the amounts
12 set forth in subsection (b), allocated between those funds
13 as the Secretary shall deem fair and equitable after taking
14 into consideration the expenses attributable to each of the
15 programs under this title. The Secretary shall make such
16 transfers or moneys between those funds as may be appro-
17 priate to settle accounts between them in cases where ex-
18 penses properly payable from one fund have been paid
19 from the other fund.

20 “(b) Total amounts paid from the Trust Funds in
21 accordance with subsection (a) shall equal—

22 “(1) \$430,000,000 for fiscal year 1996,

23 “(2) \$490,000,000 for fiscal year 1997,

24 “(3) \$550,000,000 for fiscal year 1998,

25 “(4) \$620,000,000 for fiscal year 1999, and

26 “(5) \$670,000,000 for fiscal year 2000.

1 “(c) For purposes of this section, beneficiary integ-
2 rity system activities consist of the following:

3 “(1) Review of activities of providers of services
4 or other persons in connection with this title, includ-
5 ing medical and utilization review and fraud review.

6 “(2) Audit of cost reports.

7 “(3) Determination as to whether payment
8 should not be, or should not have been, made under
9 this title by reason of section 1862(b), and recovery
10 of payments that should not have been made.

11 “(4) Education of providers of services, bene-
12 ficiaries, and other persons with respect to payment
13 integrity and beneficiary integrity system issues.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 subsection (a) applies to obligations incurred after fiscal
16 year 1995.

17 **SEC. 11423. GOVERNMENT-WIDE ANTI-FRAUD REINVEST-**
18 **MENT FUND.**

19 (a) ESTABLISHMENT.—

20 (1) IN GENERAL.—There is hereby established
21 the Health Care Fraud and Abuse Control Account.
22 The Health Care Fraud and Abuse Control Account
23 shall consist of—

24 (A) such gifts and bequests as may be
25 made as provided in subparagraph (B);

1 (B) such amounts as may be deposited in
2 the Health Care Fraud and Abuse Control Ac-
3 count as provided in title XI of the Social Secu-
4 rity Act; and

5 (C) such amounts as are transferred to the
6 Health Care Fraud and Abuse Control Account
7 under paragraph (3), but in no year shall more
8 than \$10 million be transferred or otherwise de-
9 posited to the Health Care Fraud and Abuse
10 Control Account.

11 (2) AUTHORIZATION TO ACCEPT GIFTS.—The
12 Health Care Fraud and Abuse Control Account is
13 authorized to accept on behalf of the United States
14 money gifts and bequests made unconditionally to
15 the Health Care Fraud and Abuse Control Account
16 for the benefit of the Health Care Fraud and Abuse
17 Control Program or any activity financed through
18 the Health Care Fraud and Abuse Control Account,
19 but not to exceed \$10 million.

20 (3) TRANSFER OF AMOUNTS.—The Secretary of
21 the Treasury shall transfer to the Health Care
22 Fraud and Abuse Control Account, under rules simi-
23 lar to the rules in section 9601 of the Internal Reve-
24 nue Code of 1986, an amount equal to the sum of
25 the following:

1 (A) Civil monetary penalties and assess-
2 ments recovered (including voluntary settlement
3 agreements) under titles XI, XVIII, and XIX of
4 the Social Security Act (except as otherwise
5 provided by law); the Program Fraud Civil
6 Remedies Act (31 U.S.C. 3801 et seq.) and
7 other civil monetary penalties and assessments
8 imposed in health care cases.

9 (B) Penalties and damages otherwise cred-
10 itable to Miscellaneous Receipts, Treasury, ob-
11 tained (including voluntary settlement agree-
12 ments) under the False Claims Act (31 U.S.C.
13 3729 et seq.), in cases involving claims related
14 to the provision of health care items and serv-
15 ices (other than funds awarded to a relator or
16 for the damages sustained by the health plan
17 because of the acts governed by section 3729).

18 (b) GENERAL USE OF FUNDS.—

19 (1) IN GENERAL.—Amounts in the Health Care
20 Fraud and Abuse Control Account shall be paid, at
21 the discretion jointly of the Attorney General and
22 the Secretary of Health and Human Services (acting
23 through the Inspector General of the Department of
24 Health and Human Services) to cover the costs (in-
25 cluding equipment, salaries and benefits, and travel

1 and training) of activities designed to prevent and
2 detect health care fraud and abuse, and to promote
3 economy and efficiency in Federal health care pro-
4 grams, such as health care fraud investigations, au-
5 dits, and inspections, including the costs of—

6 (A) prosecuting health care matters
7 (through criminal, civil, and administrative pro-
8 ceedings);

9 (B) investigations;

10 (C) financial and performance audits of
11 health care programs and operations;

12 (D) inspections and other evaluations; and

13 (E) provider and consumer education re-
14 garding compliance with the provisions of this
15 title.

16 (2) ERISA PLANS.—Any recoveries in connec-
17 tion with an employee welfare benefit plan as de-
18 fined in section 3 of the Employee Retirement In-
19 come Security Act of 1974 (18 U.S.C. 1002) shall
20 first be used to make whole participants and bene-
21 ficiaries of the employee welfare benefit plan.

22 (3) FUNDS USED TO SUPPLEMENT AGENCY AP-
23 PROPRIATIONS.—It is intended that disbursements
24 made from the Health Care Fraud and Abuse con-
25 trol Account be fairly apportioned among all Federal

1 health care agencies and be used to increase and not
2 supplant the recipient agency's appropriated operat-
3 ing budget.

4 (4) ANNUAL REPORT.—The Secretary and the
5 Attorney General shall submit jointly an annual re-
6 port to Congress on the amount of revenue which is
7 generated and disbursed by the Health Care Fraud
8 and Abuse Control Account in each fiscal year.

9 **PART 3—AMENDMENTS TO CRIMINAL LAW**

10 **SEC. 11431. HEALTH CARE FRAUD.**

11 **IN GENERAL.—**

12 (1) FINES AND IMPRISONMENT FOR HEALTH
13 CARE FRAUD VIOLATIONS.—Chapter 63 of title 18,
14 United States Code, is amended by adding at the
15 end the following new section:

16 **“§ 1347. Health care fraud**

17 “(a) Whoever knowingly and willfully executes, or at-
18 tempts to execute, a scheme or artifice—

19 “(1) to defraud any health plan or other per-
20 son, in connection with the delivery of or payment
21 for health care benefits, items, or services; or

22 “(2) to obtain, by means of false or fraudulent
23 pretenses, representations, or promises, any of the
24 money or property owned by, or under the custody
25 or control of, any health plan, or person in connec-

1 tion with the delivery of or payment for health care
2 benefits, items, and services;
3 shall be fined under this title or imprisoned not more than
4 10 years, or both. If the violation results in serious bodily
5 injury (as defined in section 1365(g)(3) of this title), such
6 person may be imprisoned for any term of years.

7 “(b) For purposes of this section, the term ‘health
8 plan means a plan or program that provides health bene-
9 fits, whether directly, through insurance, or otherwise, and
10 includes—

11 “(1) a policy of health insurance;

12 “(2) a contract of a service benefit organiza-
13 tion;

14 “(3) a membership agreement with a health
15 maintenance organization or other prepaid health
16 plan; and

17 “(4) an employee welfare benefit plan or a mul-
18 tiple employer welfare arrangement (as those terms
19 are defined in section 3 of the Employee Retirement
20 Income Security Act of 1974 (29 U.S.C. 1002)).”

21 (2) CLERICAL AMENDMENT.—The table of sec-
22 tions at the beginning of chapter 63 of title 18,
23 United States Code, is amended by adding at the
24 end the following:

“1347. Health care fraud.”

1 **SEC. 11432. FORFEITURES FOR FEDERAL HEALTH CARE OF-**
2 **FENSES.**

3 **IN GENERAL.**—Section 982(a) of title 18, United
4 States Code, is amended by adding after paragraph (5)
5 the following new paragraph:

6 “(6)(A) the court, in imposing sentence on a
7 person convicted of a Federal health care offense,
8 shall order the person to forfeit property, real or
9 personal, that constitutes or is derived, directly or
10 indirectly, from proceeds traceable to the commission
11 of the offense.

12 “(B) For purposes of this paragraph, the term
13 ‘Federal health care offense’ means a violation of, or
14 a criminal conspiracy to violate—

15 “(i) section 1347 of this title;

16 “(ii) section 1128B of the Social Security
17 Act;

18 “(iii) sections 287, 371, 664, 666, 1001,
19 1027, 1341, 1343, 1920, of 1954 of this title
20 if the violation or conspiracy relates to health
21 care fraud; or

22 “(iv) section 501 or 511 of the Employee
23 Retirement Income Security Act of 1974, if the
24 violation or conspiracy relates to health care
25 fraud.”.

1 **SEC. 11433. INJUNCTIVE RELIEF RELATING TO FEDERAL**
2 **HEALTH CARE OFFENSES.**

3 (a) **IN GENERAL.**—Section 1345(a)(1) of title 18,
4 United States Code, is amended—

5 (1) by striking “or” at the end of subparagraph
6 (A);

7 (2) by inserting “or” at the end of subpara-
8 graph (B); and

9 (3) by adding at the end the following new sub-
10 paragraph:

11 “(C) committing or about to commit a
12 Federal health care offense (as defined in sec-
13 tion 982(a)(6)(B) of this title);”.

14 (b) **FREEZING OF ASSETS.**—Section 1345(a)(2) of
15 title 18, United States Code, is amended by inserting “or
16 a Federal health care offense (as defined in section
17 982(a)(6)(B))” after “title”.

18 **SEC. 11434. GRAND JURY DISCLOSURE.**

19 Section 3322 of title 18, United States Code, is
20 amended—

21 (1) by redesignating subsections (c) and (d) as
22 subsections (d) and (e), respectively; and

23 (2) by inserting after subsection (b) the follow-
24 ing new subsection:

1 “(c) A person who is privy to grand jury infor-
2 mation concerning a Federal health care offense (as de-
3 fined in section 982(a)(6)(B))—

4 “(1) received in the course of duty as an attor-
5 ney for the Government; or

6 “(2) disclosed under rule 6(a)(3)(A)(ii) of the
7 Federal Rules of Criminal Procedure;
8 may disclose that information to an attorney for the
9 Government to use in any investigation or civil pro-
10 ceeding relating to health care fraud.”.

11 **SEC. 11435. FALSE STATEMENTS.**

12 (a) **IN GENERAL.**—Chapter 47 of title 18, United
13 States Code, is amended by adding at the end the follow-
14 ing new section:

15 **“§ 1033. False statements relating to health care mat-**
16 **ters**

17 “(a) Whoever, in any matter involving a health plan,
18 knowingly and willfully falsifies, conceals, or covers up by
19 any trick, scheme, or device a material fact, or makes any
20 false, fictitious, or fraudulent statements or representa-
21 tions, or makes or uses any false writing or document
22 knowing the same to contain any false, fictitious, or fraud-
23 ulent statement or entry, shall be fined under this title
24 or imprisoned not more than 5 years, or both.

1 “(b) For purposes of this section, the term ‘health
2 plan’ has the meaning given such term in section
3 1347(b).”.

4 (b) CLERICAL AMENDMENT.—The table of sections
5 at the beginning of chapter 47 of title 18, United States
6 Code, is amended by adding at the end the following:

“1033. False statements relating to health care matters.”.

7 **SEC. 11436. OBSTRUCTION OF CRIMINAL INVESTIGATIONS,**
8 **AUDITS OR INSPECTIONS OF FEDERAL**
9 **HEALTH CARE OFFENSES.**

10 (a) IN GENERAL.—Chapter 73 of title 18, United
11 States Code, is amended by adding at the end the follow-
12 ing new section:

13 **“§ 1518. Obstruction of criminal investigations, audits**
14 **or inspections of Federal health care of-**
15 **fenses.**

16 “(a) IN GENERAL.—Whoever willfully prevents, ob-
17 structs, misleads, delays or attempts to present, obstruct,
18 mislead, or delay the communication of information or
19 records relating to a Federal health care offense to a Fed-
20 eral agent or employee involved in the investigation, audit,
21 inspection or other related activity shall be fined under
22 this title or imprisoned not more than 5 years, or both.

23 “(b) FEDERAL HEALTH CARE OFFENSE.—As used
24 in this section the term ‘Federal health care offense’ has

1 the same meaning given such term in section 982(a)(6)(B)
2 of this title.

3 “(c) CRIMINAL INVESTIGATOR.—As used in this sec-
4 tion the term ‘criminal investigator’ means any individual
5 duly authorized by a department, agency, or armed force
6 of the United States to conduct or engage in investigations
7 for prosecutions for violations of health care offenses.”.

8 (b) CLERICAL AMENDMENT.—The table of sections
9 at the beginning of chapter 73 of title 18, United States
10 Code, is amended by adding at the end the following:

“1518. Obstruction of Criminal Investigations, Audits, or Inspections of Federal
Health Care Offenses.”.

11 **SEC. 11437. THEFT OR EMBEZZLEMENT.**

12 (a) IN GENERAL.—Chapter 31 of title 18, United
13 States Code, is amended by adding at the end the follow-
14 ing new section: “§ 669. Theft or embezzlement in connec-
15 tion with health care.

16 “(a) IN GENERAL.—Whoever willfully embezzles,
17 steals, or otherwise without authority willfully and unlaw-
18 fully converts to the use of any person other than the
19 rightful owner, or intentionally misapplies any of the mon-
20 eys, funds, securities, premiums, credits, property, or
21 other assets of a health plan, shall be fined under this
22 title or imprisoned not more than 10 years, or both.

1 “(b) HEALTH PLAN.—As, used in this section the
2 term ‘health plan’ has the meaning given such term in
3 section 1347(b).”.

4 (b) CLERICAL AMENDMENT.—The table of sections
5 at the beginning of chapter 31 of title 18, United States
6 Code, is amended by adding at the end the following:

“669. Theft or Embezzlement in Connection with Health care.”.

7 **SEC. 11438. LAUNDERING OF MONETARY INSTRUMENTS.**

8 Section 1956(c)(7) of title 18, United States Code,
9 is amended by adding at the end the following new sub-
10 paragraph:

11 “(F) Any act or activity constituting an offense
12 involving a Federal health care offense as that term
13 is defined in section 982(a)(6)(B) of this title.”.

14 **SEC. 11439. AUTHORIZED INVESTIGATIVE DEMAND PROCE-**
15 **DURES.**

16 (a) IN GENERAL.—Chapter 233 of title 18, United
17 States Code, is amended by adding after section 3485 the
18 following new section:

19 **“§ 3486. Authorized investigative demand procedures.**

20 “(a) AUTHORIZATION.—

21 “(1) In any investigation relating to functions
22 set forth in paragraph (2), the Attorney General or
23 designee may issue in writing and cause to be served
24 a subpoena compelling production of any records (in-
25 cluding any books, papers, documents, electronic

1 media, or other objects or tangible things), which
2 may be relevant to an authorized law enforcement
3 inquiry, that a person or legal entity may possess or
4 have care, custody, or control. A custodian of
5 records may be required to give testimony concern-
6 ing the production and authentication of such
7 records. The production of records may be required
8 from any place in any State or in any territory, or
9 other place subject to the jurisdiction of the United
10 States at any designated place; except that such pro-
11 duction shall not be required more than 500 miles
12 distant from the place where the subpoena is served.
13 Witnesses summoned under this section shall be paid
14 the same fees and mileage that are paid witnesses
15 in the courts of the United States. A subpoena re-
16 quiring the production of records shall describe the
17 objects required to be produced and prescribe a re-
18 turn date within a reasonable period of time within
19 which the objects can be assembled and made avail-
20 able.

21 “(2) Investigative demands utilizing an admin-
22 istrative subpoena are authorized for any investiga-
23 tion with respect to any act or activity constituting
24 or involving health care fraud, including a scheme or
25 artifice—

1 “(A) to defraud any health plan or other
2 person, in connection with the delivery of or
3 payment for health care benefits, items, or serv-
4 ices; or

5 “(B) to obtain, by means of false or fraud-
6 ulent pretenses, representations, or promises,
7 any of the money or property owned by, or
8 under the custody or control of, any health
9 plan, or person in connection with the delivery
10 of or payment for health care benefits, items, or
11 services.

12 “(b) SERVICE.—A subpoena issued under this section
13 may be served by any person designated in the subpoena
14 to serve it. Service upon a natural person may be made
15 by personal delivery of the subpoena to such person. Serv-
16 ice may be made upon a domestic or foreign association
17 which is subject to suit under a common name, by deliver-
18 ing the subpoena to an officer, to a managing or general
19 agent, or to any other agency authorized by appointment
20 or by law to receive service of process. The affidavit of
21 the person serving the subpoena entered on a true copy
22 thereof by the person serving it shall be proof of service.

23 “(c) ENFORCEMENT.—In the case of contumacy by
24 or refusal to obey a subpoena issued to any person, the
25 Attorney General may invoke the aid of any court of the

1 United States within the Jurisdiction of which the inves-
2 tigation is carried on or of which the subpoenaed person
3 is an inhabitant, or in which such person carries on busi-
4 ness or may be found, to compel compliance with the sub-
5 poena. The court may issue an order requiring the subpoe-
6 naed person to appear before the Attorney General to
7 produce records, if so ordered, or to give testimony touch-
8 ing the matter under investigation. Any failure to obey
9 the order of the court may be punished by the court as
10 a contempt thereof. All process in any such case may be
11 served in any Judicial district in which such person may
12 be found.

13 “(d) IMMUNITY FROM CIVIL LIABILITY.—Notwith-
14 standing any Federal, State, or local law, any person, in-
15 cluding officers, agents, and employees receiving a sub-
16 poena under this section, who complies in good faith with
17 the subpoena and thus produces the materials sought,
18 shall not be liable in any court of any State or the United
19 States to any customer or other persons for such produc-
20 tion or for nondisclosure of that production to the cus-
21 tomer.

22 “(e) USE IN ACTION AGAINST INDIVIDUALS.—

23 “(1) Health information about an individual
24 that is disclosed under this section may not be used
25 in, or disclosed to any person for use in, any admin-

1 istrative, civil, or criminal action or investigation di-
2 rected against the individual who is the subject of
3 the information unless the action or investigation
4 arises out of and is directly related to receipt of
5 health care or payment for health care or action in-
6 volving a fraudulent claim related to health; or if au-
7 thorized by an appropriate order of a court of com-
8 petent jurisdiction, granted after application showing
9 good cause therefore.

10 “(2) In assessing good cause, the court shall
11 weigh the public interest and the need for disclosure
12 against the injury to the patient, to the physician-
13 patient relationship, and to the treatment services.

14 “(3) Upon the granting of such order, the
15 court, in determining the extent to which any disclo-
16 sure of all or any part of any record is necessary,
17 shall impose appropriate safeguards against unau-
18 thorized disclosure.

19 “(f) HEALTH PLAN.—As used in this section the
20 term ‘health plan’ has the meaning given such term in
21 section 1347(b).”.

22 (b) CLERICAL AMENDMENT.—The table of sections
23 for chapter 223 of title 18, United States Code, is amend-
24 ed by inserting after the item relating to section 3405 the

1 following new item: § 3486. Authorized investigative de-
2 mand procedures”.

3 (c) CONFORMING AMENDMENT.—Section
4 1510(b)(3)(B) of title 18, United States Code, is amended
5 by inserting “or a Department of Justice subpoena (issued
6 under section 3486),” after “subpoena”.

7 PART 4—MEDICARE IMPROVEMENTS

8 Subpart A—Coordination of Benefits

9 SEC. 11441. CLARIFICATION OF TIME AND FILING LIMITA- 10 TIONS.

11 (a) IN GENERAL.—Section 1862(b)(2)(B) (42 U.S.C.
12 1395y(b)(2)(B)) is amended by adding at the end of the
13 following:

14 “(v) TIME, FILING, AND RELATED PROVI-
15 SIONS UNDER PRIMARY PLAN.—Requirements
16 under a primary plan as to the filing of a claim,
17 time limitations for the filing of a claim, infor-
18 mation not maintained by the Secretary, or no-
19 tification or pre-admission review, shall not
20 apply to a claim by the United States under
21 clause (ii) or (iii).”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) applies to items and services furnished after
24 1990.

1 “(IV) The Secretary may, from time to time, reclas-
2 sify specific tests as automated or not automated, based
3 on the volume of a test and the relative frequency by which
4 the test is performed on automated equipment.”.

5 (b) EFFECTIVE DATE AND INITIAL PAYMENT LEV-
6 ELS.—

7 (1) The amendments made by subsection (a)
8 apply to tests performed after 1995.

9 (2) If the Secretary sets a nationally uniform
10 fee under subclause (II) of section 1833(h)(2)(A)(iii)
11 of the Social Security Act (42 U.S.C.
12 1395(h)(2)(A)(iii)), such a fee shall be initially es-
13 tablished so that estimated aggregate payments
14 under such fee shall equal the estimated aggregate
15 amounts that would otherwise have been payable for
16 the tests under subclause (I).

17 **Subpart D—Provisions Relating to Parts A**
18 **and B of Medicare**

19 **SEC. 11471. DISCLOSURE OF TAXPAYER IDENTIFYING NUM-**
20 **BERS AND OTHER INFORMATION.**

21 (a) PROVIDERS OF SERVICES AND CERTAIN OTHER
22 ENTITIES.—Section 1124 (42 U.S.C. 1320a–3) is amend-
23 ed by adding at the end of the following:

24 “(c) The Secretary may also require a disclosing en-
25 tity to supply the Secretary with the taxpayer identifying

1 number (TIN) of the disclosing entity, of any person con-
2 cerning whom information is to be supplied under sub-
3 section (a), or of any other disclosing entity listed under
4 subsection (b).”.

5 (b) ENTITIES THAT FURNISH ITEMS AND SERVICES
6 UNDER PART B.—

7 (1) Section 1124A(c)(1) (42 U.S.C. 1320a-
8 3a(c)(1)) is amended by striking “on an assignment-
9 related basis”.

10 (2) Section 1124A(a) (42 U.S.C. 1320a-3a(a))
11 is amended—

12 (A) by striking “and” at the end of para-
13 graph (1),

14 (B) by striking the period at the end of
15 paragraph (2) and adding “; and”, and

16 (C) by adding at the end the following:

17 “(3) on the identity of each individual described
18 in section 1866(a)(1)(D).”.

19 (3) Section 1124A (42 U.S.C. 1320a-3a) is
20 amended—

21 (A) by redesignating subsection (c) as (d),
22 and

23 (B) by inserting after subsection (b) the
24 following:

1 “(d) The Secretary may also require a disclosing part
2 B provider to provide the Secretary with the taxpayer
3 identifying number (TIN) of the disclosing part B pro-
4 vider, of any person concerning whom information is to
5 be supplied under subsection (a)(1), and of any managing
6 employee or entity listed under subsection (a)(2).”.

7 (c) VERIFICATION OF TINs WITH THE SECRETARY
8 OF THE TREASURY.—Section 6103(m) of the Internal
9 Revenue Code of 1986 (26 U.S.C. 6103(m)) is amended
10 by adding at the end the following:

11 “(8) Individuals and other entities involved in
12 furnishing health care items and services under Fed-
13 eral (or federally supported) programs.—Upon writ-
14 ten request by the Secretary of Health and Human
15 Services, the Secretary shall disclose to the Sec-
16 retary of Health and Human Services the name of
17 each person or entity whose TIN has been obtained
18 under section 1124(c) or 1124A(d) of the Social Se-
19 curity Act.”.

20 **SEC. 11472. USE OF WAGE INDEX FOR AREA IN WHICH**
21 **HOME HEALTH SERVICES ARE FURNISHED.**

22 (a) IN GENERAL.—Section 1861(v)(1)(L)(iii) (42
23 U.S.C. 1395x(v)(1)(L)(iii)) is amended by striking “the
24 home health agency is located” and inserting “services are
25 furnished”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) applies to services furnished after 1996.

3 CHANGES TO ADMINISTRATION BILL

4 (1) SNF PPS (Section 11113): Advance effective
5 date by one year to October 1, 1997. Interim PPS con-
6 tained in Section 11112 would apply between October 1,
7 1996 and September 30, 1997.

8 (2) Medical Education (Section 11105): Delete all
9 but subsections (a)(1) and (b)(1). The only thing that re-
10 mains is the freeze on interns and residents at the hos-
11 pital-specific level in the aggregate and for non-primary
12 care slots, for both Medicare IME and GME payments.
13 Plus the 2 proposals on the attached sheet.

14 (3) AAPCC Add-Ons (Section 11115): Change sub-
15 section (c) (new section 1886(d)(11)(F)) to payback of
16 100 percent of IME, GME and DSH (rather than 75 per-
17 cent), effective 1/1/98. See change in removal of add-ons
18 in managed care section.

19 (4) Oxygen (Section 11126): Delete Section 11126
20 from Administration bill. Substitute Section 8233 from
21 H.R. 2530 (the Coalition bill).

22 (5) Rural Provisions: Keep Section 11116 (Sole Com-
23 munity Hospitals) and Section 11117 (Rural Primary
24 Care Hospital Program). Add Section 7021 (Rural Refer-
25 ral Center), Section 7024 (PA/NP), Section 7025
26 (Telemedicine). Section 7026 (Rural Health Outreach

1 Grants), Section 7028 (DSH threshold) from the Senate
2 Democratic Plan (printed in the Congressional Record on
3 Nov. 1).

4 (6) Managed Care: See attachment.

5 (7) Preventive benefits demonstration program sun-
6 sets in 2001 unless the Secretary determines these bene-
7 fits are cost-effective.

8 ADDITIONAL GMF PROPOSALS

9 Medical Education: Add provision from Administra-
10 tion package to allow hospitals to count residents in non-
11 hospital settings for purposes of their IME adjustment as
12 long as their resident-to-bed ratio does not increase, effec-
13 tive 7/1/96.

14 Medical Education: Add provision from Administra-
15 tion package to allow DGME payments to be made to cer-
16 tain non-hospital settings when the non-hospital is paying
17 for the resident's salary in that setting, effective 7/1/96.

18 (c) UPGRADED DURABLE MEDICAL EQUIPMENT.—
19 Section 1834(a) (42 U.S.C. 1395m(a)) is amended by in-
20 serting after paragraph (15) the following new paragraph:

21 “(16) CERTAIN UPGRADED ITEMS.—

22 “(A) INDIVIDUAL'S RIGHT TO CHOOSE UP-
23 GRADED ITEM.—Notwithstanding any other
24 provision of law, effective on the date on which
25 the Secretary issues regulations under subpara-
26 graph (C), an individual may purchase or rent

1 from a supplier an item of upgraded durable
2 medical equipment for which payment would be
3 made under this subsection if the item were a
4 standard item.

5 “(B) PAYMENTS TO SUPPLIER.—In the
6 case of the purchase or rental of an upgraded
7 item under subparagraph (A)—

8 “(i) the supplier shall receive payment
9 under this subsection with respect to such
10 item as if such item were a standard item;
11 and

12 “(ii) the individual purchasing or
13 renting the item shall pay the supplier an
14 amount equal to the difference between the
15 supplier’s charge and the amount under
16 clause (i).

17 In no event may the supplier’s charge for an
18 upgraded item exceed the applicable fee sched-
19 ule amount (if any) for such item.

20 “(C) CONSUMER PROTECTION SAFE-
21 GUARDS.—The Secretary shall issue regulations
22 providing for consumer protection standards
23 with respect to the furnishing of upgraded
24 equipment under subparagraph (A). Such regu-
25 lations shall provide for—

1 “(i) determination of fair market
2 prices with respect to an upgraded item;

3 “(ii) full disclosure of the availability
4 and price of standard items and proof of
5 receipt of such disclosure information by
6 the beneficiary before the furnishing of the
7 upgraded item;

8 “(iii) conditions of participation for
9 suppliers in the simplified billing arrange-
10 ment;

11 “(iv) sanctions of suppliers who are
12 determined to engage in coercive or abu-
13 sive practices, including exclusion; and

14 “(v) such other safeguards as the Sec-
15 retary determines are necessary.”.

16 OTHER MEDICARE CHANGES TO ADMINISTRATION’S

17 ORIGINAL PLAN CHOICES

18 Expanded Secretarial discretion over 50/50 and mini-
19 mum enrollment: The Administration bill would establish
20 minimum enrollment requirements of 5,000 members in
21 urban areas and 1,500 members in rural areas, and main-
22 tain the 50/50 enrollment composition requirement in
23 urban and rural areas, counting members for whom the
24 entity is “substantially at risk”. The 50/50 requirement
25 could be waived in certain situations.

1 This change would give the Secretary authority to
 2 contract with organizations not meeting either the initial
 3 enrollment or the 50/50 requirements, subject to: (1) an
 4 evaluation that the entity has as the ability to manage
 5 risk; (2) capacity limits imposed by the Secretary; (3)
 6 meeting appropriate financial solvency requirements; and
 7 (4) a higher level of monitoring.

8 Secretarial authority to contract out with entities: El-
 9 igible health plans would include those specified in the Ad-
 10 ministration bill, with the addition of an "other" category
 11 for new types of plans that meet specified standards. The
 12 Secretary would retain discretion as to which plans could
 13 contract with Medicare.

14 Nurses and PSO issue: The Administration bill limits
 15 who can establish PSOs to various mixtures of physicians
 16 and/or hospitals. This change would treat nurse
 17 praictioners on a par with physicians for purposes of creat-
 18 ing PSOs.

19 BENEFITS

20 Barium enemas with sigmoidoscopy for high risk
 21 beneficiaries: The Administration bill would cover
 22 colonoscopy for beneficiaries at high risk of colon cancer.
 23 Under this change, Medicare would cover either (1) a
 24 colonoscopy or (2) a combination of a flexible
 25 sigmoidoscopy and an air contrast barium enema. The
 26 original estimate for the complete colon screening benefit

1 was \$1.1 billion; the original proposal was repriced, based
2 on new information, at \$1.365 billion. The total cost esti-
3 mate, including this change, is \$1.355 billion, or estimated
4 lower costs of \$10 million over 7 years. (The combination
5 of sigmoidoscopy and air contrast barium enema cost
6 slightly less than colonoscopy.) Because HCFA expects a
7 small net savings, we do not anticipate this change would
8 affect CBO's estimate.

9 REGULATORY REFORM

10 CLIA compromise: The "Blue Dog" proposal would
11 exempt all physician office laboratories (POLs) from
12 CLIA requirements, except when they perform Pap smear
13 tests. An identical provision was deleted under the Byrd
14 rule from the Reconciliation Bill. This provision would
15 leave a majority of the nation's labs with no quality over-
16 sight at all. Various compromise proposals for reducing
17 CLIA burdens on POLs have been discussed on Capitol
18 Hill. One such compromise, drafted by Democrats on the
19 House Commerce Committee, would (1) remove the re-
20 quirement of biennial laboratory inspections, allowing as-
21 needed inspections based on criteria set by the Secretary;
22 (2) mandate that all routine inspections be announced;
23 and (3) reduce application requirements for CLIA certifi-
24 cates and remove biennial re-application requirements.
25 This change would reduce burdens related to inspections

1 and paperwork without compromising the quality of lab-
2 oratory testing.

3 Self-referral compensation exception: The Adminis-
4 tration bill includes no provision in this area; the Rec-
5 onciliation Bill would substantially weaken current protec-
6 tions.

7 This change, modeled after Mr. Stark's bill, would:

8 1. Add exceptions for shared facility services and for
9 capitated payments (if designated health services are in-
10 cluded).

11 2. Entirely exclude intraocular lens, eyeglasses, and
12 contact lenses from designated health services subject to
13 prohibitions.

14 3. Include DME and parenteral and enteral nutri-
15 ents, equipment and supplies in the exception for in-office
16 ancillary services.

17 4. Delineate the requirements for permissible com-
18 pensation arrangements, thus making the requirements
19 uniform for all arrangements.

20 5. Repeal the exception for physicians' services.

21 The "General Exceptions to both Ownership and
22 Compensation Arrangement Prohibitions" would then be:
23 (1) shared facility services (new); (2) in-office ancillary
24 services (including DME, parenteral and enteral nutrients,
25 equipment, and supplies) (altered); (3) pre-paid plans (un-

1 changed); (4) capitated payments (new); and (5) other
2 permissible exceptions (unchanged).

3 OTHER

4 OPD/PPS: Add a PPS for OPDs. In particular, in
5 FY 2002, establish a PPS that would be budget neutral
6 relative to what Medicare payments would have been in
7 2002 and also budget neutral relative to what total bene-
8 ficiary coinsurance would have been in 2002.

9 Hospice: Under current law, hospice care is excepted
10 from the package of services provided by risk plans. If
11 beneficiaries elect hospice care, Medicare makes payments
12 directly to the hospice, and the HMOs and CMPs receive
13 the full monthly capitation amount (less an amount paid
14 to the hospice for attending physician services). Thus, hos-
15 pices are not required to contract directly with HMOs and
16 CMPs. This technical change would retain the current
17 provision under the new authority for Medicare managed
18 care contracting.

19 SNF minimum data set: This change would require
20 the continuation of standardized resident assessments con-
21 tained in the minimum data set (MDS). The MDS data
22 is necessary for developing a case-mix adjustor for a SNF
23 PPS, proposed elsewhere in the bills. Current Congres-
24 sional proposals eliminate the requirement that this data
25 be collected by eliminating certain nursing home quality
26 standards.

1 Home health agency data for case mix system: This
2 change would allow the Secretary to mandate the collec-
3 tion of data that may be necessary to develop a case mix
4 adjustor for HH PPS. There is currently no requirement
5 that such data be collected.

6 Rural Primary Care Hospital Program (Sec. 11117
7 in President's bill)

8 (1) Sen. Baucus is seeking an extension of the MAF
9 demonstration project until 2002, such as the one that
10 was included in the Conference Agreement. Since our
11 Rural Primary Care Hospital (RPCH) expansion proposal
12 makes RPCHs much more similar to MAFs in all key as-
13 pects, we suggest grandfathering all MAFs as RPCHs as
14 of the date of implementation of the national program.
15 This would effectively make all MAFs permanent, so that
16 extensions of the MAF demonstration would no longer be
17 necessary.

18 Centers of excellence: This change would replace the
19 term "rebates" with "beneficiary incentives."

20 **TITLE V—WELFARE REFORM**

21 **SEC. 9000. AMENDMENT OF THE SOCIAL SECURITY ACT.**

22 Except as otherwise expressly provided, wherever in
23 this title an amendment or repeal is expressed in terms
24 of an amendment to, or repeal of, a section or other provi-

1 sion, the reference shall be considered to be made to a
2 section or other provision of the Social Security Act.

3 **Subtitle A—Temporary**
4 **Employment Assistance**

5 **SEC. 9101. STATE PLAN.**

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

8 “**PART A—TEMPORARY EMPLOYMENT ASSISTANCE**

9 “**SEC. 400. APPROPRIATION.**

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

1 “SUBPART 1—STATE PLANS FOR TEMPORARY

2 EMPLOYMENT ASSISTANCE

3 **“SEC. 401. ELEMENTS OF STATE PLANS.**

4 “A State plan for temporary employment assistance
5 shall provide a description of the State program which car-
6 ries out the purpose described in section 400 and shall
7 meet the requirements of the following sections of this
8 subpart.

9 **“SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOY-**
10 **MENT ASSISTANCE.**

11 “(a) IN GENERAL.—The State plan shall provide that
12 any family—

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

16 “(2) which fulfills the conditions set forth in
17 subsection (b),

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

20 “(b) INDIVIDUAL RESPONSIBILITY PLAN.—The
21 State plan shall provide that not later than 30 days after
22 the approval of the application for temporary employment
23 assistance, a parent qualifying for assistance shall execute
24 an individual responsibility plan as described in section
25 403. If a child otherwise eligible for assistance under this

1 part is residing with a relative other than a parent, the
2 State plan may require the relative to execute such a plan
3 as a condition of the family receiving such assistance.

4 “(c) LIMITATIONS ON ELIGIBILITY.—

5 “(1) LENGTH OF TIME.—

6 “(A) IN GENERAL.—Except as provided in
7 subparagraphs (B), (C), (D), and (E), the
8 State plan shall provide that the family of an
9 individual who, after attaining age 18 years (or
10 age 19 years, at the option of the State), has
11 received assistance under the plan for 60
12 months, shall no longer be eligible for cash as-
13 sistance under the plan.

14 “(B) HARDSHIP EXCEPTION.—With re-
15 spect to any family, the State plan shall not in-
16 clude in the determination of the 60-month pe-
17 riod under subparagraph (A) any month in
18 which—

19 “(i) at the option of the State, the
20 family includes an individual working 20
21 hours per week (or more, at the option of
22 the State);

23 “(ii) the family resides in an area
24 with an unemployment rate exceeding 8
25 percent; or

1 “(iii) the family is experiencing other
2 special hardship circumstances which make
3 it appropriate for the State to provide an
4 exemption for such month, except that the
5 total number of exemptions under this
6 clause for any month shall not exceed 15
7 percent of the number of families to which
8 the State is providing assistance under the
9 plan.

10 “(C) EXCEPTION FOR TEEN PARENTS.—
11 With respect to any family, the State plan shall
12 not include in the determination of the 60-
13 month period under subparagraph (A) any
14 month in which the parent—

15 “(i) is under age 18 (or age 19, at the
16 option of the State); and

17 “(ii) is making satisfactory progress
18 while attending high school or an alter-
19 native technical preparation school.

20 “(D) EXCEPTION FOR INDIVIDUALS EX-
21 EMPT FROM WORK REQUIREMENTS.—With re-
22 spect to any family, the State plan shall not in-
23 clude in the determination of the 60-month pe-
24 riod under subparagraph (A) any month in
25 which 1 or each of the parents—

1 “(i) is seriously ill, incapacitated, or
2 of advanced age;

3 “(ii)(I) except for a child described in
4 subclause (II), is responsible for a child
5 under age 1 year (or age 6 months, at the
6 option of the State), or

7 “(II) in the case of a second or subse-
8 quent child born during such period, is re-
9 sponsible for a child under age 3 months;

10 “(iii) is pregnant in the third tri-
11 mester; or

12 “(iv) is caring for a family member
13 who is ill or incapacitated.

14 “(E) EXCEPTION FOR CHILD-ONLY
15 CASES.—With respect to any child who has not
16 attained age 18 (or age 19, at the option of the
17 State) and who is eligible for assistance under
18 this part, but not as a member of a family oth-
19 erwise eligible for assistance under this part
20 (determined without regard to this paragraph),
21 the State plan shall not include in the deter-
22 mination of the 60-month period under sub-
23 paragraph (A) any month in which such child
24 has not attained such age.

1 “(F) OTHER PROGRAM ELIGIBILITY.—The
2 State plan shall provide that if a family is no
3 longer eligible for cash assistance under the
4 plan due to the imposition of the 60-month pe-
5 riod under subparagraph (A) or due to the im-
6 position of a penalty under subparagraph
7 (A)(ii) or (B)(ii) of section 403(e)(1)—

8 “(i) for purposes of determining eligi-
9 bility for any other Federal or federally as-
10 sisted program based on need, such family
11 shall continue to be considered eligible for
12 such cash assistance;

13 “(ii) for purposes of determining the
14 amount of assistance under any other Fed-
15 eral or federally assisted program based on
16 need, such family shall continue to be con-
17 sidered receiving such cash assistance; and

18 “(iii) the State may, at the option of
19 the State, after having assessed the needs
20 of the child or children of the family, pro-
21 vide for such needs with a voucher for such
22 family—

23 “(I) determined on the same
24 basis as the State would provide as-

1 sistance under the State plan to such
2 a family with 1 less individual,

3 “(II) designed appropriately to
4 pay third parties for shelter, goods,
5 and services received by the child or
6 children, and

7 “(III) payable directly to such
8 third parties.

9 “(2) TREATMENT OF INTERSTATE MIGRANTS.—

10 The State plan may apply to a category of families
11 the rules for such category under a plan of another
12 State approved under this part, if a family in such
13 category has moved to the State from the other
14 State and has resided in the State for less than 12
15 months.

16 “(3) INDIVIDUALS ON OLD-AGE ASSISTANCE OR
17 SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT AS-
18 SISTANCE.—The State plan shall provide that no as-
19 sistance shall be furnished any individual under the
20 plan with respect to any period with respect to which
21 such individual is receiving old-age assistance under
22 the State plan approved under section 102 of title
23 I or supplemental security income under title XVI.

24 “(4) CHILDREN FOR WHOM FEDERAL, STATE,
25 OR LOCAL FOSTER CARE MAINTENANCE OR ADOP-

1 TION ASSISTANCE PAYMENTS ARE MADE.—A child
2 with respect to whom foster care maintenance pay-
3 ments or adoption assistance payments are made
4 under part E or under State or local law shall not,
5 for the period for which such payments are made, be
6 regarded as a needy child under this part, and such
7 child's income and resources shall be disregarded in
8 determining the eligibility of the family of such child
9 for temporary employment assistance.

10 “(5) DENIAL OF ASSISTANCE FOR 10 YEARS TO
11 A PERSON FOUND TO HAVE FRAUDULENTLY MIS-
12 REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-
13 SISTANCE IN 2 OR MORE STATES.—The State plan
14 shall provide that no assistance will be furnished any
15 individual under the plan during the 10-year period
16 that begins on the date the individual is convicted in
17 Federal or State court of having made, a fraudulent
18 statement or representation with respect to the place
19 of residence of the individual in order to receive ben-
20 efits or services simultaneously from 2 or more
21 States under programs that are funded under this
22 part, title XIX, or the Food Stamp Act of 1977, or
23 benefits in 2 or more States under the supplemental
24 security income program under title XVI.

1 “(6) DENIAL OF ASSISTANCE FOR FUGITIVE
2 FELONS AND PROBATION AND PAROLE VIOLA-
3 TORS.—

4 “(A) IN GENERAL.—The State plan shall
5 provide that no assistance will be furnished any
6 individual under the plan for any period if dur-
7 ing such period the State agency has knowledge
8 that such individual is—

9 “(i) fleeing to avoid prosecution, or
10 custody or confinement after conviction,
11 under the laws of the place from which the
12 individual flees, for a crime, or an attempt
13 to commit a crime, which is a felony under
14 the laws of the place from which the indi-
15 vidual flees, or which, in the case of the
16 State of New Jersey, is a high mis-
17 demeanor under the laws of such State; or

18 “(ii) violating a condition of probation
19 or parole imposed under Federal or State
20 law.

21 “(B) EXCHANGE OF INFORMATION WITH
22 LAW ENFORCEMENT AGENCIES.—Notwithstand-
23 ing any other provision of law, the State plan
24 shall provide that the State shall furnish any
25 Federal, State, or local law enforcement officer,

1 upon the request of the officer, with the current
2 address of any recipient of assistance under the
3 plan, if the officer furnishes the agency with the
4 name of the recipient and notifies the agency
5 that—

6 “(i) such recipient—

7 “(I) is described in clause (i) or
8 (ii) of subparagraph (A); or

9 “(II) has information that is nec-
10 essary for the officer to conduct the
11 officer’s official duties; and

12 “(ii) the location or apprehension of
13 the recipient is within such officer’s official
14 duties.

15 “(d) DETERMINATION OF ELIGIBILITY.—

16 “(1) DETERMINATION OF NEED.—The State
17 plan shall provide that the State agency take into
18 consideration any income and resources of any indi-
19 vidual the State determines should be considered in
20 determining the need of the child or relative claim-
21 ing temporary employment assistance, subject to sec-
22 tion 407.

23 “(2) RESOURCE AND INCOME DETERMINA-
24 TION.—In determining the total resources and in-

1 come of the family of any needy child, the State plan
2 shall provide the following:

3 “(A) RESOURCES.—The State’s resource
4 limit, including a description of the policy deter-
5 mined by the State regarding any exclusion al-
6 lowed for vehicles owned by family members, re-
7 sources set aside for future needs of a child, in-
8 dividual development accounts, or other policies
9 established by the State to encourage savings.

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

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

20 “(D) CHILD’S EARNINGS.—The treatment
21 of earnings of a child living in the home.

22 “(E) EARNED INCOME TAX CREDIT.—The
23 State agency shall disregard any refund of Fed-
24 eral income taxes made to a family receiving
25 temporary employment assistance by reason of

1 section 32 of the Internal Revenue Code of
2 1986 (relating to earned income tax credit) and
3 any payment made to such a family by an em-
4 ployer under section 3507 of such Code (relat-
5 ing to advance payment of earned income cred-
6 it).

7 “(3) VERIFICATION SYSTEM.—The State plan
8 shall provide that information is requested and ex-
9 changed for purposes of income and eligibility ver-
10 ification in accordance with a State system which
11 meets the requirements of section 1137.

12 **“SEC. 403. INDIVIDUAL RESPONSIBILITY PLAN.**

13 “(a) ASSESSMENT.—The State agency responsible
14 for administering the State plan shall make an initial as-
15 sessment of the skills, prior work experience, and employ-
16 ability of each applicant for, or recipient of, assistance
17 under the State plan who—

18 “(1) has attained 18 years of age; or

19 “(2) has not completed high school or obtained
20 a certificate of high school equivalency, and is not
21 attending secondary school.

22 **“(b) INDIVIDUAL RESPONSIBILITY PLANS.—**

23 “(1) IN GENERAL.—On the basis of the assess-
24 ment made under subsection (a) with respect to an
25 individual, the State agency, in consultation with the

1 individual, shall develop an individual responsibility
2 plan for the individual, which—

3 “(A) shall provide that participation by the
4 individual in job search activities shall be a con-
5 dition of eligibility for assistance under the
6 State plan approved under part A, except dur-
7 ing any period for which the individual is em-
8 ployed full-time in an unsubsidized job in the
9 private sector;

10 “(B) sets forth an employment goal for the
11 individual and a plan for moving the individual
12 immediately into private sector employment;

13 “(C) sets forth the obligations of the indi-
14 vidual, which may include a requirement that
15 the individual attend school, maintain certain
16 grades and attendance, keep school age children
17 of the individual in school, immunize children,
18 attend parenting and money management class-
19 es, or do other things that will help the individ-
20 ual become and remain employed in the private
21 sector;

22 “(D) may require that the individual enter
23 the State program established under part F, if
24 the caseworker determines that the individual
25 will need education, training, job placement as-

1 sistance, wage enhancement, or other services
2 to become employed in the private sector;

3 “(E) shall provide that the individual
4 must—

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

11 “(ii) cooperate with the State—

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

16 “(II) in obtaining support pay-
17 ments for the individual and for a
18 child with respect to whom such as-
19 sistance is claimed, or in obtaining
20 any other payments or property due
21 the individual or the child,

22 unless (in either case) the individual is found to
23 have good cause for refusing to cooperate as de-
24 termined by the State agency in accordance
25 with standards prescribed by the Secretary,

1 which standards shall take into consideration
2 the best interests of the child on whose behalf
3 assistance is claimed.

4 “(F) to the greatest extent possible shall
5 be designed to move the individual into what-
6 ever private sector employment the individual is
7 capable of handling as quickly as possible, and
8 to increase the responsibility and amount of
9 work the individual is to handle over time;

10 “(G) shall describe what services the State
11 will provide the individual so that the individual
12 will be able to obtain and keep employment in
13 the private sector, and describe the job counsel-
14 ing and other services that will be provided by
15 the State; and

16 “(H) at the option of the State, may re-
17 quire the individual to undergo appropriate sub-
18 stance abuse treatment.

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

21 “(A) within 90 days (or, at the option of
22 the State, 180 days) after the effective date of
23 this part, in the case of an individual who, as
24 of such effective date, is a recipient of assist-

1 ance under the State plan approved under this
2 part; or

3 “(B) within 30 days (or, at the option of
4 the State, 90 days) after the individual is deter-
5 mined to be eligible for such assistance, in the
6 case of any other individual.

7 “(c) PROVISION OF PROGRAM AND EMPLOYMENT IN-
8 FORMATION.—The State shall inform all applicants for
9 and recipients of assistance under the State plan approved
10 under this part of all available services under the State
11 plan for which they are eligible.

12 “(d) REQUIREMENT THAT RECIPIENTS ENTER THE
13 WORK FIRST PROGRAM.—

14 “(1) IN GENERAL.—Beginning with fiscal year
15 2004, the State shall place recipients of assistance
16 under the State plan approved under this part, who
17 have not become employed in the private sector with-
18 in 1 year after signing an individual responsibility
19 plan, in the first available slot in the State program
20 established under part F, except as provided in
21 paragraph (2).

22 “(2) EXCEPTIONS.—A state may not be re-
23 quired to place a recipient of such assistance in the
24 State program established under part F if the recipi-
25 ent—

1 “(A) is ill, incapacitated, or of advanced
2 age;

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

4 “(C) is caring for a child or parent who is
5 ill or incapacitated; or

6 “(D) is enrolled in school or in educational
7 or training programs that will lead to private
8 sector employment.

9 “(e) PENALTIES.—

10 “(1) STATE NOT OPERATING A WORK FIRST OR
11 WORKFARE PROGRAM.—In the case of a State that
12 is not operating a program under part F or G:

13 “(A) FAILURE TO COMPLY WITH INDIVID-
14 UAL RESPONSIBILITY PLAN OR AGREEMENT OF
15 MUTUAL RESPONSIBILITY.—

16 “(i) PROGRESSIVE REDUCTIONS IN
17 ASSISTANCE FOR 1ST AND 2ND FAIL-
18 URES.—The amount of assistance other-
19 wise to be provided under the State plan
20 approved under this part to a family that
21 includes an individual who fails without
22 good cause to comply with an individual
23 responsibility plan (or, if the State has es-
24 tablished a program under subpart 1 of
25 part F and the individual is required to

1 participate in the program, an agreement
2 of mutual responsibility) signed by the in-
3 dividual (other than by reason of conduct
4 described in paragraph (2)) shall be re-
5 duced by—

6 “(I) 33 percent for the 1st such
7 act of noncompliance; or

8 “(II) 66 percent for the 2nd such
9 act of noncompliance.

10 “(ii) DENIAL OF ASSISTANCE FOR 3RD
11 FAILURE.—In the case of the 3rd such act
12 of noncompliance, the family of which the
13 individual is a member shall not thereafter
14 be eligible for assistance under the State
15 plan approved under this part.

16 “(iii) ACTS OF NONCOMPLIANCE.—
17 For purposes of this paragraph, a 1st act
18 of noncompliance by an individual that
19 continues for more than 1 calendar month
20 shall be considered a 2nd act of noncompli-
21 ance, and a 2nd act of noncompliance that
22 continues for more than 3 calendar months
23 shall be considered a 3rd act of noncompli-
24 ance.

1 “(B) DENIAL OF ASSISTANCE TO ADULTS
2 REFUSING TO WORK, LOOK FOR WORK, OR AC-
3 CEPT A BONA FIDE OFFER OF EMPLOYMENT.—

4 “(i) REFUSAL TO WORK OR LOOK FOR
5 WORK.—If an unemployed individual who
6 has attained 18 years of age refuses to
7 work or look for work—

8 “(I) in the case of the 1st such
9 refusal, assistance under the State
10 plan approved under this part shall
11 not be payable with respect to the in-
12 dividual until the later of—

13 “(aa) a period of not less
14 than 6 months after the date of
15 the first such refusal; or

16 “(bb) the first date the indi-
17 vidual agrees to work or look for
18 work; or

19 “(II) in the case of the 2nd such
20 refusal, the family of which the indi-
21 vidual is a member shall not there-
22 after be eligible for assistance under
23 the State plan approved under this
24 part.

1 “(ii) REFUSAL TO ACCEPT A BONA
2 FIDE OFFER OF EMPLOYMENT.—If an un-
3 employed individual who has attained 18
4 years of age refuses to accept a bona fide
5 offer of employment, the family of which
6 the individual is a member shall not there-
7 after be eligible for assistance under the
8 State plan approved under this part.

9 “(2) OTHER STATES.—In the case of any other
10 State, the State shall reduce, by such amount as the
11 State considers appropriate, the amount of assist-
12 ance otherwise payable under the State plan ap-
13 proved under this part to a family that includes an
14 individual who fails without good cause to comply
15 with an individual responsibility plan signed by the
16 individual.

17 **“SEC. 404. PAYMENT OF ASSISTANCE.**

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

20 “(1) the composition of the unit for which as-
21 sistance will be provided;

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

1 “(3) a standard, expressed in money amounts,
2 to be used in determining the amount of the assist-
3 ance payment; and

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

6 “(b) LEVEL OF ASSISTANCE.—Except as otherwise
7 provided in this title, the State plan shall provide that—

8 “(1) the determination of need and the amount
9 of assistance for all applicants and recipients shall
10 be made on an objective and equitable basis; and

11 “(2) families of similar composition with similar
12 needs and circumstances shall be treated similarly.

13 “(c) CORRECTION OF PAYMENTS.—The State plan
14 shall provide that the State agency will promptly take all
15 necessary steps to correct any overpayment or
16 underpayment of assistance under such plan, including the
17 request for Federal tax refund intercepts as provided
18 under section 416.

19 “(d) OPTIONAL VOLUNTARY DIVERSION PRO-
20 GRAM.—The State plan shall, at the option of the State,
21 and in such part or parts of the State as the State may
22 select, provide that—

23 “(1) upon the recommendation of the case-
24 worker who is handling the case of a family eligible
25 for assistance under the State plan, the State shall,

1 in lieu of any other assistance under the State plan
2 to the family during a time period of not more than
3 3 months, make a lump-sum payment to the family
4 for the time period in an amount not to exceed—

5 “(A) the value of the monthly benefits that
6 would otherwise be provided to the family under
7 the State plan; multiplied by

8 “(B) the number of months in the time pe-
9 riod;

10 “(2) a lump-sum payment pursuant to subpara-
11 graph (A) shall not be made more than once to any
12 family; and

13 “(3) if, during a time period for which the
14 State has made a lump-sum payment to a family
15 pursuant to subparagraph (A), the family applies for
16 and (but for the lump-sum payment) would be eligi-
17 ble under the State plan for a monthly benefit that
18 is greater than the value of the monthly benefit
19 which would have been provided to the family under
20 the State plan at the time of the calculation of the
21 lump sum payment, then, notwithstanding subpara-
22 graph (A), the State shall, for that part of the time
23 period that remains after the family becomes eligible
24 for the greater monthly benefit, provide monthly
25 benefits to the family in an amount not to exceed—

1 “(A) the amount by which the value of the
2 greater monthly benefit exceeds the value of the
3 former monthly benefit, multiplied by the num-
4 ber of months in the time period; divided by

5 “(B) the whole number of months remain-
6 ing in the time period.

7 **“SEC. 405. OTHER PROGRAMS.**

8 “(a) **WORK FIRST PROGRAM; WORKFARE OR JOB**
9 **PLACEMENT VOUCHER PROGRAM.**—The State plan shall
10 provide that the State has in effect and operation—

11 “(1) a work first program that meets the re-
12 quirements of part F; and

13 “(2) a workfare program that meets the re-
14 quirements of part G, or a job placement voucher
15 program that meets the requirements of part H, but
16 not both.

17 “(b) **PROVISION OF POSITIONS AND VOUCHERS.**—
18 The State plan shall provide that the State shall provide
19 a position in the workfare program established by the
20 State under part G, or a job placement voucher under the
21 job placement voucher program established by the State
22 under part H to any individual who, by reason of section
23 487(b), is prohibited from participating in the work first
24 program operated by the State, and shall not provide such
25 a position or such a voucher to any other individual.

1 “(c) PROVISION OF CASE MANAGEMENT SERV-
2 ICES.—The State plan shall provide that the State shall
3 provide to participants in such programs such case man-
4 agement services as are necessary to ensure the integrated
5 provision of benefits and services under such programs.

6 “(d) STATE CHILD SUPPORT AGENCY.—The State
7 plan shall—

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

11 “(2) provide that the State agency administer-
12 ing the plan approved under this part shall be re-
13 sponsible for assuring that—

14 “(A) the benefits and services provided
15 under plans approved under this part and part
16 D are furnished in an integrated manner, in-
17 cluding coordination of intake procedures with
18 the agency administering the plan approved
19 under part D;

20 “(B) all applicants for, and recipients of,
21 temporary employment assistance are encour-
22 aged, assisted, and required (as provided under
23 section 403(b)(1)(E)(ii)) to cooperate in the es-
24 tablishment and enforcement of paternity and
25 child support obligations and are notified about

1 the services available under the State plan ap-
2 proved under part D; and

3 “(C) procedures require referral of pater-
4 nity and child support enforcement cases to the
5 agency administering the plan approved under
6 part D not later than 10 days after the applica-
7 tion for temporary employment assistance; and

8 “(3) provide for prompt notice (including the
9 transmittal of all relevant information) to the State
10 child support collection agency established pursuant
11 to part D of the furnishing of temporary employ-
12 ment assistance with respect to a child who has been
13 deserted or abandoned by a parent (including a child
14 born out-of-wedlock without regard to whether the
15 paternity of such child has been established).

16 “(e) CHILD WELFARE SERVICES AND FOSTER CARE
17 AND ADOPTION ASSISTANCE.—The State plan shall pro-
18 vide that the State has in effect—

19 “(1) a State plan for child welfare services ap-
20 proved under part B; and

21 “(2) a State plan for foster care and adoption
22 assistance approved under part E,
23 and operates such plans in substantial compliance with the
24 requirements of such parts.

1 “(f) REPORT OF CHILD ABUSE, ETC.—The State
2 plan shall provide that the State agency will—

3 “(1) report to an appropriate agency or official,
4 known or suspected instances of physical or mental
5 injury, sexual abuse or exploitation, or negligent
6 treatment or maltreatment of a child receiving as-
7 sistance under the State plan under circumstances
8 which indicate that the child’s health or welfare is
9 threatened thereby; and

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

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

17 “(h) FAMILY PRESERVATION.—

18 “(1) IN GENERAL.—The State plan shall de-
19 scribe the efforts by the State to promote family
20 preservation and stability, including efforts—

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

23 “(B) to keep families together to the ex-
24 tent possible; and

1 “(C) except to the extent provided in para-
2 graph (2), to treat 2-parent families and 1-par-
3 ent families equally with respect to eligibility
4 for assistance.

5 “(2) MAINTENANCE OF TREATMENT.—The
6 State may impose eligibility limitations relating spe-
7 cifically to 2-parent families to the extent such limi-
8 tations are no more restrictive than such limitations
9 in effect in the State plan in fiscal year 1995.

10 **“SEC. 406. ADMINISTRATIVE REQUIREMENTS FOR STATE**
11 **PLAN.**

12 “(a) STATEWIDE PLAN.—The State plan shall be in
13 effect in all political subdivisions of the State, and, if ad-
14 ministered by the subdivisions, be mandatory upon such
15 subdivisions. If such plan is not administered uniformly
16 throughout the State, the plan shall describe the adminis-
17 trative variations.

18 “(b) SINGLE ADMINISTRATING AGENCY.—The State
19 plan shall provide for the establishment or designation of
20 a single State agency to administer the plan or supervise
21 the administration of the plan.

22 “(c) FINANCIAL PARTICIPATION.—The State plan
23 shall provide for financial participation by the State in the
24 same manner and amount as such State participates
25 under title XIX, except that with respect to the sums ex-

1 pended for the administration of the State plan, the per-
2 centage shall be 50 percent.

3 “(d) REASONABLE PROMPTNESS.—The State plan
4 shall provide that all individuals wishing to make applica-
5 tion for temporary employment assistance shall have op-
6 portunity to do so, and that such assistance be furnished
7 with reasonable promptness to all eligible individuals.

8 “(e) AUTOMATED DATA PROCESSING SYSTEM.—The
9 State plan shall, at the option of the State, provide for
10 the establishment and operation of an automated state-
11 wide management information system designed effectively
12 and efficiently, to assist management in the administra-
13 tion of the State plan approved under this part, so as—

14 “(1) to control and account for—

15 “(A) all the factors in the total eligibility
16 determination process under such plan for as-
17 sistance, and

18 “(B) the costs, quality, and delivery of
19 payments and services furnished to applicants
20 for and recipients of assistance; and

21 “(2) to notify the appropriate officials for child
22 support, food stamp, and social service programs,
23 and the medical assistance program approved under
24 title XIX, whenever a recipient becomes ineligible for

1 such assistance or the amount of assistance provided
2 to a recipient under the State plan is changed.

3 “(f) DISCLOSURE OF INFORMATION.—The State plan
4 shall provide for safeguards which restrict the use or dis-
5 closure of information concerning applicants or recipients.

6 “(g) DETECTION OF FRAUD.—The State plan shall
7 provide, in accordance with regulations issued by the Sec-
8 retary, for appropriate measures to detect fraudulent ap-
9 plications for temporary employment assistance before the
10 establishment of eligibility for such assistance.

11 “SUBPART 2—ADMINISTRATIVE PROVISIONS

12 “SEC. 411. APPROVAL OF PLAN.

13 “(a) IN GENERAL.—The Secretary shall approve a
14 State plan which fulfills the requirements under subpart
15 1 within 120 days of the submission of the plan by the
16 State to the Secretary.

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

21 “SEC. 412. COMPLIANCE.

22 In the case of any State plan for temporary employ-
23 ment assistance which has been approved under section
24 411, if the Secretary, after reasonable notice and oppor-
25 tunity for hearing to the State agency administering or

1 supervising the administration of such plan, finds that in
2 the administration of the plan there is a failure to comply
3 substantially with any provision required by subpart 1 to
4 be included in the plan, the Secretary shall notify such
5 State agency that further payments will not be made to
6 the State (or in the Secretary's discretion, that payments
7 will be limited to categories under or parts of the State
8 plan not affected by such failure) until the Secretary is
9 satisfied that such prohibited requirement is no longer so
10 imposed, and that there is no longer any such failure to
11 comply. Until the Secretary is so satisfied the Secretary
12 shall make no further payments to such State (or shall
13 limit payments to categories under or parts of the State
14 plan not affected by such failure).

15 **"SEC. 413. PAYMENTS TO STATES.**

16 “(a) COMPUTATION OF AMOUNT.—Subject to section
17 412, from the sums appropriated therefor, the Secretary
18 of the Treasury shall pay to each State which has an ap-
19 proved plan for temporary employment assistance, for
20 each quarter, beginning with the quarter commencing Oc-
21 tober 1, 1996, an amount equal to the Federal medical
22 assistance percentage (as defined in section 1905(b)) of
23 the expenditures by the State under such plan.

1 “(b) METHOD OF COMPUTATION AND PAYMENT.—

2 The method of computing and paying such amounts shall
3 be as follows:

4 “(1) The Secretary shall, prior to the beginning
5 of each quarter, estimate the amount to be paid to
6 the State for such quarter under the provisions of
7 subsection (a), such estimate to be based on—

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

19 “(B) records showing the number of needy
20 children in the State; and

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

23 “(2) The Secretary of Health and Human Serv-
24 ices shall then certify to the Secretary of the Treas-

1 ury the amount so estimated by the Secretary of
2 Health and Human Services—

3 “(A) reduced or increased, as the case may
4 be, by any sum by which the Secretary of
5 Health and Human Services finds that the esti-
6 mate for any prior quarter was greater or less
7 than the amount which should have been paid
8 to the State for such quarter;

9 “(B) reduced by a sum equivalent to the
10 pro rata share to which the Federal Govern-
11 ment is equitably entitled, as determined by the
12 Secretary of Health and Human Services, of
13 the net amount recovered during any prior
14 quarter by the State or any political subdivision
15 thereof with respect to temporary employment
16 assistance furnished under the State plan; and

17 “(C) reduced by such amount as is nec-
18 essary to provide the appropriate reimburse-
19 ment to the Federal Government that the State
20 is required to make under section 457 out of
21 that portion of child support collections retained
22 by the State pursuant to such section,

23 except that such increases or reductions shall not be
24 made to the extent that such sums have been ap-
25 plied to make the amount certified for any prior

1 quarter greater or less than the amount estimated
2 by the Secretary of Health and Human Services for
3 such prior quarter.

4 “(c) METHOD OF PAYMENT.—The Secretary of the
5 Treasury shall thereupon, through the Fiscal Service of
6 the Department of the Treasury and prior to audit or set-
7 tlement by the General Accounting Office, pay to the
8 State, at the time or times fixed by the Secretary of
9 Health and Human Services, the amount so certified.

10 **“SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND**
11 **REPORTING SYSTEM.**

12 “(a) QUALITY ASSURANCE.—

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

21 “(2) MODIFICATIONS TO SYSTEM.—As deemed
22 necessary, but not more often than every 2 years,
23 the Secretary, in consultation with the State, the po-
24 litical subdivisions of the State, and assistance re-
25 cipients, shall make appropriate changes in the de-

1 sign and administration of the quality assurance sys-
2 tem, including changes in benchmarks, measures,
3 and data collection or sampling procedures.

4 “(b) DATA COLLECTION AND REPORTING.—

5 “(1) IN GENERAL.—The State plan shall pro-
6 vide for a quarterly report to the Secretary regard-
7 ing the data described in paragraphs (2) and (3)
8 and such additional data needed for the quality as-
9 surance system. The data collection and reporting
10 system under this subsection shall promote account-
11 ability, continuous improvement, and integrity in the
12 State plans for temporary employment assistance
13 and Work First.

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

19 “(A) The age of adults and children (in-
20 cluding pregnant women).

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

1 “(C) The gender, race, educational attain-
2 ment, work experience, disability status (wheth-
3 er the individual is seriously ill, incapacitated,
4 or caring for a disabled or incapacitated child)
5 of adults.

6 “(D) The amount of cash assistance and
7 the amount and reason for any reduction in
8 such assistance. Any other data necessary to
9 determine the timeliness and accuracy of bene-
10 fits and welfare diversions.

11 “(E) Whether any member of the family
12 receives benefits under any of the following:

13 “(i) Any housing program.

14 “(ii) The food stamp program under
15 the Food Stamp Act of 1977.

16 “(iii) The Head Start programs car-
17 ried out under the Head Start Act.

18 “(iv) Any job training program.

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

21 “(G) The total number of months for
22 which assistance has been provided to the fami-
23 lies under the plan.

24 “(H) The employment status, hours
25 worked, and earnings of individuals while re-

1 ceiving assistance, whether the case was closed
2 due to employment, and other data needed to
3 meet the work performance rate.

4 “(I) Status in Work First and workfare,
5 including the number of hours an individual
6 participated and the component in which the in-
7 dividual participated.

8 “(J) The number of persons in the assist-
9 ance unit and their relationship to the youngest
10 child. Nonrecipients in the household and their
11 relationship to the youngest child.

12 “(K) Citizenship status.

13 “(L) Shelter arrangement.

14 “(M) Unearned income (not including tem-
15 porary employment assistance), such as child
16 support, and assets.

17 “(N) The number of children who have a
18 parent who is deceased, incapacitated, or unem-
19 ployed.

20 “(O) Geographic location.

21 “(3) AGGREGATED DATA.—The State shall col-
22 lect the following data items on a monthly basis
23 from aggregated case records of applicants for and
24 recipients of temporary employment assistance from
25 the previous month:

1 “(A) The number of adults receiving as-
2 sistance.

3 “(B) The number of children receiving as-
4 sistance.

5 “(C) The number of families receiving as-
6 sistance.

7 “(D) The number of assistance units who
8 had their grants reduced or terminated and the
9 reason for the reduction or termination, includ-
10 ing sanction, employment, and meeting the time
11 limit for assistance).

12 “(E) The number of applications for as-
13 sistance; the number approved and the number
14 denied and the reason for denial.

15 “(4) LONGITUDINAL STUDIES.—The State shall
16 submit selected data items for a cohort of individ-
17 uals who are tracked over time. This longitudinal
18 sample shall be used for selected data items de-
19 scribed in paragraphs (2) and (3), as determined ap-
20 propriate by the Secretary.

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

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

4 “(A) the percentage of the Federal funds
5 paid to the State under this part for the fiscal
6 year quarter that are used to cover administra-
7 tive costs or overhead; and

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

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

17 “(3) REPORT ON NONCUSTODIAL PARENTS PAR-
18 TICIPATING IN WORK ACTIVITIES.—The number of
19 noncustodial parents in the State who participated
20 in work activities during the fiscal year quarter.

21 “(4) REPORT ON CHILD SUPPORT COL-
22 LECTED.—The total amount of child support col-
23 lected by the State agency administering the State
24 plan under part D on behalf of a family receiving as-
25 sistance under this part.

1 “(5) REPORT ON CHILD CARE.—The total
2 amount expended by the State for child care under
3 this part, along with a description of the types of
4 child care provided, such as child care provided in
5 the case of a family that has ceased to receive assist-
6 ance under this part because of increased hours of,
7 or increased income from, employment, or in the
8 case of a family that is not receiving assistance
9 under this part but would be at risk of becoming eli-
10 gible for such assistance if child care was not pro-
11 vided.

12 “(6) REPORT ON TRANSITIONAL SERVICES.—
13 The total amount expended by the State for provid-
14 ing transitional services to a family that has ceased
15 to receive assistance under this part because of in-
16 creased hours of, or increased income from, employ-
17 ment, along with a description of such services.

18 “(d) COLLECTION PROCEDURES.—The Secretary
19 shall provide case sampling plans and data collection pro-
20 cedures as deemed necessary to make statistically valid es-
21 timates of plan performance.

22 “(e) VERIFICATION.—The Secretary shall develop
23 and implement procedures for verifying the quality of the
24 data submitted by the State, and shall provide technical

1 assistance, funded by the compliance penalties imposed

2 * * *

3 **SEC. 9201. EXTENSION OF PROVISION PROVIDING ADDI-**
 4 **TIONAL ELIGIBILITY FOR MEDICAID.**

5 Subsection (f) of section 1925 of the Social Security
 6 Act (42 U.S.C. 1396r-6(f)) is amended by striking
 7 “1998” and inserting “2002”.

8 **SEC. 9202. NOTICE OF AVAILABILITY REQUIRED TO BE PRO-**
 9 **VIDED TO APPLICANTS AND FORMER RECIPI-**
 10 **ENTS OF TEMPORARY FAMILY ASSISTANCE,**
 11 **FOOD STAMPS, AND MEDICAID.**

12 (a) TEMPORARY FAMILY ASSISTANCE.—Section 406,
 13 as added by the amendment made by section 9101(a) of
 14 this Act, is amended by adding at the end the following:

15 “(h) NOTICE OF AVAILABILITY OF EITC.—The
 16 State plan shall provide that the State agency referred to
 17 in subsection (b) must provide written notice of the exist-
 18 ence and availability of the earned income credit under
 19 section 32 of the Internal Revenue Code of 1986 to—

20 “(1) any individual who applies for assistance
 21 under the State plan, upon receipt of the applica-
 22 tion; and

23 “(2) any individual whose assistance under the
 24 State plan (or under the State plan approved under
 25 part A of this title (as in effect before the effective

1 date of title IX of the Omnibus Budget Reconcili-
2 ation Act of 1995) is terminated, in the notice of
3 termination of benefits.”.

4 (b) FOOD STAMPS.—Section 11(e) of the Food
5 Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

6 (1) in paragraph (24) by striking “and” at the
7 end;

8 (2) in paragraph (25) by striking the period at
9 the end and inserting “; and”; and

10 (3) by inserting after paragraph (25) the fol-
11 lowing:

12 “(26) that whenever a household applies for
13 food stamp benefits, and whenever such benefits are
14 terminated with respect to a household, the State
15 agency shall provide to each member of such house-
16 hold notice of—

17 “(A) the existence of the earned income
18 tax credit under section 32 of the Internal Rev-
19 enue Code of 1986; and

20 “(B) the fact that such credit may be ap-
21 plicable to such member.”.

22 (c) MEDICAID.—Section 1902(a) (42 U.S.C.
23 1396a(a)) is amended—

24 (1) by striking “and” at the end of paragraph
25 (61);

1 (2) by striking the period at the end of para-
2 graph (62) and inserting “; and”; and

3 (3) by inserting after paragraph (62) the fol-
4 lowing new paragraph:

5 “(63) provide that the State shall provide notice
6 of the existence and availability of the earned income
7 tax credit under section 32 of the Internal Revenue
8 Code of 1986 to each individual applying for medical
9 assistance under the State plan and to each individ-
10 ual whose eligibility for medical assistance under the
11 State plan is terminated.”.

12 **SEC. 9203. NOTICE OF AVAILABILITY OF EARNED INCOME**
13 **TAX CREDIT AND DEPENDENT CARE TAX**
14 **CREDIT TO BE INCLUDED ON W-4 FORM.**

15 (a) **IN GENERAL.**—Section 11114 of the Omnibus
16 Budget Reconciliation Act of 1990 (26 U.S.C. 21 note),
17 relating to program to increase public awareness, is
18 amended by adding at the end the following new sentence:
19 “Such means shall include printing a notice of the avail-
20 ability of such credits on the forms used by employees to
21 determine the proper number of withholding exemptions
22 under chapter 24 of such Code.”

1 SEC. 9204. ADVANCE PAYMENT OF EARNED INCOME TAX
2 CREDIT THROUGH STATE DEMONSTRATION
3 PROGRAMS.

4 (a) IN GENERAL.—Section 3507 of the Internal Rev-
5 enue Code of 1986 (relating to the advance payment of
6 the earned income tax credit) is amended by adding at
7 the end the following:

8 “(g) STATE DEMONSTRATIONS.—

9 “(1) IN GENERAL.—In lieu of receiving earned
10 income advance amounts from an employer under
11 subsection (a), a participating resident shall receive
12 advance earned income payments from a responsible
13 State agency pursuant to a State Advance Payment
14 Program that is designated pursuant to paragraph
15 (2).

16 “(2) DESIGNATIONS.—

17 “(A) IN GENERAL.—From among the
18 States submitting proposals satisfying the re-
19 quirements of paragraph (3), the Secretary (in
20 consultation with the Secretary of Health and
21 Human Services) may designate not more than
22 4 State Advance Payment Demonstrations.
23 States selected for the demonstrations may
24 have, in the aggregate, no more than 5 percent
25 of the total number of households participating
26 in the program under the Food Stamp program

1 in the immediately preceding fiscal year. Ad-
2 ministrative costs of a State in conducting a
3 demonstration under this section may be in-
4 cluded for matching under section 413(a) of the
5 Social Security Act and section 16(a) of the
6 Food Stamp Act of 1977.

7 “(B) WHEN DESIGNATION MAY BE
8 MADE.—Any designation under this paragraph
9 shall be made no later than December 31,
10 1996.

11 “(C) PERIOD FOR WHICH DESIGNATION IS
12 IN EFFECT.—

13 “(i) IN GENERAL.—Designations
14 made under this paragraph shall be effec-
15 tive for advance earned income payments
16 made after December 31, 1996, and before
17 January 1, 2000.

18 “(ii) SPECIAL RULES.—

19 “(I) REVOCATION OF DESIGNA-
20 TIONS.—The Secretary may revoke
21 any designation made under this
22 paragraph if the Secretary determines
23 that the State is not complying sub-
24 stantially with the proposal described

1 in paragraph (3) submitted by the
2 State.

3 “(II) AUTOMATIC TERMINATION
4 OF DESIGNATIONS.—Any failure by a
5 State to comply with the reporting re-
6 quirements described in paragraphs
7 (3)(F) and (3)(G) shall have the ef-
8 fect of immediately terminating the
9 designation under this paragraph and
10 rendering paragraph (5)(A)(ii) inap-
11 plicable to subsequent payments.

12 “(3) PROPOSALS.—No State may be designated
13 under paragraph (2) unless the State’s proposal for
14 such designation—

15 “(A) identifies the responsible State agen-
16 cy,

17 “(B) describes how and when the advance
18 earned income payments will be made by that
19 agency, including a description of any other
20 State or Federal benefits with which such pay-
21 ments will be coordinated,

22 “(C) describes how the State will obtain
23 the information on which the amount of ad-
24 vance earned income payments made to each

1 participating resident will be determined in ac-
2 cordance with paragraph (4),

3 “(D) describes how State residents who
4 will be eligible to receive advance earned income
5 payments will be selected, notified of the oppor-
6 tunity to receive advance earned income pay-
7 ments from the responsible State agency, and
8 given the opportunity to elect to participate in
9 the program,

10 “(E) describes how the State will verify, in
11 addition to receiving the certifications and
12 statement described in paragraph (7)(D)(iv),
13 the eligibility of participating residents for the
14 earned income tax credit,

15 “(F) commits the State to furnishing to
16 each participating resident by January 31 of
17 each year a written statement showing—

18 “(i) the name and taxpayer identifica-
19 tion number of the participating resident,
20 and

21 “(ii) the total amount of advance
22 earned income payments made to the par-
23 ticipating resident during the prior cal-
24 endar year,

1 “(G) commits the State to furnishing to
2 the Secretary by December 1 of each year a
3 written statement showing the name and tax-
4 payer identification number of each participat-
5 ing resident,

6 “(H) commits the State to treat any ad-
7 vance earned income payments as described in
8 paragraph (5) and any repayments of excessive
9 advance earned income payments as described
10 in paragraph (6),

11 “(I) commits the State to assess the devel-
12 opment and implementation of its State Ad-
13 vance Payment Program, including an agree-
14 ment to share its findings and lessons with
15 other interested States in a manner to be de-
16 scribed by the Secretary, and

17 “(J) is submitted to the Secretary on or
18 before June 30, 1996.

19 “(4) AMOUNT AND TIMING OF ADVANCE
20 EARNED INCOME PAYMENTS.—

21 “(A) AMOUNT.—

22 “(i) IN GENERAL.—The method for
23 determining the amount of advance earned
24 income payments made to each participat-
25 ing resident shall conform to the fullest ex-

1 tent possible with the provisions of sub-
2 section (c).

3 “(ii) SPECIAL RULE.—A State may,
4 at its election, apply the rules of subsection
5 (c)(2)(B) by substituting ‘between 60 per-
6 cent and 75 percent of the credit percent-
7 age in effect under section 32(b)(1) for an
8 individual with the corresponding number
9 of qualifying children’ for ‘60 percent of
10 the credit percentage in effect under sec-
11 tion 32(b)(1) for such an eligible individual
12 with 1 qualifying child’ in clause (i) and
13 ‘the same percentage (as applied in clause
14 (i))’ for ‘60 percent’ in clause (ii).

15 “(B) TIMING.—The frequency of advance
16 earned income payments may be determined on
17 the basis of the payroll periods of participating
18 residents, on a single statewide schedule, or on
19 any other reasonable basis prescribed by the
20 State in its proposal; however, in no event may
21 advance earned income payments be made to
22 any participating resident less frequently than
23 on a calendar-quarter basis.

24 “(5) PAYMENTS TO BE TREATED AS PAYMENTS
25 OF WITHHOLDING AND FICA TAXES.—

1 “(A) IN GENERAL.—For purposes of this
2 title, advance earned income payments during
3 any calendar quarter—
4 “(i) shall neither be treated as a pay-
5 ment of compensation nor be included in
6 gross income, and
7 “(ii) shall be treated as made out of—
8 “(I) amounts required to be de-
9 ducted by the State and withheld for
10 the calendar quarter by the State
11 under section 3401 (relating to wage
12 withholding),
13 “(II) amounts required to be de-
14 ducted for the calendar quarter under
15 section 3102 (relating to FICA em-
16 ployee taxes), and
17 “(III) amounts of the taxes im-
18 posed on the State for the calendar
19 quarter under section 3111 (relating
20 to FICA employer taxes),
21 as if the State had paid to the Secretary,
22 on the day on which payments are made to
23 participating residents, an amount equal to
24 such payments.

1 “(B) IF ADVANCE PAYMENTS EXCEED
2 TAXES DUE.—If for any calendar quarter the
3 aggregate amount of advance earned income
4 payments made by the responsible State agency
5 under a State Advance Payment Program ex-
6 ceeds the sum of the amounts referred to in
7 subparagraph (A)(ii) (without regard to para-
8 graph (6)(A)), each such advance earned in-
9 come payment shall be reduced by an amount
10 which bears the same ratio to such excess as
11 such advance earned income payment bears to
12 the aggregate amount of all such advance
13 earned income payments.

14 “(6) STATE REPAYMENT OF EXCESSIVE AD-
15 VANCE EARNED INCOME PAYMENTS.—

16 “(A) IN GENERAL.—Notwithstanding any
17 other provision of law, in the case of an exces-
18 sive advance earned income payment a State
19 shall be treated as having deducted and with-
20 held under section 3401 (relating to wage with-
21 holding), and as being required to pay to the
22 United States, the repayment amount during
23 the repayment calendar quarter.

24 “(B) EXCESSIVE ADVANCE EARNED IN-
25 COME PAYMENT.—For purposes of this section,

1 the term 'excessive advance income payment'
2 means that portion of any advance earned in-
3 come payment that, when combined with other
4 advance earned income payments previously
5 made to the same participating resident during
6 the same calendar year, exceeds the amount of
7 earned income tax credit to which that partici-
8 pating resident is entitled under section 32 for
9 that year.

10 “(C) REPAYMENT AMOUNT.—For purposes
11 of this subsection, the term 'repayment amount'
12 means an amount equal to 50 percent of the ex-
13 cess of—

14 “(i) excessive advance earned income
15 payments made by a State during a par-
16 ticular calendar year, over

17 “(ii) the sum of—

18 “(I) 4 percent of all advance
19 earned income payments made by the
20 State during that calendar year, and

21 “(II) the excessive advance
22 earned income payments made by the
23 State during that calendar year that
24 have been collected from participating
25 residents by the Secretary.

1 “(D) REPAYMENT CALENDAR QUARTER.—

2 For purposes of this subsection, the term ‘re-
3 payment calendar quarter’ means the second
4 calendar quarter of the third calendar year be-
5 ginning after the calendar year in which an ex-
6 cessive earned income payment is made.

7 “(7) DEFINITIONS.—For purposes of this sub-
8 section—

9 “(A) STATE ADVANCE PAYMENT PRO-
10 GRAM.—The term ‘State Advance Payment
11 Program’ means the program described in a
12 proposal submitted for designation under para-
13 graph (1) and designated by the Secretary
14 under paragraph (2).

15 “(B) RESPONSIBLE STATE AGENCY.—The
16 term ‘responsible State agency’ means the sin-
17 gle State agency that will be making the ad-
18 vance earned income payments to residents of
19 the State who elect to participate in a State Ad-
20 vance Payment Program.

21 “(C) ADVANCE EARNED INCOME PAY-
22 MENTS.—The term ‘advance earned income
23 payments’ means an amount paid by a respon-
24 sible State agency to residents of the State pur-
25 suant to a State Advance Payment Program.

1 “(D) PARTICIPATING RESIDENT.—The
2 term ‘participating resident’ means an individ-
3 ual who—

4 “(i) is a resident of a State that has
5 in effect a designated State Advance Pay-
6 ment Program,

7 “(ii) makes the election described in
8 paragraph (3)(D) pursuant to guidelines
9 prescribed by the State,

10 “(iii) certifies to the State the number
11 of qualifying children the individual has,
12 and

13 “(iv) provides to the State the certifi-
14 cations and statement described in sub-
15 sections (b)(1), (b)(2), (b)(3), and (b)(4)
16 (except that for purposes of this clause,
17 the term ‘any employer’ shall be sub-
18 stituted for ‘another employer’ in sub-
19 section (b)(3)), along with any other infor-
20 mation required by the State.”.

21 (b) TECHNICAL ASSISTANCE.—The Secretaries of the
22 Treasury and Health and Human Services shall jointly en-
23 sure that technical assistance is provided to State Advance
24 Payment Programs and that these programs are rigor-
25 ously evaluated.

1 (c) ANNUAL REPORTS.—The Secretary shall issue
2 annual reports detailing the extent to which—

3 (1) residents participate in the State Advance
4 Payment Programs,

5 (2) participating residents file Federal and
6 State tax returns,

7 (3) participating residents report accurately the
8 amount of the advance earned income payments
9 made to them by the responsible State agency dur-
10 ing the year, and

11 (4) recipients of excessive advance earned in-
12 come payments repay those amounts.

13 The report shall also contain an estimate of the amount
14 of advance earned income payments made by each respon-
15 sible State agency but not reported on the tax returns of
16 a participating resident and the amount of excessive ad-
17 vance earned income payments.

18 (d) AUTHORIZATION OF APPROPRIATIONS.—For pur-
19 poses of providing technical assistance described in sub-
20 section (b), preparing the reports described in subsection
21 (c), and providing grants to States in support of des-
22 ignated State Advance Payment Programs, there are au-
23 thorized to be appropriated in advance to the Secretary
24 of the Treasury and the Secretary of Health and Human

1 Services a total of \$1,400,000 for fiscal years 1997
2 through 2000.

3 **SEC. 9205. CONSOLIDATED CHILD CARE DEVELOPMENT**
4 **BLOCK GRANT.**

5 (a) **PURPOSE.**—It is the purpose of this section to—

6 (1) eliminate program fragmentation and create
7 a seamless system of high quality child care that al-
8 lows for continuity of care for children as parents
9 move from welfare to work;

10 (2) provide for parental choice among high
11 quality child care programs; and

12 (3) increase the availability of high quality af-
13 fordable child care in order to promote self suffi-
14 ciency and support working families.

15 (b) **AMENDMENTS TO CHILD CARE AND DEVELOP-**
16 **MENT BLOCK GRANT ACT OF 1990.**—

17 (1) **APPROPRIATIONS.**—Section 658B of the
18 Child Care and Development Block Grant Act of
19 1990 (42 U.S.C. 9858) is amended to read as fol-
20 lows:

21 **“SEC. 658B. APPROPRIATION.**

22 **“(a) AUTHORIZATION OF APPROPRIATIONS OF**
23 **BLOCK GRANT FUNDS.**—For the purpose of providing
24 child care services for eligible children through the award-
25 ing of grants to States under this subchapter (other than

1 the grants awarded under subsection (b)) by the Sec-
2 retary, there are authorized to be appropriated,
3 \$1,000,000,000 for fiscal year 1996 and such sums as
4 may be necessary for fiscal years 1997 through 2002.

5 “(b) APPROPRIATIONS OF FEDERAL MATCHING
6 FUNDS.—For the purpose of providing child care services
7 for eligible children through the awarding of matching
8 grants to States under section 658J(d) by the Secretary,
9 there are authorized to be appropriated and are hereby
10 appropriated, baseline plus \$500,000,000 for fiscal year
11 1996, baseline plus \$500,000,000 for fiscal year 1997,
12 baseline plus \$500,000,000 for fiscal year 1998, baseline
13 plus \$500,000,000 for fiscal year 1999, baseline plus
14 \$500,000,000 for fiscal year 2000, baseline plus
15 \$500,000,000 for fiscal year 2001, and baseline plus
16 \$500,000,000 for fiscal year 2002.”.

17 (2) USE OF FUNDS.—Section 658E(c)(3)(B) of
18 the Child Care and Development Block Grant Act of
19 1990 (42 U.S.C. 9858e(c)(3)(B)) is amended—

20 (A) in clause (i), by striking “with very low
21 family incomes (taking into consideration family
22 size)” and inserting “described in clause (ii) (in
23 the order so described)”;

1 (B) by redesignating clauses (i) and (ii) as
2 subclauses (I) and (II), respectively, and re-
3 aligning the margins accordingly;

4 (C) by striking “Subject” and inserting the
5 following:

6 “(i) IN GENERAL.—Subject”; and

7 (D) by adding at the end the following new
8 clause:

9 “(ii) FAMILIES DESCRIBED.—The
10 families described in this clause are the fol-
11 lowing:

12 “(I) Families containing an indi-
13 vidual receiving assistance under a
14 State plan approved under part A of
15 title IV of the Social Security Act and
16 participating in education, job search,
17 job training, work, or workfare pro-
18 grams.

19 “(II) Families containing an indi-
20 vidual who—

21 “(aa) no longer qualifies for
22 child care assistance under sec-
23 tion 405(b) of the Social Security
24 Act because such individual has
25 ceased to receive assistance under

1 the temporary employment as-
2 sistance program under part A of
3 title IV of the Social Security Act
4 as a result of increased hours of,
5 or increased income from, em-
6 ployment; and

7 “(bb) the State determines
8 requires such child care assist-
9 ance in order to continue such
10 employment (but only for the 1-
11 year period beginning on the date
12 that the individual no longer
13 qualifies for child care assistance
14 under section 405(b) of such Act,
15 and, at the option of the State,
16 for the additional 1-year period
17 beginning after the conclusion of
18 the first 1-year period).

19 “(III) Families containing an in-
20 dividual who—

21 “(aa) is not described in
22 subclause (I) or (II); and

23 “(bb) has an annual income
24 for a fiscal year below 75 percent
25 of the State median income.”.

1 (3) SET-ASIDES FOR QUALITY AND EXPAN-
2 SION.—Section 658E(c)(3) of the Child Care and
3 Development Block Grant Act of 1990 (42 U.S.C.
4 9858c(c)(3)) is amended in subparagraph (C), by
5 striking “25 percent” and inserting “10 percent”.

6 (4) SLIDING FEE SCALE.—Section 658E(c)(5)
7 of the Child Care and Development Block Grant Act
8 of 1990 (42 U.S.C. 9858c(c)(5)) is amended by in-
9 serting “described in subclauses (II) and (III) of
10 paragraph (3)(B)(ii)” after “families”.

11 (5) MATCHING REQUIREMENT FOR NEW
12 FUNDS.—

13 **“SEC. 418. FUNDING FOR CHILD CARE.**

14 “(a) GENERAL CHILD CARE ENTITLEMENT.—

15 “(1) GENERAL ENTITLEMENT.—Subject to the
16 amount appropriated under 658(B)(b), each State
17 shall, for the purpose of providing child care assist-
18 ance, be entitled to payments under a grant under
19 this subsection for a fiscal year in an amount equal
20 to—

21 “(A) the sum of the total amount required
22 to be paid to the State under former section
23 403 for fiscal year 1994 with respect to
24 amounts expended for child care under sec-
25 tion—

1 “(i) 402(g) of this Act (as such sec-
2 tion was in effect before October 1, 1995);
3 and

4 “(ii) 403(i) of this Act (as so in ef-
5 fect); or

6 “(B) the average of the total amounts re-
7 quired to be paid to the State for fiscal years
8 1992 through 1994 under the sections referred
9 to in subparagraph (A);
10 whichever is greater.

11 “(2) REMAINDER.—

12 “(A) GRANTS.—The Secretary shall use
13 any amounts appropriated for a fiscal year
14 under 658(B)(b)(3), and remaining after the
15 reservation described in paragraph (3) and
16 after grants are awarded under paragraph (1),
17 to make grants to States under this paragraph.

18 “(B) AMOUNT.—Subject to subparagraph
19 (C), the amount of a grant awarded to a State
20 for a fiscal year under this paragraph shall be
21 based on the formula used for determining the
22 amount of Federal payments to the State under
23 section 658(o).

24 “(C) MATCHING REQUIREMENT.—The Sec-
25 retary shall pay to each eligible State in a fiscal

1 year an amount, under a grant under subpara-
2 graph (A), equal to the Federal medical assist-
3 ance percentage for such State for fiscal year
4 1994 (as defined in section 1905(b)) of so
5 much of the expenditures by the State for child
6 care in such year as exceed the State set-aside
7 for such State under subparagraph (A) for such
8 year and the amount of State expenditures in
9 fiscal year 1994 that equal the non-Federal
10 share for the programs described in subpara-
11 graphs (A), (B) and (C) of paragraph (1).

12 “(3) REDISTRIBUTION.—With respect to any
13 fiscal year, if the Secretary determines that amounts
14 under any grant awarded to a State under this sub-
15 section for such fiscal year will not be used by such
16 State for carrying out the purpose for which the
17 grant is made, the Secretary shall make such
18 amounts available for carrying out such purpose to
19 1 or more other States which apply for such funds
20 to the extent the Secretary determines that such
21 other States will be able to use such additional
22 amounts for carrying out such purpose. Such avail-
23 able amounts shall be redistributed to a State pursu-
24 ant to section 402(i) (as such section was in effect
25 before October 1, 1995) by substituting ‘the number

1 of children residing in all States applying for such
2 funds' for 'the number of children residing in the
3 United States in the second preceding fiscal year'.

4 Any amount made available to a State from an ap-
5 propriation for a fiscal year in accordance with the
6 preceding sentence shall, for purposes of this part,
7 be regarded as part of such State's payment (as de-
8 termined under this subsection) for such year.

9 "(e) AMOUNTS RESERVED FOR INDIAN TRIBES.—
10 The Secretary shall reserve not more than 3 percent of
11 the amount appropriated under section 658B in each fis-
12 cal year for payments to Indian tribes and tribal organiza-
13 tions with applications approved under section 6580(c).
14 The amounts reserved under the prior sentence shall be
15 available to make grants to or enter into contracts with
16 Indian tribes or tribal organizations consistent with sec-
17 tion 6580(c) without a requirement of matching funds by
18 the Indian tribes or tribal organizations.

19 "(f) SAME TREATMENT AS ALLOTMENTS.—Amounts
20 paid to a State or Indian tribe under subsections (d) and
21 (e) shall be subject to the same requirements under this
22 subchapter as amounts paid from the allotment under sec-
23 tion 6580."

24 (B) CONFORMING AMENDMENTS.—Section
25 6580 of the Child Care and Development Block

1 Grant Act of 1990 (42 U.S.C. 9858m) is
2 amended—

3 (i) in subsection (a)—

4 (I) in paragraph (1), by striking
5 “this subchapter” and inserting sec-
6 tion 658B(a); and

7 (II) in paragraph (2), by striking
8 “section 658B” and inserting “section
9 658B(a); and

10 (ii) in subsection (b)(1), by striking
11 “section 658B” and inserting “section
12 658B(a)”.

13 (6) IMPROVING QUALITY.—

14 (A) INCREASE IN REQUIRED FUNDING.—

15 Section 658G of the Child Care and Develop-
16 ment Block Grant Act of 1990 (42 U.S.C.
17 9858e) is amended by striking “not less than
18 20 percent”.

19 (B) QUALITY IMPROVEMENT INCENTIVE
20 INITIATIVE.—Section 658G of the Child Care
21 and Development Block Grant Act of 1990 (42
22 U.S.C. 9858e) is amended—

23 (i) by striking “A State” and insert-
24 ing “(a) IN GENERAL.—A State”;

1 (ii) by adding at the end the following
2 new subparagraphs:

3 “(6) BEFORE AND AFTER-SCHOOL ACTIVI-
4 TIES.—Increasing the availability of before and
5 after-school care.

6 “(7) INFANT CARE.—Increasing the availability
7 of child care for infants under the age of 18 months.

8 “(8) NONTRADITIONAL WORK HOURS.—Inreas-
9 ing the availability of child care between the hours
10 of 5:00 p.m. and 8:00 a.m.”;

11 (iii) by adding at the end the follow-
12 ing new subsection:

13 “(b) QUALITY IMPROVEMENT INCENTIVE INITIA-
14 TIVE.—

15 “(1) IN GENERAL.—The Secretary shall estab-
16 lish a child care quality improvement incentive ini-
17 tiative to make funds available to States that dem-
18 onstrate progress in the implementation of—

19 “(A) innovative teacher training programs
20 such as the Department of Defense staff devel-
21 opment and compensation program for child
22 care personnel; or

23 “(B) enhanced child care quality standards
24 and licensing and monitoring procedures.

1 “(2) FUNDING.—From the amounts made
2 available for each fiscal year under subsection (a),
3 the Secretary shall reserve not to exceed
4 \$250,000,000 in each such fiscal year to carry out
5 this subsection.”.

6 (7) REPEAL—Section 658H of the Child Care
7 and Development Block Grant Act of 1990 (42
8 U.S.C. 9858f) is repealed.

9 (8) PAYMENTS.—Section 658J(a) of the Child
10 Care and Development Block Grant Act of 1990 (42
11 U.S.C. 9858h) is amended by striking “Subject to
12 the availability of appropriation, a” and inserting
13 “A”.

14 (9) DEFINITION OF POVERTY LINE.—Section
15 658P of the Child Care and Development Block
16 Grant Act of 1990 (42 U.S.C. 9858n) is amended—

17 (A) by redesignating paragraphs (10)
18 through (14) as paragraphs (11) through (15),
19 respectively; and

20 (B) by inserting after paragraph (9), the
21 following new paragraph:

22 “(10) POVERTY LINE.—The term ‘poverty line’
23 means the poverty line (as such term is defined in
24 section 673(2) of the Community Services Block

1 Grant Act (42 U.S.C. 9902(2)), including any revision
2 required by such section) that—

3 “(A) in the case of a family of less than
4 4 individuals, is applicable to a family of the
5 size involved; and

6 “(B) in the case of a family of 4 or more
7 individuals, is applicable to a family of 4 individuals.”

9 (c) PROGRAM REPEALS.—

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

14 (2) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT.—The Child Development Associate Scholarship Assistance Act of 1985 (42
15 U.S.C. 10901 et seq.) is repealed.

18 **SEC. 9206. CERTAIN FEDERAL ASSISTANCE INCLUDIBLE IN**
19 **GROSS INCOME.**

20 (a) IN GENERAL.—Part II of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to
21 items specifically included in gross income) is amended by
22 adding at the end the following new section:
23

1 **“SEC. 91. CERTAIN FEDERAL ASSISTANCE.**

2 “(a) IN GENERAL.—Gross income shall include an
3 amount equal to the specified Federal assistance received
4 by the taxpayer during the taxable year.

5 “(b) SPECIFIED FEDERAL ASSISTANCE.—For pur-
6 poses of this section—

7 “(1) IN GENERAL.—The term ‘specified Federal
8 assistance’ means—

9 “(A) supplemental security income benefits
10 under title XVI of the Social Security Act (in-
11 cluding supplemental security income benefits
12 of the type described in section 1616 of such
13 Act or section 212 of Public Law 93-66).”.

14 (b) REPORTING.—

15 (1) IN GENERAL.—Subpart B of part III of
16 subchapter A of chapter 61 of such Code is amended
17 by adding at the end the following new section:

18 **“SEC. 6050Q. PAYMENTS OF CERTAIN FEDERAL ASSIST-**
19 **ANCE.**

20 “(a) REQUIREMENT OF REPORTING.—The appro-
21 priate official shall make a return, according to the forms
22 and regulations prescribed by the Secretary, setting
23 forth—

24 “(1) the aggregate amount of specified Federal
25 assistance paid to any individual during any cal-
26 endar year, and

1 “(2) the name, address, and TIN of such indi-
2 vidual.

3 “(b) STATEMENTS TO BE FURNISHED TO PERSONS
4 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—

5 Every person required to make a return under subsection
6 (a) shall furnish to each individual whose name is required
7 to be set forth in such return a written statement show-
8 ing—

9 “(1) the aggregate amount of payments made
10 to the individual which are required to be shown on
11 such return, and

12 “(2) the name of the agency making the pay-
13 ments.

14 The written statement required under the preceding sen-
15 tence shall be furnished to the individual on or before Jan-
16 uary 31 of the year following the calendar year for which
17 the return under subsection (a) was required to be made.

18 “(c) DEFINITIONS AND SPECIAL RULE.—For pur-
19 poses of this section—

20 “(1) APPROPRIATE OFFICIAL.—The term ‘ap-
21 propriate official’ means—

22 “(A) in the case of specified Federal as-
23 sistance described in section 91(b)(1)(A), the
24 head of the State agency administering the plan
25 under which such assistance is provided,

1 “(B) in the case of specified Federal as-
2 sistance described in section 91(b)(1)(B), the
3 head of the State agency administering the pro-
4 gram under which such assistance is provided,
5 and

6 “(C) in the case of specified Federal assist-
7 ance described in section 91(b)(1)(C), the Sec-
8 retary of Health and Human Services.

9 “(2) SPECIFIED FEDERAL ASSISTANCE.—The
10 term ‘specified Federal assistance’ has the meaning
11 given such term by section 91(b).

12 “(3) AMOUNTS TREATED AS PAID.—The rules
13 of section 91(c) shall apply for purposes of deter-
14 mining to whom specified Federal assistance is
15 paid.”

16 (2) PENALTIES.—

17 (A) Subparagraph (B) of section
18 6724(d)(1) of such Code is amended by redesign-
19 ating clauses (ix) through (xiv) as clauses (x)
20 through (xv), respectively, and by inserting
21 after clause (viii) the following new clause:

22 “(ix) section 6050Q (relating to pay-
23 ments of certain Federal assistance),”.

24 (B) Paragraph (2) of section 6724(d) of
25 such Code is amended by redesignating sub-

1 paragraphs (Q) through (T) as subparagraphs
2 (R) through (U), respectively, and by inserting
3 after subparagraph (P) the following new sub-
4 paragraph:

5 “(Q) section 6050Q(b) (relating to pay-
6 ments of certain Federal assistance),”.

7 (c) SUPPLEMENTAL SECURITY INCOME BENEFITS
8 NOT TAKEN INTO ACCOUNT FOR PURPOSES OF THE
9 EARNED INCOME TAX CREDIT.—Section 32 of the Inter-
10 nal Revenue Code of 1986 (relating to the earned income
11 tax credit), is amended by adding at the end the following
12 new subsection:

13 “(k) ADJUSTED GROSS INCOME DETERMINED WITH-
14 OUT REGARD TO CERTAIN FEDERAL ASSISTANCE.—For
15 purposes of this section, adjusted gross income shall be
16 determined without regard to any amount which is includ-
17 ible in gross income solely by reason of section 91.”

18 (d) CLERICAL AMENDMENTS.—

19 (1) The table of sections for part II of sub-
20 chapter B of chapter 1 of such Code is amended by
21 adding at the end the following new item:

“Sec. 91. Certain Federal assistance.”.

22 (2) The table of sections for subpart B of part
23 III of subchapter A of chapter 61 of such Code is

1 amended by adding at the end the following new
2 item:

 “Sec. 6050Q. Payments of certain Federal assistance.”.

3 (e) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to benefits received after December
5 31, 1995, except that the amendment made by subsection
6 (c) shall apply to taxable years beginning after such date.

7 **SEC. 9207. DEPENDENT CARE CREDIT TO BE REFUNDABLE;**
8 **HIGH-INCOME TAXPAYERS INELIGIBLE FOR**
9 **CREDIT.**

10 (a) **CREDIT TO BE REFUNDABLE.**—

11 (1) **IN GENERAL.**—Section 21 of the Internal
12 Revenue Code of 1986 (relating to expenses for
13 household and dependent care services necessary for
14 gainful employment) is hereby moved to subpart C
15 of part IV of subchapter A of chapter 1 of such
16 Code (relating to refundable credits) and inserted
17 after section 34.

18 (2) **TECHNICAL AMENDMENTS.**—

19 (A) Section 35 of such Code is redesign-
20 nated as section 36.

21 (B) Section 21 of such Code is redesign-
22 nated as section 35.

23 (C) Paragraph (1) of section 35(a) of such
24 Code (as redesignated by subparagraph (B)) is

1 amended by striking “this chapter” and insert-
2 ing “this subtitle”.

3 (D) Subparagraph (C) of section 129(a)(2)
4 of such Code is amended by striking “section
5 21(e)” and inserting “section 35(e)”.

6 (E) Paragraph (2) of section 129(b) of
7 such Code is amended by striking “section
8 21(d)(2)” and inserting “section 35(d)(2)”.

9 (F) Paragraph (1) of section 129(e) of
10 such Code is amended by striking “section
11 21(b)(2)” and inserting “section 35(b)(2)”.

12 (G) Subsection (e) of section 213 of such
13 Code is amended by striking “section 21” and
14 inserting “section 35”.

15 (H) Paragraph (2) of section 1324(b) of
16 title 31, United States Code, is amended by in-
17 serting before the period “, or from section 35
18 of such Code”.

19 (I) The table of sections for subpart C of
20 part IV of subchapter A of chapter 1 of such
21 Code is amended by striking the item relating
22 to section 35 and inserting the following:

“Sec. 35. Expenses for household and dependent care services
necessary for gainful employment.

“Sec. 36. Overpayments of tax.”.

1 (J) The table of sections for subpart A of
2 such part IV is amended by striking the item
3 relating to section 21.

4 (b) HIGHER-INCOME TAXPAYERS INELIGIBLE FOR
5 CREDIT.—Subsection (a) of section 35 of such Code, as
6 redesignated by subsection (a), is amended by adding at
7 the end the following new paragraph:

8 “(3) PHASEOUT OF CREDIT FOR HIGHER-IN-
9 COME TAXPAYERS.—The amount of the credit which
10 would (but for this paragraph) be allowed by this
11 section shall be reduced (but not below zero) by an
12 amount which bears the same ratio to such amount
13 of credit as the excess of the taxpayer’s adjusted
14 gross income for the taxable year over \$60,000 bears
15 to \$20,000. Any reduction determined under the
16 preceding sentence which is not a multiple of \$10
17 shall be rounded to the nearest multiple of \$10.”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 1996.

21 **Subtitle C—Work First**

22 **SEC. 9301. WORK FIRST PROGRAM.**

23 (a) ESTABLISHMENT AND OPERATION OF PRO-
24 GRAM.—Title IV (42 U.S.C. 601 et seq.) is amended by
25 striking part F and inserting the following:

“Part F—Work First Program**2 “SEC. 481. STATE ROLE.**

3 “(a) PROGRAM REQUIREMENTS.—Any State may es-
4 tablish and operate a work first program that meets the
5 following requirements:

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

10 “(2) METHOD.—The method of the program is
11 to connect recipients of assistance under the State
12 plan approved under part A with the private sector
13 labor market as soon as possible and offer them the
14 support and skills necessary to remain in the labor
15 market. Each component of the program should be
16 permeated with an emphasis on employment and
17 with an understanding that minimum wage jobs are
18 a stepping stone to more highly paid employment.
19 The program shall provide recipients with education,
20 training, job search and placement, wage
21 supplementation, temporary subsidized jobs, or such
22 other services that the State deems necessary to help
23 a recipient obtain private sector employment.

24 “(3) JOB CREATION.—The creation of jobs,
25 with an emphasis on private sector jobs, shall be a
26 component of the program and shall be a priority for

1 each State office with responsibilities under the pro-
2 gram.

3 “(4) FORMS OF ASSISTANCE.—The State shall
4 provide assistance to participants in the program in
5 the form of education, training, job placement serv-
6 ices (including vouchers for job placement services),
7 work supplementation programs, temporary sub-
8 sidized job creation, job counseling, assistance in es-
9 tablishing microenterprises, or other services to pro-
10 vide individuals with the support and skills necessary
11 to obtain and keep employment in the private sector.

12 “(5) 2-YEAR LIMITATION ON PARTICIPATION.—
13 The program shall comply with section 487(b).

14 “(6) AGREEMENTS OF MUTUAL RESPONSIBIL-
15 ITY.—

16 “(A) IN GENERAL.—The State agency
17 shall develop an agreement of mutual respon-
18 sibility for each program participant, which will
19 be an individualized comprehensive plan, devel-
20 oped by the team and the participant, to move
21 the participant into a full-time unsubsidized
22 job. The agreement should detail the education,
23 training, or skills that the individual will be re-
24 ceiving to obtain a full-time unsubsidized job,
25 and the obligations of the individual.

1 “(B) HOURS OF PARTICIPATION REQUIRE-
2 MENT.—The agreement shall provide that the
3 individual shall participate in activities in ac-
4 cordance with the agreement for—

5 “(i) not fewer than 20 hours per week
6 during fiscal years 1997 and 1998;

7 “(ii) not fewer than 25 hours per
8 week during fiscal year 1999; and

9 “(iii) not fewer than 30 hours per
10 week thereafter.

11 “(7) CASELOAD PARTICIPATION RATES.—The
12 program shall comply with section 488.

13 “(8) NONDISPLACEMENT.—The program may
14 not be operated in a manner that results in—

15 “(A) the displacement of a currently em-
16 ployed worker or position by a program partici-
17 pant;

18 “(B) the replacement of an employee who
19 has been terminated with a program partici-
20 pant; or

21 “(C) the replacement of an individual who
22 is on layoff from the same position given to a
23 program participant or any equivalent position.

24 “(b) ANNUAL REPORTS.—

1 “(1) COMPLIANCE WITH PERFORMANCE MEAS-
2 URES.—Each State that operates a program under
3 this part shall submit to the Secretary annual re-
4 ports that compare the achievements of the program
5 with the performance-based measures established
6 under section 488(c).

7 “(2) COMPLIANCE WITH PARTICIPATION
8 RATES.—Each State that operates a program under
9 this part for a fiscal year shall submit to the Sec-
10 retary a report on the participation rate of the State
11 for the fiscal year.

12 **“SEC. 482. REVAMPED JOBS PROGRAM.**

13 “A State that establishes a program under this part
14 may operate a program similar to the program known as
15 the ‘GAIN Program’ that has been operated by Riverside
16 County, California, under Federal law in effect imme-
17 diately before the date this part first applies to the State
18 of California.

19 **“SEC. 483. USE OF PLACEMENT COMPANIES.**

20 “(a) IN GENERAL.—A State that establishes a pro-
21 gram under this part may enter into contracts with private
22 companies (whether operated for profit or not for profit)
23 for the placement of participants in the program in posi-
24 tions of full-time employment, preferably in the private

1 sector, for wages sufficient to eliminate the need of such
2 participants for cash assistance.

3 “(b) REQUIRED CONTRACT TERMS.—Each contract
4 entered into under this section with a company shall meet
5 the following requirements:

6 “(1) PROVISION OF JOB READINESS AND SUP-
7 PORT SERVICES.—The contract shall require the
8 company to provide, to any program participant who
9 presents to the company a voucher issued under sub-
10 section (d) intensive personalized support and job
11 readiness services designed to prepare the individual
12 for employment and ensure the continued success of
13 the individual in employment.

14 “(2) PAYMENTS.—

15 “(A) IN GENERAL.—The contract shall
16 provide for payments to be made to the com-
17 pany with respect to each program participant
18 who presents to the company a voucher issued
19 under subsection (d).

20 “(B) STRUCTURE.—The contract shall
21 provide for the majority of the amounts to be
22 paid under the contract with respect to a pro-
23 gram participant, to be paid after the company
24 has placed the participant in a position of full-
25 time employment and the participant has been

1 employed in the position for such period of not
2 less than 5 months as the State deems appro-
3 priate.

4 “(c) **COMPETITIVE BIDDING REQUIRED.**—Contracts
5 under this section shall be awarded only after competitive
6 bidding.

7 “(d) **VOUCHERS.**—The State shall issue a voucher to
8 each program participant whose agreement of mutual re-
9 sponsibility provides for the use of placement companies
10 under this section, indicating that the participant is eligi-
11 ble for the services of such a company.

12 **“SEC. 484. TEMPORARY SUBSIDIZED JOB CREATION.**

13 “A State that establishes a program under this part
14 may establish a program similar to the program known
15 as ‘JOBS Plus’ that has been operated by the State of
16 Oregon under Federal law in effect immediately before the
17 date this part first applies to the State of Oregon.

18 **“SEC. 485. MICROENTERPRISE.**

19 “(a) **GRANTS AND LOANS TO NONPROFIT ORGANIZA-**
20 **TIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE,**
21 **TRAINING, AND CREDIT TO LOW INCOME ENTRE-**
22 **PRENEURS.**—A State that establishes a program under
23 this part may make grants and loans to nonprofit organi-
24 zations to provide technical assistance, training, and credit

1 to low income entrepreneurs for the purpose of establish-
2 ing microenterprises.

3 “(b) MICROENTERPRISE DEFINED.—For purposes of
4 this subsection, the term ‘microenterprise’ means a com-
5 mercial enterprise which has 5 or fewer employees, 1 or
6 more of whom owns the enterprise.

7 **“SEC. 486. WORK SUPPLEMENTATION PROGRAM.**

8 “(a) IN GENERAL.—A State that establishes a pro-
9 gram under this part may institute a work
10 supplementation program under which the State, to the
11 extent it considers appropriate, may reserve the sums that
12 would otherwise be payable under the State plan approved
13 under part A to participants in the program and use the
14 sums instead for the purpose of providing and subsidizing
15 jobs for the participants (as described in subsection (c)(3)
16 (A) and (B)), as an alternative to providing such assist-
17 ance to the participants.

18 “(b) STATE FLEXIBILITY.—

19 “(1) Nothing in this part, or in any State plan
20 approved under part A, shall be construed to prevent
21 a State from operating (on such terms and condi-
22 tions and in such cases as the State may find to be
23 necessary or appropriate) a work supplementation
24 program in accordance with this section and section

1 484 (as in effect immediately before the date this
2 part first applies to the State).

3 “(2) Notwithstanding any other provision of
4 law, a State may adjust the levels of the standards
5 of need under the State plan as the State determines
6 to be necessary and appropriate for carrying out a
7 work supplementation program under this section.

8 “(3) Notwithstanding any other provision of
9 law, a State operating a work supplementation pro-
10 gram under this section may provide that the need
11 standards in effect in those areas of the State in
12 which the program is in operation may be different
13 from the need standards in effect in the areas in
14 which the program is not in operation, and the State
15 may provide that the need standards for categories
16 of recipients may vary among such categories to the
17 extent the State determines to be appropriate on the
18 basis of ability to participate in the work
19 supplementation program.

20 “(4) Notwithstanding any other provision of
21 law, a State may make such further adjustments in
22 the amounts of assistance provided under the plan
23 to different categories of recipients (as determined
24 under paragraph (3)) in order to offset increases in
25 benefits from needs-related programs (other than

1 the State plan approved under part A) as the State
2 determines to be necessary and appropriate to fur-
3 ther the purposes of the work supplementation pro-
4 gram.

5 “(5) In determining the amounts to be reserved
6 and used for providing and subsidizing jobs under
7 this section as described in subsection (a), the State
8 may use a sampling methodology.

9 “(6) Notwithstanding any other provision of
10 law, a State operating a work supplementation pro-
11 gram under this section, may reduce or eliminate the
12 amount of earned income to be disregarded under
13 the State plan as the State determines to be nec-
14 essary and appropriate to further the purposes of
15 the work supplementation program.

16 “(c) RULES RELATING TO SUPPLEMENTED JOBS.—

17 “(1) A work supplementation program operated
18 by a State under this section may provide that any
19 individual who is an eligible individual (as deter-
20 mined under paragraph (2)) shall take a supple-
21 mented job (as defined in paragraph (3)) to the ex-
22 tent that supplemented jobs are available under the
23 program. Payments by the State to individuals or to
24 employers under the work supplementation program
25 shall be treated as expenditures incurred by the

1 State for temporary employment assistance under
2 part A except as limited by subsection (d).

3 “(2) For purposes of this section, an eligible in-
4 dividual is an individual who is in a category which
5 the State determines should be eligible to participate
6 in the work supplementation program, and who
7 would, at the time of placement in the job involved,
8 be eligible for assistance under an approved State
9 plan if the State did not have a work
10 supplementation program in effect.

11 “(3) For purposes of this subsection, a supple-
12 mented job is—

13 “(A) a job provided to an eligible individ-
14 ual by the State or local agency administering
15 the State plan under part A; or

16 “(B) a job provided to an eligible individ-
17 ual by any other employer for which all or part
18 of the wages are paid by the State or local
19 agency.

20 A State may provide or subsidize under the program
21 any job which the State determines to be appro-
22 priate.

23 “(d) COST LIMITATION.—The amount of the Federal
24 payment to a State under section 413 for expenditures in-
25 curred in making payments to individuals and employers

1 under a work supplementation program under this sub-
2 section shall not exceed an amount equal to the amount
3 which would otherwise be payable under such section if
4 the family of each individual employed in the program es-
5 tablished in the State under this section had received the
6 maximum amount of assistance providable under the State
7 plan to such a family with no income (without regard to
8 adjustments under subsection (b) of this section) for the
9 lesser of—

10 “(1) 9 months; or

11 “(2) the number of months in which the indi-
12 vidual was employed in the program.

13 “(e) RULES OF INTERPRETATION.—

14 “(1) This section shall not be construed as re-
15 quiring the State or local agency administering the
16 State plan to provide employee status to an eligible
17 individual to whom the State or local agency pro-
18 vides a job under the work supplementation program
19 (or with respect to whom the State or local agency
20 provides all or part of the wages paid to the individ-
21 ual by another entity under the program), or as re-
22 quiring any State or local agency to provide that an
23 eligible individual filling a job position provided by
24 another entity under the program be provided em-

1 ployee status by the entity during the first 13 weeks
2 the individual fills the position.

3 “(2) Wages paid under a work supplementation
4 program shall be considered to be earned income for
5 purposes of any provision of law.

6 “(f) PRESERVATION OF MEDICAID ELIGIBILITY.—
7 Any State that chooses to operate a work supplementation
8 program under this section shall provide that any individ-
9 ual who participates in the program, and any child or rel-
10 ative of the individual (or other individual living in the
11 same household as the individual) who would be eligible
12 for assistance under the State plan approved under part
13 A if the State did not have a work supplementation pro-
14 gram, shall be considered individuals receiving assistance
15 under the State plan approved under part A for purposes
16 of eligibility for medical assistance under the State plan
17 approved under title XIX.

18 “SEC. 487. PARTICIPATION RULES.

19 “(a) IN GENERAL.—Except as provided in subsection
20 (b), a State that establishes a program under this part
21 may require any individual receiving assistance under the
22 State plan approved under part A to participate in the
23 program.

24 “(b) 2-YEAR LIMITATION ON PARTICIPATION.—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), an individual may not participate in a
3 State program established under this part if the in-
4 dividual has participated in the State program es-
5 tablished under this part for 24 months after the
6 date the individual first signed an agreement of mu-
7 tual responsibility under this part, excluding any
8 month during which the individual worked for an av-
9 erage of at least 25 hours per week in a private sec-
10 tor job.

11 “(2) AUTHORITY TO ALLOW REPEAT PARTICI-
12 PATION.—

13 “(A) IN GENERAL.—Subject to subpara-
14 graph (B) of this paragraph, a State may allow
15 an individual who, by reason of paragraph (1),
16 would be prohibited from participating in the
17 State program established under this part to
18 participate in the program for such additional
19 period or periods as the State determines ap-
20 propriate.

21 “(B) LIMITATION ON PERCENTAGE OF RE-
22 PEAT PARTICIPANTS.—

23 “(i) IN GENERAL.—Except as pro-
24 vided in clause (ii) of this subparagraph,
25 the number of individuals allowed under

1 subparagraph (A) to participate during a
2 program year in a State program estab-
3 lished under this part shall not exceed—

4 “(I) 10 percent of the total num-
5 ber of individuals who participated in
6 the State program established under
7 this part or the State program estab-
8 lished under part H during the imme-
9 diately preceding program year; or

10 “(II) in the case of fiscal year
11 2004 or any succeeding fiscal year, 15
12 percent of such total number of indi-
13 viduals.

14 “(ii) AUTHORITY TO INCREASE LIM-
15 TATION.—

16 “(I) PETITION.—A State may re-
17 quest the Secretary to increase to not
18 more than 15 percent the percentage
19 limitation imposed by clause (i)(I) for
20 a fiscal year before fiscal year 2004.

21 “(II) AUTHORITY TO GRANT RE-
22 QUEST.—The Secretary may approve
23 a request made pursuant to subclause
24 (I) if the Secretary deems it appro-
25 priate. The Secretary shall develop

1 recommendations on the criteria that
 2 should be applied in evaluating re-
 3 quests under subclause (I).

4 **“SEC. 488. CASELOAD PARTICIPATION RATES; PERFORM-**
 5 **ANCE MEASURES.**

6 “(a) PARTICIPATION RATES.—

7 “(1) REQUIREMENT.—A State that operates a
 8 program under this part shall achieve a participation
 9 rate for the following fiscal years of not less than
 10 the following percentage:

“Fiscal year:	Percentage:
1997	20
1998	24
1999	28
2000	32
2001	36
2002	40
2003 or later	52.

11 “(2) PARTICIPATION RATE DEFINED.—

12 “(A) IN GENERAL.—As used in this sub-
 13 section, the term ‘participation rate’ means,
 14 with respect to a State and a fiscal year, an
 15 amount equal to—

16 “(i) the average monthly number of
 17 individuals who, during the fiscal year,
 18 participate in the State program estab-
 19 lished under this part or (if applicable)
 20 part G or H; divided by

1 “(ii) the average monthly number of
2 individuals who are not described in sec-
3 tion 402(c)(1)(D) and for whom an indi-
4 vidual responsibility plan is in effect under
5 section 403 during the fiscal year.

6 “(B) SPECIAL RULE.—For each of the 1st
7 12 months after an individual ceases to receive
8 assistance under a State plan approved under
9 part A by reason of having become employed
10 for more than 25 hours per week in an
11 unsubsidized job in the private sector, the indi-
12 vidual shall be considered to be participating in
13 the State program established under this part,
14 and to be an adult recipient of such assistance,
15 for purposes of subparagraph (A).

16 “(3) STATE COMPLIANCE REPORTS.—Each
17 State that operates a program under this part for a
18 fiscal year shall submit to the Secretary a report on
19 the participation rate of the State for the fiscal year.

20 “(4) EFFECT OF FAILURE TO MEET PARTICIPA-
21 TION RATES.—

22 “(A) IN GENERAL.—If a State reports that
23 the State has failed to achieve the participation
24 rate required by paragraph (1) for the fiscal
25 year, the Secretary may make recommendations

1 for changes in the State program established
2 under this part and (if the State has estab-
3 lished a program under part G) the State pro-
4 gram established under part G. The State may
5 elect to follow such recommendations, and shall
6 demonstrate to the Secretary how the State will
7 achieve the required participation rates.

8 “(B) SECOND CONSECUTIVE FAILURE.—

9 Notwithstanding subparagraph (A), if a State
10 fails to achieve the participation rate required
11 by paragraph (1) for 2 consecutive fiscal years,
12 the Secretary may—

13 “(i) require the State to make
14 changes in the State program established
15 under this part and (if the State has estab-
16 lished a program under part G) the State
17 program established under part G; and

18 “(ii) reduce by 5 percent the amount
19 otherwise payable to the State under sec-
20 tion 413.

21 “(b) PERFORMANCE STANDARDS.—The Secretary
22 shall develop standards to be used to measure the effec-
23 tiveness of the programs established under this part and
24 part G in moving recipients of assistance under the State

1 plan approved under part A into full-time unsubsidized
2 employment.

3 “(c) PERFORMANCE-BASED MEASURES.—

4 “(1) ESTABLISHMENT.—The Secretary shall, by
5 regulation, establish measures of the effectiveness of
6 the State programs established under this part and
7 under part G in moving recipients of assistance
8 under the State plan approved under part A into
9 full-time unsubsidized employment, based on the
10 performance of such programs.

11 “(2) ANNUAL COMPLIANCE REPORTS.—Each
12 State that operates a program under this part shall
13 submit to the Secretary annual reports that compare
14 the achievements of the program with the perform-
15 ance-based measures established under paragraph
16 (1).

17 **“SEC. 489. FEDERAL ROLE.**

18 “(a) APPROVAL OF STATE PLANS.—

19 “(1) IN GENERAL.—Within 60 days after the
20 date a State submits to the Secretary a plan that
21 provides for the establishment and operation of a
22 work first program that meets the requirements of
23 section 481, the Secretary shall approve the plan.

24 “(2) AUTHORITY TO EXTEND APPROVAL DEAD-
25 LINE.—The 60-day deadline established in para-

1 graph (1) with respect to a State may be extended
2 in accordance with an agreement between the Sec-
3 retary and the State.

4 “(b) PERFORMANCE-BASED MEASURES.—The Sec-
5 retary shall, by regulation, establish measures of the effec-
6 tiveness of the State program established under this part
7 and (if the State has established a program under part
8 G) the State program established under part G in moving
9 recipients of assistance under the State plan approved
10 under part A into full-time unsubsidized employment,
11 based on the performance of such programs.

12 “(c) EFFECT OF FAILURE TO MEET PARTICIPATION
13 RATES.—

14 “(1) IN GENERAL.—If a State reports that the
15 State has failed to achieve the participation rate re-
16 quired by section 488 for the fiscal year, the Sec-
17 retary may make recommendations for changes in
18 the State program established under this part and
19 (if the State has established a program under part
20 G) the State program established under part G. The
21 State may elect to follow such recommendations, and
22 shall demonstrate to the Secretary how the State
23 will achieve the required participation rates.

24 “(2) SECOND CONSECUTIVE FAILURE.—Not-
25 withstanding paragraph (1), if the State has failed

1 to achieve the participation rates required by section
2 488 for 2 consecutive fiscal years, the Secretary may
3 require the State to make changes in the State pro-
4 gram established under this part and (if the State
5 has established a program under part G) the State
6 program established under part G.

7 "PART G—WORKFARE PROGRAM

8 "SEC. 490. ESTABLISHMENT AND OPERATION OF PROGRAM.

9 "(a) IN GENERAL.—A State that establishes a work
10 first program under part F may establish and carry out
11 a workfare program that meets the requirements of this
12 part, unless the State has established a job placement
13 voucher program under part H.

14 "(b) OBJECTIVE.—The objective of the workfare pro-
15 gram is for each program participant to find and hold a
16 full-time unsubsidized paid job, and for this goal to be
17 achieved in a cost-effective fashion.

18 "(c) CASE MANAGEMENT TEAMS.—The State shall
19 assign to each program participant a case management
20 team that shall meet with the participant and assist the
21 participant to choose the most suitable workfare job under
22 subsection (e), (f), or (g) and to eventually obtain a full-
23 time unsubsidized paid job.

24 "(d) PROVISION OF JOBS.—The State shall provide
25 each participant in the program with a community service

1 job that meets the requirements of subsection (e) or a sub-
2 sidized job that meets the requirements of subsection (f)
3 or (g).

4 “(e) COMMUNITY SERVICE JOBS.—

5 “(1) IN GENERAL.—Except as provided in para-
6 graphs (2) and (3), each participant shall work for
7 not fewer than 30 hours per week (or, at the option
8 of the State, 20 hours per week during fiscal years
9 1997 and 1998, not fewer than 25 hours per week
10 during fiscal year 1999, not fewer than 30 hours per
11 week during fiscal years 2000 and 2001, and not
12 fewer than 35 hours per week thereafter) in a com-
13 munity service job, and be paid at a rate which is
14 not greater than 75 percent (or, at the option of the
15 State, 100 percent) of the maximum amount of as-
16 sistance that may be provided under the State plan
17 approved under part A to a family of the same size
18 and composition with no income.

19 “(2) EXCEPTION.—(A) If the participant has
20 obtained unsubsidized part-time employment in the
21 private sector, the State shall provide the participant
22 with a part-time community service job.

23 “(B) If the State provides a participant a part-
24 time community service job under subparagraph (A),

1 the State shall ensure that the participant works for
2 not fewer than 30 hours per week.

3 “(3) WAGES NOT CONSIDERED EARNED IN-
4 COME.—Wages paid under a workfare program shall
5 not be considered to be earned income for purposes
6 of any provision of law.

7 “(4) COMMUNITY SERVICE JOB DEFINED.—For
8 purposes of this section, the term ‘community serv-
9 ice job’ means—

10 “(A) a job provided to a participant by the
11 State administering the State plan under part
12 A; or

13 “(B) a job provided to a participant by any
14 other employer for which all or part of the
15 wages are paid by the State.

16 A State may provide or subsidize under the program
17 any job which the State determines to be appro-
18 priate.

19 “(f) TEMPORARY SUBSIDIZED JOB CREATION.—A
20 State that establishes a workfare program under this part
21 may establish a program similar to the program operated
22 by the State of Oregon, which is known as ‘JOBS Plus’.

23 “(g) WORK SUPPLEMENTATION PROGRAM.—

24 “(1) IN GENERAL.—A State that establishes a
25 workfare program under this part may institute a

1 work supplementation program under which the
2 State, to the extent it considers appropriate, may re-
3 serve the sums that would otherwise be payable to
4 participants in the program as a community service
5 minimum wage and use the sums instead for the
6 purpose of providing and subsidizing private sector
7 jobs for the participants.

8 “(2) EMPLOYER AGREEMENT.—An employer
9 who provides a private sector job to a participant
10 under paragraph (1) shall agree to provide to the
11 participant an amount in wages equal to the poverty
12 threshold for a family of three.

13 “(h) JOB SEARCH REQUIREMENT.—The State shall
14 require each participant to spend a minimum of 5 hours
15 per week on activities related to securing unsubsidized
16 full-time employment in the private sector.

17 “(i) DURATION OF PARTICIPATION.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), an individual may not participate for
20 more than 2 years in a workfare program under this
21 part.

22 “(2) AUTHORITY TO ALLOW REPEATED PAR-
23 TICIPATION.—

24 “(A) IN GENERAL.—Subject to subpara-
25 graph (B), a State may allow an individual

1 who, by reason of paragraph (1), would be pro-
2 hibited from participating in the State program
3 established under this part to participate in the
4 program for such additional period or periods
5 as the State determines appropriate.

6 “(B) LIMITATION ON PERCENTAGE OF RE-
7 PEAT PARTICIPANTS.—

8 “(i) IN GENERAL.—Except as pro-
9 vided in clause (ii), the number of individ-
10 uals allowed under subparagraph (A) to
11 participate during a program year in a
12 State program established under this part
13 shall not exceed 10 percent of the total
14 number of individuals who participated in
15 the program during the immediately pre-
16 ceding program year.

17 “(ii) AUTHORITY TO INCREASE LIM-
18 TATION.—

19 “(I) PETITION.—A State may re-
20 quest the Secretary to increase the
21 percentage limitation imposed by
22 clause (i) to not more than 15 per-
23 cent.

24 “(II) AUTHORITY TO GRANT RE-
25 QUEST.—The Secretary may approve

1 a request made pursuant to subclause
2 (I) if the Secretary deems it appro-
3 priate. The Secretary shall develop
4 recommendations on the criteria that
5 should be applied in evaluating re-
6 quests under subclause (I).

7 “(j) USE OF PLACEMENT COMPANIES.—A State that
8 establishes a workfare program under this part may enter
9 into contracts with private companies (whether operated
10 for profit or not for profit) for the placement of partici-
11 pants in the program in positions of full-time employment,
12 preferably in the private sector, for wages sufficient to
13 eliminate the need of such participants for cash assistance
14 in accordance with section 483.

15 “(k) MAXIMUM OF 3 COMMUNITY SERVICE JOBS.—
16 A program participant may not receive more than 3 com-
17 munity service jobs under the program.

18 “PART H—JOB PLACEMENT VOUCHER PROGRAM

19 “SEC. 490A. JOB PLACEMENT VOUCHER PROGRAM.

20 “A State that is not operating a workfare program
21 under part G may establish a job placement voucher pro-
22 gram that meets the following requirements:

23 “(1) The program shall offer each program par-
24 ticipant a voucher which the participant may use to
25 obtain employment in the private sector.

1 “(2) An employer who receives a voucher issued
2 under the program from an individual may redeem
3 the voucher at any time after the individual has been
4 employed by the employer for 6 months, unless an-
5 other employee of the employer was displaced by the
6 employment of the individual.

7 “(3) Upon presentation of a voucher by an em-
8 ployer to the State agency responsible for the admin-
9 istration of the program, the State agency shall pay
10 to the employer an amount equal to 50 percent of
11 the total amount of assistance provided under the
12 State plan approved under part A to the family of
13 which the individual is a member for the most recent
14 12 months for which the family was eligible for such
15 assistance.”.

16 (c) FUNDING.—Section 413(a), as added by section
17 9101(a) of this Act, is amended—

18 (1) by striking “Subject to” and inserting the
19 following:

20 “(1) IN GENERAL.—Subject to”; and

21 (2) by inserting after and below the end the fol-
22 lowing:

23 “(2) WORK FIRST AND OTHER PROGRAMS.—(A)
24 Each State that is operating a program in accord-
25 ance with a plan approved under part F and a pro-

1 gram in accordance with part G or H shall be enti-
2 tled to payments under paragraph (3) for any fiscal
3 year in an amount equal to the sum of the applicable
4 percentages (specified in such paragraph) of its ex-
5 penditures to carry out such programs (subject to
6 limitations prescribed by or pursuant to such parts
7 or this part on expenditures that may be included
8 for purposes of determining payment under para-
9 graph (3)), but such payments for any fiscal year in
10 the case of any State may not exceed the limitation
11 determined under subparagraph (B) with respect to
12 the State.

13 “(B) The limitation determined under this sub-
14 paragraph with respect to a State for any fiscal year
15 is the amount that bears the same ratio to the
16 amount specified in subparagraph (C) for such fiscal
17 year as the average monthly number of adult recipi-
18 ents (as defined in subparagraph (D)) in the State
19 in the preceding fiscal year bears to the average
20 monthly number of such recipients in all the States
21 for such preceding year.

22 “(C)(i) The amount specified in this subpara-
23 graph is—

24 “(I) \$1,600,000,000 for fiscal year 1997;

25 “(II) \$1,600,000,000 for fiscal year 1998;

1 “(III) \$1,900,000,000 for fiscal year 1999;

2 “(IV) \$2,500,000,000 for fiscal year 2000;

3 and

4 “(V) \$3,200,000,000 for fiscal year 2001;

5 and

6 “(VI) \$4,700,000,000 for fiscal year 2002;

7 and

8 “(VII) the amount determined under
9 clause (ii) for fiscal year 2003 and each suc-
10 ceeding fiscal year.

11 “(ii) The amount determined under this clause
12 for a fiscal year is the product of the following:

13 “(I) The amount specified in this subpara-
14 graph for the immediately preceding fiscal year.

15 “(II) 1.00 plus the percentage (if any) by
16 which—

17 “(aa) the average of the Consumer
18 Price Index (as defined in section 1(f)(5)
19 of the Internal Revenue Code of 1986) for
20 the most recent 12-month period for which
21 such information is available; exceeds

22 “(bb) the average of the Consumer
23 Price Index (as so defined) for the 12-
24 month period ending on June 30 of the
25 2nd preceding fiscal year.

1 “(III) The amount that bears the same
2 ratio to the amount specified in this subpara-
3 graph for the immediately preceding fiscal year
4 as the number of individuals whom the Sec-
5 retary estimates will participate in programs
6 operated under part F, G, or H during the fis-
7 cal year bears to the total number of individuals
8 who participated in such programs during such
9 preceding fiscal year.

10 “(D) For purposes of this paragraph, the term
11 ‘adult recipient’ in the case of any State means an
12 individual other than a dependent child (unless such
13 child is the custodial parent of another dependent
14 child) whose needs are met (in whole or in part)
15 with assistance provided under the State plan ap-
16 proved under this part.

17 “(E) For purposes of subparagraph (D), the
18 term ‘dependent child’ means a needy child (i) who
19 has been deprived of parental support or care by
20 reason of the death, continued absence from the
21 home (other than absence occasioned solely by rea-
22 son of the performance of active duty in the uni-
23 formed services of the United States), or physical or
24 mental incapacity of a parent, and who is living with
25 his father, mother, grandfather, grandmother, broth-

1 er, sister, stepfather, stepmother, stepbrother, step-
2 sister, uncle, aunt, first cousin, nephew, or niece, in
3 a place of residence maintained by one or more of
4 such relatives as his or their own home, and (ii) who
5 is (I) under the age of eighteen, or (II) at the option
6 of the State, under the age of nineteen and a full-
7 time student in a secondary school (or in the equiva-
8 lent level of vocational or technical training), if, be-
9 fore he attains age nineteen, he may reasonably be
10 expected to complete the program of such secondary
11 school (or such training).

12 “(F) For purposes of subparagraph (E), the
13 term ‘relative with whom any dependent child is liv-
14 ing’ means the individual who is one of the relatives
15 specified in subparagraph (E) and with whom such
16 child is living (within the meaning of such sub-
17 section) in a place of residence maintained by such
18 individual (himself or together with any one or more
19 of the other relatives so specified) as his (or their)
20 own home.

21 “(3)(A) In lieu of any payment under para-
22 graph (1) therefor, the Secretary shall pay to each
23 State that is operating a program in accordance
24 with a plan approved under part F and a program
25 in accordance with part G or H, with respect to ex-

1 penditures by the State to carry out such programs,
2 an amount equal to—

3 “(i) with respect to so much of such ex-
4 penditures in a fiscal year as do not exceed the
5 State’s expenditures in the fiscal year 1987
6 with respect to which payments were made to
7 such State from its allotment for such fiscal
8 year pursuant to part C of this title as then in
9 effect, 90 percent; and

10 “(ii) with respect to so much of such ex-
11 penditures in a fiscal year as exceed the amount
12 described in clause (i)—

13 “(I) 50 percent, in the case of expend-
14 itures for administrative costs made by a
15 State in operating such programs for such
16 fiscal year (other than the personnel costs
17 for staff employed full-time in the oper-
18 ation of such program) and the costs of
19 transportation and other work-related sup-
20 portive services; and

21 “(II) 60 percent or the Federal medi-
22 cal assistance percentage (as defined in the
23 last sentence of section 1118), whichever is
24 the greater, in the case of expenditures
25 made by a State in operating such pro-

1 grams for such fiscal year (other than for
2 costs described in subclause (I)).

3 “(B) With respect to the amount for which pay-
4 ment is made to a State under subparagraph (A)(i),
5 the State’s expenditures for the costs of operating
6 such programs may be in cash or in kind, fairly eval-
7 uated.

8 “(C) Not more than 10 percent of the amount
9 payable to a State under this paragraph for a quar-
10 ter may be for expenditures made during the quarter
11 with respect to program participants who are not eli-
12 gible for assistance under the State plan approved
13 under this part.”.

14 (d) SECRETARY’S SPECIAL ADJUSTMENT FUND.—
15 Section 413(a), as added by section 9101(a) of this Act,
16 is amended by adding at the end the following:

17 “(4) SECRETARY’S SPECIAL ADJUSTMENT
18 FUND.—(A) There shall be available to the Sec-
19 retary from the amount appropriated for payments
20 under paragraph (2) for States’ programs under
21 parts F and G for fiscal year 1996, \$300,000,000
22 for special adjustments to States’ limitations on
23 Federal payments for such programs.

24 “(B) A State may, not later than March 1 and
25 September 1 of each fiscal year, submit to the Sec-

1 retary a request to adjust the limitation on pay-
2 ments under this section with respect to its program
3 under part F (and, in fiscal years after 1997) its
4 program under part G for the following fiscal year.
5 The Secretary shall only consider such a request
6 from a State which has, or which demonstrates con-
7 vincingly on the basis of estimates that it will, sub-
8 mit allowable claims for Federal payment in the full
9 amount available to it under paragraph (2) in the
10 current fiscal year and obligated 95 percent of its
11 full amount in the prior fiscal year. The Secretary
12 shall by regulation prescribe criteria for the equi-
13 table allocation among the States of Federal pay-
14 ments pursuant to adjustments of the limitations re-
15 ferred to in the preceding sentence in the case where
16 the requests of all States that the Secretary finds
17 reasonable exceed the amount available, and, within
18 30 days following the dates specified in this para-
19 graph, will notify each State whether one or more of
20 its limitations will be adjusted in accordance with
21 the State's request and the amount of the adjust-
22 ment (which may be some or all of the amount re-
23 quested).

24 “(C) The Secretary may adjust the limitation
25 on Federal payments to a State for a fiscal year

1 under paragraph (2), and upon a determination by
2 the Secretary that (and the amount by which) a
3 State's limitation should be raised, the amount spec-
4 ified in such paragraph shall be considered to be so
5 increased for the following fiscal year.

6 “(D) The amount made available under sub-
7 paragraph (A) for special adjustments shall remain
8 available to the Secretary until expended. That
9 amount shall be reduced by the sum of the adjust-
10 ments approved by the Secretary in any fiscal year,
11 and the amount shall be increased in a fiscal year
12 by the amount by which all States' limitations under
13 paragraph (2) of this subsection and section 2008
14 for a fiscal year exceeded the sum of the Federal
15 payments under such provisions of law for such fiscal
16 year, but for fiscal years after 1997, such amount
17 at the end of such fiscal year shall not exceed
18 \$400,000,000.”

19 (e) CONFORMING AMENDMENTS.—

20 (1) Section 1115(b)(2)(A) (42 U.S.C.
21 1315(b)(2)(A)) is amended by striking “, and
22 402(a)(19) (relating to the work incentive pro-
23 gram)”.

24 (2) Section 1108 (42 U.S.C. 1308) is amend-
25 ed—

1 (A) in subsection (a), by striking “or, in
2 the case of part A of title IV, section 403(k)”;
3 and

4 (B) in subsection (d), by striking “(exclu-
5 sive of any amounts on account of services and
6 items to which, in the case of part A of such
7 title, section 403(k) applies)”.

8 (3) Section 1902(a)(10)(A)(i)(I) (42 U.S.C.
9 1396a(a)(19)(A)(i)(I)) is amended—

10 (A) by striking “402(a)(37), 406(h), or”;
11 and

12 (B) by striking “482(e)(6)” and inserting
13 “486(f)”.

14 (4) Section 1928(a)(1) (42 U.S.C. 1396s(a)(1))
15 is amended by striking “482(e)(6)” and inserting
16 “486(f)”.

17 (f) INTENT OF THE CONGRESS.—The Congress in-
18 tends for State activities under section 484 of the Social
19 Security Act (as added by the amendment made by section
20 9301(a) of this Act) to emphasize the use of the funds
21 that would otherwise be used to provide individuals with
22 assistance under part A of title IV of the Social Security
23 Act and with food stamp benefits under the Food Stamp
24 Act of 1977, to subsidize the wages of such individuals
25 in temporary jobs.

1 (g) SENSE OF THE CONGRESS.—It is the sense of
2 the Congress that States should target individuals who
3 have not attained 25 years of age for participation in the
4 program established by the State under part F of title IV
5 of the Social Security Act (as added by the amendment
6 made by section 9301(a) of this section) in order to break
7 the cycle of welfare dependency.

8 **SEC. 9302. REGULATIONS.**

9 The Secretary of Health and Human Services shall
10 prescribe such regulations as may be necessary to imple-
11 ment the amendments made by this subtitle.

12 **SEC. 9303. APPLICABILITY TO STATES.**

13 (a) STATE OPTION TO ACCELERATE APPLICABIL-
14 ITY.—If a State formally notifies the Secretary of Health
15 and Human Services that the State desires to accelerate
16 the applicability to the State of the amendments made by
17 this subtitle, the amendments shall apply to the State on
18 and after such earlier date as the State may select.

19 (b) STATE OPTION TO DELAY APPLICABILITY UNTIL
20 WAIVERS EXPIRE.—The amendments made by this sub-
21 title shall not apply to a State with respect to which there
22 is in effect a waiver issued under section 1115 of the So-
23 cial Security Act for the State program established under
24 part F of title IV of such Act, until the waiver expires,
25 if the State formally notifies the Secretary of Health and

1 Human Services that the State desires to so delay such
2 effective date.

3 (c) AUTHORITY OF THE SECRETARY OF HEALTH
4 AND HUMAN SERVICES TO DELAY APPLICABILITY TO A
5 STATE.—If a State formally notifies the Secretary of
6 Health and Human Services that the State desires to
7 delay the applicability to the State of the amendments
8 made by this title, the amendments shall apply to the
9 State on and after any later date agreed upon by the Sec-
10 retary and the State.

11 **Subtitle D—Family Responsibility**
12 **And Improved Child Support**
13 **Enforcement**

14 **CHAPTER 1—ELIGIBILITY AND OTHER**
15 **MATTERS CONCERNING TITLE IV-D**
16 **PROGRAM CLIENTS**

17 **SEC. 9401. STATE OBLIGATION TO PROVIDE PATERNITY ES-**
18 **TABLISHMENT AND CHILD SUPPORT EN-**
19 **FORCEMENT SERVICES.**

20 (a) STATE LAW REQUIREMENTS.—Section 466(a)
21 (42 U.S.C. 666(a)) is amended by inserting after para-
22 graph (11) the following:

23 “(12) USE OF CENTRAL CASE REGISTRY AND
24 CENTRALIZED COLLECTIONS UNIT.—Procedures
25 under which—

1 “(A) every child support order established
2 or modified in the State on or after October 1,
3 1998, is recorded in the central case registry
4 established in accordance with section 454A(e);
5 and

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

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

12 “(ii) on and after October 1, 1999,
13 under each other order required to be re-
14 corded in such central case registry under
15 this paragraph or section 454A(e), except
16 as provided in subparagraph (C); and

17 “(C)(i) parties subject to a child support
18 order described in subparagraph (B)(ii) may
19 opt out of the procedure for payment of support
20 through the centralized collections unit (but not
21 the procedure for inclusion in the central case
22 registry) by filing with the State agency a writ-
23 ten agreement, signed by both parties, to an al-
24 ternative payment procedure; and

1 “(ii) an agreement described in clause (i)
2 becomes void whenever either party advises the
3 State agency of an intent to vacate the agree-
4 ment.”.

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

7 (1) by striking paragraph (4) and inserting the
8 following:

9 “(4) provide that such State will undertake—

10 “(A) to provide appropriate services under
11 this part to—

12 “(i) each child with respect to whom
13 an assignment is effective under section
14 403(b)(1)(E)(i), 471(a)(17), or 1912 (ex-
15 cept in cases where the State agency deter-
16 mines, in accordance with paragraph (25),
17 that it is against the best interests of the
18 child to do so); and

19 “(ii) each child not described in clause
20 (i)—

21 “(I) with respect to whom an in-
22 dividual applies for such services; and

23 “(II) (on and after October 1,
24 1998) each child with respect to
25 whom a support order is recorded in

1 the central State case registry estab-
2 lished under section 454A, regardless
3 of whether application is made for
4 services under this part; and

5 “(B) to enforce the support obligation es-
6 tablished with respect to the custodial parent of
7 a child described in subparagraph (A) unless
8 the parties to the order which establishes the
9 support obligation have opted, in accordance
10 with section 466(a)(12)(C), for an alternative
11 payment procedure.”; and

12 (2) in paragraph (6)—

13 (A) by striking subparagraph (A) and in-
14 sserting the following:

15 “(A) services under the State plan shall be
16 made available to nonresidents on the same
17 terms as to residents;”;

18 (B) in subparagraph (B)—

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

22 (ii) by inserting “but no fees or costs
23 shall be imposed on any absent or custo-
24 dial parent or other individual for inclusion

1 in the central State registry maintained
2 pursuant to section 454A(e)”; and

3 (C) in each of subparagraphs (B), (C), and
4 (D)—

5 (i) by indenting such subparagraph
6 and aligning its left margin with the left
7 margin of subparagraph (A); and

8 (ii) by striking the final comma and
9 inserting a semicolon.

10 (c) CONFORMING AMENDMENTS.—

11 (1) Section 452(g)(2)(A) (42 U.S.C.
12 652(g)(2)(A)) is amended by striking “454(6)” each
13 place it appears and inserting “454(4)(A)(ii)”.

14 (2) Section 454(23) (42 U.S.C. 654(23)) is
15 amended, effective October 1, 1998, by striking “in-
16 formation as to any application fees for such services
17 and”.

18 (3) Section 466(a)(3)(B) (42 U.S.C.
19 666(a)(3)(B)) is amended by striking “in the case of
20 overdue support which a State has agreed to collect
21 under section 454(6)” and inserting “in any other
22 case”.

23 (4) Section 466(e) (42 U.S.C. 666(e)) is
24 amended by striking “or (6)”.

1 SEC. 9402. DISTRIBUTION OF PAYMENTS.

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

6 (1) in subparagraph (A)—

7 (A) by striking “section 402(a)(26) is ef-
8 fective,” and inserting “section 403(b)(1)(E)(i)
9 is effective, except as otherwise specifically pro-
10 vided in section 464 or 466(a)(3),”; and

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

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

15 (b) DISTRIBUTION TO A FAMILY CURRENTLY RE-
16 CEIVING TEMPORARY EMPLOYMENT ASSISTANCE.—Sec-
17 tion 457 (42 U.S.C. 657) is amended—

18 (1) by striking subsection (a) and redesignating
19 subsection (b) as subsection (a);

20 (2) in subsection (a) (as so redesignated)—

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

23 “(a) IN THE CASE OF A FAMILY RECEIVING TEA.—
24 Amounts collected under this part during any month as
25 support of a child who is receiving assistance under part
26 A (or a parent or caretaker relative of such a child) shall

1 (except in the case of a State exercising the option under
2 subsection (b)) be distributed as follows:

3 “(1) an amount equal to the amount that will
4 be disregarded pursuant to section 402(d)(2)(C)
5 shall be taken from each of—

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

8 “(B) the amounts received in a month
9 which represent payments for a prior month
10 which were made by the absent parent in that
11 prior month;

12 and shall be paid to the family without affecting its
13 eligibility for assistance or decreasing any amount
14 otherwise payable as assistance to such family dur-
15 ing such month;”;

16 (B) in paragraph (4), by striking “or (B)”
17 and all that follows through the period and in-
18 serting “; then (B) from any remainder,
19 amounts equal to arrearages of such support
20 obligations assigned, pursuant to part A, to any
21 other State or States shall be paid to such
22 other State or States and used to pay any such
23 arrearages (with appropriate reimbursement of
24 the Federal Government to the extent of its

1 participation in the financing); and then (C)
2 any remainder shall be paid to the family.”; and
3 (3) by inserting after subsection (a) (as so re-
4 designated) the following new subsection:

5 “(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAM-
6 ILY RECEIVING TEA.—In the case of a State electing the
7 option under this subsection, amounts collected as de-
8 scribed in subsection (a) shall be distributed as follows:

9 “(1) an amount equal to the amount that will
10 be disregarded pursuant to section 402(d)(2)(C)
11 shall be taken from each of—

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

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

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

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

1 “(3) third, from any remainder, amounts equal
2 to arrearages of such support obligations assigned,
3 pursuant to part A, to the State making the collec-
4 tion shall be retained and used by such State to pay
5 any such arrearages (with appropriate reimburse-
6 ment of the Federal Government to the extent of its
7 participation in the financing);

8 “(4) fourth, from any remainder, amounts
9 equal to arrearages of such support obligations as-
10 signed, pursuant to part A, to any other State or
11 States shall be paid to such other State or States
12 and used to pay any such arrearages (with appro-
13 priate reimbursement of the Federal Government to
14 the extent of its participation in the financing); and

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

17 (c) DISTRIBUTION TO A FAMILY NOT RECEIVING
18 TEA.—Section 457(c) (42 U.S.C. 657(c)) is amended to
19 read as follows:

20 “(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RE-
21 CEIVING TEA.—Amounts collected by a State agency
22 under this part during any month as support of a child
23 who is not receiving assistance under part A (or of a par-
24 ent or caretaker relative of such a child) shall (subject to

1 the remaining provisions of this section) be distributed as
2 follows:

3 “(1) first, amounts equal to the total of such
4 support owed for such month shall be paid to the
5 family;

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

10 “(3) third, from any remainder, amounts equal
11 to arrearages of such support obligations assigned to
12 the State making the collection pursuant to part A
13 shall be retained and used by such State to pay any
14 such arrearages (with appropriate reimbursement of
15 the Federal Government to the extent of its partici-
16 pation in the financing); and

17 “(4) fourth, from any remainder, amounts
18 equal to arrearages of such support obligations as-
19 signed to any other State pursuant to part A shall
20 be paid to such other State or States, and used to
21 pay such arrearages, in the order in which such ar-
22 rearages accrued (with appropriate reimbursement
23 of the Federal Government to the extent of its par-
24 ticipation in the financing).”.

1 (d) DISTRIBUTION TO A CHILD RECEIVING ASSIST-
2 ANCE UNDER TITLE IV-E.—Section 457(d) (42 U.S.C.
3 657(d)) is amended, in the matter preceding paragraph
4 (1), by striking “Notwithstanding the preceding provisions
5 of this section, amounts” and inserting the following:

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

8 (e) REGULATIONS.—The Secretary of Health and
9 Human Services shall promulgate regulations under part
10 A of title IV of the Social Security Act, establishing stand-
11 ards applicable to States electing the alternative formula
12 under section 457(b) of such Act for distribution of collec-
13 tions on behalf of families receiving temporary employ-
14 ment assistance, designed to minimize irregular monthly
15 payments to such families.

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

18 (1) in paragraph (11)—

19 (A) by striking “(11)” and inserting
20 “(11)(A)”; and

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

23 (2) by redesignating paragraph (12) as sub-
24 paragraph (B) of paragraph (11).

25 (g) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, the amendments made by
3 this section shall become effective on October 1,
4 1996.

5 (2) FAMILY NOT RECEIVING TEA.—The amend-
6 ment made by subsection (c) shall become effective
7 on October 1, 1999.

8 (3) SPECIAL RULES.—

9 (A) APPLICABILITY.—A State may elect to
10 have the amendments made by any subsection
11 of this section become effective only with re-
12 spect to child support cases beginning on or
13 after the effective date of such subsection.

14 (B) DELAYED IMPLEMENTATION.—A State
15 may elect to have the amendments made by this
16 section (other than subsection (c)) become ef-
17 fective on a date later than October 1, 1996,
18 which date shall coincide with the operation of
19 the single statewide automated data processing
20 and information retrieval system required by
21 section 454A of the Social Security Act (as
22 added by section 9415(a)(2) of this Act) and
23 the State centralized collection unit required by
24 section 454B of the Social Security Act (as
25 added by section 9422(b) of this Act).

1 SEC. 9403. DUE PROCESS RIGHTS.

2 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
3 amended by section 9402(f) of this Act, is amended by
4 inserting after paragraph (11) the following new para-
5 graph:

6 “(12) provide for procedures to ensure that—

7 “(A) individuals who are applying for or
8 receiving services under this part, or are parties
9 to cases in which services are being provided
10 under this part—

11 “(i) receive notice of all proceedings in
12 which support obligations might be estab-
13 lished or modified; and

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

22 “(B) individuals applying for or receiving
23 services under this part have access to a fair
24 hearing that meets standards established by the
25 Secretary and ensures prompt consideration
26 and resolution of complaints (but the resort to

1 such procedure shall not stay the enforcement
2 of any support order); and

3 “(C) individuals adversely affected by the
4 establishment or modification of (or, in the case
5 of a petition for modification, the determination
6 that there should be no change in) a child sup-
7 port order shall be afforded not less than 30
8 days after the receipt of the order or determina-
9 tion to initiate proceedings to challenge such
10 order or determination;”.

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

13 **SEC. 9404. PRIVACY SAFEGUARDS.**

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

16 (1) by striking “and” at the end of paragraph
17 (23);

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

20 (3) by adding after paragraph (24) the follow-
21 ing:

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

1 “(A) safeguards against unauthorized use
2 or disclosure of information relating to proceed-
3 ings or actions to establish paternity, or to es-
4 tablish or enforce support;

5 “(B) prohibitions on the release of infor-
6 mation on the whereabouts of one party to an-
7 other party against whom a protective order
8 with respect to the former party has been en-
9 tered; and

10 “(C) prohibitions on the release of infor-
11 mation on the whereabouts of one party to an-
12 other party if the State has reason to believe
13 that the release of the information may result
14 in physical or emotional harm to the former
15 party.”.

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

18 **CHAPTER 2—PROGRAM ADMINISTRATION**
19 **AND FUNDING**

20 **SEC. 9411. FEDERAL MATCHING PAYMENTS.**

21 (a) **INCREASED BASE MATCHING RATE.**—Section
22 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as
23 follows:

24 “(2) The applicable percent for a quarter for
25 purposes of paragraph (1)(A) is—

1 shall become effective October 1, 1997, except to the
2 extent provided in subparagraph (B).

3 (B) Section 458 of the Social Security Act, as
4 in effect prior to the enactment of this section, shall
5 be effective for purposes of incentive payments to
6 States for fiscal years prior to fiscal year 1999.

7 (2) PENALTY REDUCTIONS.—(A) The amend-
8 ments made by subsection (d) shall become effective
9 with respect to calendar quarters beginning on and
10 after the date of enactment of this Act.

11 (B) The amendments made by subsection (e)
12 shall become effective with respect to calendar quar-
13 ters beginning on and after the date one year after
14 the date of enactment of this Act.

15 **SEC. 9413. FEDERAL AND STATE REVIEWS AND AUDITS.**

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

18 (1) in paragraph (14), by striking “(14)” and
19 inserting “(14)(A)”;

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

22 (3) by inserting after paragraph (14) the fol-
23 lowing new paragraph:

24 “(15) provide for—

1 “(A) a process for annual reviews of and
2 reports to the Secretary on the State program
3 under this part, which shall include such infor-
4 mation as may be necessary to measure State
5 compliance with Federal requirements for expe-
6 dited procedures and timely case processing,
7 using such standards and procedures as are re-
8 quired by the Secretary, under which the State
9 agency will determine the extent to which such
10 program is in conformity with applicable re-
11 quirements with respect to the operation of
12 State programs under this part (including the
13 status of complaints filed under the procedure
14 required under paragraph (12)(B)); and

15 “(B) a process of extracting from the
16 State automated data processing system and
17 transmitting to the Secretary data and calcula-
18 tions concerning the levels of accomplishment
19 (and rates of improvement) with respect to ap-
20 plicable performance indicators (including IV-D
21 paternity establishment percentages and overall
22 performance in child support enforcement) to
23 the extent necessary for purposes of sections
24 452(g) and 458.”.

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

3 “(4)(A) review data and calculations transmit-
4 ted by State agencies pursuant to section
5 454(15)(B) on State program accomplishments with
6 respect to performance indicators for purposes of
7 section 452(g) and 458, and determine the amount
8 (if any) of penalty reductions pursuant to section
9 455(c) to be applied to the State;

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

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

23 “(i) at least once every 3 years (or more
24 frequently, in the case of a State which fails to
25 meet requirements of this part, or of regula-

1 tions implementing such requirements, concern-
2 ing performance standards and reliability of
3 program data) to assess the completeness, reli-
4 ability, and security of the data, and the accu-
5 racy of the reporting systems, used for the cal-
6 culations of performance indicators specified in
7 subsection (g) and section 458;

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

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

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

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

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall be effective with respect to calendar
24 quarters beginning on or after the date one year after en-
25 actment of this section.

1 **SEC. 9414. REQUIRED REPORTING PROCEDURES.**

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

11 (b) **STATE PLAN REQUIREMENT.**—Section 454 (42
12 U.S.C. 654), as amended by section 9404(a) of this Act,
13 is amended—

14 (1) by striking “and” at the end of paragraph
15 (24);

16 (2) by striking the period at the end of para-
17 graph (25) and inserting “; and”; and

18 (3) by adding after paragraph (25) the follow-
19 ing:

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

1 SEC. 9415. AUTOMATED DATA PROCESSING REQUIRE-
2 MENTS.

3 (a) REVISED REQUIREMENTS.—(1) Section 454(16)
4 (42 U.S.C. 654(16)) is amended—

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

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

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

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

12 (E) by striking “(i)”; and

13 (F) by striking “(including” and all that follows
14 and inserting a semicolon.

15 (2) Part D of title IV (42 U.S.C. 651–669) is amend-
16 ed by inserting after section 454 the following new section:

17 “AUTOMATED DATA PROCESSING

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

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

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

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

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

14 “(1) use the automated system—

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

19 “(B) to calculate the IV–D paternity es-
20 tablishment percentage and overall performance
21 in child support enforcement for the State for
22 each fiscal year; and

23 “(2) have in place systems controls to ensure
24 the completeness, and reliability of, and ready access
25 to, the data described in paragraph (1)(A), and the

1 accuracy of the calculations described in paragraph
2 (1)(B).

3 “(d) INFORMATION INTEGRITY AND SECURITY.—The
4 State agency shall have in effect safeguards on the integ-
5 rity, accuracy, and completeness of, access to, and use of
6 data in the automated system required under this section,
7 which shall include the following (in addition to such other
8 safeguards as the Secretary specifies in regulations):

9 “(1) POLICIES RESTRICTING ACCESS.—Written
10 policies concerning access to data by State agency
11 personnel, and sharing of data with other persons,
12 which—

13 “(A) permit access to and use of data only
14 to the extent necessary to carry out program re-
15 sponsibilities;

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

19 “(C) ensure that data obtained or disclosed
20 for a limited program purpose is not used or
21 redisclosed for another, impermissible purpose.

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

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

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

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

18 (3) REGULATIONS.—Section 452 (42 U.S.C. 652) is
19 amended by adding at the end the following:

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

24 (4) IMPLEMENTATION TIMETABLE.—Section
25 454(24) (42 U.S.C. 654(24)), as amended by sections

1 9404(a)(2) and 9414(b)(1) of this Act, is amended to read
2 as follows:

3 “(24) provide that the State will have in effect
4 an automated data processing and information re-
5 trieval system—

6 “(A) by October 1, 1995, meeting all re-
7 quirements of this part which were enacted on
8 or before the date of enactment of the Family
9 Support Act of 1988; and

10 “(B) by October 1, 1999, meeting all re-
11 quirements of this part enacted on or before the
12 date of enactment of the Omnibus Budget Rec-
13 onciliation Act of 1995 (but this provision shall
14 not be construed to alter earlier deadlines speci-
15 fied for elements of such system), except that
16 such deadline shall be extended by 1 day for
17 each day (if any) by which the Secretary fails
18 to meet the deadline imposed by section 452(j)
19 of this Act;”.

20 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-
21 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section
22 455(a) (42 U.S.C. 655(a)) is amended—

23 (1) in paragraph (1)(B)—

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

1 (B) by striking “so much of”; and

2 (C) by striking “which the Secretary” and

3 all that follows and inserting “, and”; and

4 (2) by adding at the end the following new
5 paragraph:

6 “(3)(A) The Secretary shall pay to each State, for
7 each quarter in fiscal year 1996, 90 percent of so much
8 of State expenditures described in subparagraph (1)(B) as
9 the Secretary finds are for a system meeting the require-
10 ments specified in section 454(16), or meeting such re-
11 quirements without regard to clause (D) thereof.

12 “(B)(i) The Secretary shall pay to each State, for
13 each quarter in fiscal years 1997 through 2001, the per-
14 centage specified in clause (ii) of so much of State expend-
15 itures described in subparagraph (1)(B) as the Secretary
16 finds are for a system meeting the requirements specified
17 in sections 454(16) and 454A, subject to clause (iii).

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

20 “(I) 80 percent, or

21 “(II) the percentage otherwise applicable to
22 Federal payments to the State under subparagraph
23 (A) (as adjusted pursuant to section 458).”.

1 (c) CONFORMING AMENDMENT.—Section 123(c) of
2 the Family Support Act of 1988 (102 Stat. 2352; Public
3 Law 100-485) is repealed.

4 (d) ADDITIONAL PROVISIONS.—For additional provi-
5 sions of section 454A, as added by subsection (a) of this
6 section, see the amendments made by sections 9421,
7 9422(c), and 9433(d) of this Act.

8 **SEC. 9416. DIRECTOR OF CSE PROGRAM; STAFFING STUDY.**

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

12 (b) STAFFING STUDIES.—

13 (1) SCOPE.—The Secretary of Health and
14 Human Services shall, directly or by contract, con-
15 duct studies of the staffing of each State child sup-
16 port enforcement program under part D of title IV
17 of the Social Security Act. Such studies shall include
18 a review of the staffing needs created by require-
19 ments for automated data processing, maintenance
20 of a central case registry and centralized collections
21 of child support, and of changes in these needs re-
22 sulting from changes in such requirements. Such
23 studies shall examine and report on effective staffing
24 practices used by the States and on recommended
25 staffing procedures.

1 (2) FREQUENCY OF STUDIES.—The Secretary
2 shall complete the first staffing study required under
3 paragraph (1) by October 1, 1997, and may conduct
4 additional studies subsequently at appropriate inter-
5 vals.

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

10 **SEC. 9417. FUNDING FOR SECRETARIAL ASSISTANCE TO**
11 **STATE PROGRAMS.**

12 Section 452 (42 U.S.C. 652), as amended by section
13 9415(a)(3) of this Act, is amended by adding at the end
14 the following new subsection:

15 “(k) FUNDING FOR FEDERAL ACTIVITIES ASSISTING
16 STATE PROGRAMS.—(1) There shall be available to the
17 Secretary, from amounts appropriated for fiscal year 1996
18 and each succeeding fiscal year for payments to States
19 under this part, the amount specified in paragraph (2) for
20 the costs to the Secretary for—

21 “(A) information dissemination and technical
22 assistance to States, training of State and Federal
23 staff, staffing studies, and related activities needed
24 to improve programs (including technical assistance
25 concerning State automated systems);

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

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

8 “(2) The amount specified in this paragraph for a
9 fiscal year is the amount equal to a percentage of the re-
10 duction in Federal payments to States under part A on
11 account of child support (including arrearages) collected
12 in the preceding fiscal year on behalf of children receiving
13 assistance under State plans approved under part A in
14 such preceding fiscal year (as determined on the basis of
15 the most recent reliable data available to the Secretary
16 as of the end of the third calendar quarter following the
17 end of such preceding fiscal year), equal to—

18 “(A) 1 percent, for the activities specified in
19 subparagraphs (A) and (B) of paragraph (1); and

20 “(B) 2 percent, for the activities specified in
21 subparagraph (C) of paragraph (1).”.

22 **SEC. 9418. REPORTS AND DATA COLLECTION BY THE SEC-**
23 **RETARY.**

24 (a) ANNUAL REPORT TO CONGRESS.—(1) Section
25 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

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

3 (B) by adding at the end the following indented
4 clauses:

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

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

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

14 “(I) who became ineligible for as-
15 sistance under a State plan approved
16 under part A during a month in such
17 fiscal year; and

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

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

23 (A) in the matter preceding clause (i)—

24 (i) by striking “with the data required
25 under each clause being separately stated for

1 cases” and inserting “separately stated for (1)
2 cases”;

3 (ii) by striking “cases where the child was
4 formerly receiving” and inserting “or formerly
5 received”;

6 (iii) by inserting “or 1912” after
7 “471(a)(17)”; and

8 (iv) by inserting “(2)” before “all other”;

9 (B) in each of clauses (i) and (ii), by striking
10 “, and the total amount of such obligations”;

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

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

15 (E) by redesignating clause (v) as clause (vii),
16 and inserting after clause (iii) the following new
17 clauses:

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

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

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

1 (3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G))
2 is amended by striking “on the use of Federal courts
3 and”.

4 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is
5 amended by striking all that follows subparagraph (I).

6 (b) DATA COLLECTION AND REPORTING.—Section
7 469 (42 U.S.C. 669) is amended—

8 (1) by striking subsections (a) and (b) and in-
9 serting the following:

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

16 “(1) families (or dependent children) receiving
17 assistance under State plans approved under part A
18 (or E); and

19 “(2) families not receiving such assistance.

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

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

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

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

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall be effective with respect to fiscal year
5 1996 and succeeding fiscal years.

6 **CHAPTER 3—LOCATE AND CASE**
7 **TRACKING**

8 **SEC. 9421. CENTRAL STATE AND CASE REGISTRY.**

9 Section 454A, as added by section 9415(a)(2) of this
10 Act, is amended by adding at the end the following:

11 “(e) CENTRAL CASE REGISTRY.—(1) IN GEN-
12 ERAL.—The automated system required under this section
13 shall perform the functions, in accordance with the provi-
14 sions of this subsection, of a single central registry con-
15 taining records with respect to each case in which services
16 are being provided by the State agency (including, on and
17 after October 1, 1998, each order specified in section
18 466(a)(12)), using such standardized data elements (such
19 as names, social security numbers or other uniform identi-
20 fication numbers, dates of birth, and case identification
21 numbers), and containing such other information (such as
22 information on case status) as the Secretary may require.

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

1 “(A) the amount of monthly (or other periodic)
2 support owed under the support order, and other
3 amounts due or overdue (including arrears, interest
4 or late payment penalties, and fees);

5 “(B) the date on which or circumstances under
6 which the support obligation will terminate under
7 such order;

8 “(C) all child support and related amounts col-
9 lected (including such amounts as fees, late payment
10 penalties, and interest on arrearages);

11 “(D) the distribution of such amounts collected;
12 and

13 “(E) the birth date of the child for whom the
14 child support order is entered.

15 “(3) UPDATING AND MONITORING.—The State agen-
16 cy shall promptly establish and maintain, and regularly
17 monitor, case records in the registry required by this sub-
18 section, on the basis of—

19 “(A) information on administrative actions and
20 administrative and judicial proceedings and orders
21 relating to paternity and support;

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

24 “(C) information on support collections and dis-
25 tributions; and

1 “(D) any other relevant information.

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

14 “(1) DATA BANK OF CHILD SUPPORT OR-
15 DERS.—Furnish to the Data Bank of Child Support
16 Orders established under section 453(h) (and update
17 as necessary, with information including notice of
18 expiration of orders) minimal information (to be
19 specified by the Secretary) on each child support
20 case in the central case registry.

21 “(2) FEDERAL PARENT LOCATOR SERVICE.—
22 Exchange data with the Federal Parent Locator
23 Service for the purposes specified in section 453.

24 “(3) TEMPORARY EMPLOYMENT ASSISTANCE
25 PROGRAM AND MEDICAID AGENCIES.—Exchange

1 data with State agencies (of the State and of other
2 States) administering the programs under part A
3 and title XIX, as necessary for the performance of
4 State agency responsibilities under this part and
5 under such programs.

6 “(4) INTRA- AND INTERSTATE DATA
7 MATCHES.—Exchange data with other agencies of
8 the State, agencies of other States, and interstate
9 information networks, as necessary and appropriate
10 to carry out (or assist other States to carry out) the
11 purposes of this part.”.

12 **SEC. 9422. CENTRALIZED COLLECTION AND DISBURSE-**
13 **MENT OF SUPPORT PAYMENTS.**

14 (a) STATE PLAN REQUIREMENT.—Section 454 (42
15 U.S.C. 654), as amended by sections 9404(a) and 9414(b)
16 of this Act, is amended—

17 (1) by striking “and” at the end of paragraph
18 (25);

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

21 (3) by adding after paragraph (26) the follow-
22 ing new paragraph:

23 “(27) provide that the State agency, on and
24 after October 1, 1998—

1 “(1) operated directly by the State agency (or
2 by two or more State agencies under a regional co-
3 operative agreement), or by a single contractor re-
4 sponsible directly to the State agency; and

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

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

15 “(1) for receipt of payments from parents, em-
16 ployers, and other States, and for disbursements to
17 custodial parents and other obligees, the State agen-
18 cy, and the State agencies of other States;

19 “(2) for accurate identification of payments;

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

22 “(4) to furnish to either parent, upon request,
23 timely information on the current status of support
24 payments.”.

1 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
2 added by section 9415(a)(2) of this Act and as amended
3 by section 9421 of this Act, is amended by adding at the
4 end the following new subsection:

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

13 “(1) generation of orders and notices to em-
14 ployers (and other debtors) for the withholding of
15 wages (and other income)—

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

21 “(B) using uniform formats directed by
22 the Secretary;

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

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

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

6 **SEC. 9423. AMENDMENTS CONCERNING INCOME WITH-**
7 **HOLDING.**

8 (a) MANDATORY INCOME WITHHOLDING.—(1) Sec-
9 tion 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read
10 as follows:

11 “(1) INCOME WITHHOLDING.—(A) UNDER OR-
12 DERS ENFORCED UNDER THE STATE PLAN.—Proce-
13 dures described in subsection (b) for the withholding
14 from income of amounts payable as support in cases
15 subject to enforcement under the State plan.

16 “(B) UNDER CERTAIN ORDERS PREDATING
17 CHANGE IN REQUIREMENT.—Procedures under
18 which all child support orders issued (or modified)
19 before October 1, 1996, and which are not otherwise
20 subject to withholding under subsection (b), shall be-
21 come subject to withholding from wages as provided
22 in subsection (b) if arrearages occur, without the
23 need for a judicial or administrative hearing.”.

24 (2) Section 466(a)(8) (42 U.S.C. 666(a)(8)) is re-
25 pealed.

1 (3) Section 466(b) (42 U.S.C. 666(b)) is amended—

2 (A) in the matter preceding paragraph (1), by
3 striking “subsection (a)(1)” and inserting “sub-
4 section (a)(1)(A)”;

5 (B) in paragraph (5); by striking all that fol-
6 lows “administered by” and inserting “the State
7 through the centralized collections unit established
8 pursuant to section 454B, in accordance with the re-
9 quirements of such section 454B.”;

10 (C) in paragraph (6)(A)(i)—

11 (i) by inserting “, in accordance with time-
12 tables established by the Secretary,” after
13 “must be required”; and

14 (ii) by striking “to the appropriate agency”
15 and all that follows and inserting “to the State
16 centralized collections unit within 5 working
17 days after the date such amount would (but for
18 this subsection) have been paid or credited to
19 the employee, for distribution in accordance
20 with this part.”;

21 (D) in paragraph (6)(A)(ii), by inserting “be in
22 a standard format prescribed by the Secretary, and”
23 after “shall”; and

24 (E) in paragraph (6)(D)—

1 (i) by striking “employer who discharges”
2 and inserting “employer who—(A) discharges”;

3 (ii) by relocating subparagraph (A), as des-
4 igned, as an indented subparagraph after and
5 below the introductory matter;

6 (iii) by striking the period at the end; and

7 (iv) by adding after and below subpara-
8 graph (A) the following new subparagraph:

9 “(B) fails to withhold support from wages,
10 or to pay such amounts to the State centralized
11 collections unit in accordance with this sub-
12 section.”.

13 (b) CONFORMING AMENDMENT.—Section 466(c) (42
14 U.S.C. 666(c)) is repealed.

15 (c) DEFINITION OF TERMS.—The Secretary shall
16 promulgate regulations providing definitions, for purposes
17 of part D of title IV of the Social Security Act, for the
18 term “income” and for such other terms relating to in-
19 come withholding under section 466(b) of such Act as the
20 Secretary may find it necessary or advisable to define.

21 **SEC. 9424. LOCATOR INFORMATION FROM INTERSTATE**
22 **NETWORKS.**

23 Section 466(a) (42 U.S.C. 666(a)), as amended by
24 section 9423(a)(2) of this Act, is amended by inserting
25 after paragraph (7) the following:

1 “(8) LOCATOR INFORMATION FROM INTER-
2 STATE NETWORKS.—Procedures ensuring that the
3 State will neither provide funding for, nor use for
4 any purpose (including any purpose unrelated to the
5 purposes of this part), any automated interstate net-
6 work or system used to locate individuals—

7 “(A) for purposes relating to the use of
8 motor vehicles; or

9 “(B) providing information for law en-
10 forcement purposes (where child support en-
11 forcement agencies are otherwise allowed access
12 by State and Federal law),

13 unless all Federal and State agencies administering
14 programs under this part (including the entities es-
15 tablished under section 453) have access to informa-
16 tion in such system or network to the same extent
17 as any other user of such system or network.”.

18 **SEC. 9425. EXPANDED FEDERAL PARENT LOCATOR SERV-**
19 **ICE.**

20 (a) **EXPANDED AUTHORITY TO LOCATE INDIVIDUALS**
21 **AND ASSETS.**—Section 453 (42 U.S.C. 653) is amended—

22 (1) in subsection (a), by striking all that follows
23 “subsection (c)” and inserting the following:

1 “, for the purpose of establishing parentage, establishing,
2 setting the amount of, modifying, or enforcing child sup-
3 port obligations—

4 “(1) information on, or facilitating the discov-
5 ery of, the location of any individual—

6 “(A) who is under an obligation to pay
7 child support;

8 “(B) against whom such an obligation is
9 sought; or

10 “(C) to whom such an obligation is owed,
11 including such individual’s social security num-
12 ber (or numbers), most recent residential ad-
13 dress, and the name, address, and employer
14 identification number of such individual’s em-
15 ployer; and

16 “(2) information on the individual’s wages (or
17 other income) from, and benefits of, employment (in-
18 cluding rights to or enrollment in group health care
19 coverage); and

20 “(3) information on the type, status, location,
21 and amount of any assets of, or debts owed by or
22 to, any such individual.”; and

23 (2) in subsection (b)—

24 (A) in the matter preceding paragraph (1),
25 by striking “social security” and all that follows

1 through “absent parent” and inserting “infor-
2 mation specified in subsection (a)”; and

3 (B) in paragraph (2), by inserting before
4 the period “, or from any consumer reporting
5 agency (as defined in section 603(f) of the Fair
6 Credit Reporting Act (15 U.S.C. 1681a(f))”;

7 (3) in subsection (e)(1), by inserting before the
8 period “, or by consumer reporting agencies”.

9 (b) REIMBURSEMENT FOR DATA FROM FEDERAL
10 AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is
11 amended in the fourth sentence by inserting before the
12 period “in an amount which the Secretary determines to
13 be reasonable payment for the data exchange (which
14 amount shall not include payment for the costs of obtain-
15 ing, compiling, or maintaining the data)”.

16 (c) ACCESS TO CONSUMER REPORTS UNDER FAIR
17 CREDIT REPORTING ACT.—(1) Section 608 of the Fair
18 Credit Reporting Act (15 U.S.C. 1681f) is amended—

19 (A) by striking “, limited to” and inserting “to
20 a governmental agency (including the entire
21 consumer report, in the case of a Federal, State, or
22 local agency administering a program under part D
23 of title IV of the Social Security Act, and limited
24 to”; and

1 (B) by striking “employment, to a govern-
2 mental agency” and inserting “employment, in the
3 case of any other governmental agency”).

4 (2) REIMBURSEMENT FOR REPORTS BY STATE
5 AGENCIES AND CREDIT BUREAUS.—Section 453 (42
6 U.S.C. 653) is amended by adding at the end the following
7 new subsection:

8 “(g) The Secretary is authorized to reimburse costs
9 to State agencies and consumer credit reporting agencies
10 the costs incurred by such entities in furnishing informa-
11 tion requested by the Secretary pursuant to this section
12 in an amount which the Secretary determines to be rea-
13 sonable payment for the data exchange (which amount
14 shall not include payment for the costs of obtaining, com-
15 piling, or maintaining the data).”.

16 (d) DISCLOSURE OF TAX RETURN INFORMATION.—
17 (1) Section 6103(1)(6)(A)(ii) of the Internal Revenue
18 Code of 1986 is amended by striking “, but only if” and
19 all that follows and inserting a period.

20 (2) Section 6103(1)(8)(A) of the Internal Revenue
21 Code of 1986 is amended by inserting “Federal,” before
22 “State or local”.

23 (e) TECHNICAL AMENDMENTS.—

24 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
25 and 463(e) (42 U.S.C. 652(a)(9), 653(a), 653(b),

1 663(a), and 663(e)) are each amended by inserting
2 “Federal” before “Parent” each place it appears.

3 (2) Section 453 (42 U.S.C. 653) is amended in
4 the heading by adding “FEDERAL” before “PAR-
5 ENT”.

6 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.
7 653), as amended by subsection (e)(2) of this section, is
8 amended by adding at the end the following:

9 “(h) DATA BANK OF CHILD SUPPORT ORDERS.—

10 “(1) IN GENERAL.—Not later than October 1,
11 1998, In order to assist States in administering
12 their State plans under this part and parts A, F,
13 and G, and for the other purposes specified in this
14 section, the Secretary shall establish and maintain in
15 the Federal Parent Locator Service an automated
16 registry to be known as the Data Bank of Child
17 Support Orders, which shall contain abstracts of
18 child support orders and other information described
19 in paragraph (2) on each case in each State central
20 case registry maintained pursuant to section
21 454A(e), as furnished (and regularly updated), pur-
22 suant to section 454A(f), by State agencies admin-
23 istering programs under this part.

24 “(2) CASE INFORMATION.—The information re-
25 ferred to in paragraph (1), as specified by the Sec-

1 retary, shall include sufficient information (including
2 names, social security numbers or other uniform
3 identification numbers, and State case identification
4 numbers) to identify the individuals who owe or are
5 owed support (or with respect to or on behalf of
6 whom support obligations are sought to be estab-
7 lished), and the State or States which have estab-
8 lished or modified, or are enforcing or seeking to es-
9 tablish, such an order.

10 “(i) DIRECTORY OF NEW HIRES.—

11 “(1) IN GENERAL.—Not later than October 1,
12 1998, In order to assist States in administering
13 their State plans under this part and parts A, F,
14 and G, and for the other purposes specified in this
15 section, the Secretary shall establish and maintain in
16 the Federal Parent Locator Service an automated
17 directory to be known as the directory of New Hires,
18 containing—

19 “(A) information supplied by employers on
20 each newly hired individual, in accordance with
21 paragraph (2); and

22 “(B) information supplied by State agen-
23 cies administering State unemployment com-
24 pensation laws, in accordance with paragraph
25 (3).

1 “(2) EMPLOYER INFORMATION.—

2 “(A) INFORMATION REQUIRED.—Subject
3 to subparagraph (D), each employer shall fur-
4 nish to the Secretary, for inclusion in the direc-
5 tory established under this subsection, not later
6 than 10 days after the date (on or after Octo-
7 ber 1, 1998) on which the employer hires a new
8 employee (as defined in subparagraph (C)), a
9 report containing the name, date of birth, and
10 social security number of such employee, and
11 the employer identification number of the em-
12 ployer.

13 “(B) REPORTING METHOD AND FOR-
14 MAT.—The Secretary shall provide for trans-
15 mission of the reports required under subpara-
16 graph (A) using formats and methods which
17 minimize the burden on employers, which shall
18 include—

19 “(i) automated or electronic trans-
20 mission of such reports;

21 “(ii) transmission by regular mail;
22 and

23 “(iii) transmission of a copy of the
24 form required for purposes of compliance

1 with section 3402 of the Internal Revenue
2 Code of 1986.

3 “(C) EMPLOYEE DEFINED.—For purposes
4 of this paragraph, the term ‘employee’ means
5 any individual subject to the requirement of
6 section 3402(f)(2) of the Internal Revenue Code
7 of 1986.

8 “(D) PAPERWORK REDUCTION REQUIRE-
9 MENT.—As required by the information re-
10 sources management policies published by the
11 Director of the Office of Management and
12 Budget pursuant to section 3504(b)(1) of title
13 44, United States Code, the Secretary, in order
14 to minimize the cost and reporting burden on
15 employers, shall not require reporting pursuant
16 to this paragraph if an alternative reporting
17 mechanism can be developed that either relies
18 on existing Federal or State reporting or en-
19 ables the Secretary to collect the needed infor-
20 mation in a more cost-effective and equally ex-
21 peditious manner, taking into account the re-
22 porting costs on employers.

23 “(E) CIVIL MONEY PENALTY ON NON-
24 COMPLYING EMPLOYERS.—(i) Any employer
25 that fails to make a timely report in accordance

1 with this paragraph with respect to an individ-
2 ual shall be subject to a civil money penalty, for
3 each calendar year in which the failure occurs,
4 of the lesser of \$500 or 1 percent of the wages
5 or other compensation paid by such employer to
6 such individual during such calendar year.

7 “(ii) Subject to clause (iii), the provisions
8 of section 1128A (other than subsections (a)
9 and (b) thereof) shall apply to a civil money
10 penalty under clause (i) in the same manner as
11 they apply to a civil money penalty or proceed-
12 ing under section 1128A(a).

13 “(iii) Any employer with respect to whom
14 a penalty under this subparagraph is upheld
15 after an administrative hearing shall be liable to
16 pay all costs of the Secretary with respect to
17 such hearing.

18 “(3) EMPLOYMENT SECURITY INFORMATION.—

19 “(A) REPORTING REQUIREMENT.—Each
20 State agency administering a State unemploy-
21 ment compensation law approved by the Sec-
22 retary of Labor under the Federal Unemploy-
23 ment Tax Act shall furnish to the Secretary of
24 Health and Human Services extracts of the re-
25 ports to the Secretary of Labor concerning the

1 wages and unemployment compensation paid to
2 individuals required under section 303(a)(6), in
3 accordance with subparagraph (B).

4 “(B) MANNER OF COMPLIANCE.—The ex-
5 tracts required under subparagraph (A) shall be
6 furnished to the Secretary of Health and
7 Human Services on a quarterly basis, with re-
8 spect to calendar quarters beginning on and
9 after October 1, 1996, by such dates, in such
10 format, and containing such information as re-
11 quired by that Secretary in regulations.

12 “(j) DATA MATCHES AND OTHER DISCLOSURES.—

13 “(1) VERIFICATION BY SOCIAL SECURITY AD-
14 MINISTRATION.—(A) The Secretary shall transmit
15 data on individuals and employers maintained under
16 this section to the Social Security Administration to
17 the extent necessary for verification in accordance
18 with subparagraph (B).

19 “(B) The Social Security Administration shall
20 verify the accuracy of, correct or supply to the ex-
21 tent necessary and feasible, and report to the Sec-
22 retary, the following information in data supplied by
23 the Secretary pursuant to subparagraph (A):

24 “(i) the name, social security number, and
25 birth date of each individual; and

1 “(ii) the employer identification number of
2 each employer.

3 “(2) CHILD SUPPORT LOCATOR MATCHES.—For
4 the purpose of locating individuals for purposes of
5 paternity establishment and establishment and en-
6 forcement of child support, the Secretary shall—

7 “(A) match data in the directory of New
8 Hires against the child support order abstracts
9 in the Data Bank of Child Support Orders not
10 less often than every 2 working days; and

11 “(B) report information obtained from
12 such a match to concerned State agencies oper-
13 ating programs under this part not later than
14 2 working days after such match.

15 “(3) DATA MATCHES AND DISCLOSURES OF
16 DATA IN ALL REGISTRIES FOR TITLE IV PROGRAM
17 PURPOSES.—The Secretary shall—

18 “(A) perform matches of data in each com-
19 ponent of the Federal Parent Locator Service
20 maintained under this section against data in
21 each other such component (other than the
22 matches required pursuant to paragraph (1)),
23 and report information resulting from such
24 matches to State agencies operating programs
25 under this part and parts A, F, and G; and

1 “(B) disclose data in such registries to
2 such State agencies,
3 to the extent, and with the frequency, that the Sec-
4 retary determines to be effective in assisting such
5 States to carry out their responsibilities under such
6 programs.

7 “(k) FEES.—

8 “(1) FOR SSA VERIFICATION.—The Secretary
9 shall reimburse the Commissioner of Social Security,
10 at a rate negotiated between the Secretary and the
11 Commissioner, the costs incurred by the Commis-
12 sioner in performing the verification services speci-
13 fied in subsection (j).

14 “(2) FOR INFORMATION FROM SESAS.—The
15 Secretary shall reimburse costs incurred by State
16 employment security agencies in furnishing data as
17 required by subsection (j)(3), at rates which the Sec-
18 retary determines to be reasonable (which rates shall
19 not include payment for the costs of obtaining, com-
20 piling, or maintaining such data).

21 “(3) FOR INFORMATION FURNISHED TO STATE
22 AND FEDERAL AGENCIES.—State and Federal agen-
23 cies receiving data or information from the Secretary
24 pursuant to this section shall reimburse the costs in-
25 curred by the Secretary in furnishing such data or

1 information, at rates which the Secretary determines
2 to be reasonable (which rates shall include payment
3 for the costs of obtaining, verifying, maintaining,
4 and matching such data or information).

5 “(l) RESTRICTION ON DISCLOSURE AND USE.—Data
6 in the Federal Parent Locator Service, and information
7 resulting from matches using such data, shall not be used
8 or disclosed except as specifically provided in this section.

9 “(m) RETENTION OF DATA.—Data in the Federal
10 Parent Locator Service, and data resulting from matches
11 performed pursuant to this section, shall be retained for
12 such period (determined by the Secretary) as appropriate
13 for the data uses specified in this section.

14 “(n) INFORMATION INTEGRITY AND SECURITY.—The
15 Secretary shall establish and implement safeguards with
16 respect to the entities established under this section de-
17 signed to—

18 “(1) ensure the accuracy and completeness of
19 information in the Federal Parent Locator Service;
20 and

21 “(2) restrict access to confidential information
22 in the Federal Parent Locator Service to authorized
23 persons, and restrict use of such information to au-
24 thorized purposes.

1 “(o) LIMIT ON LIABILITY.—The Secretary shall not
2 be liable to either a State or an individual for inaccurate
3 information provided to a component of the Federal Par-
4 ent Locator Service section and disclosed by the Secretary
5 in accordance with this section.”.

6 (g) CONFORMING AMENDMENTS.—

7 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
8 CURITY ACT.—Section 454(8)(B) (42 U.S.C.
9 654(8)(B)) is amended to read as follows:

10 “(B) the Federal Parent Locator Service
11 established under section 453;”.

12 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—
13 Section 3304(16) of the Internal Revenue Code of
14 1986 is amended—

15 (A) by striking “Secretary of Health, Edu-
16 cation, and Welfare” each place such term ap-
17 pears and inserting “Secretary of Health and
18 Human Services”;

19 (B) in subparagraph (B), by striking
20 “such information” and all that follows and in-
21 serting “information furnished under subpara-
22 graph (A) or (B) is used only for the purposes
23 authorized under such subparagraph;”;

24 (C) by striking “and” at the end of sub-
25 paragraph (A);

1 (D) by redesignating subparagraph (B) as
2 subparagraph (C); and

3 (E) by inserting after subparagraph (A)
4 the following new subparagraph:

5 “(B) wage and unemployment compensa-
6 tion information contained in the records of
7 such agency shall be furnished to the Secretary
8 of Health and Human Services (in accordance
9 with regulations promulgated by such Sec-
10 retary) as necessary for the purposes of the di-
11 rectory of New Hires established under section
12 453(i) of the Social Security Act, and”.

13 (3) TO STATE GRANT PROGRAM UNDER TITLE
14 III OF THE SOCIAL SECURITY ACT.—Section 303(a)
15 (42 U.S.C. 503(a)) is amended—

16 (A) by striking “and” at the end of para-
17 graph (8);

18 (B) by striking the period at the end of
19 paragraph (9) and inserting “; and”; and

20 (C) by adding after paragraph (9) the fol-
21 lowing new paragraph:

22 “(10) The making of quarterly electronic re-
23 ports, at such dates, in such format, and containing
24 such information, as required by the Secretary of
25 Health and Human Services under section 453(i)(3),

1 and compliance with such provisions as such Sec-
2 retary may find necessary to ensure the correctness
3 and verification of such reports.”.

4 **SEC. 9426. USE OF SOCIAL SECURITY NUMBERS.**

5 (a) **STATE LAW REQUIREMENT.**—Section 466(a) (42
6 U.S.C. 666(a)), as amended by section 9401(a) of this
7 Act, is amended by inserting after paragraph (12) the fol-
8 lowing:

9 “(13) **SOCIAL SECURITY NUMBERS RE-**
10 **QUIRED.**—Procedures requiring the recording of so-
11 cial security numbers—

12 “(A) of both parties on marriage licenses
13 and divorce decrees; and

14 “(B) of both parents, on birth records and
15 child support and paternity orders.”.

16 (b) **CLARIFICATION OF FEDERAL POLICY.**—Section
17 205(c)(2)(C)(ii) (42 U.S.C. 405(c)(2)(C)(ii)) is amended
18 by striking the third sentence and inserting “This clause
19 shall not be considered to authorize disclosure of such
20 numbers except as provided in the preceding sentence.”.

1 **CHAPTER 4—STREAMLINING AND**
2 **UNIFORMITY OF PROCEDURES**

3 **SEC. 9431. ADOPTION OF UNIFORM STATE LAWS.**

4 Section 466(a) (42 U.S.C. 666(a)), as amended by
5 sections 9401(a) and 9426(a) of this Act, is amended in-
6 serting after paragraph (13) the following:

7 “(14) INTERSTATE ENFORCEMENT.—(A) ADOP-
8 TION OF UIFSA.—Procedures under which the State
9 adopts in its entirety (with the modifications and ad-
10 ditions specified in this paragraph) not later than
11 January 1, 1997, and uses on and after such date,
12 the Uniform Interstate Family Support Act, as ap-
13 proved by the National Conference of Commissioners
14 on Uniform State Laws in August, 1992.

15 “(B) EXPANDED APPLICATION OF UIFSA.—The
16 State law adopted pursuant to subparagraph (A)
17 shall be applied to any case—

18 “(i) involving an order established or modi-
19 fied in one State and for which a subsequent
20 modification is sought in another State; or

21 “(ii) in which interstate activity is required
22 to enforce an order.

23 “(C) JURISDICTION TO MODIFY ORDERS.—The
24 State law adopted pursuant to subparagraph (A) of
25 this paragraph shall contain the following provision

1 in lieu of section 611(a)(1) of the Uniform Inter-
2 state Family Support Act described in such subpara-
3 graph (A):

4 “(1) the following requirements are met:

5 “(i) the child, the individual obligee, and
6 the obligor—

7 “(I) do not reside in the issuing
8 State; and

9 “(II) either reside in this State or
10 are subject to the jurisdiction of this State
11 pursuant to section 201; and

12 “(ii) (in any case where another State is
13 exercising or seeks to exercise jurisdiction to
14 modify the order) the conditions of section 204
15 are met to the same extent as required for pro-
16 ceedings to establish orders; or’.

17 “(D) SERVICE OF PROCESS.—The State law
18 adopted pursuant to subparagraph (A) shall recog-
19 nize as valid, for purposes of any proceeding subject
20 to such State law, service of process upon persons
21 in the State (and proof of such service) by any
22 means acceptable in another State which is the initi-
23 ating or responding State in such proceeding.

24 “(E) COOPERATION BY EMPLOYERS.—The
25 State law adopted pursuant to subparagraph (A)

1 shall provide for the use of procedures (including
2 sanctions for noncompliance) under which all entities
3 in the State (including for-profit, nonprofit, and gov-
4 ernmental employers) are required to provide
5 promptly, in response to a request by the State
6 agency of that or any other State administering a
7 program under this part, information on the employ-
8 ment, compensation, and benefits of any individual
9 employed by such entity as an employee or contrac-
10 tor.”.

11 **SEC. 9432. IMPROVEMENTS TO FULL FAITH AND CREDIT**
12 **FOR CHILD SUPPORT ORDERS.**

13 Section 1738B of title 28, United States Code, is
14 amended—

15 (1) in subsection (a)(2), by striking “subsection
16 (e)” and inserting “subsections (e), (f), and (i)”;

17 (2) in subsection (b), by inserting after the 2nd
18 undesignated paragraph the following:

19 “‘child’s home State’ means the State in which
20 a child lived with a parent or a person acting as par-
21 ent for at least six consecutive months immediately
22 preceding the time of filing of a petition or com-
23 parable pleading for support and, if a child is less
24 than six months old, the State in which the child
25 lived from birth with any of them. A period of tem-

1 porary absence of any of them is counted as part of
2 the six-month period.”;

3 (3) in subsection (c), by inserting “by a court
4 of a State” before “is made”;

5 (4) in subsection (c)(1), by inserting “and sub-
6 sections (e), (f), and (g)” after “located”;

7 (5) in subsection (d)—

8 (A) by inserting “individual” before “con-
9 testant”; and

10 (B) by striking “subsection (e)” and in-
11 serting “subsections (e) and (f)”;

12 (6) in subsection (e), by striking “make a modi-
13 fication of a child support order with respect to a
14 child that is made” and inserting “modify a child
15 support order issued”;

16 (7) in subsection (e)(1), by inserting “pursuant
17 to subsection (i)” before the semicolon;

18 (8) in subsection (e)(2)—

19 (A) by inserting “individual” before “con-
20 testant” each place such term appears; and

21 (B) by striking “to that court’s making the
22 modification and assuming” and inserting “with
23 the State of continuing, exclusive jurisdiction
24 for a court of another State to modify the order
25 and assume”;

1 (9) by redesignating subsections (f) and (g) as
2 subsections (g) and (h), respectively;

3 (10) by inserting after subsection (e) the follow-
4 ing:

5 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—

6 If one or more child support orders have been issued in
7 this or another State with regard to an obligor and a child,
8 a court shall apply the following rules in determining
9 which order to recognize for purposes of continuing, exclu-
10 sive jurisdiction and enforcement:

11 “(1) If only one court has issued a child sup-
12 port order, the order of that court must be recog-
13 nized.

14 “(2) If two or more courts have issued child
15 support orders for the same obligor and child, and
16 only one of the courts would have continuing, exclu-
17 sive jurisdiction under this section, the order of that
18 court must be recognized.

19 “(3) If two or more courts have issued child
20 support orders for the same obligor and child, and
21 only one of the courts would have continuing, exclu-
22 sive jurisdiction under this section, an order issued
23 by a court in the current home State of the child
24 must be recognized, but if an order has not been is-

1 sued in the current home State of the child, the
2 order most recently issued must be recognized.

3 “(4) If two or more courts have issued child
4 support orders for the same obligor and child, and
5 none of the courts would have continuing, exclusive
6 jurisdiction under this section, a court may issue a
7 child support order, which must be recognized.

8 “(5) The court that has issued an order recog-
9 nized under this subsection is the court having con-
10 tinuing, exclusive jurisdiction.”;

11 (11) in subsection (g) (as so redesignated)—

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

14 (B) by striking “subsection (e)” and in-
15 serting “subsections (e) and (f)”;

16 (12) in subsection (h) (as so redesignated)—

17 (A) in paragraph (2), by inserting “includ-
18 ing the duration of current payments and other
19 obligations of support” before the comma; and

20 (B) in paragraph (3), by inserting “arrears
21 under” after “enforce”; and

22 (13) by adding at the end the following:

23 “(i) REGISTRATION FOR MODIFICATION.—If there is
24 no individual contestant or child residing in the issuing
25 State, the party or support enforcement agency seeking

1 to modify, or to modify and enforce, a child support order
2 issued in another State shall register that order in a State
3 with jurisdiction over the nonmovant for the purpose of
4 modification.”.

5 **SEC. 9433. STATE LAWS PROVIDING EXPEDITED PROCE-**
6 **DURES.**

7 (a) STATE LAW REQUIREMENTS.—Section 466 (42
8 U.S.C. 666) is amended—

9 (1) in subsection (a)(2), in the first sentence, to
10 read as follows: “Expedited administrative and judi-
11 cial procedures (including the procedures specified in
12 subsection (c)) for establishing paternity and for es-
13 tablishing, modifying, and enforcing support obliga-
14 tions.”; and

15 (2) by adding after subsection (b) the following
16 new subsection:

17 “(c) EXPEDITED PROCEDURES.—The procedures
18 specified in this subsection are the following:

19 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-
20 CY.—Procedures which give the State agency the au-
21 thority (and recognize and enforce the authority of
22 State agencies of other States), without the necessity
23 of obtaining an order from any other judicial or ad-
24 ministrative tribunal (but subject to due process
25 safeguards, including (as appropriate) requirements

1 for notice, opportunity to contest the action, and op-
2 portunity for an appeal on the record to an inde-
3 pendent administrative or judicial tribunal), to take
4 the following actions relating to establishment or en-
5 forcement of orders:

6 “(A) GENETIC TESTING.—To order genetic
7 testing for the purpose of paternity establish-
8 ment as provided in section 466(a)(5).

9 “(B) DEFAULT ORDERS.—To enter a de-
10 fault order, upon a showing of service of proc-
11 ess and any additional showing required by
12 State law—

13 “(i) establishing paternity, in the case
14 of any putative father who refuses to sub-
15 mit to genetic testing; and

16 “(ii) establishing or modifying a sup-
17 port obligation, in the case of a parent (or
18 other obligor or obligee) who fails to re-
19 spond to notice to appear at a proceeding
20 for such purpose.

21 “(C) SUBPOENAS.—To subpoena any fi-
22 nancial or other information needed to estab-
23 lish, modify, or enforce an order, and to sanc-
24 tion failure to respond to any such subpoena.

1 “(D) ACCESS TO PERSONAL AND FINAN-
2 CIAL INFORMATION.—To obtain access, subject
3 to safeguards on privacy and information secu-
4 rity, to the following records (including auto-
5 mated access, in the case of records maintained
6 in automated data bases):

7 “(i) records of other State and local
8 government agencies, including—

9 “(I) vital statistics (including
10 records of marriage, birth, and di-
11 vorce);

12 “(II) State and local tax and rev-
13 enue records (including information
14 on residence address, employer, in-
15 come and assets);

16 “(III) records concerning real
17 and titled personal property;

18 “(IV) records of occupational and
19 professional licenses, and records con-
20 cerning the ownership and control of
21 corporations, partnerships, and other
22 business entities;

23 “(V) employment security
24 records;

1 “(VI) records of agencies admin-
2 istering public assistance programs;

3 “(VII) records of the motor vehi-
4 cle department; and

5 “(VIII) corrections records; and

6 “(ii) certain records held by private
7 entities, including—

8 “(I) customer records of public
9 utilities and cable television compa-
10 nies; and

11 “(II) information (including in-
12 formation on assets and liabilities) on
13 individuals who owe or are owed sup-
14 port (or against or with respect to
15 whom a support obligation is sought)
16 held by financial institutions (subject
17 to limitations on liability of such enti-
18 ties arising from affording such ac-
19 cess).

20 “(E) INCOME WITHHOLDING.—To order
21 income withholding in accordance with sub-
22 section (a)(1) and (b) of section 466.

23 “(F) CHANGE IN PAYEE.—(In cases where
24 support is subject to an assignment under sec-
25 tion 403(b)(1)(E)(i), 471(a)(17), or 1912, or to

1 a requirement to pay through the centralized
2 collections unit under section 454B) upon pro-
3 viding notice to obligor and obligee, to direct
4 the obligor or other payor to change the payee
5 to the appropriate government entity.

6 “(G) SECURE ASSETS TO SATISFY ARREAR-
7 AGES.—For the purpose of securing overdue
8 support—

9 “(i) to intercept and seize any peri-
10 odic or lump-sum payment to the obligor
11 by or through a State or local government
12 agency, including—

13 “(I) unemployment compensa-
14 tion, workers’ compensation, and
15 other benefits;

16 “(II) judgments and settlements
17 in cases under the jurisdiction of the
18 State or local government; and

19 “(III) lottery winnings;

20 “(ii) to attach and seize assets of the
21 obligor held by financial institutions;

22 “(iii) to attach public and private re-
23 tirement funds in appropriate cases, as de-
24 termined by the Secretary; and

1 “(iv) to impose liens in accordance
2 with paragraph (a)(4) and, in appropriate
3 cases, to force sale of property and dis-
4 tribution of proceeds.

5 “(H) INCREASE MONTHLY PAYMENTS.—
6 For the purpose of securing overdue support, to
7 increase the amount of monthly support pay-
8 ments to include amounts for arrearages (sub-
9 ject to such conditions or restrictions as the
10 State may provide).

11 “(I) SUSPENSION OF DRIVERS’ LI-
12 CENSES.—To suspend drivers’ licenses of indi-
13 viduals owing past-due support, in accordance
14 with subsection (a)(16).

15 “(2) SUBSTANTIVE AND PROCEDURAL RULES.—
16 The expedited procedures required under subsection
17 (a)(2) shall include the following rules and author-
18 ity, applicable with respect to all proceedings to es-
19 tablish paternity or to establish, modify, or enforce
20 support orders:

21 “(A) LOCATOR INFORMATION; PRESUMP-
22 TIONS CONCERNING NOTICE.—Procedures
23 under which—

24 “(i) the parties to any paternity or
25 child support proceedings are required

1 (subject to privacy safeguards) to file with
2 the tribunal before entry of an order, and
3 to update as appropriate, information on
4 location and identity (including Social Se-
5 curity number, residential and mailing ad-
6 dresses, telephone number, driver's license
7 number, and name, address, and telephone
8 number of employer); and

9 “(ii) in any subsequent child support
10 enforcement action between the same par-
11 ties, the tribunal shall be authorized, upon
12 sufficient showing that diligent effort has
13 been made to ascertain such party's cur-
14 rent location, to deem due process require-
15 ments for notice and service of process to
16 be met, with respect to such party, by de-
17 livery to the most recent residential or em-
18 ployer address so filed pursuant to clause
19 (i).

20 “(B) STATEWIDE JURISDICTION.—Proce-
21 dures under which—

22 “(i) the State agency and any admin-
23 istrative or judicial tribunal with authority
24 to hear child support and paternity cases
25 exerts statewide jurisdiction over the par-

1 ties, and orders issued in such cases have
2 statewide effect; and

3 “(ii) (in the case of a State in which
4 orders in such cases are issued by local ju-
5 risdictions) a case may be transferred be-
6 tween jurisdictions in the State without
7 need for any additional filing by the peti-
8 tioner, or service of process upon the re-
9 spondent, to retain jurisdiction over the
10 parties.”.

11 (c) EXCEPTIONS FROM STATE LAW REQUIRE-
12 MENTS.—Section 466(d) (42 U.S.C. 666(d)) is amend-
13 ed—

14 (1) by striking “(d) If” and inserting the fol-
15 lowing:

16 “(d) EXEMPTIONS FROM REQUIREMENTS.—

17 “(1) IN GENERAL.—Subject to paragraph (2),
18 if”; and

19 (2) by adding at the end the following new
20 paragraph:

21 “(2) NONEXEMPT REQUIREMENTS.—The Sec-
22 retary shall not grant an exemption from the re-
23 quirements of—

24 “(A) subsection (a)(5) (concerning proce-
25 dures for paternity establishment);

1 “(B) subsection (a)(10) (concerning modi-
2 fication of orders);

3 “(C) subsection (a)(12) (concerning re-
4 cording of orders in the central State case reg-
5 istry);

6 “(D) subsection (a)(13) (concerning re-
7 cording of Social Security numbers);

8 “(E) subsection (a)(14) (concerning inter-
9 state enforcement); or

10 “(F) subsection (c) (concerning expedited
11 procedures), other than paragraph (1)(A) there-
12 of (concerning establishment or modification of
13 support amount).”.

14 (d) AUTOMATION OF STATE AGENCY FUNCTIONS.—
15 Section 454A, as added by section 9415(a)(2) of this Act
16 and as amended by sections 9421 and 9422(c) of this Act,
17 is amended by adding at the end the following new sub-
18 section:

19 “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—
20 The automated system required under this section shall
21 be used, to the maximum extent feasible, to implement any
22 expedited administrative procedures required under sec-
23 tion 466(c).”.

1 **CHAPTER 5—PATERNITY ESTABLISHMENT**

2 **SEC. 9441. SENSE OF THE CONGRESS.**

3 It is the sense of the Congress that social services
4 should be provided in hospitals to women who have become
5 pregnant as a result of rape or incest.

6 **SEC. 9442. AVAILABILITY OF PARENTING SOCIAL SERVICES**
7 **FOR NEW FATHERS.**

8 Section 466(a) (42 U.S.C. 666(a)), as amended by
9 sections 9401(a), 9426(a), and 9431 of this Act, is amend-
10 ed by inserting after paragraph (14) the following:

11 “(15) Procedures for providing new fathers
12 with positive parenting counseling that stresses the
13 importance of paying child support in a timely man-
14 ner, in accordance with regulations prescribed by the
15 Secretary.”.

16 **SEC. 9443. COOPERATION REQUIREMENT AND GOOD CAUSE**
17 **EXCEPTION.**

18 (a) **IN GENERAL.**—Section 454 (42 U.S.C. 654) is
19 amended—

20 (1) by striking “and” at the end of paragraph
21 (23);

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

24 (3) by inserting after paragraph (24) the fol-
25 lowing:

1 “(25) provide that the State agency administer-
2 ing the plan under this part—

3 “(A) will make the determination specified
4 under paragraph (4), as to whether an individ-
5 ual is cooperating with efforts to establish pa-
6 ternity and secure support (or has good cause
7 not to cooperate with such efforts) for purposes
8 of the requirements of sections 403(b)(1)(E)(i)
9 and 1912;

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

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

18 “(D)(i) will make the initial determination
19 as to whether an individual is cooperating (or
20 has good cause not to cooperate) with efforts to
21 establish paternity within 10 days after such in-
22 dividual is referred to such State agency by the
23 State agency administering the program under
24 part A of title XIX;

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

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

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

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

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

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

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

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

20 (b) MEDICAID AMENDMENTS.—Section 1912(a) (42
21 U.S.C. 1396k(a)) is amended—

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

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

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

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

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

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

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

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

11 “(i) has furnished to the agency admin-
12 istering the State plan under part D of title IV
13 the information specified in section 454(25)(E);
14 or

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

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

19 “(i) if such agency has not, within 10 days
20 after such individual was referred to such agen-
21 cy, provided the notification required by section
22 454(25)(D)(iii), until such notification is re-
23 ceived; and

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

1 for noncooperation, until after such determina-
2 tion is affirmed after notice and opportunity for
3 a hearing.”.

4 (c) **EFFECTIVE DATE.**—The amendments made by
5 this section shall be effective with respect to applications
6 filed in or after the first calendar quarter beginning 10
7 months or more after the date of the enactment of this
8 Act (or such earlier quarter as the State may select) for
9 assistance under a State plan approved under part A of
10 title IV of the Social Security Act or for medical assistance
11 under a State plan approved under title XIX of such Act.

12 **SEC. 9444. FEDERAL MATCHING PAYMENTS.**

13 (a) **INCREASED BASE MATCHING RATE.**—Section
14 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as
15 follows:

16 “(2) The applicable percent for a quarter for
17 purposes of paragraph (1)(A) is—

18 “(A) for fiscal year 1996, 69 percent;

19 “(B) for fiscal year 1997, 72 percent; and

20 “(C) for fiscal year 1998 and succeeding
21 fiscal years, 75 percent.”.

22 (b) **MAINTENANCE OF EFFORT.**—Section 455 (42
23 U.S.C. 655) is amended—

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

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

6 “(c) MAINTENANCE OF EFFORT.—Notwithstanding
7 subsection (a), total expenditures for the State program
8 under this part for fiscal year 1996 and each succeeding
9 fiscal year, reduced by the percentage specified for such
10 fiscal year under subparagraph (A), (B), or (C)(i) of para-
11 graph (2), shall not be less than such total expenditures
12 for fiscal year 1995, reduced by 66 percent.”.

13 **SEC. 9445. STATE LAWS CONCERNING PATERNITY ESTAB-**
14 **LISHMENT.**

15 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
16 U.S.C. 666(a)(5)) is amended—

17 (1) by striking “(5)” and inserting the follow-
18 ing:

19 “(5) PROCEDURES CONCERNING PATERNITY ES-
20 TABLISHMENT.—”;

21 (2) in subparagraph (A)—

22 (A) by striking “(A)(i)” and inserting the
23 following:

1 “(A) ESTABLISHMENT PROCESS AVAIL-
2 ABLE FROM BIRTH UNTIL AGE EIGHTEEN.—
3 (i)”; and

4 (B) by indenting clauses (i) and (ii) so
5 that the left margin of such clauses is 2 ems to
6 the right of the left margin of paragraph (4);
7 (3) in subparagraph (B)—

8 (A) by striking “(B)” and inserting the
9 following:

10 “(B) PROCEDURES CONCERNING GENETIC
11 TESTING.—(i)”;

12 (B) in clause (i), as redesignated, by in-
13 serting before the period “, where such request
14 is supported by a sworn statement (I) by such
15 party alleging paternity setting forth facts es-
16 tablishing a reasonable possibility of the req-
17 uisite sexual contact of the parties, or (II) by
18 such party denying paternity setting forth facts
19 establishing a reasonable possibility of the
20 nonexistence of sexual contact of the parties;”;

21 (C) by inserting after and below clause (i)
22 (as redesignated) the following new clause:

23 “(ii) Procedures which require the State
24 agency, in any case in which such agency orders
25 genetic testing—

1 “(I) to pay costs of such tests, subject
2 to recoupment (where the State so elects)
3 from the putative father if paternity is es-
4 tablished; and

5 “(II) to obtain additional testing in
6 any case where an original test result is
7 disputed, upon request and advance pay-
8 ment by the disputing party.”;

9 (4) by striking subparagraphs (C) and (D) and
10 inserting the following:

11 “(C) PATERNITY ACKNOWLEDGMENT.—(i)
12 Procedures for a simple civil process for volun-
13 tarily acknowledging paternity under which the
14 State must provide that, before a mother and a
15 putative father can sign an acknowledgment of
16 paternity, the putative father and the mother
17 must be given notice, orally, in writing, and in
18 a language that each can understand, of the al-
19 ternatives to, the legal consequences of, and the
20 rights (including, if 1 parent is a minor, any
21 rights afforded due to minority status) and re-
22 sponsibilities that arise from, signing the ac-
23 knowledgment.

24 “(ii) Such procedures must include a hos-
25 pital-based program for the voluntary acknowl-

1 edgment of paternity focusing on the period im-
2 mediately before or after the birth of a child.

3 “(iii) Such procedures must require the
4 State agency responsible for maintaining birth
5 records to offer voluntary paternity establish-
6 ment services.

7 “(iv) The Secretary shall prescribe regula-
8 tions governing voluntary paternity establish-
9 ment services offered by hospitals and birth
10 record agencies. The Secretary shall prescribe
11 regulations specifying the types of other entities
12 that may offer voluntary paternity establish-
13 ment services, and governing the provision of
14 such services, which shall include a requirement
15 that such an entity must use the same notice
16 provisions used by, the same materials used by,
17 provide the personnel providing such services
18 with the same training provided by, and evalu-
19 ate the provision of such services in the same
20 manner as, voluntary paternity establishment
21 programs of hospitals and birth record agen-
22 cies.

23 “(v) Such procedures must require the
24 State and those required to establish paternity
25 to use only the affidavit developed under section

1 452(a)(7) for the voluntary acknowledgment of
2 paternity, and to give full faith and credit to
3 such an affidavit signed in any other State.

4 “(D) STATUS OF SIGNED PATERNITY AC-
5 KNOWLEDGMENT.—(i) Procedures under which
6 a signed acknowledgment of paternity is consid-
7 ered a legal finding of paternity, subject to the
8 right of any signatory to rescind the acknowl-
9 edgment within 60 days.

10 “(ii)(I) Procedures under which, after the
11 60-day period referred to in clause (i), a signed
12 acknowledgment of paternity may be challenged
13 in court only on the basis of fraud, duress, or
14 material mistake of fact, with the burden of
15 proof upon the challenger, and under which the
16 legal responsibilities (including child support
17 obligations) of any signatory arising from the
18 acknowledgment may not be suspended during
19 the challenge, except for good cause shown.

20 “(II) Procedures under which, after the
21 60-day period referred to in clause (i), a minor
22 who signs an acknowledgment of paternity
23 other than in the presence of a parent or court-
24 appointed guardian ad litem may rescind the

1 acknowledgment in a judicial or administrative
2 proceeding, until the earlier of—

3 “(aa) attaining the age of majority; or

4 “(bb) the date of the first judicial or
5 administrative proceeding brought (after
6 the signing) to establish a child support
7 obligation, visitation rights, or custody
8 rights with respect to the child whose pa-
9 ternity is the subject of the acknowledg-
10 ment, and at which the minor is rep-
11 resented by a parent, guardian ad litem, or
12 attorney.”;

13 (5) by striking subparagraph (E) and inserting
14 the following:

15 “(E) BAR ON ACKNOWLEDGMENT RATIFI-
16 CATION PROCEEDINGS.—Procedures under
17 which no judicial or administrative proceedings
18 are required or permitted to ratify an unchal-
19 lenged acknowledgment of paternity.”;

20 (6) by striking subparagraph (F) and inserting
21 the following:

22 “(F) ADMISSIBILITY OF GENETIC TESTING
23 RESULTS.—Procedures—

24 “(i) requiring that the State admit
25 into evidence, for purposes of establishing

1 paternity, results of any genetic test that
2 is—

3 “(I) of a type generally acknowl-
4 edged, by accreditation bodies des-
5 ignated by the Secretary, as reliable
6 evidence of paternity; and

7 “(II) performed by a laboratory
8 approved by such an accreditation
9 body;

10 “(ii) that any objection to genetic
11 testing results must be made in writing not
12 later than a specified number of days be-
13 fore any hearing at which such results may
14 be introduced into evidence (or, at State
15 option, not later than a specified number
16 of days after receipt of such results); and

17 “(iii) that, if no objection is made, the
18 test results are admissible as evidence of
19 paternity without the need for foundation
20 testimony or other proof of authenticity or
21 accuracy.”; and

22 (7) by adding after subparagraph (H) the fol-
23 lowing new subparagraphs:

1 “(I) NO RIGHT TO JURY TRIAL.—Proce-
2 dures providing that the parties to an action to
3 establish paternity are not entitled to jury trial.

4 “(J) TEMPORARY SUPPORT ORDER BASED
5 ON PROBABLE PATERNITY IN CONTESTED
6 CASES.—Procedures which require that a tem-
7 porary order be issued, upon motion by a party,
8 requiring the provision of child support pending
9 an administrative or judicial determination of
10 parentage, where there is clear and convincing
11 evidence of paternity (on the basis of genetic
12 tests or other evidence).

13 “(K) PROOF OF CERTAIN SUPPORT AND
14 PATERNITY ESTABLISHMENT COSTS.—Proce-
15 dures under which bills for pregnancy, child-
16 birth, and genetic testing are admissible as evi-
17 dence without requiring third-party foundation
18 testimony, and shall constitute prima facie evi-
19 dence of amounts incurred for such services and
20 testing on behalf of the child.

21 “(L) WAIVER OF STATE DEBTS FOR CO-
22 OPERATION.—At the option of the State, proce-
23 dures under which the tribunal establishing pa-
24 ternity and support has discretion to waive
25 rights to all or part of amounts owed to the

1 State (but not to the mother) for costs related
2 to pregnancy, childbirth, and genetic testing
3 and for public assistance paid to the family
4 where the father cooperates or acknowledges
5 paternity before or after genetic testing.

6 “(M) **STANDING OF PUTATIVE FATHERS.**—
7 Procedures ensuring that the putative father
8 has a reasonable opportunity to initiate a pater-
9 nity action.”.

10 (b) **NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-**
11 **DAVIT.**—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is
12 amended by inserting “, and develop an affidavit to be
13 used for the voluntary acknowledgment of paternity which
14 shall include the social security account number of each
15 parent” before the semicolon.

16 (c) **TECHNICAL AMENDMENT.**—Section 468 (42
17 U.S.C. 668) is amended by striking “a simple civil process
18 for voluntarily acknowledging paternity and”.

19 **SEC. 9446. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
20 **LISHMENT.**

21 (a) **STATE PLAN REQUIREMENT.**—Section 454(23)
22 (42 U.S.C. 654(23)) is amended by adding at the end the
23 following new subparagraph:

24 “(C) publicize the availability and encour-
25 age the use of procedures for voluntary estab-

1 lishment of paternity and child support through
2 a variety of means, which—

3 “(i) include distribution of written
4 materials at health care facilities (includ-
5 ing hospitals and clinics), and other loca-
6 tions such as schools;

7 “(ii) may include pre-natal programs
8 to educate expectant couples on individual
9 and joint rights and responsibilities with
10 respect to paternity (and may require all
11 expectant recipients of assistance under
12 part A to participate in such pre-natal pro-
13 grams, as an element of cooperation with
14 efforts to establish paternity and child sup-
15 port);

16 “(iii) include, with respect to each
17 child discharged from a hospital after birth
18 for whom paternity or child support has
19 not been established, reasonable follow-up
20 efforts (including at least one contact of
21 each parent whose whereabouts are known,
22 except where there is reason to believe
23 such follow-up efforts would put mother or
24 child at risk), providing—

1 “(I) in the case of a child for
2 whom paternity has not been estab-
3 lished, information on the benefits of
4 and procedures for establishing pater-
5 nity; and

6 “(II) in the case of a child for
7 whom paternity has been established
8 but child support has not been estab-
9 lished, information on the benefits of
10 and procedures for establishing a
11 child support order, and an applica-
12 tion for child support services;”.

13 (b) ENHANCED FEDERAL MATCHING.—Section
14 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

15 (1) by inserting “(i)” before “laboratory costs”,
16 and

17 (2) by inserting before the semicolon “, and (ii)
18 costs of outreach programs designed to encourage
19 voluntary acknowledgment of paternity”.

20 (c) EFFECTIVE DATES.—(1) The amendments made
21 by subsection (a) shall become effective October 1, 1997.

22 (2) The amendments made by subsection (b) shall be
23 effective with respect to calendar quarters beginning on
24 and after October 1, 1996.

1 **CHAPTER 6—ESTABLISHMENT AND**
2 **MODIFICATION OF SUPPORT ORDERS**

3 **SEC. 9451. NATIONAL CHILD SUPPORT GUIDELINES COM-**
4 **MISSION.**

5 (a) **ESTABLISHMENT.**—There is hereby established a
6 commission to be known as the “National Child Support
7 Guidelines Commission” (in this section referred to as the
8 “Commission”).

9 (b) **GENERAL DUTIES.**—The Commission shall de-
10 velop a national child support guideline for consideration
11 by the Congress that is based on a study of various guide-
12 line models, the benefits and deficiencies of such models,
13 and any needed improvements.

14 (c) **MEMBERSHIP.**—

15 (1) **NUMBER; APPOINTMENT.**—

16 (A) **IN GENERAL.**—The Commission shall
17 be composed of 12 individuals appointed jointly
18 by the Secretary of Health and Human Services
19 and the Congress, not later than January 15,
20 1997, of which—

21 (i) 2 shall be appointed by the Chair-
22 man of the Committee on Finance of the
23 Senate, and 1 shall be appointed by the
24 ranking minority member of the Commit-
25 tee;

1 (ii) 2 shall be appointed by the Chair-
2 man of the Committee on Ways and Means
3 of the House of Representatives, and 1
4 shall be appointed by the ranking minority
5 member of the Committee; and

6 (iii) 6 shall be appointed by the Sec-
7 retary of Health and Human Services.

8 (B) QUALIFICATIONS OF MEMBERS.—

9 Members of the Commission shall have exper-
10 tise and experience in the evaluation and devel-
11 opment of child support guidelines. At least 1
12 member shall represent advocacy groups for
13 custodial parents, at least 1 member shall rep-
14 resent advocacy groups for noncustodial par-
15 ents, and at least 1 member shall be the direc-
16 tor of a State program under part D of title IV
17 of the Social Security Act.

18 (2) TERMS OF OFFICE.—Each member shall be
19 appointed for a term of 2 years. A vacancy in the
20 Commission shall be filled in the manner in which
21 the original appointment was made.

22 (d) COMMISSION POWERS, COMPENSATION, ACCESS
23 TO INFORMATION, AND SUPERVISION.—The first sentence
24 of subparagraph (C), the first and third sentences of sub-
25 paragraph (D), subparagraph (F) (except with respect to

1 the conduct of medical studies), clauses (ii) and (iii) of
2 subparagraph (G), and subparagraph (H) of section
3 1886(e)(6) of the Social Security Act shall apply to the
4 Commission in the same manner in which such provisions
5 apply to the Prospective Payment Assessment Commis-
6 sion.

7 (e) REPORT.—Not later than 2 years after the ap-
8 pointment of members, the Commission shall submit to
9 the President, the Committee on Ways and Means of the
10 House of Representatives, and the Committee on Finance
11 of the Senate, a recommended national child support
12 guideline and a final assessment of issues relating to such
13 a proposed national child support guideline.

14 (f) TERMINATION.—The Commission shall terminate
15 6 months after the submission of the report described in
16 subsection (e).

17 **SEC. 9452. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**
18 **MENT OF CHILD SUPPORT ORDERS.**

19 (a) IN GENERAL.—Section 466(a)(10) (42 U.S.C.
20 666(a)(10)) is amended to read as follows:

21 “(10) PROCEDURES FOR MODIFICATION OF
22 SUPPORT ORDERS.—

23 “(A)(i) Procedures under which—

24 “(I) every 3 years, at the request of
25 either parent subject to a child support

1 order, the State shall review and, as appro-
2 priate, adjust the order in accordance with
3 the guidelines established under section
4 467(a) if the amount of the child support
5 award under the order differs from the
6 amount that would be awarded in accord-
7 ance with such guidelines, without a re-
8 quirement for any other change in cir-
9 cumstances; and

10 “(II) upon request at any time of ei-
11 ther parent subject to a child support
12 order, the State shall review and, as appro-
13 priate, adjust the order in accordance with
14 the guidelines established under section
15 467(a) based on a substantial change in
16 the circumstances of either such parent.

17 “(ii) Such procedures shall require both
18 parents subject to a child support order to be
19 notified of their rights and responsibilities pro-
20 vided for under clause (i) at the time the order
21 is issued and in the annual information ex-
22 change form provided under subparagraph (B).

23 “(B) Procedures under which each child
24 support order issued or modified in the State
25 after the effective date of this subparagraph

1 shall require the parents subject to the order to
2 provide each other with a complete statement of
3 their respective financial condition annually on
4 a form which shall be established by the Sec-
5 retary and provided by the State. The Secretary
6 shall establish regulations for the enforcement
7 of such exchange of information.”.

8 **CHAPTER 7—ENFORCEMENT OF SUPPORT**
9 **ORDERS**

10 **SEC. 9461. FEDERAL INCOME TAX REFUND OFFSET.**

11 (a) **CHANGED ORDER OF REFUND DISTRIBUTION**
12 **UNDER INTERNAL REVENUE CODE.**—Section 6402(c) of
13 the Internal Revenue Code of 1986 is amended by striking
14 the 3rd sentence.

15 (b) **ELIMINATION OF DISPARITIES IN TREATMENT**
16 **OF ASSIGNED AND NON-ASSIGNED ARREARAGES.**—(1)
17 Section 464(a) (42 U.S.C. 664(a)) is amended—

18 (A) by striking “(a)” and inserting “(a) OFF-
19 SET AUTHORIZED.—”;

20 (B) in paragraph (1)—

21 (i) in the first sentence, by striking “which
22 has been assigned to such State pursuant to
23 section 402(a)(26) or section 471(a)(17)”;

1 (ii) in the second sentence, by striking “in
2 accordance with section 457 (b)(4) or (d)(3)”
3 and inserting “as provided in paragraph (2)”;

4 (C) in paragraph (2), to read as follows:

5 “(2) The State agency shall distribute amounts
6 paid by the Secretary of the Treasury pursuant to
7 paragraph (1)—

8 “(A) in accordance with section 457(a)(4)
9 or (d)(3), in the case of past-due support as-
10 signed to a State pursuant to section
11 403(b)(1)(E)(i) or 471(a)(17); and

12 “(B) to or on behalf of the child to whom
13 the support was owed, in the case of past-due
14 support not so assigned.”;

15 (D) in paragraph (3)—

16 (i) by striking “or (2)” each place it ap-
17 pears; and

18 (ii) in subparagraph (B), by striking
19 “under paragraph (2)” and inserting “on ac-
20 count of past-due support described in para-
21 graph (2)(B)”.

22 (2) Section 464(b) (42 U.S.C. 664(b)) is
23 amended—

24 (A) by striking “(b)(1)” and inserting “(b)

25 REGULATIONS.—”; and

1 (B) by striking paragraph (2).

2 (3) Section 464(c) (42 U.S.C. 664(c)) is
3 amended—

4 (A) by striking “(c)(1) Except as provided
5 in paragraph (2), as” and inserting “(c) DEFINI-
6 TION.—As”;

7 (B) by striking paragraphs (2) and (3).

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall become effective October 1, 1999.

10 **SEC. 9462. INTERNAL REVENUE SERVICE COLLECTION OF**
11 **ARREARS.**

12 (a) AMENDMENT TO INTERNAL REVENUE CODE.—
13 Section 6305(a) of the Internal Revenue Code of 1986 is
14 amended—

15 (1) in paragraph (1), by inserting “except as
16 provided in paragraph (5)” after “collected”;

17 (2) by striking “and” at the end of paragraph
18 (3);

19 (3) by striking the period at the end of para-
20 graph (4) and inserting a comma;

21 (4) by adding after paragraph (4) the following
22 new paragraph:

23 “(5) no additional fee may be assessed for ad-
24 justments to an amount previously certified pursu-

1 ant to such section 452(b) with respect to the same
2 obligor.”; and

3 (5) by striking “Secretary of Health, Edu-
4 cation, and Welfare” each place it appears and in-
5 sserting “Secretary of Health and Human Services”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall become effective October 1, 1997.

8 **SEC. 9463. AUTHORITY TO COLLECT SUPPORT FROM FED-**
9 **ERAL EMPLOYEES.**

10 (a) CONSOLIDATION AND STREAMLINING OF AU-
11 THORITIES.—

12 (1) Section 459 (42 U.S.C. 659) is amended in
13 the caption by inserting “INCOME WITHHOLDING,”
14 before “GARNISHMENT”.

15 (2) Section 459(a) (42 U.S.C. 659(a)) is
16 amended—

17 (A) by striking “(a)” and inserting “(a)
18 CONSENT TO SUPPORT ENFORCEMENT.—”;

19 (B) by striking “section 207” and insert-
20 ing “section 207 of this Act and 38 U.S.C.
21 5301”; and

22 (C) by striking all that follows “a private
23 person,” and inserting “to withholding in ac-
24 cordance with State law pursuant to subsections
25 (a)(1) and (b) of section 466 and regulations of

1 the Secretary thereunder, and to any other legal
2 process brought, by a State agency administer-
3 ing a program under this part or by an individ-
4 ual obligee, to enforce the legal obligation of
5 such individual to provide child support or ali-
6 mony.”.

7 (3) Section 459(b) (42 U.S.C. 659(b)) is
8 amended to read as follows:

9 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO
10 PRIVATE PERSON.— Except as otherwise provided herein,
11 each entity specified in subsection (a) shall be subject,
12 with respect to notice to withhold income pursuant to sub-
13 section (a)(1) or (b) of section 466, or to any other order
14 or process to enforce support obligations against an indi-
15 vidual (if such order or process contains or is accompanied
16 by sufficient data to permit prompt identification of the
17 individual and the moneys involved), to the same require-
18 ments as would apply if such entity were a private per-
19 son.”.

20 (4) Section 459(c) (42 U.S.C. 659(c)) is redес-
21 ignated and relocated as paragraph (2) of subsection
22 (f), and is amended—

23 (A) by striking “responding to interroga-
24 tories pursuant to requirements imposed by
25 section 461(b)(3)” and inserting “taking ac-

1 tions necessary to comply with the requirements
2 of subsection (A) with regard to any individ-
3 ual”; and

4 (B) by striking “any of his duties” and all
5 that follows and inserting “such duties.”.

6 (5) Section 461 (42 U.S.C. 661) is amended by
7 striking subsection (b), and section 459 (42 U.S.C.
8 659) is amended by inserting after subsection (b)
9 (as added by paragraph (3) of this subsection) the
10 following:

11 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE
12 OR PROCESS.—(1) The head of each agency subject to the
13 requirements of this section shall—

14 “(A) designate an agent or agents to receive or-
15 ders and accept service of process; and

16 “(B) publish (i) in the appendix of such regula-
17 tions, (ii) in each subsequent republication of such
18 regulations, and (iii) annually in the Federal Reg-
19 ister, the designation of such agent or agents, identi-
20 fied by title of position, mailing address, and tele-
21 phone number.”.

22 (6) Section 459 (42 U.S.C. 659) is amended by
23 striking subsection (d) and by inserting after sub-
24 section (c)(1) (as added by paragraph (5) of this
25 subsection) the following:

1 “(2) Whenever an agent designated pursuant to para-
2 graph (1) receives notice pursuant to subsection (a)(1) or
3 (b) of section 466, or is effectively served with any order,
4 process, or interrogatories, with respect to an individual’s
5 child support or alimony payment obligations, such agent
6 shall—

7 “(A) as soon as possible (but not later than fif-
8 teen days) thereafter, send written notice of such no-
9 tice or service (together with a copy thereof) to such
10 individual at his duty station or last-known home
11 address;

12 “(B) within 30 days (or such longer period as
13 may be prescribed by applicable State law) after re-
14 ceipt of a notice pursuant to subsection (a)(1) or (b)
15 of section 466, comply with all applicable provisions
16 of such section 466; and

17 “(C) within 30 days (or such longer period as
18 may be prescribed by applicable State law) after ef-
19 fective service of any other such order, process, or
20 interrogatories, respond thereto.”.

21 (7) Section 461 (42 U.S.C. 661) is amended by
22 striking subsection (c), and section 459 (42 U.S.C.
23 659) is amended by inserting after subsection (c) (as
24 added by paragraph (5) and amended by paragraph
25 (6) of this subsection) the following:

1 “(d) PRIORITY OF CLAIMS.—In the event that a gov-
2 ernmental entity receives notice or is served with process,
3 as provided in this section, concerning amounts owed by
4 an individual to more than one person—

5 “(1) support collection under section 466(b)
6 must be given priority over any other process, as
7 provided in section 466(b)(7);

8 “(2) allocation of moneys due or payable to an
9 individual among claimants under section 466(b)
10 shall be governed by the provisions of such section
11 466(b) and regulations thereunder; and

12 “(3) such moneys as remain after compliance
13 with subparagraphs (A) and (B) shall be available to
14 satisfy any other such processes on a first-come,
15 first-served basis, with any such process being satis-
16 fied out of such moneys as remain after the satisfac-
17 tion of all such processes which have been previously
18 served.”.

19 (8) Section 459(e) (42 U.S.C. 659(e)) is
20 amended by striking “(e)” and inserting the follow-
21 ing:

22 “(e) NO REQUIREMENT TO VARY PAY CYCLES.—”.

23 (9) Section 459(f) (42 U.S.C. 659(f)) is amend-
24 ed by striking “(f)” and inserting the following:

25 “(f) RELIEF FROM LIABILITY.—(1)”.

1 (10) Section 461(a) (42 U.S.C. 661(a)) is re-
2 designated and relocated as section 459(g), and is
3 amended—

4 (A) by striking “(g)” and inserting the fol-
5 lowing:

6 “(g) REGULATIONS.—”; and

7 (B) by striking “section 459” and insert-
8 ing “this section”.

9 (11) Section 462 (42 U.S.C. 662) is amended
10 by striking subsection (f), and section 459 (42
11 U.S.C. 659) is amended by inserting the following
12 after subsection (g) (as added by paragraph (10) of
13 this subsection):

14 “(h) MONEYS SUBJECT TO PROCESS.—(1) Subject to
15 subsection (i), moneys paid or payable to an individual
16 which are considered to be based upon remuneration for
17 employment, for purposes of this section—

18 “(A) consist of—

19 “(i) compensation paid or payable for per-
20 sonal services of such individual, whether such
21 compensation is denominated as wages, salary,
22 commission, bonus, pay, allowances, or other-
23 wise (including severance pay, sick pay, and in-
24 centive pay);

1 “(ii) periodic benefits (including a periodic
2 benefit as defined in section 228(h)(3)) or other
3 payments—

4 “(I) under the insurance system es-
5 tablished by title II;

6 “(II) under any other system or fund
7 established by the United States which
8 provides for the payment of pensions, re-
9 tirement or retired pay, annuities, depend-
10 ents’ or survivors’ benefits, or similar
11 amounts payable on account of personal
12 services performed by the individual or any
13 other individual;

14 “(III) as compensation for death
15 under any Federal program;

16 “(IV) under any Federal program es-
17 tablished to provide ‘black lung’ benefits;
18 or

19 “(V) by the Secretary of Veterans Af-
20 fairs as pension, or as compensation for a
21 service-connected disability or death (ex-
22 cept any compensation paid by such Sec-
23 retary to a former member of the Armed
24 Forces who is in receipt of retired or re-
25 tainer pay if such former member has

1 waived a portion of his retired pay in order
2 to receive such compensation); and

3 “(iii) worker’s compensation benefits paid
4 under Federal or State law; but

5 “(B) do not include any payment—

6 “(i) by way of reimbursement or otherwise,
7 to defray expenses incurred by such individual
8 in carrying out duties associated with his em-
9 ployment; or

10 “(ii) as allowances for members of the uni-
11 formed services payable pursuant to chapter 7
12 of title 37, United States Code, as prescribed
13 by the Secretaries concerned (defined by section
14 101(5) of such title) as necessary for the effi-
15 cient performance of duty.”.

16 (12) Section 462(g) (42 U.S.C. 662(g)) is re-
17 designated and relocated as section 459(i) (42
18 U.S.C. 659(i)).

19 (13)(A) Section 462 (42 U.S.C. 662) is amend-
20 ed—

21 (i) in subsection (e)(1), by redesignating
22 subparagraphs (A), (B), and (C) as clauses (i),
23 (ii), and (iii); and

1 (ii) in subsection (e), by redesignating
2 paragraphs (1) and (2) as subparagraphs (A)
3 and (B).

4 (B) Section 459 (42 U.S.C. 659) is amended by
5 adding at the end the following:

6 “(j) DEFINITIONS.—For purposes of this section:”.

7 (C) Subsections (a) through (e) of section 462
8 (42 U.S.C. 662), as amended by subparagraph (A)
9 of this paragraph, are relocated and redesignated as
10 paragraphs (1) through (4), respectively of section
11 459(j) (as added by subparagraph (B) of this para-
12 graph, (42 U.S.C. 659(j))), and the left margin of
13 each of such paragraphs (1) through (4) is indented
14 2 ems to the right of the left margin of subsection
15 (i) (as added by paragraph (12) of this subsection).

16 (b) CONFORMING AMENDMENTS.—

17 (1) TO PART D OF TITLE IV.—Sections 461 and
18 462 (42 U.S.C. 661), as amended by subsection (a)
19 of this section, are repealed.

20 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
21 tion 5520a of title 5, United States Code, is amend-
22 ed, in subsections (h)(2) and (i), by striking “sec-
23 tions 459, 461, and 462 of the Social Security Act
24 (42 U.S.C. 659, 661, and 662)” and inserting “sec-

1 tion 459 of the Social Security Act (42 U.S.C.
2 659)".

3 (c) MILITARY RETIRED AND RETAINER PAY.—(1)
4 DEFINITION OF COURT.—Section 1408(a)(1) of title 10,
5 United States Code, is amended—

6 (A) by striking “and” at the end of subpara-
7 graph (B);

8 (B) by striking the period at the end of sub-
9 paragraph (C) and inserting “; and”; and

10 (C) by adding after subparagraph (C) the fol-
11 lowing new paragraph:

12 “(D) any administrative or judicial tribu-
13 nal of a State competent to enter orders for
14 support or maintenance (including a State
15 agency administering a State program under
16 part D of title IV of the Social Security Act).”;

17 (2) DEFINITION OF COURT ORDER.—Section
18 1408(a)(2) of such title is amended by inserting “or a
19 court order for the payment of child support not included
20 in or accompanied by such a decree or settlement,” before
21 “which—”.

22 (3) PUBLIC PAYEE.—Section 1408(d) of such title is
23 amended—

24 (A) in the heading, by striking “to spouse” and
25 inserting “to (or for benefit of)”; and

1 (B) in paragraph (1), in the first sentence, by
2 inserting “(or for the benefit of such spouse or
3 former spouse to a State central collections unit or
4 other public payee designated by a State, in accord-
5 ance with part D of title IV of the Social Security
6 Act, as directed by court order, or as otherwise di-
7 rected in accordance with such part D)” before “in
8 an amount sufficient”.

9 (4) RELATIONSHIP TO PART D OF TITLE IV.—Sec-
10 tion 1408 of such title is amended by adding at the end
11 the following new subsection:

12 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
13 involving a child support order against a member who has
14 never been married to the other parent of the child, the
15 provisions of this section shall not apply, and the case
16 shall be subject to the provisions of section 459 of the
17 Social Security Act.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall become effective 6 months after the date
20 of the enactment of this Act.

21 **SEC. 9464. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
22 **TIONS OF MEMBERS OF THE ARMED FORCES.**

23 (a) AVAILABILITY OF LOCATOR INFORMATION.—

24 (1) MAINTENANCE OF ADDRESS INFORMA-
25 TION.—The Secretary of Defense shall establish a

1 centralized personnel locator service that includes
2 the address of each member of the Armed Forces
3 under the jurisdiction of the Secretary. Upon re-
4 quest of the Secretary of Transportation, addresses
5 for members of the Coast Guard shall be included in
6 the centralized personnel locator service.

7 (2) TYPE OF ADDRESS.—

8 (A) RESIDENTIAL ADDRESS.—Except as
9 provided in subparagraph (B), the address for
10 a member of the Armed Forces shown in the lo-
11 cator service shall be the residential address of
12 that member.

13 (B) DUTY ADDRESS.—The address for a
14 member of the Armed Forces shown in the loca-
15 tor service shall be the duty address of that
16 member in the case of a member—

17 (i) who is permanently assigned over-
18 seas, to a vessel, or to a routinely
19 deployable unit; or

20 (ii) with respect to whom the Sec-
21 retary concerned makes a determination
22 that the member's residential address
23 should not be disclosed due to national se-
24 curity or safety concerns.

1 (3) UPDATING OF LOCATOR INFORMATION.—

2 Within 30 days after a member listed in the locator
3 service establishes a new residential address (or a
4 new duty address, in the case of a member covered
5 by paragraph (2)(B)), the Secretary concerned shall
6 update the locator service to indicate the new ad-
7 dress of the member.

8 (4) AVAILABILITY OF INFORMATION.—The Sec-
9 retary of Defense shall make information regarding
10 the address of a member of the Armed Forces listed
11 in the locator service available, on request, to the
12 Federal Parent Locator Service.

13 (b) FACILITATING GRANTING OF LEAVE FOR AT-
14 TENDANCE AT HEARINGS.—

15 (1) REGULATIONS.—The Secretary of each
16 military department, and the Secretary of Transpor-
17 tation with respect to the Coast Guard when it is
18 not operating as a service in the Navy, shall pre-
19 scribe regulations to facilitate the granting of leave
20 to a member of the Armed Forces under the juris-
21 diction of that Secretary in a case in which—

22 (A) the leave is needed for the member to
23 attend a hearing described in paragraph (2);

24 (B) the member is not serving in or with
25 a unit deployed in a contingency operation (as

1 defined in section 101 of title 10, United States
2 Code); and

3 (C) the exigencies of military service (as
4 determined by the Secretary concerned) do not
5 otherwise require that such leave not be grant-
6 ed.

7 (2) COVERED HEARINGS.—Paragraph (1) ap-
8 plies to a hearing that is conducted by a court or
9 pursuant to an administrative process established
10 under State law, in connection with a civil action—

11 (A) to determine whether a member of the
12 Armed Forces is a natural parent of a child; or

13 (B) to determine an obligation of a mem-
14 ber of the Armed Forces to provide child sup-
15 port.

16 (3) DEFINITIONS.—For purposes of this sub-
17 section:

18 (A) The term “court” has the meaning
19 given that term in section 1408(a) of title 10,
20 United States Code.

21 (B) The term “child support” has the
22 meaning given such term in section 462 of the
23 Social Security Act (42 U.S.C. 662).

24 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
25 PLIANCE WITH CHILD SUPPORT ORDERS.—

1 (1) DATE OF CERTIFICATION OF COURT
2 ORDER.—Section 1408 of title 10, United States
3 Code, is amended—

4 (A) by redesignating subsection (i) as sub-
5 section (j); and

6 (B) by inserting after subsection (h) the
7 following new subsection (i):

8 “(i) CERTIFICATION DATE.—It is not necessary that
9 the date of a certification of the authenticity or complete-
10 ness of a copy of a court order or an order of an adminis-
11 trative process established under State law for child sup-
12 port received by the Secretary concerned for the purposes
13 of this section be recent in relation to the date of receipt
14 by the Secretary.”.

15 (2) PAYMENTS CONSISTENT WITH ASSIGN-
16 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)
17 of such title is amended by inserting after the first
18 sentence the following: “In the case of a spouse or
19 former spouse who, pursuant to section
20 403(b)(1)(E)(i) of the Social Security Act, assigns
21 to a State the rights of the spouse or former spouse
22 to receive support, the Secretary concerned may
23 make the child support payments referred to in the
24 preceding sentence to that State in amounts consist-
25 ent with that assignment of rights.”.

1 (3) ARREARAGES OWED BY MEMBERS OF THE
2 UNIFORMED SERVICES.—Section 1408(d) of such
3 title is amended by adding at the end the following
4 new paragraph:

5 “(6) In the case of a court order or an order of an
6 administrative process established under State law for
7 which effective service is made on the Secretary concerned
8 on or after the date of the enactment of this paragraph
9 and which provides for payments from the disposable re-
10 tired pay of a member to satisfy the amount of child sup-
11 port set forth in the order, the authority provided in para-
12 graph (1) to make payments from the disposable retired
13 pay of a member to satisfy the amount of child support
14 set forth in a court order or an order of an administrative
15 process established under State law shall apply to payment
16 of any amount of child support arrearages set forth in that
17 order as well as to amounts of child support that currently
18 become due.”.

19 **SEC. 9465. MOTOR VEHICLE LIENS.**

20 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amend-
21 ed—

22 (1) by striking “(4) Procedures” and inserting
23 the following:

24 “(4) LIENS.—

25 “(A) IN GENERAL.—Procedures”; and

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

3 “(B) MOTOR VEHICLE LIENS.—Procedures
4 for placing liens for arrears of child support on
5 motor vehicle titles of individuals owing such
6 arrears equal to or exceeding two months of
7 support, under which—

8 “(i) any person owed such arrears
9 may place such a lien;

10 “(ii) the State agency administering
11 the program under this part shall system-
12 atically place such liens;

13 “(iii) expedited methods are provided
14 for—

15 “(I) ascertaining the amount of
16 arrears;

17 “(II) affording the person owing
18 the arrears or other titleholder to con-
19 test the amount of arrears or to ob-
20 tain a release upon fulfilling the sup-
21 port obligation;

22 “(iv) such a lien has precedence over
23 all other encumbrances on a vehicle title
24 other than a purchase money security in-
25 terest; and

1 “(v) the individual or State agency
2 owed the arrears may execute on, seize,
3 and sell the property in accordance with
4 State law.”.

5 **SEC. 9466. VOIDING OF FRAUDULENT TRANSFERS.**

6 Section 466(a) (42 U.S.C. 666(a)), as amended by
7 sections 9401(a), 9426(a), 9431, and 9442 of this Act,
8 is amended by inserting after paragraph (15) the follow-
9 ing:

10 “(16) FRAUDULENT TRANSFERS.—Procedures
11 under which—

12 “(A) the State has in effect—

13 “(i) the Uniform Fraudulent Convey-
14 ance Act of 1981,

15 “(ii) the Uniform Fraudulent Trans-
16 fer Act of 1984, or

17 “(iii) another law, specifying indicia of
18 fraud which create a prima facie case that
19 a debtor transferred income or property to
20 avoid payment to a child support creditor,
21 which the Secretary finds affords com-
22 parable rights to child support creditors;
23 and

24 “(B) in any case in which the State knows
25 of a transfer by a child support debtor with re-

1 spect to which such a prima facie case is estab-
2 lished, the State must—

3 “(i) seek to void such transfer; or

4 “(ii) obtain a settlement in the best
5 interests of the child support creditor.”.

6 **SEC. 9467. STATE LAW AUTHORIZING SUSPENSION OF LI-**
7 **CENSES.**

8 Section 466(a) (42 U.S.C. 666(a)), as amended by
9 sections 9401(a), 9426(a), 9431, 9442, and 9466 of this
10 Act, is amended by inserting after paragraph (16) the fol-
11 lowing:

12 “(17) **AUTHORITY TO WITHHOLD OR SUSPEND**
13 **LICENSES.**—Procedures under which the State has
14 (and uses in appropriate cases) authority (subject to
15 appropriate due process safeguards) to withhold or
16 suspend, or to restrict the use of driver’s licenses,
17 and professional and occupational licenses of individ-
18 uals owing overdue child support or failing, after re-
19 ceiving appropriate notice, to comply with subpoenas
20 or warrants relating to paternity or child support
21 proceedings.”.

22 **SEC. 9468. REPORTING ARREARAGES TO CREDIT BUREAUS.**

23 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
24 to read as follows:

1 “(7) REPORTING ARREARAGES TO CREDIT BU-
2 REAUS.—(A) Procedures (subject to safeguards pur-
3 suant to subparagraph (B)) requiring the State to
4 report periodically to consumer reporting agencies
5 (as defined in section 603(f) of the Fair Credit Re-
6 porting Act (15 U.S.C. 1681a(f)) the name of any
7 absent parent who is delinquent by 90 days or more
8 in the payment of support, and the amount of over-
9 due support owed by such parent.

10 “(B) Procedures ensuring that, in carrying out
11 subparagraph (A), information with respect to an
12 absent parent is reported—

13 “(i) only after such parent has been af-
14 farded all due process required under State law,
15 including notice and a reasonable opportunity
16 to contest the accuracy of such information;
17 and

18 “(ii) only to an entity that has furnished
19 evidence satisfactory to the State that the en-
20 tity is a consumer reporting agency.”.

21 **SEC. 9469. EXTENDED STATUTE OF LIMITATION FOR COL-**
22 **LECTION OF ARREARAGES.**

23 (a) AMENDMENTS.—Section 466(a)(9) (42 U.S.C.
24 666(a)(9)) is amended—

1 (1) by striking “(9) Procedures” and inserting
2 the following:

3 “(9) LEGAL TREATMENT OF ARREARS.—

4 “(A) FINALITY.—Procedures”;

5 (2) by redesignating subparagraphs (A), (B),
6 and (C) as clauses (i), (ii), and (iii), respectively,
7 and by indenting each of such clauses 2 additional
8 ems to the right; and

9 (3) by adding after and below subparagraph
10 (A), as redesignated, the following new subpara-
11 graph:

12 “(B) STATUTE OF LIMITATIONS.—Proce-
13 dures under which the statute of limitations on
14 any arrearages of child support extends at least
15 until the child owed such support is 30 years of
16 age.”.

17 (b) APPLICATION OF REQUIREMENT.—The amend-
18 ment made by this section shall not be read to require
19 any State law to revive any payment obligation which had
20 lapsed prior to the effective date of such State law.

21 **SEC. 9470. CHARGES FOR ARREARAGES.**

22 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
23 U.S.C. 666(a)), as amended by sections 9401(a), 9426(a),
24 9431, 9442, 9466, and 9467 of this Act, is amended by
25 inserting after paragraph (17) the following:

1 “(1) IN GENERAL.—Where the Secretary re-
2 ceives a certification by a State agency in accord-
3 ance with the requirements of section 454(28) that
4 an individual owes arrearages of child support in an
5 amount exceeding \$5,000 or in an amount exceeding
6 24 months’ worth of child support, the Secretary
7 shall transmit such certification to the Secretary of
8 State for action (with respect to denial, revocation,
9 or limitation of passports) pursuant to section
10 9471(b) of the Omnibus Budget Reconciliation Act
11 of 1995.

12 “(2) LIMIT ON LIABILITY.—The Secretary shall
13 not be liable to an individual for any action with re-
14 spect to a certification by a State agency under this
15 section.”.

16 (2) STATE CSE AGENCY RESPONSIBILITY.—Sec-
17 tion 454 (42 U.S.C. 654), as amended by sections
18 9404(a), 9414(b), and 9422(a) of this Act, is
19 amended—

20 (A) by striking “and” at the end of para-
21 graph (26);

22 (B) by striking the period at the end of
23 paragraph (27) and inserting “; and”; and

24 (C) by adding after paragraph (27) the fol-
25 lowing new paragraph:

1 “(28) provide that the State agency will have in
2 effect a procedure (which may be combined with the
3 procedure for tax refund offset under section 464)
4 for certifying to the Secretary, for purposes of the
5 procedure under section 452(1) (concerning denial of
6 passports) determinations that individuals owe ar-
7 rearages of child support in an amount exceeding
8 \$5,000 or in an amount exceeding 24 months’ worth
9 of child support, under which procedure—

10 “(A) each individual concerned is afforded
11 notice of such determination and the con-
12 sequences thereof, and an opportunity to con-
13 test the determination; and

14 “(B) the certification by the State agency
15 is furnished to the Secretary in such format,
16 and accompanied by such supporting docu-
17 mentation, as the Secretary may require.”.

18 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL
19 OF PASSPORTS.—

20 (1) IN GENERAL.—The Secretary of State,
21 upon certification by the Secretary of Health and
22 Human Services, in accordance with section 452(1)
23 of the Social Security Act, that an individual owes
24 arrearages of child support in excess of \$5,000, shall
25 refuse to issue a passport to such individual, and

1 may revoke, restrict, or limit a passport issued pre-
2 viously to such individual.

3 (2) LIMIT ON LIABILITY.—The Secretary of
4 State shall not be liable to an individual for any ac-
5 tion with respect to a certification by a State agency
6 under this section.

7 (c) EFFECTIVE DATE.—This section and the amend-
8 ments made by this section shall become effective October
9 1, 1996.

10 **SEC. 9472. INTERNATIONAL CHILD SUPPORT ENFORCE-**
11 **MENT.**

12 (a) SENSE OF THE CONGRESS THAT THE UNITED
13 STATES SHOULD RATIFY THE UNITED NATIONS CON-
14 VENTION OF 1956.—It is the sense of the Congress that
15 the United States should ratify the United Nations Con-
16 vention of 1956.

17 (b) TREATMENT OF INTERNATIONAL CHILD SUP-
18 PORT CASES AS INTERSTATE CASES.—Section 454 (42
19 U.S.C. 654), as amended by sections 9404(a), 9414(b),
20 9422(a), and 9471(a)(2) of this Act, is amended—

21 (1) by striking “and” at the end of paragraph
22 (27);

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

1 (3) by inserting after paragraph (28) the fol-
2 lowing:

3 “(29) provide that the State must treat inter-
4 national child support cases in the same manner as
5 the State treats interstate child support cases.”.

6 **SEC. 9473. SEIZURE OF LOTTERY WINNINGS, SETTLEMENTS,**
7 **PAYOUTS, AWARDS, AND BEQUESTS, AND**
8 **SALE OF FORFEITED PROPERTY, TO PAY**
9 **CHILD SUPPORT ARREARAGES.**

10 Section 466(a) (42 U.S.C. 666(a)), as amended by
11 sections 9401(a), 9426(a), 9431, 9442, 9466, 9467, and
12 9470(a) of this Act, is amended by inserting after para-
13 graph (18) the following:

14 “(19) Procedures, in addition to other income
15 withholding procedures, under which a lien is im-
16 posed against property with the following effect:

17 “(A) The person required to make a pay-
18 ment under a policy of insurance or a settle-
19 ment of a claim made with respect to the policy
20 shall—

21 “(i) suspend the payment until an in-
22 quiry is made to and a response received
23 from the agency as to whether the person
24 otherwise entitled to the payment owes a
25 child support arrearage; and

1 “(ii) if there is such an arrearage,
2 withhold from the payment the lesser of
3 the amount of the payment or the amount
4 of the arrearage, and pay the amount with-
5 held to the agency for distribution.

6 “(B) The payor of any amount pursuant to
7 an award, judgment, or settlement in any ac-
8 tion brought in Federal or State court shall—

9 “(i) suspend the payment of the
10 amount until an inquiry is made to and a
11 response is received from the agency as to
12 whether the person otherwise entitled to
13 the payment owes a child support arrear-
14 age; and

15 “(ii) if there is such an arrearage,
16 withhold from the payment the lesser of
17 the amount of the payment or the amount
18 of the arrearage, and pay the amount with-
19 held to the agency for distribution.

20 “(C) If the State seizes property forfeited
21 to the State by an individual by reason of a
22 criminal conviction, the State shall—

23 “(i) hold the property until an inquiry
24 is made to and a response is received from

1 the agency as to whether the individual
2 owes a child support arrearage; and

3 “(ii) if there is such an arrearage, sell
4 the property and, after satisfying the
5 claims of all other private or public claim-
6 ants to the property and deducting from
7 the proceeds of the sale the attendant costs
8 (such as for towing, storage, and the sale),
9 pay the lesser of the remaining proceeds or
10 the amount of the arrearage directly to the
11 agency for distribution.

12 “(D) Any person required to make a pay-
13 ment in respect of a decedent shall—

14 “(i) suspend the payment until an in-
15 quiry is made to and a response received
16 from the agency as to whether the person
17 otherwise entitled to the payment owes a
18 child support arrearage; and

19 “(ii) if there is such an arrearage,
20 withhold from the payment the lesser of
21 the amount of the payment or the amount
22 of the arrearage, and pay the amount with-
23 held to the agency for distribution.”.

1 **SEC. 9474. LIABILITY OF GRANDPARENTS FOR FINANCIAL**
2 **SUPPORT OF CHILDREN OF THEIR MINOR**
3 **CHILDREN.**

4 Section 466(a) (42 U.S.C. 666(a)), as amended by
5 sections 9401(a), 9426(a), 9431, 9442, 9466, 9467,
6 9470(a), and 9473 of this Act, is amended by inserting
7 after paragraph (19) the following:

8 “(20) Procedures under which each parent of
9 an individual who has not attained 18 years of age
10 is liable for the financial support of any child of the
11 individual to the extent that the individual is unable
12 to provide such support. The preceding sentence
13 shall not apply to the State if the State plan explic-
14 itly provides for such inapplicability.”.

15 **SEC. 9475. SENSE OF THE CONGRESS REGARDING PRO-**
16 **GRAMS FOR NONCUSTODIAL PARENTS UN-**
17 **ABLE TO MEET CHILD SUPPORT OBLIGA-**
18 **TIONS.**

19 It is the sense of the Congress that the States should
20 develop programs, such as the program of the State of
21 Wisconsin known as the “Children’s First Program”, that
22 are designed to work with noncustodial parents who are
23 unable to meet their child support obligations.

1 **CHAPTER 8—MEDICAL SUPPORT**
2 **SEC. 9481. TECHNICAL CORRECTION TO ERISA DEFINITION**
3 **OF MEDICAL CHILD SUPPORT ORDER.**

4 (a) **IN GENERAL.**—Section 609(a)(2)(B) of the Em-
5 ployee Retirement Income Security Act of 1974 (29
6 U.S.C. 1169(a)(2)(B)) is amended—

7 (1) by striking “issued by a court of competent
8 jurisdiction”;

9 (2) by striking the period at the end of clause
10 (ii) and inserting a comma; and

11 (3) by adding, after and below clause (ii), the
12 following:

13 “if such judgment, decree, or order (I) is issued
14 by a court of competent jurisdiction or (II) is
15 issued by an administrative adjudicator and has
16 the force and effect of law under applicable
17 State law.”.

18 (b) **EFFECTIVE DATE.**—

19 (1) **IN GENERAL.**—The amendments made by
20 this section shall take effect on the date of the en-
21 actment of this Act.

22 (2) **PLAN AMENDMENTS NOT REQUIRED UNTIL**
23 **JANUARY 1, 1996.**—Any amendment to a plan re-
24 quired to be made by an amendment made by this
25 section shall not be required to be made before the

1 first plan year beginning on or after January 1,
2 1996, if—

3 (A) during the period after the date before
4 the date of the enactment of this Act and be-
5 fore such first plan year, the plan is operated
6 in accordance with the requirements of the
7 amendments made by this section, and

8 (B) such plan amendment applies retro-
9 actively to the period after the date before the
10 date of the enactment of this Act and before
11 such first plan year.

12 A plan shall not be treated as failing to be operated
13 in accordance with the provisions of the plan merely
14 because it operates in accordance with this para-
15 graph.

16 **CHAPTER 9—FOOD STAMP PROGRAM**
17 **REQUIREMENTS**

18 **SEC. 9491. COOPERATION WITH CHILD SUPPORT AGENCIES.**

19 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
20 2015) is amended adding at the end the following:

21 “(i) CUSTODIAL PARENT’S COOPERATION WITH
22 CHILD SUPPORT AGENCIES.—

23 “(1) IN GENERAL.—At the option of a State
24 agency, subject to paragraphs (2) and (3), no natu-
25 ral or adoptive parent or other individual (collec-

1 tively referred to in this subsection as ‘the individ-
2 ual’) who is living with and exercising parental con-
3 trol over a child under the age of 18 who has an ab-
4 sent parent shall be eligible to participate in the food
5 stamp program unless the individual cooperates with
6 the State agency administering the program estab-
7 lished under part D of title IV of the Social Security
8 Act (42 U.S.C. 651 et seq.)—

9 “(A) in establishing the paternity of the
10 child (if the child is born out of wedlock); and

11 “(B) in obtaining support for—

12 “(i) the child; or

13 “(ii) the individual and the child.

14 “(2) GOOD CAUSE FOR NONCOOPERATION.—

15 Paragraph (1) shall not apply to the individual if
16 good cause is found for refusing to cooperate, as de-
17 termined by the State agency in accordance with
18 standards prescribed by the Secretary in consulta-
19 tion with the Secretary of Health and Human Serv-
20 ices. The standards shall take into consideration cir-
21 cumstances under which cooperation may be against
22 the best interests of the child.

23 “(3) FEES.—Paragraph (1) shall not require
24 the payment of a fee or other cost for services pro-

1 vided under part D of title IV of the Social Security
2 Act (42 U.S.C. 651 et seq.).

3 “(j) NON-CUSTODIAL PARENT’S COOPERATION WITH
4 CHILD SUPPORT AGENCIES.—

5 “(1) IN GENERAL.—At the option of a State
6 agency, subject to paragraphs (2) and (3), a puta-
7 tive or identified non-custodial parent of a child
8 under the age of 18 (referred to in this subsection
9 as ‘the individual’) shall not be eligible to participate
10 in the food stamp program if the individual refuses
11 to cooperate with the State agency administering the
12 program established under part D of title IV of the
13 Social Security Act (42 U.S.C. 651 et seq.)—

14 “(A) in establishing the paternity of the
15 child (if the child is born out of wedlock); and

16 “(B) in providing support for the child.

17 “(2) REFUSAL TO COOPERATE.—

18 “(A) GUIDELINES.—The Secretary, in con-
19 sultation with the Secretary of Health and
20 Human Services, shall develop guidelines on
21 what constitutes a refusal to cooperate under
22 paragraph (1).

23 “(B) PROCEDURES.—The State agency
24 shall develop procedures, using guidelines devel-
25 oped under subparagraph (A), for determining

1 whether an individual is refusing to cooperate
2 under paragraph (1).

3 “(3) FEES.—Paragraph (1) shall not require
4 the payment of a fee or other cost for services pro-
5 vided under part D of title IV of the Social Security
6 Act (42 U.S.C. 651 et seq.).

7 “(4) PRIVACY.—The State agency shall provide
8 safeguards to restrict the use of information col-
9 lected by a State agency administering the program
10 established under part D of title IV of the Social Se-
11 curity Act (42 U.S.C. 651 et seq.) to purposes for
12 which the information is collected.”.

13 **SEC. 9492. DISQUALIFICATION FOR CHILD SUPPORT AR-**
14 **REARS.**

15 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
16 2015), as amended by section 9491 of this Act, is amend-
17 ed by adding at the end the following:

18 “(k) DISQUALIFICATION FOR CHILD SUPPORT AR-
19 REARS.—

20 “(1) IN GENERAL.—At the option of a State
21 agency, except as provided in paragraph (2), no indi-
22 vidual shall be eligible to participate in the food
23 stamp program as a member of any household dur-
24 ing any month that the individual is delinquent in

1 any payment due under a court order for the sup-
2 port of a child of the individual.

3 “(2) EXCEPTIONS.—Paragraph (1) shall not
4 apply if—

5 “(A) a court is allowing the individual to
6 delay payment; or

7 “(B) the individual is complying with a
8 payment plan approved by a court or the State
9 agency designated under part D of title IV of
10 the Social Security Act (42 U.S.C. 651 et seq.)
11 to provide support for the child of the individ-
12 ual.”.

13 **CHAPTER 10—EFFECT OF ENACTMENT**

14 **SEC. 9498. EFFECTIVE DATES.**

15 (a) IN GENERAL.—Except as otherwise specifically
16 provided (but subject to subsections (b) and (c))—

17 (1) provisions of this title requiring enactment
18 or amendment of State laws under section 466 of
19 the Social Security Act, or revision of State plans
20 under section 454 of such Act, shall be effective with
21 respect to periods beginning on and after October 1,
22 1996; and

23 (2) all other provisions of this title shall become
24 effective upon enactment.

1 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The
2 provisions of this title shall become effective with respect
3 to a State on the later of—

4 (1) the date specified in this title, or

5 (2) the effective date of laws enacted by the leg-
6 islature of such State implementing such provisions,
7 but in no event later than the first day of the first cal-
8 endar quarter beginning after the close of the first regular
9 session of the State legislature that begins after the date
10 of enactment of this Act. For purposes of the previous
11 sentence, in the case of a State that has a 2-year legisla-
12 tive session, each year of such session shall be deemed to
13 be a separate regular session of the State legislature.

14 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL
15 AMENDMENT.—A State shall not be found out of compli-
16 ance with any requirement enacted by this title if it is
17 unable to comply without amending the State constitution
18 until the earlier of—

19 (1) the date one year after the effective date of
20 the necessary State constitutional amendment, or

21 (2) the date five years after enactment of this
22 title.

23 **SEC. 9499. SEVERABILITY.**

24 If any provision of this title or the application thereof
25 to any person or circumstance is held invalid, the invalid-

1 ity shall not affect other provisions or applications of this
2 title which can be given effect without regard to the invalid
3 provision or application, and to this end the provisions of
4 this title shall be severable.

5 **Subtitle E—Teen Pregnancy and**
6 **Family Stability**

7 **SEC. 9501. STATE OPTION TO DENY TEMPORARY EMPLOY-**
8 **MENT ASSISTANCE FOR ADDITIONAL CHIL-**
9 **DREN.**

10 (a) IN GENERAL.—Section 402(d)(1), as added by
11 section 9101(a) of this Act, is amended—

12 (1) by striking “(1) DETERMINATION OF
13 NEED.—” and inserting the following:

14 “(1) DETERMINATION OF NEED.—

15 “(A) IN GENERAL.—”; and

16 (2) by adding at the end the following:

17 “(B) OPTIONAL DENIAL OF ASSISTANCE
18 TO FAMILIES HAVING ADDITIONAL CHILDREN
19 WHILE RECEIVING ASSISTANCE.—At the option
20 of the State, the State plan may provide that—

21 “(i)(I) a child shall not be considered
22 a needy child if the child is born (other
23 than as a result of rape or incest) to a
24 member of a family—

1 “(aa) while the family was a re-
2 ipient of assistance under the State
3 plan; or

4 “(bb) during the 6-month period
5 ending with the date the family ap-
6 plied for such assistance; and

7 “(II) if the value of assistance to a
8 family under the State plan approved
9 under this part is reduced by reason of
10 subclause (I), each member of the family
11 shall be considered to be receiving such as-
12 sistance for purposes of eligibility for medi-
13 cal assistance under the State plan ap-
14 proved under title XIX for so long as as-
15 sistance to the family under the State plan
16 approved under this part would otherwise
17 not be so reduced; and

18 “(ii) if the State exercises the option,
19 the State may provide the family with
20 vouchers, in amounts not exceeding the
21 amount of any such reduction in assist-
22 ance, that may be used only to pay for
23 particular goods and services specified by
24 the State as suitable for the care of the

1 child of the parent (such as diapers, cloth-
2 ing, or school supplies).”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) of this section shall take effect in the same
5 manner as the amendment made by section 9101(a) takes
6 effect.

7 **SEC. 9502. SUPERVISED LIVING ARRANGEMENTS FOR MI-**
8 **NORS.**

9 (a) IN GENERAL.—Section 402(c), as added by sec-
10 tion 9101(a) of this Act, is amended by adding at the end
11 the following:

12 “(8) SUPERVISED LIVING ARRANGEMENTS FOR
13 MINORS.—The State plan shall provide that—

14 “(A) except as provided in subparagraph
15 (B), in the case of any individual who is under
16 age 18 and has never married, and who has a
17 needy child in his or her care (or is pregnant
18 and is eligible for temporary employment assist-
19 ance under the State plan)—

20 “(i) such individual may receive such
21 assistance for the individual and such child
22 (or for herself in the case of a pregnant
23 woman) only if such individual and child
24 (or such pregnant woman) reside in a
25 place of residence maintained by a parent,

1 legal guardian, or other adult relative of
2 such individual as such parent's, guard-
3 ian's, or adult relative's own home; and

4 “(ii) such assistance (where possible)
5 shall be provided to the parent, legal
6 guardian, or other adult relative on behalf
7 of such individual and child; and

8 “(B)(i) in the case of an individual de-
9 scribed in clause (ii)—

10 “(I) the State agency shall assist such
11 individual in locating an appropriate adult-
12 supervised supportive living arrangement
13 taking into consideration the needs and
14 concerns of the individual, unless the State
15 agency determines that the individual's
16 current living arrangement is appropriate,
17 and thereafter shall require that the indi-
18 vidual (and child, if any) reside in such liv-
19 ing arrangement as a condition of the con-
20 tinued receipt of assistance under the plan
21 (or in an alternative appropriate arrange-
22 ment, should circumstances change and the
23 current arrangement cease to be appro-
24 priate), or

1 “(II) if the State agency is unable,
2 after making diligent efforts, to locate any
3 such appropriate living arrangement, the
4 State agency shall provide for comprehen-
5 sive case management, monitoring, and
6 other social services consistent with the
7 best interests of the individual (and child)
8 while living independently (as determined
9 by the State agency); and

10 “(ii) for purposes of clause (i), an individ-
11 ual is described in this clause if—

12 “(I) such individual has no parent or
13 legal guardian of his or her own who is liv-
14 ing and whose whereabouts are known;

15 “(II) no living parent or legal guard-
16 ian of such individual allows the individual
17 to live in the home of such parent or
18 guardian;

19 “(III) the State agency determines
20 that the physical or emotional health of
21 such individual or any needy child of the
22 individual would be jeopardized if such in-
23 dividual and such needy child lived in the
24 same residence with such individual’s own
25 parent or legal guardian; or

1 “(IV) the State agency otherwise de-
2 termines (in accordance with regulations
3 issued by the Secretary) that it is in the
4 best interest of the needy child to waive
5 the requirement of subparagraph (A) with
6 respect to such individual.”.

7 (b) **EFFECTIVE DATE.**—The amendment made by
8 subsection (a) of this section shall take effect in the same
9 manner as the amendment made by section 9101(a) takes
10 effect.

11 **SEC. 9503. NATIONAL CLEARINGHOUSE ON ADOLESCENT**
12 **PREGNANCY.**

13 (a) **IN GENERAL.**—Title XX (42 U.S.C. 1397-
14 1397f), as amended by section 9205(b) of this Act, is
15 amended by adding at the end the following:

16 **“SEC. 2010. NATIONAL CLEARINGHOUSE ON ADOLESCENT**
17 **PREGNANCY.**

18 “(a) **NATIONAL CLEARINGHOUSE ON ADOLESCENT**
19 **PREGNANCY.**—

20 “(1) **ESTABLISHMENT.**—The responsible Fed-
21 eral officials shall establish, through grant or con-
22 tract, a national center for the collection and provi-
23 sion of programmatic information and technical as-
24 sistance that relates to adolescent pregnancy preven-
25 tion programs, to be known as the ‘National Clear-

1 inghouse on Adolescent Pregnancy Prevention Pro-
2 grams’.

3 “(2) FUNCTIONS.—The national center estab-
4 lished under paragraph (1) shall serve as a national
5 information and data clearinghouse, and as a train-
6 ing, technical assistance, and material development
7 source for adolescent pregnancy prevention pro-
8 grams. Such center shall—

9 “(A) develop and maintain a system for
10 disseminating information on all types of ado-
11 lescent pregnancy prevention programs and on
12 the state of adolescent pregnancy prevention
13 program development, including information
14 concerning the most effective model programs;

15 “(B) develop and sponsor a variety of
16 training institutes and curricula for adolescent
17 pregnancy prevention program staff;

18 “(C) identify model programs representing
19 the various types of adolescent pregnancy pre-
20 vention programs;

21 “(D) develop technical assistance materials
22 and activities to assist other entities in estab-
23 lishing and improving adolescent pregnancy
24 prevention programs;

1 “(E) develop networks of adolescent preg-
2 nancy prevention programs for the purpose of
3 sharing and disseminating information; and

4 “(F) conduct such other activities as the
5 responsible Federal officials find will assist in
6 developing and carrying out programs or activi-
7 ties to reduce adolescent pregnancy.

8 “(b) FUNDING.—The responsible Federal officials
9 shall make grants to eligible entities for the establishment
10 and operation of a National Clearinghouse on Adolescent
11 Pregnancy Prevention Programs under subsection (a) so
12 that in the aggregate the expenditures for such grants do
13 not exceed \$2,000,000 for fiscal year 1996, \$4,000,000
14 for fiscal year 1997, \$8,000,000 for fiscal year 1998, and
15 \$10,000,000 for fiscal year 1999 and each subsequent fis-
16 cal year.

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

18 “(1) ADOLESCENTS.—The term ‘adolescents’
19 means youth who are ages 10 through 19.

20 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
21 tity’ means a partnership that includes—

22 “(A) a local education agency, acting on
23 behalf of one or more schools, together with

1 “(B) one or more community-based organi-
2 zations, institutions of higher education, or
3 public or private agencies or organizations.

4 “(3) ELIGIBLE AREA.—The term ‘eligible area’
5 means a school attendance area in which—

6 “(A) at least 75 percent of the children are
7 from low-income families as that term is used
8 in part A of title I of the Elementary and Sec-
9 ondary Education Act of 1965; or

10 “(B) the number of children receiving as-
11 sistance under a State plan approved under
12 part A of title IV of this Act is substantial as
13 determined by the responsible Federal officials;
14 or

15 “(C) the unmarried adolescent birth rate is
16 high, as determined by the responsible Federal
17 officials.

18 “(4) SCHOOL.—The term ‘school’ means a pub-
19 lic elementary, middle, or secondary school.

20 “(5) RESPONSIBLE FEDERAL OFFICIALS.—The
21 term ‘responsible Federal officials’ means the Sec-
22 retary of Education, the Secretary of Health and
23 Human Services, and the Chief Executive Officer of
24 the Corporation for National and Community Serv-
25 ice.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall become effective January 1, 1996.

3 **SEC. 9504. REQUIRED COMPLETION OF HIGH SCHOOL OR**
4 **OTHER TRAINING FOR TEENAGE PARENTS.**

5 (a) IN GENERAL.—Section 403(b)(1)(D), as added
6 by section 9101(a) of this Act, is amended—

7 (1) by inserting “(i)” after “(D)”; and

8 (2) by adding at the end the following:

9 “(ii) in the case of a client who is a custo-
10 dial parent who is under age 18 (or age 19, at
11 the option of the State), has not successfully
12 completed a high-school education (or its equiv-
13 alent), and is required to participate in the
14 Work First program (including an individual
15 who would otherwise be exempt from participa-
16 tion in the program), shall provide that—

17 “(I) such parent participate in—

18 “(aa) educational activities di-
19 rected toward the attainment of a
20 high school diploma or its equivalent
21 on a full-time (as defined by the edu-
22 cational provider) basis; or

23 “(bb) an alternative educational
24 or training program on a full-time (as
25 defined by the provider) basis; and

1 “(II) child care be provided in accord-
2 ance with section 2009 with respect to the
3 family.”.

4 (b) STATE OPTION TO PROVIDE ADDITIONAL INCEN-
5 TIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS
6 TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN
7 PARENTING ACTIVITIES.—

8 (1) STATE PLAN.—Section 403(b)(1)(D), as
9 amended by subsection (a) of this section, is amend-
10 ed by adding at the end the following:

11 “(iii) at the option of the State, may pro-
12 vide that the client who is a custodial parent or
13 pregnant woman who is under age 19 (or age
14 21, at the option of the State) participate in a
15 program of monetary incentives and penalties
16 which—

17 “(I) may, at the option of the State,
18 require full-time participation by such cus-
19 todial parent or pregnant woman in sec-
20 ondary school or equivalent educational ac-
21 tivities, or participation in a course or pro-
22 gram leading to a skills certificate found
23 appropriate by the State agency or
24 parenting education activities (or any com-

1 bination of such activities and secondary
2 education);

3 “(II) shall require that the needs of
4 such custodial parent or pregnant woman
5 be reviewed and the program assure that,
6 either in the initial development or revision
7 of such individual’s individual responsibil-
8 ity plan, there will be included a descrip-
9 tion of the services that will be provided to
10 the client and the way in which the pro-
11 gram and service providers will coordinate
12 with the educational or skills training ac-
13 tivities in which the client is participating;

14 “(III) shall provide monetary incen-
15 tives (to be treated as assistance under the
16 State plan) for more than minimally ac-
17 ceptable performance of required edu-
18 cational activities;

19 “(IV) shall provide penalties (which
20 may be those required by subsection (e) or,
21 with the approval of the Secretary, other
22 monetary penalties that the State finds will
23 better achieve the objectives of the pro-
24 gram) for less than minimally acceptable
25 performance of required activities;

1 “(V) shall provide that when a mone-
2 tary incentive is payable because of the
3 more than minimally acceptable perform-
4 ance of required educational activities by a
5 custodial parent, the incentive be paid di-
6 rectly to such parent, regardless of wheth-
7 er the State agency makes payment of as-
8 sistance under the State plan directly to
9 such parent; and

10 “(VI) for purposes of any other Fed-
11 eral or federally-assisted program based on
12 need, shall not consider any monetary in-
13 centive paid under the State plan as in-
14 come in determining a family’s eligibility
15 for or amount of benefits under such pro-
16 gram, and if assistance is reduced by rea-
17 son of a penalty under this clause, such
18 other program shall treat the family in-
19 volved as if no such penalty has been ap-
20 plied.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect in the same manner as the
23 amendment made by section 9101(a) takes effect.

1 SEC. 9505. DENIAL OF FEDERAL HOUSING BENEFITS TO MI-
2 NORS WHO BEAR CHILDREN OUT-OF-WED-
3 LOCK.

4 (a) PROHIBITION OF ASSISTANCE.—Notwithstanding
5 any other provision of law, a household whose head of
6 household is an individual who has borne a child out-of-
7 wedlock before attaining 18 years of age may not be pro-
8 vided Federal housing assistance for a dwelling unit until
9 attaining such age, unless—

10 (1) after the birth of the child—

11 (A) the individual marries an individual
12 who has been determined by the relevant State
13 to be the biological father of the child; or

14 (B) the biological parent of the child has
15 legal custody of the child and marries an indi-
16 vidual who legally adopts the child;

17 (2) the individual is a biological and custodial
18 parent of another child who was not born out-of-
19 wedlock; or

20 (3) eligibility for such Federal housing assist-
21 ance is based in whole or in part on any disability
22 or handicap of a member of the household.

23 (4) the state deems it necessary.

24 (b) DEFINITIONS.—For purposes of this section, the
25 following definitions shall apply:

1 (1) COVERED PROGRAM.—The term “covered
2 program” means—

3 (A) the program of rental assistance on be-
4 half of low-income families provided under sec-
5 tion 8 of the United States Housing Act of
6 1937 (42 U.S.C. 1437f);

7 (B) the public housing program under title
8 I of the United States Housing Act of 1937 (42
9 U.S.C. 1437 et seq.);

10 (C) the program of rent supplement pay-
11 ments on behalf of qualified tenants pursuant
12 to contracts entered into under section 101 of
13 the Housing and Urban Development Act of
14 1965 (12 U.S.C. 1701s);

15 (D) the program of interest reduction pay-
16 ments pursuant to contracts entered into by the
17 Secretary of Housing and Urban Development
18 under section 236 of the National Housing Act
19 (12 U.S.C. 1715z-1);

20 (E) the program for mortgage insurance
21 provided pursuant to sections 221(d) (3) or (4)
22 of the National Housing Act (12 U.S.C.
23 1715l(d)) for multifamily housing for low- and
24 moderate-income families;

1 (F) the rural housing loan program under
2 section 502 of the Housing Act of 1949 (42
3 U.S.C. 1472);

4 (G) the rural housing loan guarantee pro-
5 gram under section 502(h) of the Housing Act
6 of 1949 (42 U.S.C. 1472(h));

7 (H) the loan and grant programs under
8 section 504 of the Housing Act of 1949 (42
9 U.S.C. 1474) for repairs and improvements to
10 rural dwellings;

11 (I) the program of loans for rental and co-
12 operative rural housing under section 515 of
13 the Housing Act of 1949 (42 U.S.C. 1485);

14 (J) the program of rental assistance pay-
15 ments pursuant to contracts entered into under
16 section 521(a)(2)(A) of the Housing Act of
17 1949 (42 U.S.C. 1490a(a)(2)(A));

18 (K) the loan and assistance programs
19 under sections 514 and 516 of the Housing Act
20 of 1949 (42 U.S.C. 1484, 1486) for housing for
21 farm labor;

22 (L) the program of grants and loans for
23 mutual and self-help housing and technical as-
24 sistance under section 523 of the Housing Act
25 of 1949 (42 U.S.C. 1490c);

1 (M) the program of grants for preservation
2 and rehabilitation of housing under section 533
3 of the Housing Act of 1949 (42 U.S.C.
4 1490m); and

5 (N) the program of site loans under sec-
6 tion 524 of the Housing Act of 1949 (42
7 U.S.C. 1490d).

8 (2) COVERED PROJECT.—The term “covered
9 project” means any housing for which Federal hous-
10 ing assistance is provided that is attached to the
11 project or specific dwelling units in the project.

12 (3) FEDERAL HOUSING ASSISTANCE.—The term
13 “Federal housing assistance” means—

14 (A) assistance provided under a covered
15 program in the form of any contract, grant,
16 loan, subsidy, cooperative agreement, loan or
17 mortgage guarantee or insurance, or other fi-
18 nancial assistance; or

19 (B) occupancy in a dwelling unit that is—

20 (i) provided assistance under a cov-
21 ered program; or

22 (ii) located in a covered project and
23 subject to occupancy limitations under a
24 covered program that are based on income.

1 (4) STATE.—The term “State” means the
2 States of the United States, the District of Colum-
3 bia, the Commonwealth of Puerto Rico, the Com-
4 monwealth of the Northern Mariana Islands, Guam,
5 the Virgin Islands, American Samoa, and any other
6 territory or possession of the United States.

7 (c) LIMITATIONS ON APPLICABILITY.—Subsection
8 (a) shall not apply to Federal housing assistance provided
9 for a household pursuant to an application or request for
10 such assistance made by such household before the effec-
11 tive date of this Act if the household was receiving such
12 assistance on the effective date of this Act.

13 **SEC. 9506. STATE OPTION TO DENY TEMPORARY EMPLOY-**
14 **MENT ASSISTANCE TO MINOR PARENTS.**

15 (a) IN GENERAL.—Section 402(d)(1), as added by
16 section 9101(a) of this Act and as amended by section
17 9501(a) of this Act, is amended by adding at the end the
18 following:

19 “(C) OPTIONAL DENIAL OF ASSISTANCE
20 TO MINOR PARENTS.—At the option of the
21 State, the State plan may provide that—

22 “(i)(I) in determining the need of a
23 family, the State may disregard the needs
24 of any family member who is a parent and

1 has not attained 18 years of age or such
2 lesser age as the State may prescribe; and

3 “(II) if the value of the assistance
4 provided to a family under the State plan
5 approved under this part is reduced by
6 reason of subclause (I), each member of
7 the family shall be considered to be receiv-
8 ing such assistance for purposes of eligi-
9 bility for medical assistance under the
10 State plan approved under title XIX for so
11 long as such assistance under the State
12 plan approved under this part would other-
13 wise not be so reduced; and

14 “(ii) if the State exercises the option, the
15 State may provide the family with vouchers, in
16 amounts not exceeding the value of any such re-
17 duction in assistance, that may be used only to
18 pay for—

19 “(I) particular goods and services
20 specified by the State as suitable for the
21 care of the child of the parent (such as
22 diapers, clothing, or cribs); and

23 “(II) the costs associated with a ma-
24 ternity home, foster home, or other adult-

1 supervised supportive living arrangement
2 in which the parent and the child live.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall take effect in the same manner in
5 which the amendment made by section 9101(a) takes ef-
6 fect.

7 **Subtitle F—SSI Reform**

8 **SEC. 9601. DEFINITION AND ELIGIBILITY RULES.**

9 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-
10 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

11 (1) in subparagraph (A), by striking “An indi-
12 vidual” and inserting “Except as provided in sub-
13 paragraph (C), an individual”;

14 (2) in subparagraph (A), by striking “(or, in
15 the case of an individual under the age of 18, if he
16 suffers from any medically determinable physical or
17 mental impairment of comparable severity)”;

18 (3) by redesignating subparagraphs (C) through
19 (H) as subparagraphs (D) through (I), respectively;

20 (4) by inserting after subparagraph (B) the fol-
21 lowing new subparagraph:

22 “(C) An individual under the age of 18 shall be con-
23 sidered disabled for the purposes of this title if that indi-
24 vidual has a medically determinable physical or mental im-
25 pairment, which results in marked and severe functional

1 limitations, and which can be expected to result in death
2 or which has lasted or can be expected to last for a contin-
3 uous period of not less than 12 months.”; and

4 (5) in subparagraph (F), as so redesignated by
5 paragraph (3) of this subsection, by striking “(D)”
6 and inserting “(E)”.

7 (b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

8 (1) MODIFICATION TO MEDICAL CRITERIA FOR
9 EVALUATION OF MENTAL AND EMOTIONAL DIS-
10 ORDERS.—The Commissioner of Social Security
11 shall modify sections 112.00C.2. and
12 112.02B.2.c.(2) of appendix 1 to subpart P of part
13 404 of title 20, Code of Federal Regulations, to
14 eliminate references to maladaptive behavior in the
15 domain of personal/behaviorial function.

16 (2) DISCONTINUANCE OF INDIVIDUALIZED
17 FUNCTIONAL ASSESSMENT.—The Commissioner of
18 Social Security shall discontinue the individualized
19 functional assessment for children set forth in sec-
20 tions 416.924d and 416.924e of title 20, Code of
21 Federal Regulations.

22 (c) EFFECTIVE DATE; REGULATIONS; APPLICATION
23 TO CURRENT RECIPIENTS.—

24 (1) IN GENERAL.—The amendments made by
25 subsections (a) and (b) shall apply to applicants for

1 benefits for months beginning on or after January
2 1, 1997.

3 (2) REGULATIONS.—The Commissioner of So-
4 cial Security shall issue such regulations as the
5 Commissioner determines to be necessary to imple-
6 ment the amendments made by subsections (a) and
7 (b), not later than January 1, 1997.

8 (3) APPLICATION TO CURRENT RECIPIENTS.—

9 (A) ELIGIBILITY DETERMINATIONS.—Be-
10 ginning on January 1, 1997, and ending not
11 later than January 1, 1998, the Commissioner
12 of Social Security shall redetermine the eligi-
13 bility of any individual under age 18 who is re-
14 ceiving supplemental security income benefits
15 based on a disability under title XVI of the So-
16 cial Security Act as of the date of the enact-
17 ment of this Act and whose eligibility for such
18 benefits may terminate by reason of the amend-
19 ments made by subsection (a) or (b). With re-
20 spect to any redetermination under this sub-
21 paragraph—

22 (i) section 1614(a)(4) of the Social
23 Security Act (42 U.S.C. 1382c(a)(4)) shall
24 not apply;

1 (ii) the Commissioner of Social Secu-
2 rity shall apply the eligibility criteria for
3 new applicants for benefits under title XVI
4 of such Act;

5 (iii) the Commissioner shall give such
6 redetermination priority over all continuing
7 eligibility reviews and other reviews under
8 such title; and

9 (iv) such redetermination shall be
10 counted as a review or redetermination
11 otherwise required to be made under sec-
12 tion 208 of the Social Security Independ-
13 ence and Program Improvements Act of
14 1994 or any other provision of title XVI of
15 the Social Security Act.

16 (B) NOTICE.—Not later than 90 days
17 after the date of the enactment of this Act, the
18 Commissioner of Social Security shall notify an
19 individual described in subparagraph (A) of the
20 provisions of this paragraph.

21 **SEC. 9602. ELIGIBILITY REDETERMINATIONS AND CON-**
22 **TINUING DISABILITY REVIEWS.**

23 (a) CONTINUING DISABILITY REVIEWS RELATING TO
24 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.

1 1382c(a)(3)(H)), as so redesignated by section 9601(a)(3)
2 of this Act, is amended—

3 (1) by inserting “(i)” after “(H)”; and

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

6 “(ii)(I) Not less frequently than once every 3 years,
7 the Commissioner shall review in accordance with para-
8 graph (4) the continued eligibility for benefits under this
9 title of each individual who has not attained 18 years of
10 age and is eligible for such benefits by reason of an im-
11 pairment (or combination of impairments) which may im-
12 prove (or, which is unlikely to improve, at the option of
13 the Commissioner).

14 “(II) A parent or guardian of a recipient whose case
15 is reviewed under this clause shall present, at the time
16 of review, evidence demonstrating that the recipient is,
17 and has been, receiving treatment, to the extent consid-
18 ered medically necessary and available, of the condition
19 which was the basis for providing benefits under this
20 title.”.

21 (b) DISABILITY ELIGIBILITY REDETERMINATIONS
22 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS
23 OF AGE.—

24 (1) IN GENERAL.—Section 1614(a)(3)(H) (42
25 U.S.C. 1382c(a)(3)(H)), as so redesignated by sec-

1 tion 9601(a)(3) of this Act and as amended by sub-
2 section (a) of this section, is amended by adding at
3 the end the following new clause:

4 “(iii) If an individual is eligible for benefits under this
5 title by reason of disability for the month preceding the
6 month in which the individual attains the age of 18 years,
7 the Commissioner shall redetermine such eligibility—

8 “(I) during the 1-year period beginning on the
9 individual’s 18th birthday; and

10 “(II) by applying the criteria used in determin-
11 ing the initial eligibility for applicants who have at-
12 tained the age of 18 years.

13 With respect to a redetermination under this clause, para-
14 graph (4) shall not apply and such redetermination shall
15 be considered a substitute for a review or redetermination
16 otherwise required under any other provision of this sub-
17 paragraph during that 1-year period.”.

18 (2) CONFORMING REPEAL.—Section 207 of the
19 Social Security Independence and Program Improve-
20 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.
21 1516) is hereby repealed.

22 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR
23 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)
24 (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section
25 9601(a)(3) of this Act and as amended by subsections (a)

1 and (b) of this section, is amended by adding at the end
2 the following new clause:

3 “(iv)(I) Not later than 12 months after the birth of
4 an individual, the Commissioner shall review in accordance
5 with paragraph (4) the continuing eligibility for benefits
6 under this title by reason of disability of such individual
7 whose low birth weight is a contributing factor material
8 to the Commissioner’s determination that the individual
9 is disabled.

10 “(II) A review under subclause (I) shall be considered
11 a substitute for a review otherwise required under any
12 other provision of this subparagraph during that 12-
13 month period.

14 “(III) A parent or guardian of a recipient whose case
15 is reviewed under this clause shall present, at the time
16 of review, evidence demonstrating that the recipient is,
17 and has been, receiving treatment, to the extent consid-
18 ered medically necessary and available, of the condition
19 which was the basis for providing benefits under this
20 title.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to benefits for months beginning
23 on or after the date of the enactment of this Act, without
24 regard to whether regulations have been issued to imple-
25 ment such amendments.

1 SEC. 9603. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

2 (a) TIGHTENING OF REPRESENTATIVE PAYEE RE-
3 QUIREMENTS.—

4 (1) CLARIFICATION OF ROLE.—Section
5 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is
6 amended by striking “and” at the end of subclause
7 (II), by striking the period at the end of subclause
8 (IV) and inserting “; and”, and by adding after
9 subclause (IV) the following new subclause:

10 “(V) advise such person through the notice of
11 award of benefits, and at such other times as the
12 Commissioner of Social Security deems appropriate,
13 of specific examples of appropriate expenditures of
14 benefits under this title and the proper role of a rep-
15 resentative payee.”.

16 (2) DOCUMENTATION OF EXPENDITURES RE-
17 QUIRED.—

18 (A) IN GENERAL.—Subparagraph (C)(i) of
19 section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is
20 amended to read as follows:

21 “(C)(i) In any case where payment is made to a rep-
22 resentative payee of an individual or spouse, the Commis-
23 sioner of Social Security shall—

24 “(I) require such representative payee to docu-
25 ment expenditures and keep contemporaneous

1 records of transactions made using such payment;
2 and

3 “(II) implement statistically valid procedures
4 for reviewing a sample of such contemporaneous
5 records in order to identify instances in which such
6 representative payee is not properly using such pay-
7 ment.”.

8 (B) CONFORMING AMENDMENT WITH RE-
9 SPECT TO PARENT PAYEES.—Clause (ii) of sec-
10 tion 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C))
11 is amended by striking “Clause (i)” and insert-
12 ing “Subclauses (II) and (III) of clause (i)”.

13 (3) EFFECTIVE DATE.—The amendments made
14 by this subsection shall apply to benefits paid after
15 the date of the enactment of this Act.

16 (b) DEDICATED SAVINGS ACCOUNTS.—

17 (1) IN GENERAL.—Section 1631(a)(2)(B) (42
18 U.S.C. 1383(a)(2)(B)) is amended by adding at the
19 end the following:

20 “(xiv) Notwithstanding clause (x), the Commissioner
21 of Social Security may, at the request of the representative
22 payee, pay any lump sum payment for the benefit of a
23 child into a dedicated savings account that could only be
24 used to purchase for such child—

25 “(I) education and job skills training;

1 “(II) special equipment or housing modifica-
2 tions or both specifically related to, and required by
3 the nature of, the child’s disability; and

4 “(III) appropriate therapy and rehabilitation.”.

5 (2) DISREGARD OF TRUST FUNDS.—Section
6 1613(a) (42 U.S.C. 1382b(a)) is amended—

7 (A) by striking “and” at the end of para-
8 graph (10),

9 (B) by striking the period at the end of
10 paragraph (11) and inserting “; and”, and

11 (C) by inserting after paragraph (11) the
12 following:

13 “(12) all amounts deposited in, or interest cred-
14 ited to, a dedicated savings account described in sec-
15 tion 1631(a)(2)(B)(xiv).”.

16 (3) EFFECTIVE DATE.—The amendments made
17 by this subsection shall apply to payments made
18 after the date of the enactment of this Act.

19 **SEC. 9604. DENIAL OF SSI BENEFITS BY REASON OF DIS-**
20 **ABILITY TO DRUG ADDICTS AND ALCOHOL-**
21 **ICS.**

22 (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.
23 1382c(a)(3)), as amended by section 9601(a)(3) of this
24 Act, is amended by adding at the end the following:

1 “(J) Notwithstanding subparagraph (A), an individ-
2 ual shall not be considered to be disabled for purposes of
3 this title if alcoholism or drug addiction would (but for
4 this subparagraph) be a contributing factor material to
5 the Commissioner’s determination that the individual is
6 disabled.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 1611(e) (42 U.S.C. 1382(e)) is
9 amended by striking paragraph (3).

10 (2) Section 1613(a)(12) (42 U.S.C.
11 1382b(a)(12)) is amended by striking
12 “1631(a)(2)(B)(xiv)” and inserting
13 “1631(a)(2)(B)(xiii)”.

14 (3) Section 1631(a)(2)(A)(ii) (42 U.S.C.
15 1383(a)(2)(A)(ii)) is amended—

16 (A) by striking “(I)”; and

17 (B) by striking subclause (II).

18 (4) Section 1631(a)(2)(B) (42 U.S.C.
19 1383(a)(2)(B)) is amended—

20 (A) by striking clause (vii);

21 (B) in clause (viii), by striking “(ix)” and
22 inserting “(viii)”;

23 (C) in clause (ix)—

24 (i) by striking “(viii)” and inserting
25 “(vii)”; and

1 (ii) in subclause (II), by striking all
2 that follows “15 years” and inserting a pe-
3 riod;

4 (D) in clause (xiii)—

5 (i) by striking “(xii)” and inserting
6 “(xi)”; and

7 (ii) by striking “(xi)” and inserting
8 “(x)”;

9 (E) in clause (xiv) (as added by section
10 9603(b)(1) of this Act), by striking “(x)” and
11 inserting “(ix)”;

12 (F) by redesignating clauses (viii) through
13 (xiv) as clauses (vii) through (xiii), respectively.

14 (5) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.
15 1383(a)(2)(D)(i)(II)) is amended by striking all that
16 follows “\$25.00 per month” and inserting a period.

17 (6) Section 1634 (42 U.S.C. 1383c) is amended
18 by striking subsection (e).

19 (7) Section 201(c)(1) of the Social Security
20 Independence and Program Improvements Act of
21 1994 (42 U.S.C. 425 note) is amended—

22 (A) by striking “—” and all that follows
23 through “(A)” the 1st place such term appears;

24 (B) by striking “and” the 3rd place such
25 term appears;

1 (C) by striking subparagraph (B);

2 (D) by striking “either subparagraph (A)
3 or subparagraph (B)” and inserting “the pre-
4 ceding sentence”; and

5 (E) by striking “subparagraph (A) or (B)”
6 and inserting “the preceding sentence”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall take effect on October 1, 1995, and shall
9 apply with respect to months beginning on or after such
10 date.

11 (d) FUNDING OF CERTAIN PROGRAMS FOR DRUG
12 ADDICTS AND ALCOHOLICS.—Out of any money in the
13 Treasury of the United States not otherwise appropriated,
14 the Secretary of the Treasury shall pay to the Director
15 of the National Institute on Drug Abuse—

16 (1) \$95,000,000, for each of fiscal years 1997,
17 1998, 1999, and 2000, for expenditure through the
18 Federal Capacity Expansion Program to expand the
19 availability of drug treatment; and

20 (2) \$5,000,000 for each of fiscal years 1997,
21 1998, 1999, and 2000 to be expended solely on the
22 medication development project to improve drug
23 abuse and drug treatment research.

1 **SEC. 9605. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**
2 **VIDUALS FOUND TO HAVE FRAUDULENTLY**
3 **MISREPRESENTED RESIDENCE IN ORDER TO**
4 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**
5 **MORE STATES.**

6 Section 1614(a) (42 U.S.C. 1382c(a)) is amended by
7 adding at the end the following:

8 “(5) An individual shall not be considered an eligible
9 individual for purposes of this title during the 10-year pe-
10 riod beginning on the date the individual is found by a
11 State to have made, or is convicted in Federal or State
12 court of having made, a fraudulent statement or represen-
13 tation with respect to the place of residence of the individ-
14 ual in order to receive benefits simultaneously from 2 or
15 more States under programs that are funded under part
16 A of title IV, or title XIX of this Act, the consolidated
17 program of food assistance under chapter 2 of subtitle E
18 of title XIV of the Omnibus Budget Reconciliation Act of
19 1995, or the Food Stamp Act of 1977 (as in effect before
20 the effective date of such chapter), or benefits in 2 or more
21 States under the supplemental security income program
22 under title XVI of this Act.”.

1 **SEC. 9606. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**
2 **AND PROBATION AND PAROLE VIOLATORS.**

3 (a) **IN GENERAL.**—Section 1611(e) (42 U.S.C.
4 1382(e)), as amended by section 9604(b)(1) of this Act,
5 is amended by inserting after paragraph (2) the following:

6 “(3) A person shall not be an eligible individual
7 or eligible spouse for purposes of this title with re-
8 spect to any month if, throughout the month, the
9 person is—

10 “(A) fleeing to avoid prosecution, or cus-
11 tody or confinement after conviction, under the
12 laws of the place from which the person flees,
13 for a crime, or an attempt to commit a crime,
14 which is a felony under the laws of the place
15 from which the person flees, or which, in the
16 case of the State of New Jersey, is a high mis-
17 demeanor under the laws of such State; or

18 “(B) violating a condition of probation or
19 parole imposed under Federal or State law.”.

20 (b) **EXCHANGE OF INFORMATION WITH LAW EN-**
21 **FORCEMENT AGENCIES.**—Section 1631(e) of such Act (42
22 U.S.C. 1383(e)) is amended by inserting after paragraph
23 (3) the following:

24 “(4) Notwithstanding any other provision of law, the
25 Commissioner shall furnish any Federal, State, or local
26 law enforcement officer, upon the request of the officer,

1 with the current address of any recipient of benefits under
2 this title, if the officer furnishes the agency with the name
3 of the recipient and notifies the agency that—

4 “(A) the recipient—

5 “(i) is fleeing to avoid prosecution, or cus-
6 tody or confinement after conviction, under the
7 laws of the place from which the person flees,
8 for a crime, or an attempt to commit a crime,
9 which is a felony under the laws of the place
10 from which the person flees, or which, in the
11 case of the State of New Jersey, is a high mis-
12 demeanor under the laws of such State;

13 “(ii) is violating a condition of probation or
14 parole imposed under Federal or State law; or

15 “(iii) has information that is necessary for
16 the officer to conduct the officer’s official du-
17 ties;

18 “(B) the location or apprehension of the recipi-
19 ent is within the official duties of the officer; and

20 “(C) the request is made in the proper exercise
21 of such duties.”.

1 **Subtitle D—Supplemental Security Income**

2 **SEC. 9607 VERIFICATION OF ELIGIBILITY FOR CERTAIN SSI**
3 **DISABILITY BENEFITS.**

4 Section 1631 (42 U.S.C. 1383) is amended by adding
5 at the end the following new subsection:

6 “(o)(1) Notwithstanding any other provision of law,
7 if the Commissioner of Social Security determines that an
8 individual, who is 18 years of age or older, is eligible to
9 receive benefits pursuant to section 1614(a)(3), the Com-
10 missioner shall, at the time of the determination, either
11 exempt the individual from an eligibility review or estab-
12 lish a schedule for reviewing the individual’s continuing
13 eligibility in accordance with paragraph (2).

14 “(2)(A) The Commissioner shall establish a periodic
15 review with respect to the continuing eligibility of an indi-
16 vidual to receive benefits, unless the individual is exempt
17 from review under subparagraph (C) or is subject to a
18 scheduled review under subparagraph (B). A periodic re-
19 view under this subparagraph shall be initiated by the
20 Commissioner not later than 30 months after the date a
21 determination is made that the individual is eligible for
22 benefits and every 30 months thereafter, unless a waiver
23 is granted under section 221(i)(2). However, the Commis-
24 sioner shall not postpone the initiation of a periodic review
25 for more than 12 months in any case in which such waiver

1 has been granted unless exigent circumstances require
2 such postponement.

3 “(B)(i) In the case of an individual, other than an
4 individual who is exempt from review under subparagraph
5 (C) or with respect to whom subparagraph (A) applies,
6 the Commissioner shall schedule a review regarding the
7 individual’s continuing eligibility to receive benefits at any
8 time the Commissioner determines, based on the evidence
9 available, that there is a significant possibility that the
10 individual may cease to be entitled to such benefits.

11 “(ii) The Commissioner may establish classifications
12 of individuals for whom a review of continuing eligibility
13 is scheduled based on the impairments that are the basis
14 for such individuals’ eligibility for benefits. A review of
15 an individual covered by a classification shall be scheduled
16 in accordance with the applicable classification, unless the
17 Commissioner determines that applying such schedule is
18 inconsistent with the purpose of this Act or the integrity
19 of the supplemental security income program.

20 “(C)(i) The Commissioner may exempt an individual
21 from review under this subsection, if the individual’s eligi-
22 bility for benefits is based on a condition that, as a prac-
23 tical matter, has no substantial likelihood of improving to
24 a point where the individual will be able to perform sub-
25 stantial gainful activity.

1 “(ii) The Commissioner may establish classifications
2 of individuals who are exempt from review under this sub-
3 section based on the impairments that are the basis for
4 such individuals’ eligibility for benefits. Notwithstanding
5 any such classification, the Commissioner may, at the time
6 of determining an individual’s eligibility, schedule a review
7 of such individual’s continuing eligibility if the Commis-
8 sioner determines that a review is necessary to preserve
9 the integrity of the supplemental security income program.

10 “(3) The Commissioner may revise a determination
11 made under paragraph (1) and schedule a review under
12 paragraph (2)(B), if the Commissioner obtains credible
13 evidence that an individual may no longer be eligible for
14 benefits or the Commissioner determines that a review is
15 necessary to maintain the integrity of the supplemental
16 security income program. Information obtained under sec-
17 tion 1137 may be used as the basis to schedule a review.

18 “(4)(i) The requirements of sections 1614(a)(4) and
19 1633 shall apply to reviews conducted under this sub-
20 section.

21 “(ii) Such reviews may be conducted by the applicable
22 State agency or the Commissioner, whichever is appro-
23 priate.”.

1 MODIFICATION TO ACCELERATE IMPLEMENTATION OF
2 CONRAD CONTINUING DISABILITY REVIEW PROVISION

3 At the end of section 841 of S. 840, insert after “is
4 appropriate.” the following:

5 “(5) TRANSITION RULE.—Not later than three
6 months after the date of enactment of this sub-
7 section, the Commissioner shall establish a schedule
8 for reviewing the continuing eligibility of each indi-
9 vidual receiving benefits pursuant to section
10 1614(a)(3) on the date of enactment and who is 18
11 years of age or older unless such individual is ex-
12 empt under subparagraph (2)(C). Such reviews shall
13 be scheduled under the procedures set out in para-
14 graph (2), except that the reviews shall be scheduled
15 so that the eligibility of one-third of all such non-ex-
16 empt individuals is reviewed within one year after
17 the date of enactment, the eligibility of two-thirds of
18 such non-exempt individuals is reviewed within two
19 years of the date of enactment, and all remaining
20 non-exempt individuals receiving benefits on the date
21 of enactment of this subsection who continue receiv-
22 ing benefits shall have their eligibility reviewed with-
23 in three years of the date of enactment. Each indi-
24 vidual determined eligible to continue receiving bene-
25 fits in a review scheduled under this paragraph

1 shall, at the time of such determination, be subject
2 to paragraph (1).”.

3 **Subtitle H—Treatment of Aliens**

4 **SEC. 9801. EXTENSION OF DEEMING OF INCOME AND RE-** 5 **SOURCES UNDER TEA, SSI, AND FOOD STAMP** 6 **PROGRAMS.**

7 (a) **IN GENERAL.**—Except as provided in subsections
8 (b) and (c), in applying sections 407 and 1621 of the So-
9 cial Security Act and section 5(i) of the Food Stamp Act
10 of 1977, the period in which each respective section other-
11 wise applies with respect to an alien shall be extended
12 through the date (if any) on which the alien becomes a
13 citizen of the United States (under chapter 2 of title III
14 of the Immigration and Nationality Act).

15 (b) **EXCEPTION.**—Subsection (a) shall not apply to
16 an alien if—

17 (1) the alien has been lawfully admitted to the
18 United States for permanent residence, has attained
19 75 years of age, and has resided in the United
20 States for at least 5 years;

21 (2) the alien—

22 (A) is a veteran (as defined in section 101
23 of title 38, United States Code) with a dis-
24 charge characterized as an honorable discharge,

1 (B) is on active duty (other than active
2 duty for training) in the Armed Forces of the
3 United States, or

4 (C) is the spouse or unmarried dependent
5 child of an individual described in subparagraph
6 (A) or (B);

7 (3) the alien is the subject of domestic violence
8 by the alien's spouse and a divorce between the alien
9 and the alien's spouse has been initiated through the
10 filing of an appropriate action in an appropriate
11 court; or

12 (4) there has been paid with respect to the self-
13 employment income or employment of the alien, or
14 of a parent or spouse of the alien, taxes under chap-
15 ter 2 or chapter 21 of the Internal Revenue Code of
16 1986 in each of 20 different calendar quarters.

17 (c) **HOLD HARMLESS FOR MEDICAID ELIGIBILITY.**—
18 Subsection (a) shall not apply with respect to determina-
19 tions of eligibility for benefits under a State plan approved
20 under part A of title IV of the Social Security Act or under
21 the supplemental income security program under title XVI
22 of such Act but only insofar as such determinations pro-
23 vide for eligibility for medical assistance under title XIX
24 of such Act.

1 (d) EXCEPTION FOR ALIENS RECEIVING BENEFIT.—

2 Subsection (a) shall not apply with respect to determina-
3 tions of eligibility for a benefit for an alien receiving such
4 a benefit on the date of the enactment of the Common
5 Sense Budget Act of 1996 who otherwise continues to be
6 eligible for and continues to receive such benefit after such
7 date.

8 (e) RULES REGARDING INCOME AND RESOURCE

9 DEEMING UNDER TEA PROGRAM.—Subpart 1 of part A
10 of title IV of the Social Security Act, as added by section
11 9101(a) of this Act, is amended by adding at the end the
12 following:

13 **“SEC. 407. ATTRIBUTION OF SPONSOR’S INCOME AND RE-**
14 **SOURCES TO ALIEN.**

15 “(a) For purposes of determining eligibility for and
16 the amount of assistance under a State plan approved
17 under this part for an individual who is an alien lawfully
18 admitted for permanent residence or otherwise perma-
19 nently residing in the United States under color of law
20 (including any alien who is lawfully present in the United
21 States as a result of the application of the provisions of
22 section 207(c) of the Immigration and Nationality Act (or
23 of section 203(a)(7) of such Act prior to April 1, 1980),
24 or as a result of the application of the provisions of section
25 208 or 212(d)(5) of such Act), the income and resources

1 of any person who (as a sponsor of such individual's entry
2 into the United States) executed an affidavit of support
3 or similar agreement with respect to such individual, and
4 the income and resources of the sponsor's spouse, shall
5 be deemed to be the unearned income and resources of
6 such individual (in accordance with subsections (b) and
7 (c)) for a period of three years after the individual's entry
8 into the United States, except that this section is not ap-
9 plicable if such individual is a dependent child and such
10 sponsor (or such sponsor's spouse) is the parent of such
11 child.

12 “(b)(1) The amount of income of a sponsor (and his
13 spouse) which shall be deemed to be the unearned income
14 of an alien for any month shall be determined as follows:

15 “(A) the total amount of earned and unearned
16 income of such sponsor and such sponsor's spouse
17 (if such spouse is living with the sponsor) shall be
18 determined for such month;

19 “(B) the amount determined under subpara-
20 graph (A) shall be reduced by an amount equal to
21 the sum of—

22 “(i) the lesser of (I) 20 percent of the total
23 of any amounts received by the sponsor and his
24 spouse in such month as wages or salary or as
25 net earnings from self-employment, plus the full

1 amount of any costs incurred by them in pro-
2 ducing self-employment income in such month,
3 or (II) \$175;

4 “(ii) the cash needs standard established
5 by the State under its plan for a family of the
6 same size and composition as the sponsor and
7 those other individuals living in the same house-
8 hold as the sponsor who are claimed by him as
9 dependents for purposes of determining his
10 Federal personal income tax liability but whose
11 needs are not taken into account in making a
12 determination under section 402(d);

13 “(iii) any amounts paid by the sponsor (or
14 his spouse) to individuals not living in such
15 household who are claimed by him as depend-
16 ents for purposes of determining his Federal
17 personal income tax liability; and

18 “(iv) any payments of alimony or child
19 support with respect to individuals not living in
20 such household.

21 “(2) The amount of resources of a sponsor (and his
22 spouse) which shall be deemed to be the resources of an
23 alien for any month shall be determined as follows:

24 “(A) the total amount of the resources (deter-
25 mined as if the sponsor were applying for assistance

1 under the State plan approved under this part) of
2 such sponsor and such sponsor's spouse (if such
3 spouse is living with the sponsor) shall be deter-
4 mined; and

5 "(B) the amount determined under subpara-
6 graph (A) shall be reduced by \$1,500.

7 "(c)(1) Any individual who is an alien and whose
8 sponsor was a public or private agency shall be ineligible
9 for assistance under a State plan approved under this part
10 during the period of three years after his or her entry into
11 the United States; unless the State agency administering
12 such plan determines that such sponsor either no longer
13 exists or has become unable to meet such individual's
14 needs; and such determination shall be made by the State
15 agency based upon such criteria as it may specify in the
16 State plan, and upon such documentary evidence as it may
17 therein require. Any such individual, and any other indi-
18 vidual who is an alien (as a condition of his or her eligi-
19 bility for assistance under a State plan approved under
20 this part during the period of three years after his or her
21 entry into the United States), shall be required to provide
22 to the State agency administering such plan such informa-
23 tion and documentation with respect to his sponsor as may
24 be necessary in order for the State agency to make any
25 determination required under this section, and to obtain

1 any cooperation from such sponsor necessary for any such
2 determination. Such alien shall also be required to provide
3 to the State agency such information and documentation
4 as it may request and which such alien or his sponsor pro-
5 vided in support of such alien's immigration application.

6 “(2) The Secretary shall enter into agreements with
7 the Secretary of State and the Attorney General whereby
8 any information available to them and required in order
9 to make any determination under this section will be pro-
10 vided by them to the Secretary (who may, in turn, make
11 such information available, upon request, to a concerned
12 State agency), and whereby the Secretary of State and
13 Attorney General will inform any sponsor of an alien, at
14 the time such sponsor executes an affidavit of support or
15 similar agreement, of the requirements imposed by this
16 section.

17 “(d) Any sponsor of an alien, and such alien, shall
18 be jointly and severally liable for an amount equal to any
19 overpayment of assistance under the State plan made to
20 such alien during the period of three years after such
21 alien's entry into the United States, on account of such
22 sponsor's failure to provide correct information under the
23 provisions of this section, except where such sponsor was
24 without fault, or where good cause of such failure existed.
25 Any such overpayment which is not repaid to the State

1 or recovered in accordance with the procedures generally
2 applicable under the State plan to the recoupment of over-
3 payments shall be withheld from any subsequent payment
4 to which such alien or such sponsor is entitled under any
5 provision of this Act.

6 “(e)(1) In any case where a person is the sponsor
7 of two or more alien individuals who are living in the same
8 home, the income and resources of such sponsor (and his
9 spouse), to the extent they would be deemed the income
10 and resources of any one of such individuals under the
11 preceding provisions of this section, shall be divided into
12 two or more equal shares (the number of shares being the
13 same as the number of such alien individuals) and the in-
14 come and resources of each such individual shall be
15 deemed to include one such share.

16 “(2) Income and resources of a sponsor (and his
17 spouse) which are deemed under this section to be the in-
18 come and resources of any alien individual in a family
19 shall not be considered in determining the need of other
20 family members except to the extent such income or re-
21 sources are actually available to such other members.

22 “(f) The provisions of this section shall not apply
23 with respect to any alien who is—

24 “(1) admitted to the United States as a result
25 of the application, prior to April 1, 1980, of the pro-

1 visions of section 203(a)(7) of the Immigration and
2 Nationality Act;

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

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

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

10 “(5) a Cuban and Haitian entrant, as defined
11 in section 501(e) of the Refugee Education Assist-
12 ance Act of 1980 (Public Law 96-422).’.

13 **SEC. 9802. REQUIREMENTS FOR SPONSOR’S AFFIDAVITS OF**
14 **SUPPORT.**

15 (a) **IN GENERAL.**—Title II of the Immigration and
16 Nationality Act is amended by inserting after section 213
17 the following new section:

18 **“REQUIREMENTS FOR SPONSOR’S AFFIDAVIT OF SUPPORT**

19 **“SEC. 213A. (a) ENFORCEABILITY.—**

20 **“(1) IN GENERAL.**—No affidavit of support
21 may be accepted by the Attorney General or by any
22 consular officer to establish that an alien is not ex-
23 cludable under section 212(a)(4) unless such affida-
24 vit is executed as a contract—

25 **“(A) which is legally enforceable against**
26 the sponsor by the Federal Government, by a

1 State, or by any political subdivision of a State,
2 providing cash benefits under a public cash as-
3 sistance program (as defined in subsection
4 (f)(2)), but not later than 5 years after the date
5 the alien last receives any such cash benefit;
6 and

7 “(B) in which the sponsor agrees to submit
8 to the jurisdiction of any Federal or State court
9 for the purpose of actions brought under sub-
10 section (e)(2).

11 “(2) EXPIRATION OF LIABILITY.—Such con-
12 tract shall only apply with respect to cash benefits
13 described in paragraph (1)(A) provided to an alien
14 before the earliest of the following:

15 “(A) CITIZENSHIP.—The date the alien be-
16 comes a citizen of the United States under
17 chapter 2 of title III.

18 “(B) VETERAN.—The first date the alien
19 is described in section 9801(b)(2)(A) of the
20 Omnibus Budget Reconciliation Act of 1995.

21 “(C) PAYMENT OF SOCIAL SECURITY
22 TAXES.—The first date as of which the condi-
23 tion described in section 9801(b)(4) of the Om-
24 nibus Budget Reconciliation Act of 1995 is met
25 with respect to the alien.

1 “(3) NONAPPLICATION DURING CERTAIN PERI-
2 ODS.—Such contract also shall not apply with re-
3 spect to cash benefits described in paragraph (1)(A)
4 provided during any period in which the alien is de-
5 scribed in section 9801(b)(2)(B) or 9801(b)(2)(C) of
6 the Omnibus Budget Reconciliation Act of 1995.

7 “(b) FORMS.—Not later than 90 days after the date
8 of enactment of this section, the Attorney General, in con-
9 sultation with the Secretary of State and the Secretary
10 of Health and Human Services, shall formulate an affida-
11 vit of support consistent with the provisions of this sec-
12 tion.

13 “(c) NOTIFICATION OF CHANGE OF ADDRESS.—

14 “(1) REQUIREMENT.—The sponsor shall notify
15 the Federal Government and the State in which the
16 sponsored alien is currently resident within 30 days
17 of any change of address of the sponsor during the
18 period specified in subsection (a)(1)(A).

19 “(2) ENFORCEMENT.—Any person subject to
20 the requirement of paragraph (1) who fails to satisfy
21 such requirement shall be subject to a civil penalty
22 of—

23 “(A) not less than \$250 or more than
24 \$2,000, or

1 “(B) if such failure occurs with knowledge
2 that the sponsored alien has received any bene-
3 fit under any means-tested public benefits pro-
4 gram, not less than \$2,000 or more than
5 \$5,000.

6 “(d) REIMBURSEMENT OF GOVERNMENT EX-
7 PENSES.—

8 “(1) REQUEST FOR REIMBURSEMENT.—

9 “(A) IN GENERAL.—Upon notification that
10 a sponsored alien has received any cash benefits
11 described in subsection (a)(1)(A), the appro-
12 priate Federal, State, or local official shall re-
13 quest reimbursement by the sponsor in the
14 amount of such cash benefits.

15 “(B) REGULATIONS.—The Attorney Gen-
16 eral, in consultation with the Secretary of
17 Health and Human Services, shall prescribe
18 such regulations as may be necessary to carry
19 out subparagraph (A).

20 “(2) INITIATION OF ACTION.—If within 45 days
21 after requesting reimbursement, the appropriate
22 Federal, State, or local agency has not received a re-
23 sponse from the sponsor indicating a willingness to
24 commence payments, an action may be brought

1 against the sponsor pursuant to the affidavit of sup-
2 port.

3 “(3) FAILURE TO ABIDE BY REPAYMENT
4 TERMS.—If the sponsor fails to abide by the repay-
5 ment terms established by such agency, the agency
6 may, within 60 days of such failure, bring an action
7 against the sponsor pursuant to the affidavit of sup-
8 port.

9 “(4) LIMITATION ON ACTIONS.—No cause of
10 action may be brought under this subsection later
11 than 5 years after the date the alien last received
12 any cash benefit described in subsection (a)(1)(A).

13 “(f) DEFINITIONS.—For the purposes of this section:

14 “(1) SPONSOR.—The term ‘sponsor’ means an
15 individual who—

16 “(A) is a citizen or national of the United
17 States or an alien who is lawfully admitted to
18 the United States for permanent residence;

19 “(B) is 18 years of age or over; and

20 “(C) is domiciled in any State.

21 “(2) PUBLIC CASH ASSISTANCE PROGRAM.—
22 The term ‘public cash assistance program’ means a
23 program of the Federal Government or of a State or
24 political subdivision of a State that provides direct
25 cash assistance for the purpose of income mainte-

1 nance and in which the eligibility of an individual,
2 household, or family eligibility unit for cash benefits
3 under the program, or the amount of such cash ben-
4 efits, or both are determined on the basis of income,
5 resources, or financial need of the individual, house-
6 hold, or unit. Such term does not include any pro-
7 gram insofar as it provides medical, housing, edu-
8 cation, job training, food, or in-kind assistance or
9 social services.”.

10 (b) CLERICAL AMENDMENT.—The table of contents
11 of such Act is amended by inserting after the item relating
12 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

13 (c) EFFECTIVE DATE.—Subsection (a) of section
14 213A of the Immigration and Nationality Act, as inserted
15 by subsection (a) of this section, shall apply to affidavits
16 of support executed on or after a date specified by the
17 Attorney General, which date shall be not earlier than 60
18 days (and not later than 90 days) after the date the Attor-
19 ney General formulates the form for such affidavits under
20 subsection (b) of such section 213A.

1 **SEC. 9803. EXTENDING REQUIREMENT FOR AFFIDAVITS OF**
2 **SUPPORT TO FAMILY-RELATED AND DIVER-**
3 **SITY IMMIGRANTS.**

4 (a) **IN GENERAL.**—Section 212(a)(4) of the Immi-
5 gration and Nationality Act (8 U.S.C. 1182(a)(4)) is
6 amended to read as follows:

7 “(4) **PUBLIC CHARGE AND AFFIDAVITS OF SUP-**
8 **PORT.**—

9 “(A) **PUBLIC CHARGE.**—Any alien who, in
10 the opinion of the consular officer at the time
11 of application for a visa, or in the opinion of
12 the Attorney General at the time of application
13 for admission or adjustment of status, is likely
14 at any time to become a public charge is exclud-
15 able.

16 “(B) **AFFIDAVITS OF SUPPORT.**—Any im-
17 migrant who seeks admission or adjustment of
18 status as any of the following is excludable un-
19 less there has been executed with respect to the
20 immigrant an affidavit of support pursuant to
21 section 213A:

22 “(i) As an immediate relative (under
23 section 201(b)(2)).

24 “(ii) As a family-sponsored immigrant
25 under section 203(a) (or as the spouse or

1 child under section 203(d) of such an im-
2 migrant).

3 “(iii) As the spouse or child (under
4 section 203(d)) of an employment-based
5 immigrant under section 203(b).

6 “(iv) As a diversity immigrant under
7 section 203(c) (or as the spouse or child
8 under section 203(d) of such an immi-
9 grant).”.

10 (b) **EFFECTIVE DATE.**—The amendment made by
11 subsection (a) shall apply to aliens with respect to whom
12 an immigrant visa is issued (or adjustment of status is
13 granted) after the date specified by the Attorney General
14 under section 9802(c)

15 **SEC. 6102. REDUCTION IN TITLE XX BLOCK GRANTS TO**
16 **STATES FOR SOCIAL SERVICES.**

17 Section 2003(c) of the Social Security Act (42 U.S.C.
18 1397b(c)) is amended—

19 (1) by striking “and” at the end of paragraph
20 (4);

21 (2) in paragraph (5), by striking “fiscal year
22 after fiscal year 1989.” and inserting “of fiscal
23 years 1990 through 1995; and”; and

24 (3) by adding at the end the following:

1 “(6) \$2,520,000,000 for fiscal year 1996 and
2 each succeeding fiscal year.”.

3 **PART 1—FOOD STAMPS**

4 SHORT TITLE

5 SEC. 12001. This part may be cited as “The Food
6 Stamp Act Amendments of 1995”.

7 INCLUDE MINOR CHILDREN UNDER 18 YEARS OLD IN
8 THEIR PARENTS’ HOUSEHOLDS

9 SEC. 12011. Section 3(i) of the Food Stamp Act of
10 1997 (7 U.S.C. 2012(i)) is amended by striking the first
11 parenthetical phrase in the second sentence and inserting
12 in lieu thereof—“(except children who have reached the
13 age of 18 and are themselves parents living with their chil-
14 dren or married and living with their spouses)”.

15 USE THE COST OF THE THRIFTY FOOD PLAN FOR
16 ALLOTMENT ADJUSTMENTS

17 SEC. 12012. Section 3(o) of the Food Stamp Act of
18 1977 (7 U.S.C. 2012(o)) is amended by—

19 (1) inserting in paragraph (11) of the second
20 sentence immediately following “and each October 1
21 thereafter,” the words “through the last day of the
22 first month after the month of enactment of the Bal-
23 anced Budget Act of 1995 for Economic Growth and
24 Fairness”; and

25 (2) inserting a new third sentence as follows—

1 “On the first day of the second month
2 after the month of enactment of the Balanced
3 Budget Act of 1995 for Economic Growth and
4 Fairness and each October 1 thereafter, adjust
5 the cost of the diet to reflect the cost of the
6 diet, in the preceding June, and round the re-
7 sult to the nearest lower dollar increment for
8 each household size, except that on the first day
9 of the second month after the month of enact-
10 ment of the Balanced Budget Act of 1995 for
11 Economic Growth and Fairness, the Secretary
12 may not reduce the cost of the diet in effect on
13 September 30, 1995.”.

14 LOWER AGE FOR EXCLUDING STUDENTS’ EARNINGS

15 SEC. 12013. Section 5(d)(7) of the Food Stamp Act
16 of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking “is
17 21 years of age or younger” and inserting “has not
18 reached the age of 18”.

19 COUNT GOVERNMENTAL ENERGY ASSISTANCE AS INCOME

20 SEC. 12014. (a) Section 5(d) of the Food Stamp Act
21 of 1977 (7 U.S.C. 2014(d)) is amended by striking para-
22 graph (11) and renumbering paragraphs (12) through
23 (16) as paragraphs (11) through (15), respectively.

24 (b) Section 5(e) of the Food Stamp Act of 1977 (7
25 U.S.C. 2014(e)) is amended by striking “If a State agency

1 elects” and all that follows through “season for which it
2 was provided.”.

3 (c) Section 5(k) of the Food Stamp Act of 1977 (7
4 U.S.C. 2014(k)) is amended—

5 (1) in paragraph (1)(B), by striking “, not in-
6 cluding energy or utility-cost assistance,”;

7 (2) in paragraph (2), by striking subparagraph
8 (C); and

9 (3) by adding at the end the following—

10 “(4)(A) For purposes of subsection (d)(1),
11 a payment made under a Federal or State law
12 to provide energy assistance to a household
13 shall be considered money payable directly to
14 the household.

15 “(B) For purposes of subsection (e), an ex-
16 pense paid on behalf of a household under a
17 Federal or State law to provide energy assist-
18 ance shall be considered an out-of-pocket ex-
19 pense incurred and paid by the household.”.

20 (d) Section 2605(f) of the Low-Income Home Energy
21 Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended—

22 (1) by striking “(1) Notwithstanding any other
23 provision of law unless” and inserting “Notwith-
24 standing any other provision of law except the Food

1 Stamp Act of 1977 (7 U.S.C. 2011 et seq.), and
2 any”;

3 (2) in paragraph (1), by striking “food
4 stamps,”; and (3) by striking paragraph (2).

5 REDUCE THE STANDARD DEDUCTION

6 SEC. 12015. Section 5(e) of the Food Stamp Act of
7 1977 (7 U.S.C. 2014(e)) is amended by striking the first
8 two sentences and inserting in lieu thereof the following—
9 “The Secretary shall allow a standard deduction for each
10 household in the 48 contiguous States and the District
11 of Columbia, Alaska, Hawaii, Guam, and the Virgin Is-
12 lands of the United States of—

13 “for fiscal year 1995, \$134, \$, \$, \$
14 , and \$, respectively;

15 “(i) for fiscal year 1996, \$130, \$, \$
16 , \$, and \$, respectively;

17 “(ii) for fiscal year 1997, \$115, \$, \$
18 , \$, and \$, respectively; and

19 “(iii) on October 1, 1997, and each October 1
20 thereafter, the Secretary shall adjust the standard
21 deduction to the nearest lower dollar increment to
22 reflect changes in the Consumer Price Index for all
23 urban consumers published by the Bureau of Labor
24 Statistics, for items other than food, for the 12-
25 month period ending the preceding June 30.”.

1 MAKE MANDATORY USE OF STANDARD UTILITY

2 ALLOWANCES A STATE OPTION

3 SEC. 12016. Section 5(e) of the Food Stamp Act of
4 1977 (7 U.S.C. 2014(e)) is amended by inserting imme-
5 diately before “No such allowance may be used” the fol-
6 lowing new sentence—“A State agency may make the use
7 of a standard utility allowance mandatory for all house-
8 holds with qualifying utility costs if (1) the State agency
9 has developed one or more standards that include the cost
10 of heating and cooling and one or more standards that
11 do not include the cost of heating and cooling; and (2)
12 the Secretary finds that the standards will not result in
13 increased program costs.”.

14 FREEZE AMOUNT OF VEHICLE ASSET LIMITATION

15 SEC. 12017. The first sentence of section 5(g)(2) of
16 the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is
17 amended by striking “through September 30, 1995” and
18 all that follows through “such date and on” and inserting
19 “and shall be adjusted on October 1, 1996, and”.

20 REQUIRE COOPERATION WITH CHILD SUPPORT

21 ENFORCEMENT AGENCIES AT STATE OPTION

22 SEC. 12018. (a) Section 6 of the Food Stamp Act
23 of 1977 (7 U.S.C. 2015) is amended by adding new sub-
24 sections (i) and (j) at the end thereof as follows—“(i) At
25 the option of the State, no natural or adoptive parent or
26 other individual who is living with and exercising parental

1 control over a child under the age of eighteen who has
2 an absent parent shall be eligible to participate in the food
3 stamp program unless such parent or individual cooper-
4 ates with the State agency administering the program
5 under part D of title IV of the Social Security Act (or
6 is determined by such State agency to have good cause
7 not to cooperate) in (1) establishing the paternity of such
8 child (if born out of wedlock), and (2) obtaining support
9 for such child or for herself/himself and for such child.
10 Notwithstanding any provision of part D of title IV of the
11 Social Security Act, no person required under this sub-
12 section to cooperate with the State agency administering
13 the program under part D of title IV of the Social Security
14 Act may be required to pay a fee or other costs for services
15 provided under such program.”.

16 “(j) At the option of the State agency, no person who
17 fails to make legally obligated child support payments
18 shall be eligible to participate in the food stamp program
19 unless such person is unemployed or establishes that the
20 child support award is inconsistent with applicable guide-
21 lines.”.

22 FACILITATE IMPLEMENTATION OF A NATIONAL
23 ELECTRONIC BENEFIT TRANSFER DELIVERY SYSTEM
24 SEC. 12019. Section 7 of the Food Stamp Act of
25 1977 (7 U.S.C. 2016) is amended by—

26 (1) striking in subsection (g) “(1)”;

1 (2) striking paragraph (g)(2); and
2 (3) striking in subsection (g) “(A)” and “(B)”
3 and inserting in lieu thereof “(1)” and “(2)”, re-
4 spectively.

5 REPEAL MINIMUM BENEFIT ADJUSTMENTS

6 SEC. 12020. Section 8(a) of the Food Stamp Act of
7 1977 (7 U.S.C. 2017(a)) is amended by striking in the
8 proviso “, and shall be adjusted” and all that follows
9 through “\$5”.

10 PRORATE BENEFITS ON RECERTIFICATION

11 SEC. 12021. Section 8(c)(2)(B) of the Food Stamp
12 Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by
13 striking “of more than one month”.

14 PROHIBIT ALLOTMENT INCREASES FOR PENALTIES
15 UNDER OTHER WELFARE AND PUBLIC ASSISTANCE
16 PROGRAMS

17 SEC. 12022. Section 8 of the Food Stamp Act of
18 1977 (7 U.S.C. 2017) is amended by striking subsection
19 (d) and inserting in lieu thereof the following—“(d) If the
20 benefits of a household are reduced under a Federal,
21 State, or local law relating to a welfare or public assist-
22 ance program because of a penalty or for the failure to
23 perform an action required under the law or program, for
24 the duration of the reduction the household may not re-
25 ceive an increased allotment as the result of a decrease

1 in the income of the household to the extent that the de-
2 crease is the result of the reduction.”.

3 PERMIT STATES TO DETERMINE MOST USEFUL AND
4 RELIABLE MEANS OF VERIFICATION

5 SEC. 12023. Section 11 of the Food Stamp Act of
6 1977 (7 U.S.C. 2020) is amended by—

7 (1) striking in subsection (e)(3) all that follows
8 “, and that the State agency shall” through “(E)”;

9 (2) inserting after the paragraph designation
10 (19) of subsection (e) “at the option of the State
11 agency,”; and

12 (3) by adding at the end thereof the following
13 new subsection—

14 “(p) Notwithstanding any other provision
15 of law, State agencies (described in section
16 3(n)(1) of this Act) shall not be required to use
17 an income and eligibility verification system es-
18 tablished under section 1137 of the Social Secu-
19 rity Act (42 U.S.C. 1320b-7) or the immigra-
20 tion status verification system established under
21 section 1137(d) of the Social Security Act (42
22 U.S.C. 1320b-71d)).”.

23 EXPAND CLAIMS COLLECTION METHODS

24 SEC. 12024. (a) Section 11(e)(8) of the Food Stamp
25 Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by insert-
26 ing before the semicolon at the end thereof the following—

1 “or refunds of Federal taxes as authorized pursuant to
2 31 U.S.C. 3720A”.

3 (b) Section 13 of the Food Stamp Act of 1977 (7
4 U.S.C. 2022) is amended by—

5 (1) striking paragraph (1) of subsection (b);

6 (2) redesignating subparagraph (A) of para-
7 graph (b)(2) as paragraph (b)(1);

8 (3) striking in paragraph (b)(1), as redesi-
9 gnated by this subsection, “, other than claims the
10 collection of which is provided for in paragraph (1)
11 of this subsection and claims arising from an error
12 of the State agency,”;

13 (4) inserting at the end of paragraph (b)(1), as
14 redesignated by this subsection, the following new
15 sentence—“A State agency may waive the use of al-
16 lotment reduction as a means of collecting a claim
17 arising from an error of the State agency if such
18 collection would cause a hardship (as defined by the
19 State agency) on the household but shall continue to
20 pursue all other lawful methods of collection of such
21 claims as prescribed in subsection (b)(2).”;

22 (5) striking in paragraph (b)(1), as redesi-
23 gnated by this subsection, “, except that the house-
24 hold shall” and inserting in lieu thereof “. At the
25 option of the State, the household may”;

1 (6) redesignating subparagraph (b)(2)(B) as
2 paragraph (b)(2);

3 (7) striking in paragraph (b)(2), as redesignig-
4 nated by this subsection, “or subparagraph (A)”;

5 (8) striking in subsection (d) “and except for
6 claims arising from an error of the State agency,”;

7 (9) striking in subsection (d) “may” and insert-
8 ing in lieu thereof “shall”; and

9 (10) inserting before the period at the end of
10 subsection (d) the following—“or refunds of Federal
11 taxes as authorized pursuant to 31 U.S.C. 3720A”.

12 (c) Section 16(a) of the Food Stamp Act of 1977 (7
13 U.S.C. 2025(a)) is amended by striking “25 percent dur-
14 ing the period beginning October 1, 1990” and all that
15 follows through “error of a State agency.” and inserting
16 in lieu thereof the following—“25 percent of
17 overissuances, except those arising from an error of the
18 State agency, which are recovered or collected pursuant
19 to subsections (b), (c), and (d) of section 13.”.

20 (d) Section 6402(d) of the Internal Revenue Code (26
21 U.S.C. 6402(d)) is amended by—

22 (1) inserting in paragraph (1) immediately fol-
23 lowing “any Federal agency” the following—

24 “(or any State agency that has the respon-
25 sibility for the administration of the food stamp

1 program operated pursuant to the Food Stamp
2 Act of 1977)”; and

3 (inserting in the second sentence of paragraph
4 (2) immediately following “a Federal agency” the
5 following—

6 “(or a State agency that has the respon-
7 sibility for the administration of the food stamp
8 program operated pursuant to the Food Stamp
9 Act of 1977)”.

10 EFFECTIVE DATES

11 SEC. 12025. Except as otherwise provided in this
12 part, the provisions of this part shall become effective the
13 first day of the second month after the month of enact-
14 ment.

15 **PART 2—CHILD NUTRITION**

16 IMPROVED TARGETING OF DAY CARE HOME

17 REIMBURSEMENTS

18 SEC. 12031. (a) RESTRUCTURED DAY CARE HOME
19 REIMBURSEMENTS.—Section 17(f)(3) of the National
20 School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by
21 striking “(3)(A) Institutions” and all that follows through
22 the end of subparagraph (A) and inserting the following—

23 “(3) REIMBURSEMENT OF FAMILY OR GROUP
24 DAY CARE HOME SPONSORING ORGANIZATIONS.—

25 “(A) REIMBURSEMENT FACTOR.—

1 “(i) IN GENERAL.—An institution
2 that participates in the program under this
3 section as a family or group day care home
4 sponsoring organization shall be provided,
5 for payment to a home sponsored by the
6 organization, reimbursement factors in ac-
7 cordance with this subparagraph for the
8 cost of obtaining and preparing food and
9 prescribed labor costs involved in providing
10 meals under this section.

11 “(ii) TIER I FAMILY OR GROUP DAY
12 CARE HOMES.—

13 “(I) DEFINITION.—In this para-
14 graph, the term ‘tier I family or group
15 day care home’ means—

16 “(aa) a family or group day
17 care home that is located in a ge-
18 ographic area, as defined by the
19 Secretary based on census data,
20 in which at least 50 percent of
21 the children residing in the area
22 are members of households whose
23 incomes meet the income eligi-
24 bility guidelines for free or re-

1 duced price meals under section
2 9;

3 “(bb) a family or group day
4 care home that is located in an
5 area served by a school enrolling
6 elementary students in which at
7 least 50 percent of the total num-
8 ber of children enrolled are cer-
9 tified eligible to receive free or
10 reduced price school meals under
11 this Act or the Child Nutrition
12 Act of 1966 (42 U.S.C. 1771 et
13 seq.); or

14 “(cc) a family or group day
15 care home that is operated by a
16 provider whose household meets
17 the eligibility requirements for
18 free or reduced price meals under
19 section 9 and whose eligibility is
20 verified by the sponsoring organi-
21 zation of the home under regula-
22 tions established by the Sec-
23 retary.

24 “(II) REIMBURSEMENT.—Except
25 as provided in subclause (III), a tier

1 I family or group day care home shall
2 be provided reimbursement factors
3 under this clause without a require-
4 ment for documentation of the costs
5 described in clause (i), except that re-
6 imbursement shall not be provided
7 under this subclause for meals or sup-
8 plements served to the children of a
9 person acting as a family or group
10 day care home provider unless the
11 children meet the eligibility require-
12 ments for free or reduced price meals
13 under section 9.

14 “(III) FACTORS.—Except as pro-
15 vided in subclause (IV), the reim-
16 bursement factors applied to a home
17 referred to in subclause (II) shall be
18 the factors in effect on the date of en-
19 actment of this subclause.

20 “(IV) ADJUSTMENTS.—The re-
21 imbursement factors under this sub-
22 paragraph shall be adjusted on Octo-
23 ber 1, 1996, July 1, 1997, and each
24 July 1 thereafter, to reflect changes in
25 the Consumer Price Index for food at

1 home for the most recent 12-month
2 period for which the data are avail-
3 able. The reimbursement factors
4 under this subparagraph shall be
5 rounded to the nearest lower cent in-
6 crement and based on the unrounded
7 adjustment in effect on June 30 of
8 the preceding school year.

9 “(iii) TIER II FAMILY OR GROUP DAY
10 CARE HOMES.—

11 “(I) IN GENERAL.—

12 “(aa) FACTORS.—Except as
13 provided in subclause (II), with
14 respect to meals or supplements
15 served under this clause by a
16 family or group day care home
17 that does not meet the criteria
18 set forth in clause (ii)(I), the re-
19 imbursement factors shall be \$1
20 for lunches and suppers, 30 cents
21 for breakfasts, and 15 cents for
22 supplements.

23 “(bb) ADJUSTMENTS.—The
24 factors shall be adjusted on July
25 1, 1997, and each July 1 there-

1 after, to reflect changes in the
2 Consumer Price Index for food at
3 home for the most recent 12-
4 month period for which the data
5 are available. The reimbursement
6 factors under this item shall be
7 rounded down to the nearest
8 lower cent increment and based
9 on the unrounded adjustment for
10 the preceding 12-month period.

11 “(cc) REIMBURSEMENT.—A
12 family or group day care home
13 shall be provided reimbursement
14 factors under this subclause with-
15 out a requirement for docu-
16 mentation of the costs described
17 in clause (i), except that reim-
18 bursement shall not be provided
19 under this subclause for meals or
20 supplements served to the chil-
21 dren of a person acting as a fam-
22 ily or group day care home pro-
23 vider unless the children meet the
24 eligibility requirements for free

1 or reduced price meals under sec-
2 tion 9.

3 “(II) OTHER FACTORS.—A fam-
4 ily or group day care home that does
5 not meet the criteria set forth in
6 clause (ii)(I) may elect to be provided
7 reimbursement factors determined in
8 accordance with the following require-
9 ments:

10 “(aa) CHILDREN ELIGIBLE
11 FOR FREE OR REDUCED PRICE
12 MEALS.—In the case of meals or
13 supplements served under this
14 subsection to children who meet
15 the eligibility requirements for
16 free or reduced price meals under
17 section 9, the family or group
18 day care home shall be provided
19 reimbursement factors set by the
20 Secretary in accordance with
21 clause (ii)(III).

22 “(bb) INELIGIBLE CHIL-
23 DREN.—In the case of meals or
24 supplements served under this
25 subsection to children who do not

1 meet the eligibility requirements
2 for free or reduced priced meals
3 under section 9, the family or
4 group day care home shall be
5 provided reimbursement factors
6 in accordance with subclause (I).

7 “(III) INFORMATION AND DE-
8 TERMINATIONS.—

9 “(aa) IN GENERAL.—If a
10 family or group day care home
11 elects to claim the factors de-
12 scribed in subclause (II), the
13 family or group day care home
14 sponsoring organization serving
15 the home shall collect the nec-
16 essary eligibility information, as
17 determined by the Secretary,
18 from any parent or other care-
19 taker to make the determinations
20 specified in subclause (II) and
21 shall make the determinations in
22 accordance with rules prescribed
23 by the Secretary.

24 “(bb) CATEGORICAL ELIGI-
25 BILITY—In making a determina-

1 tion under item (aa), a family or
2 group day care home sponsoring
3 organization may consider a child
4 participating in or subsidized
5 under, or a child with a parent
6 participating in or subsidized
7 under, a federally or State sup-
8 ported child care or other benefit
9 program with an income eligi-
10 bility limit that does not exceed
11 the income eligibility guidelines
12 for free or reduced price meals
13 under section 9 to be a child who
14 is eligible for free or reduced
15 price meals under section 9.

16 “(cc) FACTORS FOR CHIL-
17 DREN ONLY.—A family or group
18 day care home may elect to re-
19 ceive the reimbursement factors
20 prescribed under clause (ii) (III)
21 solely for the children participat-
22 ing in a program referred to in
23 item (bb) if the home elects not
24 to have eligibility information col-

1 lected from parents or other care-
2 takers.”.

3 (b) GRANTS TO STATES TO PROVIDE ASSISTANCE TO
4 FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3)
5 of the National School Lunch Act (42 U.S.C. 1766(f)(3))
6 is amended by adding at the end the following—

7 “(D) GRANTS TO STATES TO
8 PROVIDE ASSISTANCE TO FAMILY
9 OR GROUP DAY CARE HOMES.—

10 “(i) IN GENERAL.—

11 “(I) RESERVATION.—The Secretary
12 shall reserve \$5,000,000 of the amount
13 made available to carry out this section for
14 fiscal year 1996.

15 “(II) PURPOSE.—The Secretary shall
16 use the funds made available under
17 subclause (I) to provide grants to States
18 for the purpose of providing—

19 “(aa) assistance, including
20 grants, to family or group day care
21 home sponsoring organizations and
22 other appropriate organization, in se-
23 curing and providing training, mate-
24 rials, automated data processing as-
25 sistance, and other assistance for the

1 staff of the sponsoring organizations;
2 and

3 “(bb) training and other assist-
4 ance to family or group day care
5 homes in the implementation of the
6 amendments to subparagraph (A)
7 made by section 12031(a) of the Bal-
8 anced Budget Act of 1995 for Eco-
9 nomic Growth and Fairness.

10 “(ii) ALLOCATION.—The Secretary shall
11 allocate from the funds reserved under clause
12 (i)(I)—

13 “(I) \$30,000 in base funding to each
14 State; and

15 “(II) any remaining amount among
16 the States, based on the number of family
17 or group day care homes participating in
18 the program in a State during fiscal year
19 1994 as a percentage of the number of all
20 family or group day care homes participat-
21 ing in the program during fiscal year
22 1994.

23 “(iii) RETENTION OF FUNDS.—of the
24 amount of funds made available to a State for
25 fiscal year 1996 under clause (i), the State may

1 retain not to exceed 30 percent of the amount
2 to carry out this subparagraph.

3 “(iv) ADDITIONAL PAYMENTS.—Any pay-
4 ments received under this subparagraph shall
5 be in addition to payments that a State receives
6 under subparagraph (A) (as amended by section
7 12031(a) of the Balanced Budget Act of 1995
8 for Economic Growth and Fairness).”.

9 (c) PROVISION OF DATA.—Section 17(f)(3) of the
10 National School Lunch Act (42 U.S.C. 1766(f)(3)), as
11 amended by subsection (b), is further amended by adding
12 at the end the following—

13 “(E) PROVISION OF DATA TO FAMILY OR
14 GROUP DAY CARE HOME SPONSORING ORGANIZA-
15 TIONS.—

16 “(i) CENSUS DATA.—The Secretary shall
17 provide to each State agency administering a
18 child and adult care food program under this
19 section data from the most recent decennial
20 census survey or other appropriate census sur-
21 vey for which the data are available showing
22 which areas in the State meet the requirements
23 of subparagraph (A)(ii)(I)(aa). The State agen-
24 cy shall provide the data to family or group day

1 care home sponsoring organizations located in
2 the State.

3 “(ii) SCHOOL DATA.—

4 “(I) IN GENERAL.—A State agency
5 administering the school lunch program
6 under this Act or the school breakfast pro-
7 gram under the Child Nutrition Act of
8 1966 (42 U.S.C. 1771 et seq.) shall pro-
9 vide data for each elementary school in the
10 State, or shall direct each school within the
11 State to provide data for the school, to ap-
12 proved family or group day care home
13 sponsoring organizations that request the
14 data, on the percentage of enrolled children
15 who are certified eligible for free or re-
16 duced price meals.

17 “(II) USE OF DATA FROM PRECEDING
18 SCHOOL YEAR.—In determining for a fiscal
19 year or other annual period whether a
20 home qualifies as a tier I family or group
21 day care home under subparagraph
22 (A)(ii)(I), the State agency administering
23 the program under this section, and a fam-
24 ily or group day care home sponsoring or-
25 ganization, shall use the most current

1 available data at the time of the deter-
2 mination.

3 “(iii) DURATION OF DETERMINATION.—

4 For purposes of this section, a determination
5 that a family or group day care home is located
6 in an area that qualifies the home as a tier I
7 family or group day care home (as the term is
8 defined in subparagraph (A)(ii)(I)), shall be in
9 effect for 3 years (unless the determination is
10 made on the basis of census data, in which case
11 the determination shall remain in effect until
12 more recent census data are available) unless
13 the State agency determines that the area in
14 which the home is located no longer qualifies
15 the home as a tier I family or group day care
16 home.”.

17 (d) CONFORMING AMENDMENTS.—Section 17(c) of
18 the National School Lunch Act (42 U.S.C. 1766(c)) is
19 amended by inserting “except as provided in subsection
20 (f)(3),” after “For purposes of this section,” each place
21 it appears in paragraphs (1), (2), and (3).

22 (e) EFFECTIVE DATE.—

23 (1) IN GENERAL.—Except as provided in para-
24 graph (2), the amendments made by this section

1 shall become effective on the date of enactment of
2 this part.

3 (2) IMPROVED TARGETING OF DAY CARE HOME
4 REIMBURSEMENTS.—The amendments made by sub-
5 sections (a), (c), and (d) shall become effective on
6 October 7, 1996.

7 **SEC. . REIMBURSEMENT RATE ADJUSTMENTS.**

8 (a) IN GENERAL.—

9 (1) COMMODITY RATE.—Section 6(a)(1)(B) of
10 the National School Lunch Act (42 U.S.C.
11 1755(g)(1)(M) is amended by striking “¼ cent”
12 and inserting “lower cent increment”.

13 (2) LUNCH, BREAKFAST AND SUPPLEMENT
14 RATES.—Section 11(a)(3)(b) of the National School
15 Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended
16 by striking “one fourth cent” and inserting “lower
17 cent increment”.

18 (3) SUMMER PROGRAM RATES.—Section
19 13(b)(1) of the National School Lunch Act (42
20 U.S.C. 1761(b)(1)) is amended by striking “one-
21 fourth cent” and inserting “lower cent increment”.

22 (4) FAMILY DAY CARE RATES.—Section
23 17(f)(3)(A) of the National School Lunch Act (42
24 U.S.C. 1766(f)(3)(A)) is amended in the last sen-

1 tence by striking “one-fourth cent” and inserting
2 “lower cent increment”.

3 (5) SPECIAL MILK PROGRAM RATES.—Section
4 3(a)(8) of the Child Nutrition Act (42 U.S.C.
5 1772(a)(8)) is amended by striking “one-fourth
6 cent” and inserting “lower cent increment”.

7 (6) SEVERE NEED RATES.—Section
8 4(b)(2)(B)(ii) of the Child Nutrition Act (42 U.S.C.
9 1773(b)(B)(ii)) is amended by striking “one-fourth
10 cent” and inserting “lower cent increment”.

11 (b) EFFECTIVE DATES.—The amendments made by
12 subsection (a) shall become effective on July 1, 1996.

13 **SEC. . ELIMINATION OF START-UP AND EXPANSION**
14 **GRANTS.**

15 (a) Section 4 of the Child Nutrition Act (42 U.S.C.
16 1773) is amended by striking subsection (g).

17 (b) The amendment made by this subsection (a) shall
18 become effective on October 1, 1996.

19 **SEC. . AUTHORIZATION OF APPROPRIATIONS.**

20 Section 19(i) of the Child Nutrition Act (42 U.S.C.
21 1788(i)) is amended—

22 (a) in the first sentence of paragraph (2)(A), by
23 striking “and each succeeding fiscal year”;

24 (b) by redesignating paragraphs (3) and (4) as
25 paragraphs (4) and (5), respectively; and

1 (c) by inserting after paragraph (2) the follow-
2 ing: “(3) FISCAL YEARS 1997 THROUGH 2002—

3 “(A) IN GENERAL.—There are authorized
4 to be appropriated to carry out this section
5 \$10,000,00 for each of the fiscal years 1997
6 through 2002.

7 “(B) GRANTS.—

8 “(i)” IN GENERAL.—Grants to each
9 State from the amounts made available
10 under subparagraph (A) shall be based on
11 a rate of 50 cents for each child enrolled
12 in schools or institutions within the State,
13 except that no State shall * * * an
14 amount less than \$75,000 per fiscal year.

15 “(ii) INSUFFICIENT FUNDS.—If an
16 amount made available for any fiscal year
17 is insufficient to pay the amount to which
18 each State is entitled under clause (i), the
19 amount of each grant shall be ratably re-
20 duced.”

21 **SEC. 12035. DIRECT FEDERAL EXPENDITURES.**

22 (a) **COMMODITY ASSISTANCE.—**

23 (1) Section 6(g) of the National School Lunch
24 Act (42 U.S.C. 1755(g)) is amended by striking “12
25 percent” and inserting “8 percent”.

1 TITLE X—FOOD STAMPS AND COMMODITY

2 DISTRIBUTION

3 **SEC. 1001. SHORT TITLE.**

4 This title may be cited as the “Food Stamp Reform
5 and Commodity Distribution Act of 1995”.

6 **Subtitle A—Food Stamp Program**7 **SEC. 1011. DEFINITION OF CERTIFICATION PERIOD.**

8 Section 3(c) of the Food Stamp Act of 1977 (7
9 U.S.C. 2012(c)) is amended by striking “Except as pro-
10 vided” and all that follows and inserting the following:
11 “The certification period shall not exceed 12 months, ex-
12 cept that the certification period may be up to 24 months
13 if all adult household members are elderly or disabled. A
14 State agency shall have at least 1 contact with each cer-
15 tified household every 12 months”.

16 **SEC. 1012. DEFINITION OF COUPON.**

17 Section 3(d) of the Food Stamp Act of 1977 (7
18 U.S.C. 2012(d)) is amended by striking “or type of certifi-
19 cate” and inserting “type of certificate, authorization
20 card, cash or check issued in lieu of a coupon, or an access
21 device, including an electronic benefit transfer card or per-
22 sonal identification number,”.

1 **SEC. 1016. DEFINITION OF HOMELESS INDIVIDUAL.**

2 Section 3(s)(2)(C) of the Food Stamp Act of 1977
3 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not
4 more than 90 days” after “temporary accommodation”.

5 **SEC. 1017. STATE OPTION FOR ELIGIBILITY STANDARDS.**

6 Section 5(b) of the Food Stamp Act of 1977 (7
7 U.S.C. 2014(d)) is amended by striking “(b) The Sec-
8 retary” and inserting the following:

9 “(b) **ELIGIBILITY STANDARDS.**—Except as otherwise
10 provided in this Act, the Secretary”.

11 **SEC. 1023. DOUBLE PENALTIES FOR VIOLATING FOOD**
12 **STAMP PROGRAM REQUIREMENTS.**

13 Section 6(b)(1) of the Food Stamp Act of 1977 (7
14 U.S.C. 2015(b)(1)) is amended—

15 (1) in clause (i), by striking “six months” and
16 inserting “1 year”; and

17 (2) in clause (ii), by striking “1 year” and in-
18 serting “2 years”.

19 **SEC. 1024. DISQUALIFICATION OF CONVICTED INDIVID-**
20 **UALS.**

21 Section 6(b)(1)(iii) of the Food Stamp Act of 1977
22 (7 U.S.C. 2015(b)(1)(iii)) is amended—

23 (1) in subclause (II), by striking “or” at the
24 end;

25 (2) in subclause (III), by striking the period at
26 the end and inserting “; or”; and

1 (3) by inserting after subclause (III) the follow-
2 ing:

3 “(IV) a conviction of an offense under sub-
4 section (b) or (c) of section 15 involving an
5 item covered by subsection (b) or (c) of section
6 15 having a value of \$500 or more.”.

7 **SEC. 1027. EMPLOYMENT AND TRAINING.**

8 (a) **IN GENERAL.**—Section 6(d)(4) of the Food
9 Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—
10 (1) in subparagraph (A)—

11 (A) by striking “Not later than April 1,
12 1987, each” and inserting “Each”;

13 (B) by inserting “work,” after “skills,
14 training,”; and

15 (C) by adding at the end the following:
16 “Each component of an employment and train-
17 ing program carried out under this paragraph
18 shall be delivered through a statewide workforce
19 development system, unless the component is
20 not available locally through the statewide
21 workforce development system.”;

22 (2) in subparagraph (B)—

23 (A) in the matter preceding clause (i), by
24 striking the colon at the end and inserting the
25 following: “, except that the State agency shall

1 retain the option to apply employment require-
2 ments prescribed under this subparagraph to a
3 program applicant at the time of application.”;

4 (B) in clause (i), by striking “with terms
5 and conditions” and all that follows through
6 “time of application”; and

7 (C) in clause (iv)—

8 (i) by striking subclauses (I) and (II);

9 and

10 (ii) by redesignating subclauses (III)

11 and (IV) as subclauses (I) and (II), respec-

12 tively;

13 (3) in subparagraph (D)—

14 (A) in clause (i), by striking “to which the
15 application” and all that follows through “30
16 days or less”;

17 (B) in clause (ii), by striking “but with re-
18 spect” and all that follows through “child
19 care”; and

20 (C) in clause (iii), by striking “, on the
21 basis of” and all that follows through “clause
22 (ii)” and inserting “the exemption continues to
23 be valid”;

24 (4) in subparagraph (E), by striking the third
25 sentence;

1 (5) in subparagraph (G)—

2 (A) by striking “(G)(i) The State” and in-
3 serting “(G) The State”; and

4 (B) by striking clause (ii);

5 (6) in subparagraph (H), by striking “(H)(i)
6 The Secretary” and all that follows through “(ii)
7 Federal funds” and inserting “(H) Federal funds”;

8 (7) in subparagraph (I)(i)(II), by striking “, or
9 was in operation,” and all that follows through “So-
10 cial Security Act” and inserting the following: “),
11 except that no such payment or reimbursement shall
12 exceed the applicable local market rate”;

13 (8)(A) by striking subparagraphs (K) and (L)
14 and inserting the following:

15 “(K) LIMITATION ON FUNDING.—Notwith-
16 standing any other provision of this paragraph,
17 the amount of funds a State agency uses to
18 carry out this paragraph (including under sub-
19 paragraph (I)) for participants who are receiv-
20 ing benefits under a State program funded
21 under part A of title IV of the Social Security
22 Act (42 U.S.C. 601 et seq.) shall not exceed the
23 amount of funds the State agency used in fiscal
24 year 1995 to carry out this paragraph for par-
25 ticipants who were receiving benefits in fiscal

1 year 1995 under a State program funded under
2 part A of title IV of the Act (42 U.S.C. 601 et
3 seq.); and

4 (B) by redesignating subparagraphs (M)
5 and (N) as subparagraphs (L) and (M), respec-
6 tively; and

7 (9) in subparagraph (L), as redesignated by
8 paragraph (8)(B)—

9 (A) by striking “(L)(i) The Secretary” and
10 inserting “(L) The Secretary”; and

11 (B) by striking clause (ii).

12 (b) FUNDING.—Section 16(h) of the Act (7 U.S.C.
13 2025(h)) is amended by striking “(h)(1)(A) The Sec-
14 retary” and all that follows through the end of paragraph
15 (1) and inserting the following:

16 “(h) FUNDING OF EMPLOYMENT AND TRAINING
17 PROGRAMS.—

18 “(1) IN GENERAL.—

19 “(A) AMOUNTS.—To carry out employ-
20 ment and training programs, the Secretary
21 shall reserve for allocation to State agencies
22 from funds made available for each fiscal year
23 under section 18(a)(1) the amount of—

24 “(i) for fiscal year 1996, \$77,000,000;

1 “(ii) for fiscal year 1997,
2 \$79,000,000;

3 “(iii) for fiscal year 1998,
4 \$81,000,000;

5 “(iv) for fiscal year 1999,
6 \$84,000,000;

7 “(v) for fiscal year 2000,
8 \$86,000,000;

9 “(vi) for fiscal year 2001,
10 \$88,000,000; and

11 “(vii) for fiscal year 2002,
12 \$90,000,000.

13 “(B) ALLOCATION.—The Secretary shall
14 allocate the amounts reserved under subpara-
15 graph (A) among the State agencies using a
16 reasonable formula (as determined by the Sec-
17 retary) that gives consideration to the popu-
18 lation in each State affected by section 6(o).

19 “(C) REALLOCATION.—

20 “(i) NOTIFICATION.—A State agency
21 shall promptly notify the Secretary if the
22 State agency determines that the State
23 agency will not expend all of the funds al-
24 located to the State agency under subpara-
25 graph (B).

1 “(ii) REALLOCATION.—On notification
2 under clause (i), the Secretary shall reallo-
3 cate the funds that the State agency will
4 not expend as the Secretary considers ap-
5 propriate and equitable.

6 “(D) MINIMUM ALLOCATION.—Notwith-
7 standing subparagraphs (A) through (C), the
8 Secretary shall ensure that each State agency
9 operating an employment and training program
10 shall receive not less than \$50,000 in each fis-
11 cal year.”.

12 (c) ADDITIONAL MATCHING FUNDS.—Section
13 16(h)(2) of the Act (7 U.S.C. 2025(h)(2)) is amended by
14 inserting before the period at the end the following: “, in-
15 cluding the costs for case management and casework to
16 facilitate the transition from economic dependency to self-
17 sufficiency through work”.

18 (d) REPORTS.—Section 16(h) of the Act (7 U.S.C.
19 2025(h)) is amended—

20 (1) in paragraph (5)—

21 (A) by striking “(5)(A) The Secretary”
22 and inserting “(5) The Secretary”; and

23 (B) by striking subparagraph (B); and

24 (2) by striking paragraph (6).

1 **SEC. 1030. DISQUALIFICATION OF FLEEING FELONS.**

2 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
3 2015); as amended by section 1029, is further amended
4 by inserting after subsection (j) the following:

5 “(k) DISQUALIFICATION OF FLEEING FELONS.—No
6 member of a household who is otherwise eligible to partici-
7 pate in the food stamp program shall be eligible to partici-
8 pate in the program as a member of that or any other
9 household during any period during which the individual
10 is—

11 (1) fleeing to avoid prosecution, or custody or
12 confinement after conviction, under the law of the
13 place from which the individual is fleeing, for a
14 crime, or attempt to commit a crime, that is a felony
15 under the law of the place from which the individual
16 is fleeing or that, in the case of New Jersey, is a
17 high misdemeanor under the law of New Jersey; or

18 “(2) violating a condition of probation or parole
19 imposed under a Federal or State law.”.

20 **SEC. 1034. ENCOURAGE ELECTRONIC BENEFIT TRANSFER**
21 **SYSTEMS.**

22 (a) IN GENERAL.—Section 7(i) of the Food Stamp
23 Act of 1977 (7 U.S.C. 2016(i)) is amended—

24 (1) by striking paragraph (1) and inserting the
25 following:

26 “(1) ELECTRONIC BENEFIT TRANSFERS.—

1 “(A) IMPLEMENTATION.—Each State
2 agency shall implement an electronic benefit
3 transfer system in which household benefits de-
4 termined under section 8(a) or 24 are issued
5 from and stored in a central databank before
6 October 1, 2002, unless the Secretary provides
7 a waiver for a State agency that faces unusual
8 barriers to implementing an electronic benefit
9 transfer system.

10 “(C) STATE FLEXIBILITY.—Subject to
11 paragraph (2), a State agency may procure and
12 implement an electronic benefit transfer system
13 under the terms, conditions, and design that
14 the State agency considers appropriate.

15 “(D) OPERATION.—An electronic benefit
16 transfer system should take into account gen-
17 erally accepted standard operating rules based
18 on—

19 “(i) commercial electronic funds
20 transfer technology;

21 “(ii) the need to permit interstate op-
22 eration and law enforcement monitoring;
23 and

1 “(iii) the need to permit monitoring
2 and investigations by authorized law en-
3 forcement agencies.”;

4 “(8) REPLACEMENT CARD FEE.—A State agen-
5 cy may collect a charge for replacement of an elec-
6 tronic benefit transfer card by reducing the monthly
7 allotment of the household receiving the replacement
8 card.

9 “(9) OPTIONAL PHOTOGRAPHIC IDENTIFICA-
10 TION.—

11 “(A) IN GENERAL.—A State agency may
12 require that an electronic benefit card contain
13 a photograph of 1 or more members of a house-
14 hold.

15 “(B) OTHER AUTHORIZED USERS.—If a
16 State agency requires a photograph on an elec-
17 tronic benefit card under subparagraph (A), the
18 State agency shall establish procedures to en-
19 sure that any other appropriate member of the
20 household or any authorized representative of
21 the household may utilize the card.”.

22 **SEC. 1035. VALUE OF MINIMUM ALLOTMENT.**

23 The proviso in section 8(a) of the Food Stamp Act
24 of 1977 (7 U.S.C. 2017(a)) is amended by striking “, and
25 shall be adjusted” and all that follows through “\$5.”.

1 **SEC. 1036. BENEFITS ON RECERTIFICATION.**

2 Section 8(c)(2)(B) of the Food Stamp Act of 1977
3 (7 U.S.C. 2017(e)(2)(B)) is amended by striking “of more
4 than one month”.

5 **SEC. 1037. OPTIONAL COMBINED ALLOTMENT AND EXPE-**
6 **DITED HOUSEHOLDS.**

7 Section 8(c) of the Food Stamp Act of 1977 (7
8 U.S.C. 2017(c)) is amended by striking paragraph (3) and
9 inserting the following:

10 “(3) **OPTIONAL COMBINED ALLOTMENT FOR**
11 **EXPEDITED HOUSEHOLDS.**—A State agency may
12 provide to an eligible household applying after the
13 15th day of a month, in lieu of the initial allotment
14 of the household and the regular allotment of the
15 household for the following month, an allotment that
16 is equal to the total amount of the initial allotment
17 and the first regular allotment. The allotment shall
18 be provided in accordance with section 11(e)(3) in
19 the case of a household that is not entitled to expe-
20 dited service and in accordance with paragraphs (3)
21 and (9) of section 11(e) in the case of a household
22 that is entitled to expedited service.”.

1 **SEC. 1038. FAILURE TO COMPLY WITH OTHER MEANS-TEST-**
2 **ED PUBLIC ASSISTANCE PROGRAMS.**

3 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
4 2017) is amended by striking subsection (d) and inserting
5 the following:

6 “(d) **REDUCTION OF PUBLIC ASSISTANCE BENE-**
7 **FITS.—**

8 “(1) **IN GENERAL.—**If the benefits of a house-
9 hold are reduced under a Federal, State, or local law
10 relating to a means-tested public assistance program
11 for the failure of a member of the household to per-
12 form an action required under the law or program,
13 for the duration of the reduction—

14 “(A) the household may not receive an in-
15 creased allotment as the result of a decrease in
16 the income of the household to the extent that
17 the decrease is the result of the reduction; and

18 “(B) the State agency may reduce the al-
19 lotment of the household by not more than 25
20 percent.

21 **SEC. 1037. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**
22 **DITED HOUSEHOLDS.**

23 Section 8(c) of the Food Stamp Act of 1977 (7
24 U.S.C. 2017(c)) is amended by striking paragraph (3) and
25 inserting the following:

1 “(3) OPTIONAL COMBINED ALLOTMENT FOR
2 EXPEDITED HOUSEHOLDS.—A State agency may
3 provide to an eligible household applying after the
4 15th day of a month, in lieu of the initial allotment
5 of the household and the regular allotment of the
6 household for the following month, an allotment that
7 is equal to the total amount of the initial allotment
8 and the first regular allotment. The allotment shall
9 be provided in accordance with section 11(e)(3) in
10 the case of a household that is not entitled to expedited
11 service and in accordance with paragraphs (3)
12 and (9) of section 11(e) in the case of a household
13 that is entitled to expedited service.”.

14 **SEC. 1039. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN**
15 **CENTERS.**

16 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
17 2017) is amended by adding at the end the following:

18 “(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING
19 IN CENTERS.—

20 “(1) IN GENERAL.—In the case of an individual
21 who resides in a center for the purpose of a drug or
22 alcoholic treatment program described in the last
23 sentence of section 3(i), a State agency may provide
24 an allotment for the individual to—

1 “(A) the center as an authorized represent-
2 ative of the individual for a period that is less
3 than 1 month; and

4 “(B) the individual, if the individual leaves
5 the center.

6 “(2) DIRECT PAYMENT.—A State agency may
7 require an individual referred to in paragraph (1) to
8 designate the center in which the individual resides
9 as the authorized representative of the individual for
10 the purpose of receiving an allotment.”.

11 **SEC. 1046. EXCHANGE OF LAW ENFORCEMENT INFORMA-**
12 **TION.**

13 Section 11(e)(8) of the Food Stamp Act of 1977 (7
14 U.S.C. 2020(e)(8)) is amended—

15 (1) by striking “that (A) such” and inserting
16 the following: “that—

17 “(A) the”;

18 (2) by striking “law, (B) notwithstanding” and
19 inserting the following: “law;

20 “(B) notwithstanding”;

21 (3) by striking “Act, and (C) such” and insert-
22 ing the following: “Act;

23 “(C) the”; and

24 (4) by adding at the end the following:

1 “(D) notwithstanding any other provision
2 of law, the address, social security number, and,
3 if available, photograph of any member of a
4 household shall be made available, on request,
5 to any Federal, State, or local law enforcement
6 officer if the officer furnishes the State agency
7 with the name of the member and notifies the
8 agency that—

9 “(i) the member—

10 “(I) is fleeing to avoid prosecu-
11 tion, or custody or confinement after
12 conviction, for a crime (or attempt to
13 commit a crime) that, under the law
14 of the place the member is fleeing, is
15 a felony (or, in the case of New Jer-
16 sey, a high misdemeanor), or is violat-
17 ing a condition of probation or parole
18 imposed under Federal or State law;
19 or

20 “(II) has information that is nec-
21 essary for the officer to conduct an of-
22 ficial duty related to subclause (I);

23 “(ii) locating or apprehending the
24 member is an official duty; and

1 “(iii) the request is being made in the
2 proper exercise of an official duty; and

3 “(E) the safeguards shall not prevent com-
4 pliance with paragraph (16);”.

5 **SEC. 1047. EXPEDITED COUPON SERVICE.**

6 Section 11(e)(9) of the Food Stamp Act of 1977 (7
7 U.S.C. 2020(e)(9)) is amended—

8 (1) in subparagraph (A)—

9 (A) by striking “five days” and inserting
10 “7 days”; and

11 (B) by inserting “and” at the end;

12 (2) by striking subparagraphs (B) and (C);

13 (3) by redesignating subparagraph (D) as sub-
14 paragraph (B); and

15 (4) in subparagraph (B), as redesignated by
16 paragraph (3), by striking “, (B), or (C)”.

17 **SEC. 1048. WITHDRAWING FAIR HEARING REQUESTS.**

18 Section 11(e)(10) of the Food Stamp Act of 1977 (7
19 U.S.C. 2020(e)(10)) is amended by inserting before the
20 semicolon at the end a period and the following: “At the
21 option of a State, at any time prior to a fair hearing deter-
22 mination under this paragraph, a household may with-
23 draw, orally or in writing, a request by the household for
24 the fair hearing. If the withdrawal request is an oral re-
25 quest, the State agency shall provide a written notice to

1 the household confirming the withdrawal request and pro-
2 viding the household with an opportunity to request a
3 hearing”.

4 **SEC. 1049. INCOME, ELIGIBILITY, AND IMMIGRATION STA-**
5 **TUS VERIFICATION SYSTEMS.**

6 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
7 2020) is amended—

8 (1) in subsection (e)(18), as redesignated by
9 section 1044(1)(D)—

10 (A) by striking “that information is” and
11 inserting “at the option of the State agency,
12 that information may be”; and

13 (B) by striking “shall be requested” and
14 inserting “may be requested”; and

15 (2) by adding at the end the following:

16 “(p) STATE VERIFICATION OPTION—Notwithstand-
17 ing any other provision of law, in carrying out the food
18 stamp program, a State agency shall not be required to
19 use an income and eligibility or an immigration status ver-
20 ification system established under section 1137 of the So-
21 cial Security Act (42 U.S.C. 1320b-7).”.

22 **SEC. 1059. AUTHORIZATION OF PILOT PROJECTS.**

23 Section 17(b)(1)(B) of the Food Stamp Act of 1977
24 (7 U.S.C. 2026(b)(1)(B)), as amended by section 1058,
25 is further amended—

1 (1) in clause (iv), by striking “coupons. Any
2 pilot” and inserting the following: “coupons.

3 “(v) CASH PAYMENT PILOT
4 PROJECTS.—Any pilot”; and

5 (2) in clause (v), as so amended, by striking
6 “1995” and inserting “2002”.

7 **SEC. 1060. RESPONSE TO WAIVERS.**

8 Section 17(b)(1) of the Food Stamp Act of 1977 (7
9 U.S.C. 2026(b)(1)), as amended by section 1058, is fur-
10 ther amended by adding at the end the following:

11 “(D) RESPONSE TO WAIVERS.—

12 “(i) RESPONSE.—Not later than 60
13 days after the date of receiving a request
14 for a waiver under subparagraph (A), the
15 Secretary shall provide a response that—

16 “(I) approves the waiver request;

17 “(II) denies the waiver request
18 and explains any modification needed
19 for approval of the waiver request;

20 “(III) denies the waiver request
21 and explains the grounds for the de-
22 nial; or

23 “(IV) requests clarification of the
24 waiver request.

1 “(ii) FAILURE TO RESPOND.—If the
2 Secretary does not provide a response in
3 accordance with clause (i), the waiver shall
4 be considered approved, unless the ap-
5 proval is specifically prohibited by this Act.

6 “(iii) NOTICE OF DENIAL.—On denial
7 of a waiver request under clause (i)(III),
8 the Secretary shall provide a copy of the
9 waiver request and a description of the
10 reasons for the denial to the Committee on
11 Agriculture of the House of Representa-
12 tives and the Committee on Agriculture,
13 Nutrition, and Forestry of the Senate.”.

14 **Subtitle B—Commodity Distribution Programs**

15 **SEC. 1071. COMMODITY DISTRIBUTION PROGRAM; COM-**
16 **MODITY SUPPLEMENTAL FOOD PROGRAM.**

17 (a) REAUTHORIZATION.—The first sentence of sec-
18 tion 4(a) of the Agriculture and Consumer Protection Act
19 of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is
20 amended by striking “1995” and inserting “2002”.

21 (b) FUNDING.—Section 5 of the Act (Public Law 93–
22 86; 7 U.S.C. 612c note) is amended—

23 (1) in subsection (a)(2), by striking “1995” and
24 inserting “2002”; and

1 (2) in subsection (d)(2), by striking “1995”
2 and inserting “2002”.

3 **SEC. 1073. FOOD BANK DEMONSTRATION PROJECT.**

4 Section 3 of the Charitable Assistance and Food
5 Bank Act of 1987 (Public Law 100–232; 7 U.S.C. 612c
6 note) is repealed.

7 **SEC. 1074. HUNGER PREVENTION PROGRAMS.**

8 The Hunger Prevention Act of 1988 (Public Law
9 100–435; 7 U.S.C. 612c note) is amended—

10 (1) by striking section 110;

11 (2) by striking subtitle C of title II; and

12 (3) by striking section 502.

13 **SEC. 1075. REPORT ON ENTITLEMENT COMMODITY PROC-**
14 **ESSING.**

15 Section 1773 of the Food, Agriculture, Conservation,
16 and Trade Act of 1990 (Public Law 101–624; 7 U.S.C.
17 612c note) is amended by striking subsection (f).

18 **TITLE XI—MISCELLANEOUS**

19 **SEC. 1101. EXPENDITURE OF FEDERAL FUNDS IN ACCORD-**
20 **ANCE WITH LAWS AND PROCEDURES APPLI-**
21 **CABLE TO EXPENDITURE OF STATE FUNDS.**

22 (a) **IN GENERAL.**—Notwithstanding any other provi-
23 sion of law, any funds received by a State under the provi-
24 sions of law specified in subsection (b) shall be expended
25 only in accordance with the laws and procedures applicable

1 to expenditures of the State's own revenues, including ap-
2 propriation by the State legislature, consistent with the
3 terms and conditions required under such provisions of
4 law.

5 **TITLE VI—FEDERAL RETIREMENT AND RELATED**
6 **PROVISIONS**

7 **Subtitle A—Civil Service and Postal Service**
8 **Provisions**

9 **SEC. 6001. EXTENSION OF DELAY IN COST-OF-LIVING AD-**
10 **JUSTMENTS IN FEDERAL EMPLOYEE RETIRE-**
11 **MENT BENEFITS THROUGH FISCAL YEAR**
12 **2002.**

13 Section 11001(a) of the Omnibus Budget Reconcili-
14 ation Act of 1993 (Public Law 103-66; 107 Stat. 408)
15 is amended in the matter preceding paragraph (1) by
16 striking out “or 1996,” and inserting in lieu thereof
17 “1996, 1997, 1998, 1999, 2000, 2001, or 2002,”.

18 **SEC. 6002. INCREASED CONTRIBUTIONS TO FEDERAL CI-**
19 **VILIAN RETIREMENT SYSTEMS.**

20 (a) **CIVIL SERVICE RETIREMENT SYSTEM.—**

21 (1) **DEDUCTIONS.—**The first sentence of section
22 8334(a)(1) of title 5, United States Code, is amend-
23 ed to read as follows: “The employing agency shall
24 deduct and withhold from the basic pay of an em-
25 ployee, Member, Congressional employee, law en-

1 (1) by striking “30 percent” in paragraph (1)
 2 and inserting “the applicable percentage”, and

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

5 “(6) APPLICABLE PERCENTAGE.—For purposes
 6 of this subsection, the term ‘applicable percentage’
 7 means the percentage determined in accordance with
 8 the following table:

“In the case of taxable years beginning in:	The applicable percentage is:
1996	35
1997	35
1998	40
1999	45
2000	50
2001 and thereafter	30.”

9 (b) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 1995.

12 **TITLE X—BUDGET ENFORCEMENT**

13 **SEC. 10001. PURPOSE.**

14 The Congress declares that it is essential to—

15 (1) preserve the deficit reduction achieved by
 16 this Act;

17 (2) extend the system of discretionary spending
 18 limits for the single discretionary category set forth
 19 in section 601 of the Congressional Budget Act of
 20 1974;

1 (3) extend the pay-as-you-go enforcement sys-
2 tem;

3 (4) prohibit the consideration of direct spending
4 or receipts legislation that would decrease the pay-
5 as-you-go surplus achieved by this Act and created
6 under section 252 of the Balanced Budget and
7 Emergency Deficit Contract of 1985; and

8 (5) provide for additional deficit reduction, in-
9 vestment, and tax relief in the event that actual defi-
10 cit reduction exceeds that currently projected by the
11 Congressional Budget Office to result from enact-
12 ment of this Act.

13 **SEC. 10002. DISCRETIONARY SPENDING LIMITS.**

14 (a) DEFINITION OF “DISCRETIONARY SPENDING
15 LIMIT”.—Section 601(a)(2) of the Congressional Budget
16 Act of 1974 is amended—

17 (1) in subparagraph (E) by striking the word
18 “and”; and

19 (2) by striking subparagraph (F) and inserting
20 the following:

21 “(F) with respect to fiscal year 1996, for the
22 discretionary category: \$502,000,000,000 in new
23 budget authority and \$539,535,000,000 in outlays;

1 “(G) with respect to fiscal year 1997, for the
2 discretionary category: \$508,000,000,000 in new
3 budget authority and \$546,851,000,000 in outlays;

4 “(H) with respect to fiscal year 1998, for the
5 discretionary category: \$514,000,000,000 in new
6 budget authority and \$540,041,000,000 in outlays;

7 “(I) with respect to fiscal year 1999, for the
8 discretionary category: \$508,000,000,000 in new
9 budget authority and \$542,166,000,000 in outlays;

10 “(J) with respect to fiscal year 2000, for the
11 discretionary category: \$504,000,000,000 in new
12 budget authority and \$541,759,000,000 in outlays;

13 “(K) with respect to fiscal year 2001, for the
14 discretionary category: \$500,000,000,000 in new
15 budget authority and \$530,833,000,000 in outlays;
16 and

17 “(L) with respect to fiscal year 2002, for the
18 discretionary category: \$482,000,000,000 in new
19 budget authority and \$514,088,000,000 in outlays;”.

20 (b) POINT OF ORDER IN THE SENATE.—Section
21 601(b)(1) of the Congressional Budget Act of 1974 is
22 amended to read as follows:

23 “(1) Except as otherwise provided in this Act, it shall
24 not be in order in the Senate to consider any concurrent
25 resolution on the budget for fiscal year 1996, 1997, 1998,

1 1999, 2000, 2001, or 2002 (or amendment, motion, or
2 conference report on such a resolution) that would exceed
3 any of the deficit targets or discretionary spending limits
4 in this title.”.

5 (c) CONFORMING AMENDMENTS.—(1) Section 251 of
6 the Balanced Budget and Emergency Deficit Control Act
7 of 1985 is amended—

8 (A) in subsection (a) by striking “FISCAL
9 YEARS 1991–1998 ENFORCEMENT.—” and inserting
10 “FISCAL YEARS 1991–2002 ENFORCEMENT.—”;

11 (B) in subsection (b)(1)—

12 (i) in the matter before subparagraph (A),
13 by—

14 (I) striking “When the President sub-
15 mits the budget under section 1105(a) of
16 title 31, United States Code, for budget
17 year 1992, 1993, 1994, 1995, 1996, 1997,
18 or 1998” and inserting “When the Presi-
19 dent submits the budget under section
20 1105(a) of title 31, United States Code,
21 for budget year 1992, 1993, 1994, 1995,
22 1996, 1997, 1998, 1999, 2000, 2001, or
23 2002”; and

24 (II) striking “the budget shall include,
25 adjustments to discretionary spending lim-

1 its (and those limits as cumulatively ad-
2 justed) for the budget year and each out-
3 year through 1998” and inserting “the
4 budget shall include, adjustments to discre-
5 tionary spending limits (and those limits as
6 cumulatively adjusted) for the budget year
7 and each outyear through 2002”;

8 (ii) in paragraph (1)(B), by striking
9 “budget year 1996, 1997, or 1998,” and insert-
10 ing “budget year 1996, 1997, 1998, 2000,
11 2001, or 2002,”;

12 (iii) in the matter before subparagraph (A)
13 in paragraph (2) by—

14 (I) striking “When OMB submits a
15 sequestration report under section 254 (g)
16 or (h) for fiscal year 1991, 1992, 1993,
17 1994, 1995, 1996, 1997, or 1998,” and in-
18 serting “When OMB submits a sequestra-
19 tion report under section 254(g) or (h) for
20 fiscal year 1991, 1992, 1993, 1994, 1995,
21 1996, 1997, 1998, 1999, 2000, 2001, or
22 2002,”; and

23 (II) striking “for the fiscal year and
24 each succeeding year through 1998,” and

1 inserting “for the fiscal year and each suc-
2 ceeding year through 2002,”;

3 “(iv) by amending paragraph (2)(A) to
4 read as follows:

5 “(A) IRS FUNDING.—(i) To the extent
6 that appropriations are enacted that provide ad-
7 ditional new budget authority or result in addi-
8 tional outlays for the Internal Revenue Service
9 compliance initiative in any fiscal year, the ad-
10 justments for that year shall be those amounts
11 of additional new budget authority or additional
12 outlays (as defined in clause (ii)), but not to ex-
13 ceed in any fiscal year \$405,000,000 in new
14 budget authority and \$405,000,000 in outlays.

15 “(ii) ADDITIONAL AMOUNTS.—As used in
16 this subparagraph, the terms ‘additional new
17 budget authority’ or ‘additional outlays’ shall
18 mean, for any fiscal year, budget authority or
19 outlays (as the case may be) in excess of the
20 amounts requested for that fiscal year for the
21 Internal Revenue Service in the President’s
22 Budget for fiscal year 1996.”;

23 (v) in paragraph (2)(E)(iv), by striking
24 “fiscal years 1994, 1995, 1996, 1997, and
25 1998,” and inserting “fiscal years 1994, 1995,

1 1996, 1997, 1998, 1999, 2000, 2001, and
2 2002”; and

3 (vi) in paragraph (2)(F), by striking “fis-
4 cal year 1996, 1997, or 1998” and inserting
5 “fiscal year 1996, 1997, 1998, 1999, 2000,
6 2001, or 2002”.

7 (2) REPORTS.—Sections 254(d)(2) and 254(g)(2)(A)
8 of the Balanced Budget and Emergency Deficit Control
9 Act of 1985 are each amended by striking “1998” and
10 inserting “2002”.

11 (3) CONGRESSIONAL ENFORCEMENT.—

12 (A) Title VI of the Congressional Budget Act of
13 1974 is amended—

14 (i) in section 602(c) and (d), by striking
15 “1995” each time it appears and inserting
16 “2002”;

17 (ii) in section 606(a), by striking “fiscal
18 year 1992, 1993, 1994, or 1995,” and inserting
19 “any fiscal year”; and

20 (iii) in section 606(d)(1), by striking “fis-
21 cal years 1992, 1993, 1994, and 1995,” and in-
22 serting any fiscal year”.

23 (B) Section 210 of House Concurrent Resolu-
24 tion 67 (104th Congress) is repealed.

1 (4) EXPIRATION.—(A) Notwithstanding section
2 275(b) of the Balanced Budget and Emergency Deficit
3 Control Act of 1985, sections 250, 251, 252, and 254
4 through 258C of that Act, the second sentence of section
5 904(c) of the Congressional Budget Act, and the second
6 sentence of section 904(d) of the Congressional Budget
7 Act shall expire on September 30, 2002.

8 (B) Section 607 of the Congressional Budget Act of
9 1974 is amended by striking “shall apply to fiscal years
10 1991 to 1998” and inserting “shall apply to fiscal years
11 1991 to 2002”

12 **SEC. 10003. ENFORCING PAY-AS-YOU-GO.**

13 (a) Section 252 of the Balanced Budget and Emer-
14 gency Deficit Control Act of 1985 is amended—

15 (1) in subsection (a), by striking “FISCAL YEAR
16 1992–1998 ENFORCEMENT.” and inserting “FISCAL
17 YEAR 1992–2002 ENFORCEMENT.”;

18 (2) in subsection (d), by striking “estimate of
19 the amount of change in outlays or receipts, as the
20 case may be, in each fiscal year through fiscal year
21 1998” both places that it appears and inserting “es-
22 timate of the amount of change in outlays or re-
23 ceipts, as the case may be, in each fiscal year
24 through fiscal year 2002” both places; and

1 “(B) with respect to fiscal year 2000,
2 \$114,000,000,000;

3 “(C) with respect to fiscal year 2001,
4 \$54,000,000,000; and

5 “(D) with respect to fiscal year 2002,
6 \$0.”.

7 “(2) FISCAL DIVIDEND.—The term ‘fiscal divi-
8 dend’ means, for any fiscal year, the amount by
9 which the deficit target exceeds the actual deficit.

10 “(b) USE OF THE FISCAL DIVIDEND IN THE CON-
11 GRESSIONAL BUDGET PROCESS—

12 “(1) FILINGS—As soon as practicable after the
13 actual deficit for the prior fiscal year is known, the
14 Chairs of the Committees on the Budget of the Sen-
15 ate and House shall file with their respective
16 Houses—

17 “(A) revised allocations under sections
18 302(a) and 602(a) of the Congressional Budget
19 Act of 1974 to the Committees on Appropria-
20 tions for the current fiscal year and correspond-
21 ing aggregates, increased by one third of the
22 fiscal dividend for the prior fiscal year; and

23 “(B) revised revenue aggregates for the
24 current fiscal year, decreased by one third of
25 the fiscal dividend for the prior fiscal year.

1 “(B) with respect to fiscal year 2000,
2 \$114,000,000,000;

3 “(C) with respect to fiscal year 2001,
4 \$54,000,000,000; and

5 “(D) with respect to fiscal year 2002,
6 \$0.”.

7 “(2) FISCAL DIVIDEND.—The term ‘fiscal divi-
8 dend’ means, for any fiscal year, the amount by
9 which the deficit target exceeds the actual deficit.

10 “(b) USE OF THE FISCAL DIVIDEND IN THE CON-
11 GRESSIONAL BUDGET PROCESS—

12 “(1) FILINGS—As soon as practicable after the
13 actual deficit for the prior fiscal year is known, the
14 Chairs of the Committees on the Budget of the Sen-
15 ate and House shall file with their respective
16 Houses—

17 “(A) revised allocations under sections
18 302(a) and 602(a) of the Congressional Budget
19 Act of 1974 to the Committees on Appropria-
20 tions for the current fiscal year and correspond-
21 ing aggregates, increased by one third of the
22 fiscal dividend for the prior fiscal year; and

23 “(B) revised revenue aggregates for the
24 current fiscal year, decreased by one third of
25 the fiscal dividend for the prior fiscal year.

1 “(2) EFFECT OF REVISED ALLOCATIONS AND
2 AGGREGATES.—Revised allocations and aggregates
3 submitted under this subsection shall be considered
4 for the purposes of the Congressional Budget Act of
5 1974 as allocations and aggregates contained in the
6 most recently adopted concurrent resolution on the
7 budget.

8 “(B) USE OF THE FISCAL DIVIDEND IN
9 THE ENFORCEMENT OF DISCRETIONARY
10 SPENDING LIMITS.—As soon as practicable
11 after the actual deficit for the prior fiscal year
12 is known, the Director of the Office of Manage-
13 ment and Budget shall increase the discre-
14 tionary spending limits for the current fiscal
15 year by one third of the fiscal dividend for the
16 prior fiscal year.

17 “(C) USE OF THE FISCAL DIVIDEND IN
18 THE ENFORCEMENT OF PAY-AS-YOU-GO.—As
19 soon as practicable after the actual deficit for
20 the prior fiscal year is known, the Director of
21 the Office of Management and Budget shall
22 credit the balances of direct spending and re-
23 ceipts legislation applicable to the current fiscal
24 year under section 252 of the Balanced Budget
25 and Emergency Deficit Control Act of 1985 by

1 one third of the fiscal dividend for the prior fis-
2 cal year.”

3 **SEC. 10005. EXERCISE OF RULE-MAKING POWERS**

4 The Congress enacts the provisions of this part—

5 (1) as an exercise of the rule-making power of
6 the Senate and the House of Representatives, re-
7 spectively, and as such these provisions shall be con-
8 sidered as part of the rules of each House, respec-
9 tively, or of that House to which they specifically
10 apply, and such rules shall supersede other rules
11 only to the extent that they are inconsistent there-
12 with; and

13 (2) with full recognition of the constitutional
14 right of either House to change such rules (so far
15 as relating to such House) at any time, in the same
16 manner, and to the same extent as in the case of
17 any other rule of such House.

○

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HR 2903 IH—3

HR 2903 IH—4

HR 2903 IH—5

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104TH CONGRESS
2D SESSION

H. R. 2915

To enhance support and work opportunities for families with children, reduce welfare dependence, and control welfare spending.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 1996

Mr. HAYES introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Agriculture, Economic and Educational Opportunities, Banking and Financial Services, Government Reform and Oversight, Commerce, the Judiciary, and International Relations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To enhance support and work opportunities for families with children, reduce welfare dependence, and control welfare spending.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Work Opportunity Act of 1995”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

- Sec. 100. References to Social Security Act.
 Sec. 101. Block grants to States.
 Sec. 102. Services provided by charitable, religious, or private organizations.
 Sec. 103. Limitations on use of funds for certain purposes.
 Sec. 104. Continued application of current standards under medicaid program.
 Sec. 105. Census data on grandparents as primary caregivers for their grand-children.
 Sec. 105A. Development of prototype of counterfeit-resistant social security card required.
 Sec. 106. Conforming amendments to the Social Security Act.
 Sec. 107. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
 Sec. 108. Conforming amendments to other laws.
 Sec. 109. Study of effect of welfare reform on grandparents as primary caregivers.
 Sec. 110. Disclosure of receipt of Federal funds.
 Sec. 110A. Modifications to the job opportunities for certain low-income individuals program.
 Sec. 110B. Demonstration projects for school utilization.
 Sec. 110C. Corrective compliance plan.
 Sec. 110D. Parental responsibility contracts.
 Sec. 110E. Corrective action plan.
 Sec. 111. Secretarial submission of legislative proposal for technical and conforming amendments.
 Sec. 112. Effective date; transition rule.

TITLE II—SUPPLEMENTAL SECURITY INCOME

Subtitle A—Eligibility Restrictions

- Sec. 201. Denial of supplemental security income benefits by reason of disability to drug addicts and alcoholics.
 Sec. 202. Limited eligibility of noncitizens for SSI benefits.
 Sec. 203. 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. 204. Denial of SSI benefits for fugitive felons and probation and parole violators.
 Sec. 205. Effective dates; application to current recipients.

Subtitle B—Benefits for Disabled Children

- Sec. 211. Definition and eligibility rules.
 Sec. 212. Eligibility redeterminations and continuing disability reviews.
 Sec. 213. Additional accountability requirements.

Subtitle C—Studies Regarding Supplemental Security Income Program

- Sec. 221. Annual report on the supplemental security income program.
 Sec. 222. Improvements to disability evaluation.
 Sec. 223. Study of disability determination process.
 Sec. 224. Study by General Accounting Office.

Subtitle D—National Commission on the Future of Disability

- Sec. 231. Establishment.
- Sec. 232. Duties of the Commission.
- Sec. 233. Membership.
- Sec. 234. Staff and support services.
- Sec. 235. Powers of Commission.
- Sec. 236. Reports.
- Sec. 237. Termination.

Subtitle E—State Supplementation Programs

- Sec. 241. Repeal of maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits.

Subtitle F—Retirement Age Eligibility

- Sec. 251. Eligibility for supplemental security income benefits based on social security retirement age.

TITLE III—FOOD STAMP PROGRAM

Subtitle A—Food Stamp Reform

- Sec. 301. Declaration of policy.
- Sec. 301A. Certification period.
- Sec. 302. Treatment of children living at home.
- Sec. 303. Optional additional criteria for separate household determinations.
- Sec. 304. Adjustment of thrifty food plan.
- Sec. 305. Definition of homeless individual.
- Sec. 306. State options in regulations.
- Sec. 307. Earnings of students.
- Sec. 308. Energy assistance.
- Sec. 309. Deductions from income.
- Sec. 310. Amount of vehicle asset limitation.
- Sec. 311. Benefits for aliens.
- Sec. 312. Disqualification.
- Sec. 313. Caretaker exemption.
- Sec. 314. Employment and training.
- Sec. 315. Comparable treatment for disqualification.
- Sec. 316. Cooperation with child support agencies.
- Sec. 317. Disqualification for child support arrears.
- Sec. 318. Permanent disqualification for participating in 2 or more States.
- Sec. 319. Work requirement.
- Sec. 319A. Disqualification of fleeing felons.
- Sec. 320. Electronic benefit transfers.
- Sec. 321. Minimum benefit.
- Sec. 322. Benefits on recertification.
- Sec. 323. Optional combined allotment for expedited households.
- Sec. 324. Failure to comply with other welfare and public assistance programs.
- Sec. 325. Allotments for households residing in institutions.
- Sec. 326. Operation of food stamp offices.
- Sec. 327. State employee and training standards.
- Sec. 328. Exchange of law enforcement information.
- Sec. 329. Expedited coupon service.
- Sec. 330. Fair hearings.
- Sec. 331. Income and eligibility verification system.

- Sec. 332. Collection of overissuances.
- Sec. 333. Termination of Federal match for optional information activities.
- Sec. 334. Standards for administration.
- Sec. 335. Work supplementation or support program.
- Sec. 336. Waiver authority.
- Sec. 337. Authorization of pilot projects.
- Sec. 338. Response to waivers.
- Sec. 339. Private sector employment initiatives.
- Sec. 340. Reauthorization of appropriations.
- Sec. 341. Reauthorization of Puerto Rico nutrition assistance program.
- Sec. 342. Simplified food stamp program.
- Sec. 343. Optional State food assistance block grant.
- Sec. 344. Effective date.

Subtitle B—Anti-Fraud and Trafficking

- Sec. 351. Expanded definition of coupon.
- Sec. 352. Doubled penalties for violating food stamp program requirements.
- Sec. 353. Authority to establish authorization periods.
- Sec. 354. Specific period for prohibiting participation of stores based on lack of business integrity.
- Sec. 355. Information for verifying eligibility for authorization.
- Sec. 356. Waiting period for stores that initially fail to meet authorization criteria.
- Sec. 357. Bases for suspensions and disqualifications.
- Sec. 358. Disqualification of stores pending judicial and administrative review.
- Sec. 359. Disqualification of retailers who are disqualified under the WIC program.
- Sec. 360. Permanent debarment of retailers who intentionally submit falsified applications.
- Sec. 361. Expanded criminal forfeiture for violations.
- Sec. 362. Effective date.

TITLE IV—CHILD NUTRITION PROGRAMS

Subtitle A—Reimbursement Rates

- Sec. 401. Termination of additional payment for lunches served in high free and reduced price participation schools.
- Sec. 402. Value of food assistance.
- Sec. 403. Lunches, breakfasts, and supplements.
- Sec. 404. Summer food service program for children.
- Sec. 405. Special milk program.
- Sec. 406. Free and reduced price breakfasts.
- Sec. 407. Conforming reimbursement for paid breakfasts and lunches.

Subtitle B—Grant Programs

- Sec. 411. School breakfast startup grants.
- Sec. 412. Nutrition education and training programs.
- Sec. 413. Effective date.

Subtitle C—Other Amendments

- Sec. 421. Free and reduced price policy statement.
- Sec. 422. Summer food service program for children.
- Sec. 423. Child and adult care food program.

Sec. 424. Reducing required reports to State agencies and schools.

Subtitle D—Reauthorization

Sec. 431. Commodity distribution program; commodity supplemental food program.

Sec. 432. Emergency food assistance program.

Sec. 433. Soup kitchens program.

Sec. 434. National commodity processing.

Sec. 435. Commodity supplemental food program.

TITLE V—NONCITIZENS

Sec. 501. State option to prohibit assistance for certain aliens.

Sec. 502. Deemed income requirement for Federal and federally funded programs.

Sec. 503. Requirements for sponsor's affidavit of support.

Sec. 504. Limited eligibility of noncitizens for SSI benefits.

Sec. 505. Treatment of noncitizens.

Sec. 506. Information reporting.

Sec. 507. Prohibition on payment of Federal benefits to certain persons.

TITLE VI—CHILD CARE

Sec. 601. Short title.

Sec. 602. Amendments to the Child Care and Development Block Grant Act of 1990.

Sec. 603. Repeals and technical and conforming amendments.

TITLE VII—PROTECTION OF BATTERED INDIVIDUALS

Sec. 701. Exemption of battered individuals from certain requirements.

TITLE VIII—ADOPTION EXPENSES

Sec. 801. Refundable credit for adoption expenses.

Sec. 802. Exclusion of adoption assistance.

Sec. 803. Withdrawal from IRA for adoption expenses.

TITLE IX—CHILD SUPPORT

Sec. 900. Reference to Social Security Act.

Subtitle A—Eligibility for Services; Distribution of Payments

Sec. 901. State obligation to provide child support enforcement services.

Sec. 902. Distribution of child support collections.

Sec. 903. Rights to notification and hearings.

Sec. 904. Privacy safeguards.

Subtitle B—Locate and Case Tracking

Sec. 911. State case registry.

Sec. 912. Collection and disbursement of support payments.

Sec. 913. State directory of new hires.

Sec. 914. Amendments concerning income withholding.

Sec. 915. Locator information from interstate networks.

Sec. 916. Expansion of the Federal parent locator service.

Sec. 917. Collection and use of social security numbers for use in child support enforcement.

Subtitle C—Streamlining and Uniformity of Procedures

Sec. 921. Adoption of uniform State laws.
 Sec. 922. Improvements to full faith and credit for child support orders.
 Sec. 923. Administrative enforcement in interstate cases.
 Sec. 924. Use of forms in interstate enforcement.
 Sec. 925. State laws providing expedited procedures.

Subtitle D—Paternity Establishment

Sec. 931. State laws concerning paternity establishment.
 Sec. 932. Outreach for voluntary paternity establishment.
 Sec. 933. Cooperation by applicants for and recipients of temporary family assistance.

Subtitle E—Program Administration and Funding

Sec. 941. Performance-based incentives and penalties.
 Sec. 942. Federal and State reviews and audits.
 Sec. 943. Required reporting procedures.
 Sec. 944. Automated data processing requirements.
 Sec. 945. Technical assistance.
 Sec. 946. Reports and data collection by the Secretary.

Subtitle F—Establishment and Modification of Support Orders

Sec. 951. National Child Support Guidelines Commission.
 Sec. 952. Simplified process for review and adjustment of child support orders.
 Sec. 953. Furnishing consumer reports for certain purposes relating to child support.
 Sec. 954. Nonliability for depository institutions providing financial records to State child support enforcement agencies in child support cases.

Subtitle G—Enforcement of Support Orders

Sec. 961. Internal Revenue Service collection of arrearages.
 Sec. 962. Authority to collect support from Federal employees.
 Sec. 963. Enforcement of child support obligations of members of the armed forces.
 Sec. 964. Voiding of fraudulent transfers.
 Sec. 965. Work requirement for persons owing child support.
 Sec. 966. Definition of support order.
 Sec. 967. Reporting arrearages to credit bureaus.
 Sec. 968. Liens.
 Sec. 969. State law authorizing suspension of licenses.
 Sec. 970. Denial of passports for nonpayment of child support.
 Sec. 971. International child support enforcement.
 Sec. 972. Denial of means-tested Federal benefits to noncustodial parents who are delinquent in paying child support.
 Sec. 973. Child support enforcement for Indian tribes.
 Sec. 974. Financial institution data matches.

Subtitle H—Medical Support

- Sec. 975. Technical correction to ERISA definition of medical child support order.
- Sec. 976. Enforcement of orders for health care coverage.
- Sec. 977. Enforcement of orders against paternal grandparents in cases of minor parents.

Subtitle I—Enhancing Responsibility and Opportunity for Nonresidential Parents

- Sec. 981. Grants to States for access and visitation programs.

Subtitle J—Effect of Enactment

- Sec. 991. Effective dates.

TITLE X—REFORM OF PUBLIC HOUSING

- Sec. 1001. Ceiling rents.
- Sec. 1002. Definition of adjusted income for public housing.
- Sec. 1003. Failure to comply with other welfare and public assistance programs.
- Sec. 1004. Applicability to Indian housing.
- Sec. 1005. Implementation.
- Sec. 1006. Demonstration project for elimination of take-one-take-all requirement.
- Sec. 1007. Fraud under means-tested welfare and public assistance programs.
- Sec. 1008. Effective date.

TITLE XI—CHILD ABUSE PREVENTION AND TREATMENT

- Sec. 1101. Short title.

Subtitle A—General Program

- Sec. 1111. Reference.
- Sec. 1112. Findings.
- Sec. 1113. Office of Child Abuse and Neglect.
- Sec. 1114. Advisory Board on Child Abuse and Neglect.
- Sec. 1115. Repeal of interagency task force.
- Sec. 1116. National Clearinghouse for Information Relating to Child Abuse.
- Sec. 1117. Research, evaluation and assistance activities.
- Sec. 1118. Grants for demonstration programs.
- Sec. 1119. State grants for prevention and treatment programs.
- Sec. 1120. Repeal.
- Sec. 1121. Miscellaneous requirements.
- Sec. 1122. Definitions.
- Sec. 1123. Authorization of appropriations.
- Sec. 1124. Rule of construction.
- Sec. 1125. Technical amendment.

Subtitle B—Community-Based Child Abuse and Neglect Prevention Grants

- Sec. 1131. Establishment of program.
- Sec. 1132. Repeals.

Subtitle C—Family Violence Prevention and Services

- Sec. 1141. Reference.

- Sec. 1142. State demonstration grants.
- Sec. 1143. Allotments.
- Sec. 1144. Authorization of appropriations.

Subtitle D—Adoption Opportunities

- Sec. 1151. Reference.
- Sec. 1152. Findings and purpose.
- Sec. 1153. Information and services.
- Sec. 1154. Authorization of appropriations.

Subtitle E—Abandoned Infants Assistance Act of 1986

- Sec. 1161. Reauthorization.

Subtitle F—Reauthorization of Various Programs

- Sec. 1171. Missing Children's Assistance Act.
- Sec. 1172. Victims of Child Abuse Act of 1990.

TITLE XII—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

- Sec. 1201. Reductions.
- Sec. 1202. Reductions in Federal bureaucracy.
- Sec. 1203. Reducing personnel in Washington, DC, area.

TITLE XIII—MISCELLANEOUS PROVISIONS

- Sec. 1301. Expenditure of Federal funds in accordance with laws and procedures applicable to expenditure of State funds.
- Sec. 1302. Elimination of housing assistance with respect to fugitive felons and probation and parole violators.
- Sec. 1303. Sense of the Senate regarding Enterprise Zones.
- Sec. 1304. Sense of the Senate regarding the inability of the non-custodial parent to pay child support.
- Sec. 1305. Food stamp eligibility.
- Sec. 1306. Sense of the Senate on legislative accountability for unfunded mandates in welfare reform legislation.
- Sec. 1307. Sense of the Senate regarding competitive bidding for infant formula.
- Sec. 1308. Establishing national goals to prevent teenage pregnancies.
- Sec. 1309. Sense of the Senate regarding enforcement of statutory rape laws.
- Sec. 1310. Sanctioning for testing positive for controlled substances.
- Sec. 1311. Abstinence education.

1 **TITLE I—BLOCK GRANTS FOR**
 2 **TEMPORARY ASSISTANCE**
 3 **FOR NEEDY FAMILIES**

4 **SEC. 100. REFERENCES TO SOCIAL SECURITY ACT.**

5 Except as otherwise specifically provided, wherever in
 6 this title an amendment is expressed in terms of an

1 amendment to or repeal of a section or other provision,
2 the reference shall be considered to be made to that sec-
3 tion or other provision of the Social Security Act.

4 **SEC. 101. BLOCK GRANTS TO STATES.**

5 (a) **REPEALS.**—

6 (1) **IN GENERAL.**—Parts A and F of title IV
7 (42 U.S.C. 601 et seq. and 682 et seq.) are hereby
8 repealed.

9 (2) **RULES AND REGULATIONS.**—The Secretary
10 of Health and Human Services shall ensure that any
11 rules and regulations relating to the provisions of
12 law repealed in paragraph (1) shall cease to have ef-
13 fect on and after the date of the repeal of such pro-
14 visions.

15 (b) **BLOCK GRANTS TO STATES FOR TEMPORARY AS-**
16 **SISTANCE FOR NEEDY FAMILIES WITH MINOR CHIL-**
17 **DREN.**—Title IV (42 U.S.C. 601 et seq.) is amended by
18 inserting before part B the following:

19 **“PART A—BLOCK GRANTS TO STATES FOR TEM-**
20 **PORARY ASSISTANCE FOR NEEDY FAMILIES**
21 **WITH MINOR CHILDREN**

22 **“SEC. 400. NO INDIVIDUAL ENTITLEMENT.**

23 “Notwithstanding any other provision of law, no indi-
24 vidual is entitled to any assistance under this part.

1 **“SEC. 401. PURPOSE.**

2 “The purpose of this part is to increase the flexibility
3 of States in operating a program designed to—

4 “(1) provide assistance to needy families with
5 minor children;

6 “(2) provide job preparation and opportunities
7 for such families; and

8 “(3) prevent and reduce the incidence of out-of-
9 wedlock pregnancies, with a special emphasis on
10 teenage pregnancies, and establish annual goals for
11 preventing and reducing such pregnancies with re-
12 spect to fiscal years 1996 through 2000.

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

14 “(a) **IN GENERAL.**—As used in this part, the term
15 ‘eligible State’ means, with respect to a fiscal year, a State
16 that has submitted to the Secretary a plan that includes
17 the following:

18 “(1) **OUTLINE OF FAMILY ASSISTANCE PRO-**
19 **GRAM.**—A written document that outlines how the
20 State intends to do the following:

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

23 “(i) provide assistance to needy fami-
24 lies with not less than 1 minor child (or
25 any expectant family); and

1 “(ii) provide a parent or caretaker in
2 such families with work experience, assist-
3 ance in finding employment, and other
4 work preparation activities and support
5 services that the State considers appro-
6 priate to enable such families to leave the
7 program and become self-sufficient.

8 “(B) Require a parent or caretaker receiv-
9 ing assistance under the program to engage in
10 work (as defined by the State) when the State
11 determines the parent or caretaker is ready to
12 engage in work, or after 24 months (whether or
13 not consecutive) of receiving assistance under
14 the program, whichever is earlier.

15 “(C) Satisfy the minimum participation
16 rates specified in section 404.

17 “(D) Treat—

18 “(i) families with minor children mov-
19 ing into the State from another State; and

20 “(ii) noncitizens of the United States.

21 “(E) Safeguard and restrict the use and
22 disclosure of information about individuals and
23 families receiving assistance under the program.

24 “(F) Establish goals and take action to
25 prevent and reduce the incidence of out-of-wed-

1 lock pregnancies, with special emphasis on teen-
2 age pregnancies.

3 “(G) COMMUNITY SERVICE.—Not later
4 than 2 years after the date of the enactment of
5 this Act, consistent with the exception provided
6 in section 404(d), require participation by, and
7 offer to, unless the State opts out of this provi-
8 sion by notifying the Secretary, a parent or
9 caretaker receiving assistance under the pro-
10 gram, after receiving such assistance for 3
11 months—

12 “(i) is not exempt from work require-
13 ments; and

14 “(ii) is not engaged in work as deter-
15 mined under section 404(c),
16 in community service employment, with mini-
17 mum hours per week and tasks to be deter-
18 mined by the State.

19 “(2) FAMILY ASSISTANCE PROGRAM STRATEGIC
20 PLAN.—

21 “(A) IN GENERAL.—A single comprehen-
22 sive State Family Assistance Program Strategic
23 Plan (hereafter referred to in this section as the
24 ‘State Plan’) describing a 3-year strategic plan
25 for the statewide program designed to meet the

1 State goals and reach the State benchmarks for
2 program activities of the family assistance pro-
3 gram.

4 “(B) CONTENTS OF THE STATE PLAN.—

5 The State plan shall include:

6 “(i) STATE GOALS.—A description of
7 the goals of the 3-year plan, including out-
8 come related goals of and benchmarks for
9 program activities of the family assistance
10 program.

11 “(ii) CURRENT YEAR PLAN.—A de-
12 scription of how the goals and benchmarks
13 described in clause (i) will be achieved, or
14 how progress toward the goals and bench-
15 marks will be achieved, during the fiscal
16 year in which the plan has been submitted.

17 “(iii) PERFORMANCE INDICATORS.—A
18 description of performance indicators to be
19 used in measuring or assessing the rel-
20 evant output service levels and outcomes of
21 relevant program activities.

22 “(iv) EXTERNAL FACTORS.—Informa-
23 tion on those key factors external to the
24 program and beyond the control of the

1 State that could significantly affect the at-
2 tainment of the goals and benchmarks.

3 “(v) EVALUATION MECHANISMS.—In-
4 formation on a mechanism for conducting
5 program evaluation, to be used to compare
6 actual results with the goals and bench-
7 marks and designate the results on a scale
8 ranging from highly successful to failing to
9 reach the goals and benchmarks of the
10 program.

11 “(vi) MINIMUM PARTICIPATION
12 RATES.—Information on how the minimum
13 participation rates specified in section 404
14 will be satisfied.

15 “(vii) ESTIMATE OF EXPENDI-
16 TURES.—An estimate of the total amount
17 of State or local expenditures under the
18 program for the fiscal year in which the
19 plan is submitted.

20 “(3) CERTIFICATION THAT THE STATE WILL
21 OPERATE A CHILD SUPPORT ENFORCEMENT PRO-
22 GRAM.—A certification by the chief executive officer
23 of the State that, during the fiscal year, the State
24 will operate a child support enforcement program
25 under the State plan approved under part D.

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

7 “(5) CERTIFICATION THAT THE STATE WILL
8 OPERATE A FOSTER CARE AND ADOPTION ASSIST-
9 ANCE PROGRAM.—A certification by the chief execu-
10 tive officer of the State that, during the fiscal year,
11 the State will operate a foster care and adoption as-
12 sistance program under the State plan approved
13 under part E.

14 “(6) CERTIFICATION THAT THE STATE WILL
15 PARTICIPATE IN THE INCOME AND ELIGIBILITY VER-
16 IFICATION SYSTEM.—A certification by the chief ex-
17 ecutive officer of the State that, during the fiscal
18 year, the State will participate in the income and eli-
19 gibility verification system required by section 1137.

20 “(7) CERTIFICATION OF THE ADMINISTRATION
21 OF THE PROGRAM.—A certification by the chief ex-
22 ecutive officer of the State specifying which State
23 agency or agencies are responsible for the adminis-
24 tration and supervision of the State program for the
25 fiscal year and ensuring that local governments and

1 private sector organizations have been consulted re-
2 garding the plan and design of welfare services in
3 the State so that services are provided in a manner
4 appropriate to local populations.

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

10 “(9) ESTIMATE OF FISCAL YEAR STATE AND
11 LOCAL EXPENDITURES.—An estimate of the total
12 amount of State and local expenditures under the
13 State program for the fiscal year.

14 “(b) CERTIFICATION THAT THE STATE WILL PRO-
15 VIDE ACCESS TO INDIANS.—

16 “(1) IN GENERAL.—In recognition of the Fed-
17 eral Government’s trust responsibility to, and gov-
18 ernment-to-government relationship with, Indian
19 tribes, the Secretary shall ensure that Indians re-
20 ceive at least their equitable share of services under
21 the State program, by requiring a certification by
22 the chief executive officer of each State described in
23 paragraph (2) that, during the fiscal year, the State
24 shall provide Indians in each Indian tribe that does
25 not have a tribal family assistance plan approved

1 under section 414 for a fiscal year with equitable ac-
2 cess to assistance under the State program funded
3 under this part.

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

9 “(c) DISTRIBUTION OF STATE PLAN.—

10 “(1) PUBLIC AVAILABILITY OF SUMMARY.—The
11 State shall make available to the public a summary
12 of the State plan submitted under this section.

13 “(2) COPY TO AUDITOR.—The State shall pro-
14 vide the approved entity conducting the audit under
15 section 408 with a copy of the State plan submitted
16 under this section.

17 “(d) DEFINITIONS.—For purposes of this part, the
18 following definitions shall apply:

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

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

23 “(A) who—

24 “(i) has not attained 18 years of age;

25 or

1 “(ii) has not attained 19 years of age
2 and is a full-time student in a secondary
3 school (or in the equivalent level of voca-
4 tional or technical training); and

5 “(B) who resides with such individual’s
6 custodial parent or other caretaker relative.

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

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

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

18 “(B) IN ALASKA.—For purposes of making
19 tribal family assistance grants under section
20 414 on behalf of Indians in Alaska, the term
21 ‘Indian tribe’ shall mean only the following
22 Alaska Native regional nonprofit corporations:

23 “(i) Arctic Slope Native Association.

24 “(ii) Kawerak, Inc.

25 “(iii) Maniilaq Association.

1 “(iv) Association of Village Council
2 Presidents.

3 “(v) Tanana Chiefs Conference.

4 “(vi) Cook Inlet Tribal Council.

5 “(vii) Bristol Bay Native Association.

6 “(viii) Aleutian and Pribilof Island
7 Association.

8 “(ix) Chugachmuit.

9 “(x) Tlingit Haida Central Council.

10 “(xi) Kodiak Area Native Association.

11 “(xii) Copper River Native Associa-
12 tion.

13 “(5) STATE.—Except as otherwise specifically
14 provided, the term ‘State’ includes the several
15 States, the District of Columbia, the Commonwealth
16 of Puerto Rico, the United States Virgin Islands,
17 Guam, and American Samoa.

18 **“SEC. 403. PAYMENTS TO STATES AND INDIAN TRIBES.**

19 “(a) GRANT AMOUNT.—

20 “(1) IN GENERAL.—Subject to the provisions of
21 paragraphs (3) and (5), section 407 (relating to pen-
22 alties), and section 414(g), for each of fiscal years
23 1996, 1997, 1998, 1999, and 2000, the Secretary
24 shall pay—

1 “(A) each eligible State a grant in an
2 amount equal to the State family assistance
3 grant for the fiscal year, for each of fiscal years
4 1998 and 1999, the amount of the State’s job
5 placement performance bonus determined under
6 subsection (f)(1) for the fiscal year, and for fis-
7 cal year 2000, the amount of the State’s share
8 of the performance bonus and high performance
9 bonus determined under section 418 for such
10 fiscal year; and

11 “(B) each Indian tribe with an approved
12 tribal family assistance plan a tribal family as-
13 sistance grant in accordance with section 414.

14 “(2) STATE FAMILY ASSISTANCE GRANT.—

15 “(A) IN GENERAL.—For purposes of para-
16 graph (1)(A), a State family assistance grant
17 for any State for a fiscal year is an amount
18 equal to the sum of—

19 “(i) the total amount of the Federal
20 payments to the State under section 403
21 (other than Federal payments to the State
22 described in subparagraphs (A), (B) and
23 (C) of section 419(a)(2)) for fiscal year
24 1994 (as such section 403 was in effect
25 during such fiscal year), plus

1 “(ii) the total amount of the Federal
2 payments to the State under subpara-
3 graphs (A), (B) and (C) of section
4 419(a)(2),

5 as such payments were reported by the State on
6 February 14, 1995, reduced by the amount, if
7 any, determined under subparagraph (B), and
8 for fiscal year 2000, reduced by the percent
9 specified under section 418(a)(3), and increased
10 by an amount, if any, determined under para-
11 graph (2)(D).

12 “(B) AMOUNT ATTRIBUTABLE TO CERTAIN
13 INDIAN FAMILIES SERVED BY INDIAN TRIBES.—

14 “(i) IN GENERAL.—For purposes of
15 subparagraph (A), the amount determined
16 under this subparagraph is an amount
17 equal to the Federal payments to the State
18 under section 403 for fiscal year 1994 (as
19 in effect during such fiscal year) attrib-
20 utable to expenditures by the State under
21 parts A and F of this title (as so in effect)
22 for Indian families described in clause (ii).

23 “(ii) INDIAN FAMILIES DESCRIBED.—
24 For purposes of clause (i), Indian families
25 described in this clause are Indian families

1 who reside in a service area or areas of an
2 Indian tribe receiving a tribal family as-
3 sistance grant under section 414.

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

10 “(D) AMOUNT ATTRIBUTABLE TO STATE
11 PLAN AMENDMENTS.—

12 “(i) IN GENERAL.—For purposes of
13 subparagraph (A) and subject to the limi-
14 tation in clause (ii), the amount deter-
15 mined under this subparagraph is an
16 amount equal to the Federal payment
17 under section 403(a)(5) to the State for
18 emergency assistance in fiscal year 1995
19 under any State plan amendment made
20 under section 402 during fiscal year 1994
21 (as such sections were in effect before the
22 date of the enactment of the Work Oppor-
23 tunity Act of 1995).

24 “(ii) LIMITATION.—Amounts made
25 available under clause (i) to all States shall

1 not exceed \$800,000,000 for the 5-fiscal
2 year period beginning in fiscal year 1996.
3 If amounts available under this subpara-
4 graph are less than the total amount of
5 emergency assistance payments referred to
6 in clause (i), the amount payable to a
7 State shall be equal to an amount which
8 bears the same relationship to the total
9 amount available under this clause as the
10 State emergency assistance payment bears
11 to the total amount of such payments.

12 “(iii) BUDGET SCORING.—Notwith-
13 standing section 257(b)(2) of the Balanced
14 Budget and Emergency Deficit Control Act
15 of 1985, the baseline shall assume that no
16 grant shall be made under this subpara-
17 graph after fiscal year 2000.

18 “(3) SUPPLEMENTAL GRANT AMOUNT FOR POP-
19 ULATION INCREASES IN CERTAIN STATES.—

20 “(A) IN GENERAL.—The amount of the
21 grant payable under paragraph (1) to a qualify-
22 ing State for each of fiscal years 1997, 1998,
23 1999, and 2000 shall be increased by an
24 amount equal to 2.5 percent of the amount that

1 the State received under this section in the pre-
2 ceding fiscal year.

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

10 “(C) QUALIFYING STATE.—

11 “(i) IN GENERAL.—For purposes of
12 this paragraph, the term ‘qualifying State’,
13 with respect to any fiscal year, means a
14 State that—

15 “(I) had an average level of State
16 welfare spending per poor person in
17 the preceding fiscal year that was less
18 than the national average level of
19 State welfare spending per poor per-
20 son in the preceding fiscal year; and

21 “(II) had an estimated rate of
22 State population growth as deter-
23 mined by the Bureau of the Census
24 for the most recent fiscal year for
25 which information is available that

1 was greater than the average rate of
2 population growth for all States as de-
3 termined by the Bureau of the Census
4 for such fiscal year.

5 “(ii) CERTAIN STATES DEEMED
6 QUALIFYING STATES.—For purposes of
7 this paragraph, a State shall be deemed to
8 be a qualifying State for fiscal years 1997,
9 1998, 1999, and 2000 if—

10 “(I) the level of State welfare
11 spending per poor person in fiscal
12 year 1996 was less than 35 percent of
13 the national average level of State
14 welfare spending per poor person in
15 fiscal year 1996; or

16 “(II) a State has extremely high
17 population growth (which for purposes
18 of this clause shall be defined as a
19 greater than ten percent increase in
20 population from April 1, 1990 to July
21 1, 1994, as determined by the Bureau
22 of the Census).

23 “(iii) STATE MUST QUALIFY IN FISCAL
24 YEAR 1997.—A State shall not be eligible to
25 be a qualifying State under clause (i) for

1 fiscal years after 1997 if the State was not
2 a qualifying State under clause (i) in fiscal
3 year 1997.

4 “(D) DEFINITIONS.—For purposes of this
5 paragraph:

6 “(i) LEVEL OF STATE WELFARE
7 SPENDING PER POOR PERSON.—The term
8 ‘level of State welfare spending per poor
9 person’ means, with respect to a State for
10 any fiscal year—

11 “(I) the amount of the grant re-
12 ceived by the State under this section
13 (prior to the application of section
14 407); divided by

15 “(II) the number of the individ-
16 uals in the State who had an income
17 below the poverty line according to the
18 1990 decennial census.

19 “(ii) NATIONAL AVERAGE LEVEL OF
20 STATE WELFARE SPENDING PER POOR
21 PERSON.—The term ‘national average level
22 of State welfare spending per poor person’
23 means an amount equal to—

1 “(I) the amount paid in grants
2 under this section (prior to the appli-
3 cation of section 407); divided by

4 “(II) the number of individuals
5 in all States with an income below the
6 poverty line according to the 1990 de-
7 cennial census.

8 “(iii) POVERTY LINE.—The term ‘pov-
9 erty line’ has the same meaning given such
10 term in section 673(2) of the Community
11 Services Block Grant Act (42 U.S.C.
12 9902(2)).

13 “(iv) STATE.—The term ‘State’
14 means each of the 50 States of the United
15 States.

16 “(4) APPROPRIATION.—

17 “(A) STATES.—There are authorized to be
18 appropriated and there are appropriated
19 \$16,803,769,000 for each fiscal year described
20 in paragraph (1) for the purpose of paying—

21 “(i) grants to States under paragraph
22 (1)(A); and

23 “(ii) tribal family assistance grants
24 under paragraph (1)(B).

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

7 “(i) for fiscal year 1997, \$85,860,000;

8 “(ii) for fiscal year 1998,
9 \$173,276,000;

10 “(iii) for fiscal year 1999,
11 \$263,468,000; and

12 “(iv) for fiscal year 2000,
13 \$355,310,000.

14 “(5) WELFARE PARTNERSHIP.—

15 “(A) IN GENERAL.—The amount of the
16 grant otherwise determined under paragraph
17 (1) for fiscal year 1997, 1998, 1999, or 2000
18 shall be reduced by the amount by which State
19 expenditures under the State program funded
20 under this part for the preceding fiscal year is
21 less than 80 percent of historic State expendi-
22 tures.

23 “(B) HISTORIC STATE EXPENDITURES.—
24 For purposes of this paragraph—

1 “(i) IN GENERAL.—The term ‘historic
2 State expenditures’ means expenditures by
3 a State under parts A and F of title IV for
4 fiscal year 1994, as in effect during such
5 fiscal year.

6 “(ii) HOLD HARMLESS.—In no event
7 shall the historic State expenditures appli-
8 cable to any fiscal year exceed the amount
9 which bears the same ratio to the amount
10 determined under clause (i) as—

11 “(I) the grant amount otherwise
12 determined under paragraph (1) for
13 the preceding fiscal year (without re-
14 gard to section 407), bears to

15 “(II) the total amount of Federal
16 payments to the State under section
17 403 for fiscal year 1994 (as in effect
18 during such fiscal year).

19 “(C) DETERMINATION OF STATE EXPENDI-
20 TURES FOR PRECEDING FISCAL YEAR.—

21 “(i) IN GENERAL.—For purposes of
22 this paragraph, the expenditures of a State
23 under the State program funded under this
24 part for a preceding fiscal year shall be
25 equal to the sum of the State’s expendi-

1 tures under the program in the preceding
2 fiscal year for—

3 “(I) cash assistance;

4 “(II) child care assistance;

5 “(III) education, job training,
6 and work;

7 “(IV) administrative costs; and

8 “(V) any other use of funds al-
9 lowable under section 403(b)(1).

10 “(ii) TRANSFERS FROM OTHER STATE
11 AND LOCAL PROGRAMS.—In determining
12 State expenditures under clause (i), such
13 expenditures shall not include funding sup-
14 planted by transfers from other State and
15 local programs.

16 “(D) EXCLUSION OF FEDERAL
17 AMOUNTS.—For purposes of this paragraph,
18 State expenditures shall not include any ex-
19 penditures from amounts made available by the
20 Federal Government, State funds expended for
21 the medicaid program under title XIX of this
22 Act or any successor to such program, and any
23 State funds which are used to match Federal
24 funds or are expended as a condition of receiv-

1 ing Federal funds under Federal programs
2 other than under title I of this Act.

3 “(b) USE OF GRANT.—

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

7 “(A) in any manner that is reasonably cal-
8 culated to accomplish the purpose of this part;
9 or

10 “(B) in any manner that such State used
11 amounts received under part A or F of this
12 title, as such parts were in effect before October
13 1, 1995;

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

16 “(2) AUTHORITY TO TREAT INTERSTATE IMMI-
17 GRANTS UNDER RULES OF FORMER STATE.—A State
18 to which a grant is made under this section may
19 apply to a family some or all of the rules (including
20 benefit amounts) of the program operated under this
21 part of another State if the family has moved to the
22 State from the other State and has resided in the
23 State for less than 12 months.

24 “(3) AUTHORITY TO RESERVE CERTAIN
25 AMOUNTS FOR ASSISTANCE.—A State may reserve

1 ceiving payments of principal and interest on such
2 loans, in accordance with this subsection.

3 “(4) USE OF FUND.—

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

8 “(B) RATE OF INTEREST.—The Secretary
9 shall charge and collect interest on any loan
10 made under subparagraph (A) at a rate equal
11 to the current average market yield on out-
12 standing marketable obligations of the United
13 States with remaining periods to maturity com-
14 parable to the period to maturity of the loan.

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

21 “(D) LOAN-ELIGIBLE STATE.—For pur-
22 poses of subparagraph (A), a loan-eligible State
23 is a State which has not had a penalty de-
24 scribed in section 407(a)(1) imposed against it
25 at any time prior to the loan being made.

1 purposes of applying the limitation described in
2 paragraph (1) to an application for assistance under
3 such program by such individual as the head of a
4 household of a needy family with minor children.

5 “(3) HARDSHIP EXCEPTION.—

6 “(A) IN GENERAL.—The State may ex-
7 empt a family from the application of para-
8 graph (1) by reason of hardship.

9 “(B) LIMITATION.—The number of fami-
10 lies with respect to which an exemption made
11 by a State under subparagraph (A) is in effect
12 for a fiscal year shall not exceed 20 percent of
13 the average monthly number of families to
14 which the State is providing assistance under
15 the program operated under this part.

16 “(c) DENIAL OF ASSISTANCE FOR 10 YEARS TO A
17 PERSON FOUND TO HAVE FRAUDULENTLY MISREPRE-
18 SENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE
19 IN 2 OR MORE STATES.—An individual shall not be con-
20 sidered an eligible individual for the purposes of this part
21 during the 10-year period that begins on the date the indi-
22 vidual is convicted in Federal or State court of having
23 made a fraudulent statement or representation with re-
24 spect to the place of residence of the individual in order
25 to receive assistance simultaneously from 2 or more States

1 under programs that are funded under this title, title XIX,
2 or the Food Stamp Act of 1977, or benefits in 2 or more
3 States under the supplemental security income program
4 under title XVI.

5 “(d) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS
6 AND PROBATION AND PAROLE VIOLATORS.—

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

10 “(A) fleeing to avoid prosecution, or cus-
11 tody or confinement after conviction, under the
12 laws of the place from which the individual
13 flees, for a crime, or an attempt to commit a
14 crime, which is a felony under the laws of the
15 place from which the individual flees, or which,
16 in the case of the State of New Jersey, is a
17 high misdemeanor under the laws of such State;
18 or

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

21 “(2) EXCHANGE OF INFORMATION WITH LAW
22 ENFORCEMENT AGENCIES.—Notwithstanding any
23 other provision of law, a State shall furnish any
24 Federal, State, or local law enforcement officer,
25 upon the request of the officer, with the current ad-

1 dress, Social Security number, and photograph (if
2 applicable) of any recipient of assistance under this
3 part, if the officer furnishes the agency with the
4 name of the recipient and notifies the agency that—

5 “(A) such recipient—

6 “(i) is described in subparagraph (A)
7 or (B) of paragraph (1); or

8 “(ii) has information that is necessary
9 for the officer to conduct the officer’s offi-
10 cial duties; and

11 “(B) the location or apprehension of the
12 recipient is within such officer’s official duties.

13 “(e) STATE OPTION TO REQUIRE ASSIGNMENT OF
14 SUPPORT.—At the option of the State, a State to which
15 a grant is made under section 403 may provide that an
16 individual applying for or receiving assistance under the
17 State program funded under this part shall be required
18 to assign to the State any rights to support from any other
19 person the individual may have in such individual’s own
20 behalf or in behalf of any other family member for whom
21 the individual is applying for or receiving assistance.

22 “(f) DENIAL OF ASSISTANCE FOR ABSENT CHILD.—
23 Each State to which a grant is made under section 403—

24 “(1) may not use any part of the grant to pro-
25 vide assistance to a family with respect to any minor

1 child who has been, or is expected by the caretaker
2 relative in the family to be, absent from the home
3 for a period of 45 consecutive days or, at the option
4 of the State, such period of not less than 30 and not
5 more than 90 consecutive days as the State may
6 provide for in the State plan;

7 “(2) at the option of the State, may establish
8 such good cause exceptions to paragraph (1) as the
9 State considers appropriate if such exceptions are
10 provided for in the State plan; and

11 “(3) shall provide that a caretaker relative shall
12 not be considered an eligible individual for purposes
13 of this part if the caretaker relative fails to notify
14 the State agency of an absence of a minor child
15 from the home for the period specified in or provided
16 for under paragraph (1), by the end of the 5-day pe-
17 riod that begins on the date that it becomes clear to
18 the caretaker relative that the minor child will be
19 absent for the period so specified or provided for in
20 paragraph (1).

21 **“SEC. 406. PROMOTING RESPONSIBLE PARENTING.**

22 “(a) FINDINGS.—The Congress makes the following
23 findings:

24 “(1) Marriage is the foundation of a successful
25 society.

1 “(3) is independent of any agency administer-
2 ing activities funded under this part.

3 “(c) AUDIT REPORT.—Not later than 30 days follow-
4 ing the completion of an audit under this subsection, a
5 State shall submit a copy of the audit to the State legisla-
6 ture, the Secretary of the Treasury, and the Secretary of
7 Health and Human Services.

8 “(d) ADDITIONAL ACCOUNTING REQUIREMENTS.—
9 The provisions of chapter 75 of title 31, United States
10 Code, shall apply to the audit requirements of this section.

11 **“SEC. 409. DATA COLLECTION AND REPORTING.**

12 “(a) IN GENERAL.—The Secretary, in consultation
13 with State and local government officials and other inter-
14 ested persons, shall develop a quality assurance system of
15 data collection and reporting that promotes accountability
16 and ensures the improvement and integrity of programs
17 funded under this part.

18 “(b) STATE SUBMISSIONS.—

19 “(1) IN GENERAL.—Not later than the 15th
20 day of the first month of each calendar quarter,
21 each State to which a grant is made under section
22 403(f) shall submit to the Secretary the data de-
23 scribed in paragraphs (2) and (3) with respect to
24 families described in paragraph (4).

1 “(2) DISAGGREGATED DATA DESCRIBED.—The
2 data described in this paragraph with respect to
3 families described in paragraph (4) is a sample of
4 monthly disaggregated case record data containing
5 the following:

6 “(A) The age of the adults and children
7 (including pregnant women) in each family.

8 “(B) The marital and familial status of
9 each member of the family (including whether
10 the family is a 2-parent family and whether a
11 child is living with an adult relative other than
12 a parent).

13 “(C) The gender, educational level, work
14 experience, and race of the head of each family.

15 “(D) The health status of each member of
16 the family (including whether any member of
17 the family is seriously ill, disabled, or incapacitated
18 and is being cared for by another member
19 of the family).

20 “(E) The type and amount of any benefit
21 or assistance received by the family, including—

22 “(i) the amount of and reason for any
23 reduction in assistance, and

1 “(ii) if assistance is terminated,
2 whether termination is due to employment,
3 sanction, or time limit.

4 “(F) Any benefit or assistance received by
5 a member of the family with respect to housing,
6 food stamps, job training, or the Head Start
7 program.

8 “(G) The number of months since the fam-
9 ily filed the most recent application for assist-
10 ance under the program and if assistance was
11 denied, the reason for the denial.

12 “(H) The number of times a family has
13 applied for and received assistance under the
14 State program and the number of months as-
15 sistance has been received each time assistance
16 has been provided to the family.

17 “(I) The employment status of the adults
18 in the family (including the number of hours
19 worked and the amount earned).

20 “(J) The date on which an adult in the
21 family began to engage in work, the number of
22 hours the adult engaged in work, the work ac-
23 tivity in which the adult participated, and the
24 amount of child care assistance provided to the
25 adult (if any).

1 “(K) The number of individuals in each
2 family receiving assistance and the number of
3 individuals in each family not receiving assist-
4 ance, and the relationship of each individual to
5 the youngest child in the family.

6 “(L) The citizenship status of each mem-
7 ber of the family.

8 “(M) The housing arrangement of each
9 member of the family.

10 “(N) The amount of unearned income,
11 child support, assets, and other financial factors
12 considered in determining eligibility for assist-
13 ance under the State program.

14 “(O) The location in the State of each
15 family receiving assistance.

16 “(P) Any other data that the Secretary de-
17 termines is necessary to ensure efficient and ef-
18 fective program administration.

19 “(3) AGGREGATED MONTHLY DATA.—The data
20 described in this paragraph is the following aggre-
21 gated monthly data with respect to the families de-
22 scribed in paragraph (4):

23 “(A) The number of families.

24 “(B) The number of adults in each family.

1 “(C) The number of children in each fam-
2 ily.

3 “(D) The number of families for which as-
4 sistance has been terminated because of em-
5 ployment, sanctions, or time limits.

6 “(4) FAMILIES DESCRIBED.—The families de-
7 scribed in this paragraph are—

8 “(A) families receiving assistance under a
9 State program funded under this part for each
10 month in the calendar quarter preceding the
11 calendar quarter in which the data is submit-
12 ted;

13 “(B) families applying for such assistance
14 during such preceding calendar quarter; and

15 “(C) families that became ineligible to re-
16 ceive such assistance during such preceding cal-
17 endar quarter.

18 “(5) APPROPRIATE SUBSETS OF DATA COL-
19 LECTED.—The Secretary shall determine appro-
20 priate subsets of the data described in paragraphs
21 (2) and (3) that a State is required to submit under
22 paragraph (1) with respect to families described in
23 subparagraphs (B) and (C) of paragraph (4).

24 “(6) SAMPLING AND OTHER METHODS.—The
25 Secretary shall provide the States with such case

1 “(i) SECRETARY’S REPORT ON DATA PROCESSING.—

2 “(1) IN GENERAL.—Not later than 6 months
3 after the date of the enactment of the Work Oppor-
4 tunity Act of 1995, the Secretary shall prepare and
5 submit to the Congress a report on—

6 “(A) the status of the automated data
7 processing systems operated by the States to
8 assist management in the administration of
9 State programs under this part (whether in ef-
10 fect before or after October 1, 1995); and

11 “(B) what would be required to establish a
12 system capable of—

13 “(i) tracking participants in public
14 programs over time; and

15 “(ii) checking case records of the
16 States to determine whether individuals
17 are participating in public programs in 2
18 or more States.

19 “(2) PREFERRED CONTENTS.—The report re-
20 quired by paragraph (1) should include—

21 “(A) a plan for building on the automated
22 data processing systems of the States to estab-
23 lish a system with the capabilities described in
24 paragraph (1)(B); and

1 “(B) an estimate of the amount of time re-
2 quired to establish such a system and of the
3 cost of establishing such a system.

4 “(j) REPORT TO CONGRESS.—Not later than 6
5 months after the end of fiscal year 1997, and each fiscal
6 year thereafter, the Secretary shall transmit to the Con-
7 gress a report describing—

8 “(1) whether the States are meeting—

9 “(A) the participation rates described in
10 section 404(a); and

11 “(B) the objectives of—

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

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

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

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

23 “(5) the trends in employment and earnings of
24 needy families with minor children.

1 "SEC. 410. RESEARCH, EVALUATIONS, AND NATIONAL STUD-
2 IES.

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

12 "(b) DEVELOPMENT AND EVALUATION OF INNOVA-
13 TIVE APPROACHES TO REDUCING WELFARE DEPEND-
14 ENCY AND INCREASING CHILD WELL-BEING.—

15 "(1) IN GENERAL.—The Secretary may assist
16 States in developing, and shall evaluate, innovative
17 approaches for reducing welfare dependency and in-
18 creasing the well-being of minor children with re-
19 spect to recipients of assistance under programs
20 funded under this part. The Secretary may provide
21 funds for training and technical assistance to carry
22 out the approaches developed pursuant to this para-
23 graph.

24 "(2) EVALUATIONS.—In performing the evalua-
25 tions under paragraph (1), the Secretary shall, to

1 ticipation rates described in section 404. The study
2 shall include a determination as to whether such al-
3 ternative outcomes measures should be applied on a
4 national or a State-by-State basis and a preliminary
5 assessment of the job placement performance bonus
6 established under section 403(f).

7 “(2) REPORT.—Not later than September 30,
8 1998, the Secretary shall submit to the Committee
9 on Finance of the Senate and the Committee on
10 Ways and Means of the House of Representatives a
11 report containing the findings of the study described
12 in paragraph (1).

13 “(g) STATE-INITIATED STUDIES.—A State shall be
14 eligible to receive funding to evaluate the State’s family
15 assistance program funded under this part if—

16 “(1) the State submits a proposal to the Sec-
17 retary for such evaluation,

18 “(2) the Secretary determines that the design
19 and approach of the evaluation is rigorous and is
20 likely to yield information that is credible and will
21 be useful to other States, and

22 “(3) unless otherwise waived by the Secretary,
23 the State provides a non-Federal share of at least 10
24 percent of the cost of such study.

1 **“SEC. 411. STUDY BY THE CENSUS BUREAU.**

2 “(a) **IN GENERAL.**—The Bureau of the Census shall
3 expand the Survey of Income and Program Participation
4 as necessary to obtain such information as will enable in-
5 terested persons to evaluate the impact of the amendments
6 made by title I of the Work Opportunity Act of 1995 on
7 a random national sample of recipients of assistance under
8 State programs funded under this part and (as appro-
9 priate) other low-income families, and in doing so, shall
10 pay particular attention to the issues of out-of-wedlock
11 births, welfare dependency, the beginning and end of wel-
12 fare spells, and the causes of repeat welfare spells.

13 “(b) **APPROPRIATION.**—Out of any money in the
14 Treasury of the United States not otherwise appropriated,
15 the Secretary of the Treasury shall pay to the Bureau of
16 the Census \$10,000,000 for each of fiscal years 1996,
17 1997, 1998, 1999, and 2000 to carry out subsection (a).

18 **“SEC. 412. WAIVERS.**

19 “(a) **CONTINUATION OF WAIVERS.**—

20 “(1) **IN GENERAL.**—Except as provided in para-
21 graph (2), if any waiver granted to a State under
22 section 1115 or otherwise which relates to the provi-
23 sion of assistance under a State plan under this part
24 is in effect or approved by the Secretary as of Octo-
25 ber 1, 1995, the amendments made by the Work Op-
26 portunity Act of 1995 shall not apply with respect

1 “(C) the innovations (if any) that the
2 county was able to initiate under the project.

3 “(5) ELIGIBLE COUNTY.—A county may par-
4 ticipate in a demonstration project under this sub-
5 section if the county is—

6 “(A) a county that is already administer-
7 ing the welfare program under this part;

8 “(B) represents less than 25 percent of the
9 State’s total welfare caseload.

10 **“SEC. 414. DIRECT FUNDING AND ADMINISTRATION BY IN-**
11 **DIAN TRIBES.**

12 “(a) PURPOSE.—The purpose of this section is—

13 “(1) to strengthen and enhance the control and
14 flexibility of local governments over local programs;
15 and

16 “(2) in recognition of the principles contained
17 in the Indian Self-Determination and Education As-
18 sistance Act (25 U.S.C. 450 et seq.)—

19 “(A) to provide direct Federal funding to
20 Indian tribes for the tribal administration of
21 the program funded under this part; or

22 “(B) to enable Indian tribes to enter into
23 agreements, contracts, or compacts with inter-
24 tribal consortia, States, or other entities for the

1 administration of such program on behalf of the
2 Indian tribe.

3 “(b) GRANT AMOUNTS FOR INDIAN TRIBES.—

4 “(1) IN GENERAL.—For each of fiscal years
5 1996, 1997, 1998, 1999, and 2000, the Secretary
6 shall pay to each Indian tribe that has an approved
7 tribal family assistance plan a tribal family assist-
8 ance grant for the fiscal year in an amount equal to
9 the amount determined under paragraph (2).

10 “(2) AMOUNT DETERMINED.—

11 “(A) IN GENERAL.—The amount deter-
12 mined under this paragraph is an amount equal
13 to the total amount of the Federal payments to
14 a State or States under section 403 for fiscal
15 year 1994 (as in effect during such fiscal year)
16 attributable to expenditures by the State or
17 States under part A and part F of this title (as
18 so in effect) in such year for Indian families re-
19 siding in the service area or areas identified by
20 the Indian tribe in subsection (c)(1)(C).

21 “(B) USE OF STATE SUBMITTED DATA.—

22 “(i) IN GENERAL.—The Secretary
23 shall use State submitted data to make
24 each determination under subparagraph
25 (A).

1 “(ii) DISAGREEMENT WITH DETER-
2 MINATION.—If an Indian tribe or tribal or-
3 ganization disagrees with State submitted
4 data described under clause (i), the Indian
5 tribe or tribal organization may submit to
6 the Secretary such additional information
7 as may be relevant to making the deter-
8 mination under subparagraph (A) and the
9 Secretary may consider such information
10 before making such determination.

11 “(c) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

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

16 “(A) outlines the Indian tribe’s approach
17 to providing welfare-related services for the 3-
18 year period, consistent with the purposes of this
19 section;

20 “(B) specifies whether the welfare-related
21 services provided under the plan will be pro-
22 vided by the Indian tribe or through agree-
23 ments, contracts, or compacts with intertribal
24 consortia, States, or other entities;

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

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

7 “(E) identifies the employment opportuni-
8 ties in or near the service area or areas of the
9 Indian tribe and the manner in which the In-
10 dian tribe will cooperate and participate in en-
11 hancing such opportunities for recipients of as-
12 sistance under the plan consistent with any ap-
13 plicable State standards; and

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

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

23 “(3) CONSORTIUM OF TRIBES.—Nothing in this
24 section shall preclude the development and submis-

1 sion of a single plan by the participating Indian
2 tribes of an intertribal consortium.

3 “(d) MINIMUM WORK PARTICIPATION REQUIRE-
4 MENTS AND TIME LIMITS.—The Secretary, with the par-
5 ticipation of Indian tribes, shall establish for each Indian
6 tribe receiving a grant under this section minimum work
7 participation requirements, appropriate time limits for re-
8 ceipt of welfare-related services under such grant, and
9 penalties against individuals—

10 “(1) consistent with the purposes of this sec-
11 tion;

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

14 “(3) similar to comparable provisions in section
15 404(d).

16 “(e) EMERGENCY ASSISTANCE.—Nothing in this sec-
17 tion shall preclude an Indian tribe from seeking emergency
18 assistance from any Federal loan program or emergency
19 fund.

20 “(f) ACCOUNTABILITY.—Nothing in this section shall
21 be construed to limit the ability of the Secretary to main-
22 tain program funding accountability consistent with—

23 “(1) generally accepted accounting principles;
24 and

1 “(2) the requirements of the Indian Self-Deter-
2 mination and Education Assistance Act (25 U.S.C.
3 450 et seq.).

4 “(g) TRIBAL PENALTIES.—For the purpose of ensur-
5 ing the proper use of tribal family assistance grants, the
6 following provisions shall apply to an Indian tribe with an
7 approved tribal assistance plan:

8 “(1) The provisions of subsections (a)(1),
9 (a)(6), and (b) of section 407, in the same manner
10 as such subsections apply to a State.

11 “(2) The provisions of section 407(a)(3), except
12 that such subsection shall be applied by substituting
13 ‘the minimum requirements established under sub-
14 section (d) of section 414’ for ‘the minimum partici-
15 pation rates specified in section 404’.

16 “(h) DATA COLLECTION AND REPORTING.—For the
17 purpose of ensuring uniformity in data collection, section
18 409 shall apply to an Indian tribe with an approved tribal
19 family assistance plan.

20 “(i) SPECIAL RULE FOR INDIAN TRIBES IN ALAS-
21 KA.—

22 “(1) IN GENERAL.—Notwithstanding any other
23 provision of this section, and except as provided in
24 paragraph (2), an Indian tribe in the State of Alas-
25 ka that receives a tribal family assistance grant

1 under this section shall use such grant to operate a
2 program in accordance with the requirements appli-
3 cable to the program of the State of Alaska funded
4 under this part.

5 “(2) WAIVER.—An Indian tribe described in
6 paragraph (1) may apply to the appropriate State
7 authority to receive a waiver of the requirement of
8 paragraph (1).

9 **“SEC. 415. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

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

17 **“SEC. 416. LIMITATION ON FEDERAL AUTHORITY.**

18 “The Secretary of Health and Human Services and
19 the Secretary of the Treasury may not regulate the con-
20 duct of States under this part or enforce any provision
21 of this part, except to the extent expressly provided in this
22 part.

23 **“SEC. 417. APPEAL OF ADVERSE DECISION.**

24 “(a) IN GENERAL.—The Secretary shall notify the
25 chief executive officer of a State of any adverse decision

1 or action under this part, including any decision with re-
2 spect to the State's plan or the imposition of a penalty
3 under section 407.

4 “(b) ADMINISTRATIVE REVIEW OF ADVERSE DECISION.—
5

6 “(1) IN GENERAL.—Within 60 days after the
7 date a State receives notice of an adverse decision
8 under this section, the State may appeal the deci-
9 sion, in whole or in part, to the Departmental Ap-
10 peals Board established in the Department of Health
11 and Human Services (hereafter referred to in this
12 section as the ‘Board’) by filing an appeal with the
13 Board.

14 “(2) PROCEDURAL RULES.—The Board shall
15 consider a State's appeal on the basis of such docu-
16 mentation as the State may submit and as the
17 Board may require to support the final decision of
18 the Board. In deciding whether to uphold an adverse
19 decision or any portion thereof, the Board shall con-
20 duct a thorough review of the issues and take into
21 account all relevant evidence. The Board shall make
22 a final determination with respect to an appeal filed
23 under this paragraph not less than 60 days after the
24 date the appeal is filed.

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

1 “(1) IN GENERAL.—Within 90 days after the
2 date of a final decision by the Board with respect to
3 an adverse decision regarding a State under this sec-
4 tion, the State may obtain judicial review of the final
5 decision (and the findings incorporated into the final
6 decision) by filing an action in—

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

11 “(B) the United States District Court for
12 the District of Columbia.

13 “(2) PROCEDURAL RULES.—The district court
14 in which an action is filed shall review the final deci-
15 sion of the Board on the record established in the
16 administrative proceeding, in accordance with the
17 standards of review prescribed by subparagraphs (A)
18 through (E) of section 706(2) of title 5, United
19 States Code. The review shall be on the basis of the
20 documents and supporting data submitted to the
21 Board.

22 **“SEC. 418. PERFORMANCE BONUS AND HIGH PERFORM-**
23 **ANCE BONUS.**

24 “(a) IN GENERAL.—

1 parent as being engaged in work for a month for
2 purposes, of section 404(c)(1) if such parent partici-
3 pates in work for an average of 20 hours per week
4 during such month.

5 “(2) RULE OF CONSTRUCTION.—Nothing in
6 this section shall be construed to provide an entitle-
7 ment to child care services to any child.

8 **“SEC. 420. ELIGIBILITY FOR CHILD CARE ASSISTANCE.**

9 Notwithstanding section 658T of the Child Care and
10 Development Block Grant Act of 1990, the State agency
11 specified in section 402(a)(6) shall determine eligibility for
12 child care assistance provided under this part in accord-
13 ance with criteria determined by the State.

14 **“SEC. 421. COLLECTION OF OVERPAYMENTS FROM FED-
15 ERAL TAX REFUNDS.**

16 “(a) IN GENERAL.—Upon receiving notice from the
17 Secretary of Health and Human Services that a State
18 agency administering a plan approved under this part has
19 notified the Secretary that a named individual has been
20 overpaid under the State plan approved under this part,
21 the Secretary of the Treasury shall determine whether any
22 amounts as refunds of Federal taxes paid are payable to
23 such individual, regardless of whether such individual filed
24 a tax return as a married or unmarried individual. If the
25 Secretary of the Treasury finds that any such amount is

1 payable, the Secretary shall withhold from such refunds
2 an amount equal to the overpayment sought to be collected
3 by the State and pay such amount to the State agency.

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

7 “(1) that a State may only submit under sub-
8 section (a) requests for collection of overpayments
9 with respect to individuals—

10 “(A) who are no longer receiving assist-
11 ance under the State plan approved under this
12 part,

13 “(B) with respect to whom the State has
14 already taken appropriate action under State
15 law against the income or resources of the indi-
16 viduals or families involved to collect the past-
17 due legally enforceable debt; and

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

22 “(2) that the Secretary of the Treasury will
23 give a timely and appropriate notice to any other
24 person filing a joint return with the individual whose

1 refund is subject to withholding under subsection
2 (a); and

3 “(3) the procedures that the State and the Sec-
4 retary of the Treasury will follow in carrying out
5 this section which, to the maximum extent feasible
6 and consistent with the specific provisions of this
7 section, will be the same as those issued pursuant to
8 section 464(b) applicable to collection of past-due
9 child support.”.

10 (c) CONFORMING AMENDMENTS RELATING TO COL-
11 LECTION OF OVERPAYMENTS.—

12 (1) Section 6402 of the Internal Revenue Code
13 of 1986 (relating to authority to make credits or re-
14 funds) is amended—

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

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

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

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

1 to subsections (c) and (d), but before a credit against fu-
2 ture liability for an internal revenue tax) in accordance
3 with section 421 of the Social Security Act (concerning
4 recovery of overpayments to individuals under State plans
5 approved under part A of title IV of such Act).”.

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

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

10 (B) by adding at the end of subparagraph
11 (B) the following new sentence: “Any return in-
12 formation disclosed with respect to section
13 6402(e) shall only be disclosed to officers and
14 employees of the State agency requesting such
15 information.”.

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

18 (A) by striking “(5), (10)” and inserting
19 “(5)”; and

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

22 (4) Section 552a(a)(8)(B)(iv)(III) of title 5,
23 United States Code, is amended by striking “section
24 464 or 1137 of the Social Security Act” and insert-

1 ing “section 421, 464, or 1137 of the Social Secu-
2 rity Act.”.

3 **SEC. 102. SERVICES PROVIDED BY CHARITABLE, RELI-**
4 **GIUS, OR PRIVATE ORGANIZATIONS.**

5 (a) IN GENERAL.—

6 (1) STATE OPTIONS.—Notwithstanding any
7 other provision of law, a State may—

8 (A) administer and provide services under
9 the programs described in subparagraphs (A)
10 and (B)(i) of paragraph (2) through contracts
11 with charitable, religious, or private organiza-
12 tions; and

13 (B) provide beneficiaries of assistance
14 under the programs described in subparagraphs
15 (A) and (B)(ii) of paragraph (2) with certifi-
16 cates, vouchers, or other forms of disbursement
17 which are redeemable with such organizations.

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

21 (A) A State program funded under part A
22 of title IV of the Social Security Act (as amend-
23 ed by section 101).

24 (B) Any other program that is established
25 or modified under titles I, II, or X that—

1 SEC. 104. CONTINUED APPLICATION OF CURRENT STAND-
2 ARDS UNDER MEDICAID PROGRAM.

3 (a) IN GENERAL.—Title XIX (42 U.S.C. 1396 et
4 seq.) is amended—

5 (1) in section 1931, by inserting “subject to
6 section 1931(a),” after “under this title,” and by re-
7 designating such section as section 1932; and

8 (2) by inserting after section 1930 the following
9 new section:

10 “CONTINUED APPLICATION OF AFDC STANDARDS

11 “SEC. 1931. (a) For purposes of applying this title
12 on and after October 1, 1995, with respect to a State—

13 “(1) except as provided in paragraph (2), any
14 reference in this title (or other provision of law in
15 relation to the operation of this title) to a provision
16 of part A of title IV of this Act, or a State plan
17 under such part, shall be considered a reference to
18 such provision or plan as in effect as of June 1,
19 1995, with respect to the State and eligibility for
20 medical assistance under this title shall be deter-
21 mined as if such provision or plan (as in effect as
22 of such date) had remained in effect on and after
23 October 1, 1995; and

24 “(2) any reference in section 1902(a)(5) or
25 1902(a)(55) to a State plan approved under part A
26 of title IV shall be deemed a reference to a State

1 program funded under such part (as in effect on and
2 after October 1, 1995).

3 “(b) In the case of a waiver of a provision of part
4 A of title IV in effect with respect to a State as of June
5 1, 1995, if the waiver affects eligibility of individuals for
6 medical assistance under this title, such waiver may, at
7 the option of the State, continue to be applied in relation
8 to this title after the date the waiver would otherwise ex-
9 pire.”.

10 (b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C.
11 1396a(a)) is amended—

12 (1) by striking “and” at the end of paragraph
13 (61);

14 (2) by striking the period at the end of para-
15 graph (62) and inserting “; and”; and

16 (3) by inserting after paragraph (62) the fol-
17 lowing new paragraph:

18 “(63) provide for continuing to administer eligi-
19 bility standards with respect to individuals who are
20 (or seek to be) eligible for medical assistance based
21 on the application of section 1931.”.

22 (c) CONFORMING AMENDMENTS.—(1) Section
23 1902(c) (42 U.S.C. 1396a(c)) is amended by striking
24 “if—” and all that follows and inserting the following: “if
25 the State requires individuals described in subsection

1 (l)(1) to apply for assistance under the State program
2 funded under part A of title IV as a condition of applying
3 for or receiving medical assistance under this title.”.

4 (2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended
5 by striking paragraph (9).

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

9 **SEC. 105. CENSUS DATA ON GRANDPARENTS AS PRIMARY**
10 **CAREGIVERS FOR THEIR GRANDCHILDREN.**

11 (a) IN GENERAL.—Not later than 90 days after the
12 date of the enactment of this Act, the Secretary of Com-
13 merce (hereafter in this section referred to as the “Sec-
14 retary”), in carrying out the provisions of section 141 of
15 title 13, United States Code, shall expand the data collec-
16 tion efforts of the Bureau of the Census (hereafter in this
17 section referred to as the “Bureau”) to enable the Bureau
18 to collect statistically significant data, in connection with
19 its decennial census and its mid-decade census, concerning
20 the growing trend of grandparents who are the primary
21 caregivers for their grandchildren.

22 (b) EXPANDED CENSUS QUESTION.—In carrying out
23 the provisions of subsection (a), the Secretary shall expand
24 the Bureau’s census question that details households
25 which include both grandparents and their grandchildren.

1 The expanded question shall be formulated to distinguish
2 between the following households:

3 (1) A household in which a grandparent tempo-
4 rarily provides a home for a grandchild for a period
5 of weeks or months during periods of parental dis-
6 tress.

7 (2) A household in which a grandparent pro-
8 vides a home for a grandchild and serves as the pri-
9 mary caregiver for the grandchild.

10 **SEC. 105A. DEVELOPMENT OF PROTOTYPE OF COUNTER-**
11 **FEIT-RESISTANT SOCIAL SECURITY CARD RE-**
12 **QUIRED.**

13 (a) DEVELOPMENT.—

14 (1) IN GENERAL.—The Commissioner of Social
15 Security (hereafter in this section referred to as the
16 “Commissioner”) shall in accordance with the provi-
17 sions of this section develop a prototype of a coun-
18 terfeit-resistant social security card. Such prototype
19 card shall—

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

22 (B) employ technologies that provide secu-
23 rity features, such as magnetic stripes,
24 holograms, and integrated circuits, and

1 (C) be developed so as to provide individ-
2 uals with reliable proof of citizenship or legal
3 resident alien status.

4 (2) ASSISTANCE BY ATTORNEY GENERAL.—The
5 Attorney General of the United States shall provide
6 such information and assistance as the Commis-
7 sioner deems necessary to achieve the purposes of
8 this section.

9 (b) STUDY AND REPORT.—

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

14 (2) ELEMENTS OF STUDY.—The study shall in-
15 clude an evaluation of the cost and work load impli-
16 cations of issuing a counterfeit-resistant social secu-
17 rity card for all individuals over a 3, 5, and 10 year
18 period. The study shall also evaluate the feasibility
19 and cost implications of imposing a user fee for re-
20 placement cards and cards issued to individuals who
21 apply for such a card prior to the scheduled 3, 5,
22 and 10 year phase-in options.

23 (3) DISTRIBUTION OF REPORT.—Copies of the
24 report described in this subsection along with a fac-
25 simile of the prototype card as described in sub-

1 section (a) shall be submitted to the Committees on
2 Ways and Means and Judiciary of the House of
3 Representatives and the Committees on Finance and
4 Judiciary of the Senate within 1 year of the date of
5 the enactment of this Act.

6 (c) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated and are appropriated
8 from the Federal Old-Age and Survivors Insurance Trust
9 Fund such sums as may be necessary to carry out the
10 purposes of this section.

11 **SEC. 106. CONFORMING AMENDMENTS TO THE SOCIAL SE-**
12 **CURITY ACT.**

13 (a) AMENDMENTS TO TITLE II.—

14 (1) Section 205(c)(2)(C)(vi) (42 U.S.C.
15 405(c)(2)(C)(vi)), as so redesignated by section
16 321(a)(9)(B) of the Social Security Independence
17 and Program Improvements Act of 1994, is amend-
18 ed—

19 (A) by inserting “an agency administering
20 a program funded under part A of title IV or”
21 before “an agency operating”; and

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

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

4 (b) AMENDMENT TO PART B OF TITLE IV.—Section
5 422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking
6 “under the State plan approved” and inserting “under the
7 State program funded.”.

8 (c) AMENDMENTS TO PART D OF TITLE IV.—

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

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

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

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

19 (C) by striking “402(a)(26) or”.

20 (3) Section 452(a)(10)(F) (42 U.S.C.
21 652(a)(10)(F)) is amended—

22 (A) by striking “aid under a State plan ap-
23 proved” and inserting “assistance under a State
24 program funded”; and

1 (B) by striking “in accordance with the
2 standards referred to in section
3 402(a)(26)(B)(ii)” and inserting “by the
4 State”.

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

10 (5) Section 452(d)(3)(B)(i) (42 U.S.C.
11 652(d)(3)(B)(i)) is amended by striking “1115(c)”
12 and inserting “1115(b)”.

13 (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.
14 652(g)(2)(A)(ii)(I)) is amended by striking “aid is
15 being paid under the State’s plan approved under
16 part A or E” and inserting “assistance is being pro-
17 vided under the State program funded under part A
18 or aid is being paid under the State’s plan approved
19 under part E”.

20 (7) Section 452(g)(2)(A) (42 U.S.C.
21 652(g)(2)(A)) is amended in the matter following
22 clause (iii) by striking “aid was being paid under the
23 State’s plan approved under part A or E” and in-
24 serting “assistance was being provided under the

1 State program funded under part A or aid was being
2 paid under the State's plan approved under part E".

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

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

10 (B) by inserting "by the State agency ad-
11 ministering the State plan approved under this
12 part" after "found"; and

13 (C) by striking "under section 402(a)(26)"
14 and inserting "with the State in establishing
15 paternity".

16 (9) Section 452(h) (42 U.S.C. 652(h)) is
17 amended by striking "under section 402(a)(26)".

18 (10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is
19 amended by striking "aid" and inserting "assistance
20 under a State program funded".

21 (11) Section 454 (42 U.S.C. 654) is amend-
22 ed—

23 (A) in paragraph (5)(A)—

24 (i) by striking "under section
25 402(a)(26)"; and

1 (ii) by striking “except that this para-
2 graph shall not apply to such payments for
3 any month following the first month in
4 which the amount collected is sufficient to
5 make such family ineligible for assistance
6 under the State plan approved under part
7 A;”; and

8 (B) in paragraph (6)(D), by striking “aid
9 under a State plan approved” and inserting
10 “assistance under a State program funded”.

11 (12) Section 456 (42 U.S.C. 656) is amended—

12 (A) in subsection (a)(1), by striking
13 “under section 402(a)(26)”; and

14 (B) by striking subsection (b) and insert-
15 ing the following:

16 “(b) A debt which is a support obligation enforceable
17 under this title is not released by a discharge in bank-
18 ruptcy under title 11, United States Code.”.

19 (13) Section 466(a)(3)(B) (42 U.S.C.
20 666(a)(3)(B)) is amended by striking “402(a)(26)
21 or”.

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

1 (15) Section 469(a) (42 U.S.C. 669(a)) is
2 amended—

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

6 (B) by striking “such aid” and inserting
7 “such assistance”.

8 (d) AMENDMENTS TO PART E OF TITLE IV.—

9 (1) Section 470 (42 U.S.C. 670) is amended—

10 (A) by striking “would be” and inserting
11 “would have been”; and

12 (B) by inserting “(as such plan was in ef-
13 fect on June 1, 1995)” after “part A”.

14 (2) Section 471(17) (42 U.S.C. 671(17)) is
15 amended by striking “plans approved under parts A
16 and D” and inserting “program funded under part
17 A and plan approved under part D”.

18 (3) Section 472(a) (42 U.S.C. 672(a)) is
19 amended—

20 (A) in the matter preceding paragraph

21 (1)—

22 (i) by striking “would meet” and in-
23 sserting “would have met”;

1 (ii) by inserting “(as such sections
2 were in effect on June 1, 1995)” after
3 “407”; and

4 (iii) by inserting “(as so in effect)”
5 after “406(a)”; and

6 (B) in paragraph (4)—

7 (i) in subparagraph (A)—

8 (I) by inserting “would have”
9 after “(A)”; and

10 (II) by inserting “(as in effect on
11 June 1, 1995)” after “section 402”;
12 and

13 (ii) in subparagraph (B)(ii), by insert-
14 ing “(as in effect on June 1, 1995)” after
15 “406(a)”.

16 (4) Section 472(h) (42 U.S.C. 672(h)) is
17 amended to read as follows:

18 “(h)(1) For purposes of title XIX, any child with re-
19 spect to whom foster care maintenance payments are
20 made under this section shall be deemed to be a dependent
21 child as defined in section 406 (as in effect as of June
22 1, 1995) and shall be deemed to be a recipient of aid to
23 families with dependent children under part A of this title
24 (as so in effect). For purposes of title XX, any child with
25 respect to whom foster care maintenance payments are

1 made under this section shall be deemed to be a minor
2 child in a needy family under a State program funded
3 under part A and shall be deemed to be a recipient of
4 assistance under such part.

5 “(2) For purposes of paragraph (1), a child whose
6 costs in a foster family home or child care institution are
7 covered by the foster care maintenance payments being
8 made with respect to the child’s minor parent, as provided
9 in section 475(4)(B), shall be considered a child with re-
10 spect to whom foster care maintenance payments are
11 made under this section.”.

12 (5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is
13 amended—

14 (A) in subparagraph (A)(i)—

15 (i) by inserting “(as such sections
16 were in effect on June 1, 1995)” after
17 “407”;

18 (ii) by inserting “(as so in effect)”
19 after “specified in section 406(a)”; and

20 (iii) by inserting “(as such section was
21 in effect on June 1, 1995)” after “403”;

22 (B) in subparagraph (B)(i)—

23 (i) by inserting “would have” after
24 “(B)(i)”; and

1 (ii) by inserting “(as in effect on June
2 1, 1995)” after “section 402”; and

3 (C) in subparagraph (B)(ii)(II), by insert-
4 ing “(as in effect on June 1, 1995)” after
5 “406(a)”.

6 (6) Section 473(b) (42 U.S.C. 673(b)) is
7 amended to read as follows:

8 “(b)(1) For purposes of title XIX, any child who is
9 described in paragraph (3) shall be deemed to be a de-
10 pendent child as defined in section 406 (as in effect as
11 of June 1, 1995) and shall be deemed to be a recipient
12 of aid to families with dependent children under part A
13 of this title (as so in effect) in the State where such child
14 resides.

15 “(2) For purposes of title XX, any child who is de-
16 scribed in paragraph (3) shall be deemed to be a minor
17 child in a needy family under a State program funded
18 under part A and shall be deemed to be a recipient of
19 assistance under such part.

20 “(3) A child described in this paragraph is any
21 child—

22 “(A)(i) who is a child described in subsection
23 (a)(2), and

24 “(ii) with respect to whom an adoption assist-
25 ance agreement is in effect under this section

1 (whether or not adoption assistance payments are
2 provided under the agreement or are being made
3 under this section), including any such child who has
4 been placed for adoption in accordance with applica-
5 ble State and local law (whether or not an interlocu-
6 tory or other judicial decree of adoption has been is-
7 sued), or

8 “(B) with respect to whom foster care mainte-
9 nance payments are being made under section 472.

10 “(4) For purposes of paragraphs (1) and (2), a child
11 whose costs in a foster family home or child-care institu-
12 tion are covered by the foster care maintenance payments
13 being made with respect to the child’s minor parent, as
14 provided in section 475(4)(B), shall be considered a child
15 with respect to whom foster care maintenance payments
16 are being made under section 472.”.

17 (e) AMENDMENT TO TITLE X.—Section 1002(a)(7)
18 (42 U.S.C. 1202(a)(7)) is amended by striking “aid to
19 families with dependent children under the State plan ap-
20 proved under section 402 of this Act” and inserting “as-
21 sistance under a State program funded under part A of
22 title IV”.

23 (f) AMENDMENTS TO TITLE XI.—

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

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

3 (A) in subsection (a)(2)—

4 (i) by inserting “(A)” after “(2)”;

5 (ii) by striking “403,”;

6 (iii) by striking the period at the end
7 and inserting “, and”; and

8 (iv) by adding at the end the following
9 new subparagraph:

10 “(B) costs of such project which would not oth-
11 erwise be a permissible use of funds under part A
12 of title IV and which are not included as part of the
13 costs of projects under section 1110, shall to the ex-
14 tent and for the period prescribed by the Secretary,
15 be regarded as a permissible use of funds under
16 such part.”; and

17 (B) in subsection (c)(3), by striking
18 “under the program of aid to families with de-
19 pendent children” and inserting “part A of
20 such title”.

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

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

1 (B) in subsection (a)(3), by striking
2 “404,”.

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

5 (A) by striking “403(a),”;

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

7 and

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

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

13 (A) by striking “or part A of title IV”; and

14 (B) by striking “403(a),”.

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

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

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

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

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

25 (B) in subsection (d)(1)(B)—

- 1 (i) by striking “In this subsection—”
2 and all that follows through “(ii) in” and
3 inserting “In this subsection, in”;
- 4 (ii) by redesignating subclauses (I),
5 (II), and (III) as clauses (i), (ii), and (iii);
6 and
- 7 (iii) by moving such redesignated ma-
8 terial 2 ems to the left.
- 9 (9) Section 1108 (42 U.S.C. 1308) is amend-
10 ed—
- 11 (A) in subsection (a)—
- 12 (i) in the matter preceding paragraph
13 (1)—
- 14 (I) by inserting “(or paid, in the
15 case of part A of title IV)” after “cer-
16 tified”; and
- 17 (II) by striking “or, in the case
18 of” and all that follows through “sec-
19 tion 403(k)”;
- 20 (ii) in paragraph (1)—
- 21 (I) in subparagraph (F), by strik-
22 ing “or”;
- 23 (II) in subparagraph (G), by
24 striking “the fiscal year 1989 and
25 each fiscal year thereafter;” and in-

1 serting “each of the fiscal years 1989
2 through 1995, or”; and

3 (III) by inserting after subpara-
4 graph (G), the following new subpara-
5 graph:

6 “(H) \$100,039,000 with respect to fiscal
7 year 1996 and each fiscal year thereafter;”;

8 (iii) in paragraph (2)—

9 (I) in subparagraph (F), by strik-
10 ing “or”;

11 (II) in subparagraph (G), by
12 striking “the fiscal year 1989 and
13 each fiscal year thereafter;” and in-
14 serting “each of the fiscal years 1989
15 through 1995, or”; and

16 (III) by inserting after subpara-
17 graph (G), the following new subpara-
18 graph:

19 “(H) \$3,489,000 with respect to fiscal
20 year 1996 and each fiscal year thereafter;” and

21 (iv) in paragraph (3)—

22 (I) in subparagraph (F), by strik-
23 ing “or”;

24 (II) in subparagraph (G), by
25 striking “the fiscal year 1989 and

1 each fiscal year thereafter.” and in-
2 sserting “each of the fiscal years 1989
3 through 1995, or”; and

4 (III) by inserting after subpara-
5 graph (G), the following new subpara-
6 graph:

7 “(H) \$4,593,000 with respect to fiscal
8 year 1996 and each fiscal year thereafter.”; and

9 (B) in subsection (d), by striking “(exclu-
10 sive of any amounts” and all that follows
11 through “section 403(k) applies”).

12 (g) AMENDMENT TO TITLE XIV.—Section
13 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking
14 “aid to families with dependent children under the State
15 plan approved under section 402 of this Act” and insert-
16 ing “assistance under a State program funded under part
17 A of title IV”.

18 (h) AMENDMENT TO TITLE XVI AS IN EFFECT WITH
19 RESPECT TO THE TERRITORIES.—Section 1602(a)(11),
20 as in effect without regard to the amendment made by
21 section 301 of the Social Security Amendments of 1972
22 (42 U.S.C. 1382 note), is amended by striking “aid under
23 the State plan approved” and inserting “assistance under
24 a State program funded”.

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

5 **SEC. 107. CONFORMING AMENDMENTS TO THE FOOD**
6 **STAMP ACT OF 1977 AND RELATED PROVI-**
7 **SIONS.**

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

10 (1) in the second sentence of subsection (a), by
11 striking “plan approved” and all that follows
12 through “title IV of the Social Security Act” and in-
13 serting “program funded under part A of title IV of
14 the Social Security Act (42 U.S.C. 601 et seq.) that
15 the Secretary determines complies with standards
16 established by the Secretary that ensure that the
17 standards under the State program are comparable
18 to or more restrictive than those in effect on June
19 1, 1995”;

20 (2) in subsection (d)(5)—

21 (A) by striking “assistance to families with
22 dependent children” and inserting “assistance
23 under a State program funded”; and

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

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

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

11 (u) Section 9 of the Act of April 19, 1950 (64 Stat.
12 47, chapter 92; 25 U.S.C. 639) is repealed.

13 (v) Subparagraph (E) of section 213(d)(6) of the
14 School-To-Work Opportunities Act of 1994 (20 U.S.C.
15 6143(d)(6)) is amended to read as follows:

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

19 **SEC. 109. STUDY OF EFFECT OF WELFARE REFORM ON**
20 **GRANDPARENTS AS PRIMARY CAREGIVERS.**

21 (a) **IN GENERAL.**—The Secretary of Health and
22 Human Services (hereafter in this section referred to as
23 the “Secretary”) shall conduct a study evaluating the im-
24 pact of amendments made by this Act on grandparents
25 who have assumed the responsibility of providing care to

1 their grandchildren. In such study, the Secretary shall
2 identify barriers to participation in public programs in-
3 cluding inconsistent policies, standards, and definitions
4 used by programs and agencies in the administration of
5 medicaid, assistance under a State program funded under
6 part A of title IV of the Social Security Act, child support
7 enforcement, and foster care programs on grandparents
8 who have assumed the care-giving role for children whose
9 natural parents are unable to provide care.

10 (b) REPORT.—Not later than December 31, 1997,
11 the Secretary shall submit a report setting forth the find-
12 ings of the study described in subsection (a) to the Com-
13 mittee on Ways and Means and the Committee on Eco-
14 nomic and Educational Opportunities of the House of
15 Representatives and the Committee on Finance, the Com-
16 mittee on Labor and Human Resources, and the Special
17 Committee on Aging of the Senate. The report shall in-
18 clude such recommendations for administrative or legisla-
19 tive changes as the Secretary considers appropriate.

20 **SEC. 110. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

21 (a) IN GENERAL.—Whenever an organization that
22 accepts Federal funds under this Act or the amendments
23 made by this Act makes any communication that in any
24 way intends to promote public support or opposition to
25 any policy of a Federal, State, or local government

1 subsection (a) if the State corrects the violation pursuant
2 to the plan within 90 days after the date on which the
3 plan is accepted (or within such other period specified in
4 the plan).

5 **SEC. 111. SECRETARIAL SUBMISSION OF LEGISLATIVE PRO-**
6 **POSAL FOR TECHNICAL AND CONFORMING**
7 **AMENDMENTS.**

8 Not later than 90 days after the date of the enact-
9 ment of this Act, the Secretary of Health and Human
10 Services, in consultation, as appropriate, with the heads
11 of other Federal agencies, shall submit to the appropriate
12 committees of Congress a legislative proposal providing for
13 such technical and conforming amendments in the law as
14 are required by the provisions of this Act.

15 **SEC. 112. EFFECTIVE DATE; TRANSITION RULE.**

16 (a) **IN GENERAL.**—Except as otherwise provided in
17 this title, this title and the amendments made by this title
18 shall take effect on October 1, 1995.

19 (b) **TRANSITION RULE.**—

20 (1) **STATE OPTION TO CONTINUE AFDC PRO-**
21 **GRAM.**—

22 (A) **9-MONTH EXTENSION.**—A State may
23 continue a State program under parts A and F
24 of title IV of the Social Security Act, as in ef-
25 fect on September 30, 1995 (for purposes of

1 this paragraph, the “State AFDC program”)
2 until June 30, 1996.

3 (B) REDUCTION OF FISCAL YEAR 1996
4 GRANT.—In the case of any State opting to
5 continue the State AFDC program pursuant to
6 subparagraph (A), the State family assistance
7 grant paid to such State under section 403(a)
8 of the Social Security Act (as added by section
9 101 and as in effect on and after October 1,
10 1995) for fiscal year 1996 (after the termi-
11 nation of the State AFDC program) shall be re-
12 duced by an amount equal to the total Federal
13 payment to such State under section 403 of the
14 Social Security Act (as in effect on September
15 30, 1995) for such fiscal year.

16 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—
17 The amendments made by this title shall not apply
18 with respect to—

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

24 (B) administrative actions and proceedings
25 commenced before such date, or authorized be-

1 fore such date to be commenced, under such
2 provisions.

3 (3) CLOSING OUT ACCOUNT FOR THOSE PRO-
4 GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED
5 BY THIS TITLE.—In closing out accounts, Federal
6 and State officials may use scientifically acceptable
7 statistical sampling techniques. Claims made under
8 programs which are repealed or substantially amend-
9 ed in this title and which involve State expenditures
10 in cases where assistance or services were provided
11 during a prior fiscal year, shall be treated as ex-
12 penditures during fiscal year 1995 for purposes of
13 reimbursement even if payment was made by a State
14 on or after October 1, 1995. States shall complete
15 the filing of all claims no later than September 30,
16 1997. Federal department heads shall—

17 (A) use the single audit procedure to re-
18 view and resolve any claims in connection with
19 the closeout of programs, and

20 (B) reimburse States for any payments
21 made for assistance or services provided during
22 a prior fiscal year from funds for fiscal year
23 1995, rather than the funds authorized by this
24 title.

1 (c) SUNSET.—The amendment made by section
2 101(b) shall be effective only during the 5-year period be-
3 ginning on October 1, 1995.

4 **TITLE II—SUPPLEMENTAL**
5 **SECURITY INCOME**
6 **Subtitle A—Eligibility Restrictions**

7 **SEC. 201. DENIAL OF SUPPLEMENTAL SECURITY INCOME**
8 **BENEFITS BY REASON OF DISABILITY TO**
9 **DRUG ADDICTS AND ALCOHOLICS.**

10 (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.
11 1382c(a)(3)) is amended by adding at the end the follow-
12 ing:

13 “(I) Notwithstanding subparagraph (A), an individ-
14 ual shall not be considered to be disabled for purposes of
15 this title if alcoholism or drug addiction would (but for
16 this subparagraph) be a contributing factor material to
17 the Commissioner’s determination that the individual is
18 disabled.”.

19 (b) REPRESENTATIVE PAYEE REQUIREMENTS.—

20 (1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C.
21 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

22 “(II) In the case of an individual eligible for benefits
23 under this title by reason of disability, if such individual
24 also has an alcoholism or drug addiction condition (as de-
25 termined by the Commissioner of Social Security), the

1 payment of such benefits to a representative payee shall
2 be deemed to serve the interest of the individual. In any
3 case in which such payment is so deemed under this
4 subclause to serve the interest of an individual, the Com-
5 missioner shall include, in the individual's notification of
6 such eligibility, a notice that such alcoholism or drug ad-
7 diction condition accompanies the disability upon which
8 such eligibility is based and that the Commissioner is
9 therefore required to pay the individual's benefits to a rep-
10 resentative payee.”.

11 (2) Section 1631(a)(2)(B)(vii) (42 U.S.C.
12 1383(a)(2)(B)(vii)) is amended by striking “eligible
13 for benefits” and all that follows through “is dis-
14 abled” and inserting “described in subparagraph
15 (A)(ii)(II)”.

16 (3) Section 1631(a)(2)(B)(ix)(II) (42 U.S.C.
17 1383(a)(2)(B)(ix)(II)) is amended by striking all
18 that follows “15 years, or” and inserting “described
19 in subparagraph (A)(ii)(II)”.

20 (4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.
21 1383(a)(2)(D)(i)(II)) is amended by striking “eligi-
22 ble for benefits” and all that follows through “is dis-
23 abled” and inserting “described in subparagraph
24 (A)(ii)(II)”.

1 (c) TREATMENT SERVICES FOR INDIVIDUALS WITH
2 A SUBSTANCE ABUSE CONDITION.—

3 (1) IN GENERAL.—Title XVI (42 U.S.C. 1381
4 et seq.) is amended by adding at the end the follow-
5 ing new section:

6 “TREATMENT SERVICES FOR INDIVIDUALS WITH A
7 SUBSTANCE ABUSE CONDITION

8 “SEC. 1636. (a) In the case of any individual eligible
9 for benefits under this title by reason of disability who
10 is identified as having a substance abuse condition, the
11 Commissioner of Social Security shall make provision for
12 referral of such individual to the appropriate State agency
13 administering the State plan for substance abuse treat-
14 ment services approved under subpart II of part B of title
15 XIX of the Public Health Service Act (42 U.S.C. 300x-
16 21 et seq.).

17 “(b) No individual described in subsection (a) shall
18 be an eligible individual or eligible spouse for purposes of
19 this title if such individual refuses without good cause to
20 accept the referred services described under subsection
21 (a).

22 (2) CONFORMING AMENDMENT.—Section
23 1614(a)(4) (42 U.S.C. 1382c(a)(4)) is amended by
24 inserting after the second sentence the following new
25 sentence: “For purposes of the preceding sentence,
26 any individual identified by the Commissioner as

1 having a substance abuse condition shall seek and
2 complete appropriate treatment as needed.”.

3 (d) CONFORMING AMENDMENTS.—

4 (1) Section 1611(e) (42 U.S.C. 1382(e)) is
5 amended by striking paragraph (3).

6 (2) Section 1634 (42 U.S.C. 1383c) is amended
7 by striking subsection (e).

8 (3) Section 201(c)(1) of the Social Security
9 Independence and Program Improvements Act of
10 1994 (42 U.S.C. 425 note) is amended—

11 (A) by striking “—” and all that follows
12 through “(A)” the 1st place it appears;

13 (B) by striking “and” the 3rd place it ap-
14 pears;

15 (C) by striking subparagraph (B);

16 (D) by striking “either subparagraph (A)
17 or subparagraph (B)” and inserting “the pre-
18 ceding sentence”; and

19 (E) by striking “subparagraph (A) or (B)”
20 and inserting “the preceding sentence”.

21 (e) SUPPLEMENTAL FUNDING FOR ALCOHOL AND
22 SUBSTANCE ABUSE TREATMENT PROGRAMS.—

23 (1) IN GENERAL.—Out of any money in the
24 Treasury not otherwise appropriated, there are here-
25 by appropriated to supplement State and Tribal pro-

1 grams funded under section 1933 of the Public
2 Health Service Act (42 U.S.C. 300x-33),
3 \$50,000,000 for each of the fiscal years 1997 and
4 1998.

5 (2) ADDITIONAL FUNDS.—Amounts appro-
6 priated under paragraph (1) shall be in addition to
7 any funds otherwise appropriated for allotments
8 under section 1933 of the Public Health Service Act
9 (42 U.S.C. 300x-33) and shall be allocated pursuant
10 to such section 1933.

11 (3) USE OF FUNDS.—A State or Tribal govern-
12 ment receiving an allotment under this subsection
13 shall consider as priorities, for purposes of expend-
14 ing funds allotted under this subsection, activities
15 relating to the treatment of the abuse of alcohol and
16 other drugs.

17 **SEC. 202. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI**
18 **BENEFITS.**

19 Paragraph (1) of section 1614(a) (42 U.S.C.
20 1382c(a)) is amended—

21 (1) in subparagraph (B)(i), by striking “either”
22 and all that follows through “, or” and inserting
23 “(I) a citizen; (II) a noncitizen who is granted asy-
24 lum under section 208 of the Immigration and Na-
25 tionality Act or whose deportation has been withheld

1 under section 243(h) of such Act for a period of not
2 more than 5 years after the date of arrival into the
3 United States; (III) a noncitizen who is admitted to
4 the United States as a refugee under section 207 of
5 such Act for not more than such 5-year period; (IV)
6 a noncitizen, lawfully present in any State (or any
7 territory or possession of the United States), who is
8 a veteran (as defined in section 101 of title 38,
9 United States Code) with a discharge characterized
10 as an honorable discharge and not on account of
11 alienage or who is the spouse or unmarried depend-
12 ent child of such veteran; or (V) a noncitizen who
13 has worked sufficient calendar quarters of coverage
14 to be a fully insured individual for benefits under
15 title II, or”; and

16 (2) by adding at the end the following new
17 flush sentence:

18 “For purposes of subparagraph (B)(i)(IV), the determina-
19 tion of whether a noncitizen is lawfully present in the
20 United States shall be made in accordance with regula-
21 tions of the Attorney General. A noncitizen shall not be
22 considered to be lawfully present in the United States for
23 purposes of this title merely because the noncitizen may
24 be considered to be permanently residing in the United

1 States under color of law for purposes of any particular
2 program.”.

3 **SEC. 203. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**
4 **VIDUALS FOUND TO HAVE FRAUDULENTLY**
5 **MISREPRESENTED RESIDENCE IN ORDER TO**
6 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**
7 **MORE STATES.**

8 Section 1614(a) (42 U.S.C. 1382c(a)) is amended by
9 adding at the end the following new paragraph:

10 “(5) An individual shall not be considered an eligible
11 individual for purposes of this title during the 10-year pe-
12 riod beginning on the date the individual is convicted in
13 Federal or State court of having made a fraudulent state-
14 ment or representation with respect to the place of resi-
15 dence of the individual in order to receive assistance simul-
16 taneously from 2 or more States under programs that are
17 funded under part A of title IV, title XIX, or the Food
18 Stamp Act of 1977, or benefits in 2 or more States under
19 the supplemental security income program under title
20 XVI.”.

21 **SEC. 204. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**
22 **AND PROBATION AND PAROLE VIOLATORS.**

23 (a) **IN GENERAL.**—Section 1611(e) (42 U.S.C.
24 1382(e)), as amended by section 201(c)(1), is amended

1 by inserting after paragraph (2) the following new para-
2 graph:

3 “(3) A person shall not be an eligible individual or
4 eligible spouse for purposes of this title with respect to
5 any month if during such month the person is—

6 “(A) fleeing to avoid prosecution, or custody or
7 confinement after conviction, under the laws of the
8 place from which the person flees, for a crime, or an
9 attempt to commit a crime, which is a felony under
10 the laws of the place from which the person flees, or
11 which, in the case of the State of New Jersey, is a
12 high misdemeanor under the laws of such State; or

13 “(B) violating a condition of probation or pa-
14 role imposed under Federal or State law.”.

15 (b) EXCHANGE OF INFORMATION WITH LAW EN-
16 FORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C.
17 1383(e)) is amended by inserting after paragraph (3) the
18 following new paragraph:

19 “(4) Notwithstanding any other provision of law, the
20 Commissioner shall furnish any Federal, State, or local
21 law enforcement officer, upon the request of the officer,
22 with the current address, Social Security number, and
23 photograph (if applicable) of any recipient of benefits
24 under this title, if the officer furnishes the agency with
25 the name of the recipient and notifies the agency that—

1 “(A) the recipient—

2 “(i) is fleeing to avoid prosecution, or cus-
3 tody or confinement after conviction, under the
4 laws of the place from which the person flees,
5 for a crime, or an attempt to commit a crime,
6 which is a felony under the laws of the place
7 from which the person flees, or which, in the
8 case of the State of New Jersey, is a high mis-
9 dememeanor under the laws of such State;

10 “(ii) is violating a condition of probation or
11 parole imposed under Federal or State law; or

12 “(iii) has information that is necessary for
13 the officer to conduct the officer’s official du-
14 ties; and

15 “(B) the location or apprehension of the recipi-
16 ent is within the officer’s official duties.”.

17 **SEC. 205. EFFECTIVE DATES; APPLICATION TO CURRENT**
18 **RECIPIENTS.**

19 (a) **SECTIONS 201 AND 202.—**

20 (1) **IN GENERAL.—**Except as provided in para-
21 graphs (2) and (3), the amendments made by sec-
22 tions 201 and 202 shall apply to applicants for bene-
23 fits for months beginning on or after the date of the
24 enactment of this Act, without regard to whether

1 regulations have been issued to implement such
2 amendments.

3 (2) APPLICATION TO CURRENT RECIPIENTS.—

4 (A) APPLICATION AND NOTICE.—Notwith-
5 standing any other provision of law, in the case
6 of an individual who is receiving supplemental
7 security income benefits under title XVI of the
8 Social Security Act as of the date of the enact-
9 ment of this Act and whose eligibility for such
10 benefits would terminate by reason of the
11 amendments made by section 201 or 202, such
12 amendments shall apply with respect to the
13 benefits of such individual, including such indi-
14 vidual's treatment (if any) provided pursuant to
15 such title as in effect on the day before the date
16 of such enactment, for months beginning on or
17 after January 1, 1997, and the Commissioner
18 of Social Security shall so notify the individual
19 not later than 90 days after the date of the en-
20 actment of this Act.

21 (B) REAPPLICATION.—

22 (i) IN GENERAL.—Not later than 120
23 days after the date of the enactment of
24 this Act, each individual notified pursuant
25 to subparagraph (A) who desires to re-

1 apply for benefits under title XVI of the
2 Social Security Act, as amended by this
3 title, shall reapply to the Commissioner of
4 Social Security.

5 (ii) DETERMINATION OF ELIGI-
6 BILITY.—Not later than 1 year after the
7 date of the enactment of this Act, the
8 Commissioner of Social Security shall de-
9 termine the eligibility of each individual
10 who reapplies for benefits under clause (i)
11 pursuant to the procedures of such title.

12 (3) ADDITIONAL APPLICATION OF PAYEE REP-
13 RESENTATIVE REQUIREMENTS.—The amendments
14 made by section 201(b) shall also apply—

15 (A) in the case of any individual who is re-
16 ceiving supplemental security income benefits
17 under title XVI of the Social Security Act as of
18 the date of the enactment of this Act, on and
19 after the date of such individual's first continu-
20 ing disability review occurring after such date
21 of enactment, and

22 (B) in the case of any individual who re-
23 ceives supplemental security income benefits
24 under title XVI of the Social Security Act and
25 has attained age 65, in such manner as deter-

1 mined appropriate by the Commissioner of So-
2 cial Security.

3 (b) OTHER AMENDMENTS.—The amendments made
4 by sections 203 and 204 shall take effect on the date of
5 the enactment of this Act.

6 **Subtitle B—Benefits for Disabled** 7 **Children**

8 **SEC. 211. DEFINITION AND ELIGIBILITY RULES.**

9 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-
10 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by
11 section 201(a), is amended—

12 (1) in subparagraph (A), by striking “An indi-
13 vidual” and inserting “Except as provided in sub-
14 paragraph (C), an individual”;

15 (2) in subparagraph (A), by striking “(or, in
16 the case of an individual under the age of 18, if he
17 suffers from any medically determinable physical or
18 mental impairment of comparable severity)”;

19 (3) by redesignating subparagraphs (C) through
20 (I) as subparagraphs (D) through (J), respectively;

21 (4) by inserting after subparagraph (B) the fol-
22 lowing new subparagraph:

23 “(C) An individual under the age of 18 shall be con-
24 sidered disabled for the purposes of this title if that indi-
25 vidual has a medically determinable physical or mental im-

1 pairment, which results in marked and severe functional
2 limitations, and which can be expected to result in death
3 or which has lasted or can be expected to last for a contin-
4 uous period of not less than 12 months.”; and

5 (5) in subparagraph (F), as redesignated by
6 paragraph (3), by striking “(D)” and inserting
7 “(E)”.

8 (b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

9 (1) MODIFICATION TO MEDICAL CRITERIA FOR
10 EVALUATION OF MENTAL AND EMOTIONAL DIS-
11 ORDERS.—The Commissioner of Social Security
12 shall modify sections 112.00C.2. and
13 112.02B.2.c.(2) of appendix 1 to subpart P of part
14 404 of title 20, Code of Federal Regulations, to
15 eliminate references to maladaptive behavior in the
16 domain of personal/behaviorial function.

17 (2) DISCONTINUANCE OF INDIVIDUALIZED
18 FUNCTIONAL ASSESSMENT.—The Commissioner of
19 Social Security shall discontinue the individualized
20 functional assessment for children set forth in sec-
21 tions 416.924d and 416.924e of title 20, Code of
22 Federal Regulations.

23 (c) EFFECTIVE DATE; REGULATIONS; APPLICATION
24 TO CURRENT RECIPIENTS.—

1 (1) IN GENERAL.—The amendments made by
2 subsections (a) and (b) shall apply to applicants for
3 benefits for months beginning on or after the date
4 of the enactment of this Act, without regard to
5 whether regulations have been issued to implement
6 such amendments.

7 (2) REGULATIONS.—The Commissioner of So-
8 cial Security shall issue such regulations as the
9 Commissioner determines to be necessary to imple-
10 ment the amendments made by subsections (a) and
11 (b) not later than 60 days after the date of the en-
12 actment of this Act.

13 (3) APPLICATION TO CURRENT RECIPIENTS.—

14 (A) ELIGIBILITY DETERMINATIONS.—Not
15 later than 1 year after the date of the enact-
16 ment of this Act, the Commissioner of Social
17 Security shall redetermine the eligibility of any
18 individual under age 18 who is receiving supple-
19 mental security income benefits based on a dis-
20 ability under title XVI of the Social Security
21 Act as of the date of the enactment of this Act
22 and whose eligibility for such benefits may ter-
23minate by reason of the amendments made by
24 subsection (a) or (b). With respect to any rede-
25 termination under this subparagraph—

1 (i) section 1614(a)(4) of the Social
2 Security Act (42 U.S.C. 1382c(a)(4)) shall
3 not apply;

4 (ii) the Commissioner of Social Secu-
5 rity shall apply the eligibility criteria for
6 new applicants for benefits under title XVI
7 of such Act;

8 (iii) the Commissioner shall give such
9 redetermination priority over all continuing
10 eligibility reviews and other reviews under
11 such title; and

12 (iv) such redetermination shall be
13 counted as a review or redetermination
14 otherwise required to be made under sec-
15 tion 208 of the Social Security Independ-
16 ence and Program Improvements Act of
17 1994 or any other provision of title XVI of
18 the Social Security Act.

19 (B) GRANDFATHER PROVISION.—The
20 amendments made by subsections (a) and (b),
21 and the redetermination under subparagraph
22 (A), shall only apply with respect to the benefits
23 of an individual described in subparagraph (A)
24 for months beginning on or after January 1,
25 1997.

1 (C) NOTICE.—Not later than 90 days after
2 the date of the enactment of this Act, the Com-
3 missioner of Social Security shall notify an indi-
4 vidual described in subparagraph (A) of the
5 provisions of this paragraph.

6 **SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINU-**
7 **ING DISABILITY REVIEWS.**

8 (a) CONTINUING DISABILITY REVIEWS RELATING TO
9 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.
10 1382c(a)(3)(H)), as redesignated by section 211(a)(3), is
11 amended—

12 (1) by inserting “(i)” after “(H)”; and

13 (2) by adding at the end the following new
14 clause:

15 “(ii)(I) Not less frequently than once every 3 years,
16 the Commissioner shall review in accordance with para-
17 graph (4) the continued eligibility for benefits under this
18 title of each individual who has not attained 18 years of
19 age and is eligible for such benefits by reason of an im-
20 pairment (or combination of impairments) which may im-
21 prove (or, which is unlikely to improve, at the option of
22 the Commissioner).

23 “(II) A parent or guardian of a recipient whose case
24 is reviewed under this clause shall present, at the time
25 of review, evidence demonstrating that the recipient is,

1 and has been, receiving treatment, to the extent consid-
2 ered medically necessary and available, of the condition
3 which was the basis for providing benefits under this
4 title.”.

5 (b) DISABILITY ELIGIBILITY REDETERMINATIONS
6 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS
7 OF AGE.—

8 (1) IN GENERAL.—Section 1614(a)(3)(H) (42
9 U.S.C. 1382c(a)(3)(H)), as amended by subsection
10 (a), is amended by adding at the end the following
11 new clause:

12 “(iii) If an individual is eligible for benefits under this
13 title by reason of disability for the month preceding the
14 month in which the individual attains the age of 18 years,
15 the Commissioner shall redetermine such eligibility—

16 “(I) during the 1-year period beginning on the
17 individual’s 18th birthday; and

18 “(II) by applying the criteria used in determin-
19 ing the initial eligibility for applicants who have at-
20 tained the age of 18 years.

21 With respect to a redetermination under this clause, para-
22 graph (4) shall not apply and such redetermination shall
23 be considered a substitute for a review or redetermination
24 otherwise required under any other provision of this sub-
25 paragraph during that 1-year period.”.

1 (2) CONFORMING REPEAL.—Section 207 of the
2 Social Security Independence and Program Improve-
3 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.
4 1516) is hereby repealed.

5 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR
6 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)
7 (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections
8 (a) and (b), is amended by adding at the end the following
9 new clause:

10 “(iv)(I) Not later than 12 months after the birth of
11 an individual, the Commissioner shall review in accordance
12 with paragraph (4) the continuing eligibility for benefits
13 under this title by reason of disability of such individual
14 whose low birth weight is a contributing factor material
15 to the Commissioner’s determination that the individual
16 is disabled.

17 “(II) A review under subclause (I) shall be considered
18 a substitute for a review otherwise required under any
19 other provision of this subparagraph during that 12-
20 month period.

21 “(III) A parent or guardian of a recipient whose case
22 is reviewed under this clause shall present, at the time
23 of review, evidence demonstrating that the recipient is,
24 and has been, receiving treatment, to the extent consid-
25 ered medically necessary and available, of the condition

1 which was the basis for providing benefits under this
2 title.”.

3 (d) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to benefits for months beginning
5 on or after the date of the enactment of this Act, without
6 regard to whether regulations have been issued to imple-
7 ment such amendments.

8 **SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

9 (a) **TIGHTENING OF REPRESENTATIVE PAYEE RE-**
10 **QUIREMENTS.**—

11 (1) **CLARIFICATION OF ROLE.**—Section
12 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is
13 amended by striking “and” at the end of subclause
14 (II), by striking the period at the end of subclause
15 (IV) and inserting “; and”, and by adding after
16 subclause (IV) the following new subclause:

17 “(V) advise such person through the notice of
18 award of benefits, and at such other times as the
19 Commissioner of Social Security deems appropriate,
20 of specific examples of appropriate expenditures of
21 benefits under this title and the proper role of a rep-
22 resentative payee.”.

23 (2) **DOCUMENTATION OF EXPENDITURES RE-**
24 **QUIRED.**—

1 (A) IN GENERAL.—Subparagraph (C)(i) of
2 section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is
3 amended to read as follows:

4 “(C)(i) In any case where payment is made to a rep-
5 resentative payee of an individual or spouse, the Commis-
6 sioner of Social Security shall—

7 “(I) require such representative payee to docu-
8 ment expenditures and keep contemporaneous
9 records of transactions made using such payment;
10 and

11 “(II) implement statistically valid procedures
12 for reviewing a sample of such contemporaneous
13 records in order to identify instances in which such
14 representative payee is not properly using such pay-
15 ment.”.

16 (B) CONFORMING AMENDMENT WITH RE-
17 SPECT TO PARENT PAYEES.—Clause (ii) of sec-
18 tion 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C))
19 is amended by striking “Clause (i)” and insert-
20 ing “Subclauses (II) and (III) of clause (i)”.

21 (3) EFFECTIVE DATE.—The amendments made
22 by this subsection shall apply to benefits paid after
23 the date of the enactment of this Act.

24 (b) DEDICATED SAVINGS ACCOUNTS.—

1 (1) IN GENERAL.—Section 1631(a)(2)(B) (42
2 U.S.C. 1383(a)(2)(B)) is amended by adding at the
3 end the following new clause:

4 “(xiv) Notwithstanding clause (x), the Commissioner
5 of Social Security may, at the request of the representative
6 payee, pay any lump sum payment for the benefit of a
7 child into a dedicated savings account that could only be
8 used to purchase for such child—

9 “(I) education and job skills training;

10 “(II) special equipment or housing modifica-
11 tions or both specifically related to, and required by
12 the nature of, the child’s disability; and

13 “(III) appropriate therapy and rehabilitation.”.

14 (2) DISREGARD OF TRUST FUNDS.—Section
15 1613(a) (42 U.S.C. 1382b) is amended—

16 (A) by striking “and” at the end of para-
17 graph (9),

18 (B) by striking the period at the end of
19 paragraph (10) the first place it appears and
20 inserting a semicolon,

21 (C) by redesignating paragraph (10) the
22 second place it appears as paragraph (11) and
23 striking the period at the end of such para-
24 graph and inserting “; and”, and

1 (D) by inserting after paragraph (11), as
2 so redesignated, the following new paragraph:

3 “(12) all amounts deposited in, or interest cred-
4 ited to, a dedicated savings account described in sec-
5 tion 1631(a)(2)(B)(xiv).”.

6 (3) EFFECTIVE DATE.—The amendments made
7 by this subsection shall apply to payments made
8 after the date of the enactment of this Act.

9 **Subtitle C—Studies Regarding Sup-**
10 **plemental Security Income Pro-**
11 **gram**

12 **SEC. 221. ANNUAL REPORT ON THE SUPPLEMENTAL SECU-**
13 **RITY INCOME PROGRAM.**

14 Title XVI is amended by adding at the end the follow-
15 ing new section:

16 **“SEC. 1636. ANNUAL REPORT ON PROGRAM.**

17 **“(a) DESCRIPTION OF REPORT.—**Not later than May
18 30 of each year, the Commissioner of Social Security shall
19 prepare and deliver a report annually to the President and
20 the Congress regarding the program under this title, in-
21 cluding—

22 **“(1) a comprehensive description of the pro-**
23 **gram;**

24 **“(2) historical and current data on allowances**
25 **and denials, including number of applications and**

1 allowance rates at initial determinations, reconsiderations,
2 ations, administrative law judge hearings, council of
3 appeals hearings, and Federal court appeal hearings;
4 “(3) historical and current data on characteristics
5 of recipients and program costs, by recipient
6 group (aged, blind, work disabled adults, and children);
7
8 “(4) projections of future number of recipients
9 and program costs, through at least 25 years;
10 “(5) number of redeterminations and continuing
11 disability reviews, and the outcomes of such
12 redeterminations and reviews;
13 “(6) data on the utilization of work incentives;
14 “(7) detailed information on administrative and
15 other program operation costs;
16 “(8) summaries of relevant research undertaken
17 by the Social Security Administration, or by other
18 researchers;
19 “(9) State supplementation program operations;
20 “(10) a historical summary of statutory
21 changes to this title; and
22 “(11) such other information as the Commissioner
23 deems useful.
24 “(b) VIEWS OF MEMBERS OF THE SOCIAL SECURITY
25 ADVISORY COUNCIL.—Each member of the Social Secu-

1 rity Advisory Council shall be permitted to provide an indi-
2 vidual report, or a joint report if agreed, of views of the
3 program under this title, to be included in the annual re-
4 port under this section.”.

5 **SEC. 222. IMPROVEMENTS TO DISABILITY EVALUATION.**

6 (a) **REQUEST FOR COMMENTS.**—

7 (1) **IN GENERAL.**—Not later than 60 days after
8 the date of the enactment of this Act, the Commis-
9 sioner of Social Security shall issue a request for
10 comments in the Federal Register regarding im-
11 provements to the disability evaluation and deter-
12 mination procedures for individuals under age 18 to
13 ensure the comprehensive assessment of such indi-
14 viduals, including—

15 (A) additions to conditions which should be
16 presumptively disabling at birth or ages 0
17 through 3 years;

18 (B) specific changes in individual listings
19 in the Listing of Impairments set forth in ap-
20 pendix 1 of subpart P of part 404 of title 20,
21 Code of Federal Regulations;

22 (C) improvements in regulations regarding
23 determinations based on regulations providing
24 for medical and functional equivalence to such

1 Listing of Impairments, and consideration of
2 multiple impairments; and

3 (D) any other changes to the disability de-
4 termination procedures.

5 (2) REVIEW AND REGULATORY ACTION.—The
6 Commissioner of Social Security shall promptly re-
7 view such comments and issue any regulations im-
8 plementing any necessary changes not later than 18
9 months after the date of the enactment of this Act.

10 **SEC. 223. STUDY OF DISABILITY DETERMINATION PROC-**
11 **ESS.**

12 (a) IN GENERAL.—Not later than 90 days after the
13 date of the enactment of this Act, and from funds other-
14 wise appropriated, the Commissioner of Social Security
15 shall make arrangements with the National Academy of
16 Sciences, or other independent entity, to conduct a study
17 of the disability determination process under titles II and
18 XVI of the Social Security Act. This study shall be under-
19 taken in consultation with professionals representing ap-
20 propriate disciplines.

21 (b) STUDY COMPONENTS.—The study described in
22 subsection (a) shall include—

23 (1) an initial phase examining the appropriate-
24 ness of, and making recommendations regarding—

1 (A) the definitions of disability in effect on
2 the date of the enactment of this Act and the
3 advantages and disadvantages of alternative
4 definitions; and

5 (B) the operation of the disability deter-
6 mination process, including the appropriate
7 method of performing comprehensive assess-
8 ments of individuals under age 18 with physical
9 and mental impairments;

10 (2) a second phase, which may be concurrent
11 with the initial phase, examining the validity, reli-
12 ability, and consistency with current scientific knowl-
13 edge of the standards and individual listings in the
14 Listing of Impairments set forth in appendix 1 of
15 subpart P of part 404 of title 20, Code of Federal
16 Regulations, and of related evaluation procedures as
17 promulgated by the Commissioner of Social Security;
18 and

19 (3) such other issues as the applicable entity
20 considers appropriate.

21 (c) REPORTS AND REGULATIONS.—

22 (1) REPORTS.—The Commissioner of Social Se-
23 curity shall request the applicable entity, to submit
24 an interim report and a final report of the findings
25 and recommendations resulting from the study de-

1 scribed in this section to the President and the Con-
2 gress not later than 18 months and 24 months, re-
3 spectively, from the date of the contract for such
4 study, and such additional reports as the Commis-
5 sioner deems appropriate after consultation with the
6 applicable entity.

7 (2) REGULATIONS.—The Commissioner of So-
8 cial Security shall review both the interim and final
9 reports, and shall issue regulations implementing
10 any necessary changes following each report.

11 **SEC. 224. STUDY BY GENERAL ACCOUNTING OFFICE.**

12 Not later than January 1, 1998, the Comptroller
13 General of the United States shall study and report on
14 the impact of the amendments made by, and the provi-
15 sions of, this title on the supplemental security income
16 program under title XVI of the Social Security Act.

17 **Subtitle D—National Commission**
18 **on the Future of Disability**

19 **SEC. 231. ESTABLISHMENT.**

20 There is established a commission to be known as the
21 National Commission on the Future of Disability (referred
22 to in this subtitle as the “Commission”), the expenses of
23 which shall be paid from funds otherwise appropriated for
24 the Social Security Administration.

1 SEC. 232. DUTIES OF THE COMMISSION.

2 (a) IN GENERAL.—The Commission shall develop
3 and carry out a comprehensive study of all matters related
4 to the nature, purpose, and adequacy of all Federal pro-
5 grams serving individuals with disabilities. In particular,
6 the Commission shall study the disability insurance pro-
7 gram under title II of the Social Security Act and the sup-
8 plemental security income program under title XVI of
9 such Act.

10 (b) MATTERS STUDIED.—The Commission shall pre-
11 pare an inventory of Federal programs serving individuals
12 with disabilities, and shall examine—

13 (1) trends and projections regarding the size
14 and characteristics of the population of individuals
15 with disabilities, and the implications of such analy-
16 ses for program planning;

17 (2) the feasibility and design of performance
18 standards for the Nation's disability programs;

19 (3) the adequacy of Federal efforts in rehabili-
20 tation research and training, and opportunities to
21 improve the lives of individuals with disabilities
22 through all manners of scientific and engineering re-
23 search; and

24 (4) the adequacy of policy research available to
25 the Federal Government, and what actions might be

1 undertaken to improve the quality and scope of such
2 research.

3 (c) **RECOMMENDATIONS.**—The Commission shall
4 submit to the appropriate committees of the Congress and
5 to the President recommendations and, as appropriate,
6 proposals for legislation, regarding—

7 (1) which (if any) Federal disability programs
8 should be eliminated or augmented;

9 (2) what new Federal disability programs (if
10 any) should be established;

11 (3) the suitability of the organization and loca-
12 tion of disability programs within the Federal Gov-
13 ernment;

14 (4) other actions the Federal Government
15 should take to prevent disabilities and disadvantages
16 associated with disabilities; and

17 (5) such other matters as the Commission con-
18 siders appropriate.

19 **SEC. 233. MEMBERSHIP.**

20 (a) **NUMBER AND APPOINTMENT.**—

21 (1) **IN GENERAL.**—The Commission shall be
22 composed of 15 members, of whom—

23 (A) five shall be appointed by the Presi-
24 dent, of whom not more than 3 shall be of the
25 same major political party;

1 (B) three shall be appointed by the Major-
2 ity Leader of the Senate;

3 (C) two shall be appointed by the Minority
4 Leader of the Senate;

5 (D) three shall be appointed by the Speak-
6 er of the House of Representatives; and

7 (E) two shall be appointed by the Minority
8 Leader of the House of Representatives.

9 (2) REPRESENTATION.—The Commission mem-
10 bers shall be chosen based on their education, train-
11 ing, or experience. In appointing individuals as
12 members of the Commission, the President and the
13 Majority and Minority Leaders of the Senate and
14 the Speaker and Minority Leader of the House of
15 Representatives shall seek to ensure that the mem-
16 bership of the Commission reflects the diversity of
17 individuals with disabilities in the United States.

18 (b) COMPTROLLER GENERAL.—The Comptroller
19 General shall serve on the Commission as an ex officio
20 member of the Commission to advise and oversee the
21 methodology and approach of the study of the Commis-
22 sion.

23 (c) PROHIBITION AGAINST OFFICER OR EM-
24 PLOYEE.—No officer or employee of any government shall
25 be appointed under subsection (a).

1 (d) DEADLINE FOR APPOINTMENT; TERM OF AP-
2 POINTMENT.—Members of the Commission shall be ap-
3 pointed not later than 60 days after the date of the enact-
4 ment of this Act. The members shall serve on the Commis-
5 sion for the life of the Commission.

6 (e) MEETINGS.—The Commission shall locate its
7 headquarters in the District of Columbia, and shall meet
8 at the call of the Chairperson, but not less than 4 times
9 each year during the life of the Commission.

10 (f) QUORUM.—Ten members of the Commission shall
11 constitute a quorum, but a lesser number may hold hear-
12 ings.

13 (g) CHAIRPERSON AND VICE CHAIRPERSON.—Not
14 later than 15 days after the members of the Commission
15 are appointed, such members shall designate a Chair-
16 person and Vice Chairperson from among the members of
17 the Commission.

18 (h) CONTINUATION OF MEMBERSHIP.—If a member
19 of the Commission becomes an officer or employee of any
20 government after appointment to the Commission, the in-
21 dividual may continue as a member until a successor mem-
22 ber is appointed.

23 (i) VACANCIES.—A vacancy on the Commission shall
24 be filled in the manner in which the original appointment

1 was made not later than 30 days after the Commission
2 is given notice of the vacancy.

3 (j) COMPENSATION.—Members of the Commission
4 shall receive no additional pay, allowances, or benefits by
5 reason of their service on the Commission.

6 (k) TRAVEL EXPENSES.—Each member of the Com-
7 mission shall receive travel expenses, including per diem
8 in lieu of subsistence, in accordance with sections 5702
9 and 5703 of title 5, United States Code.

10 **SEC. 234. STAFF AND SUPPORT SERVICES.**

11 (a) DIRECTOR.—

12 (1) APPOINTMENT.—Upon consultation with
13 the members of the Commission, the Chairperson
14 shall appoint a Director of the Commission.

15 (2) COMPENSATION.—The Director shall be
16 paid the rate of basic pay for level V of the Execu-
17 tive Schedule.

18 (b) STAFF.—With the approval of the Commission,
19 the Director may appoint such personnel as the Director
20 considers appropriate.

21 (c) APPLICABILITY OF CIVIL SERVICE LAWS.—The
22 staff of the Commission shall be appointed without regard
23 to the provisions of title 5, United States Code, governing
24 appointments in the competitive service, and shall be paid
25 without regard to the provisions of chapter 51 and sub-

1 chapter III of chapter 53 of such title relating to classi-
2 fication and General Schedule pay rates.

3 (d) EXPERTS AND CONSULTANTS.—With the ap-
4 proval of the Commission, the Director may procure tem-
5 porary and intermittent services under section 3109(b) of
6 title 5, United States Code.

7 (e) STAFF OF FEDERAL AGENCIES.—Upon the re-
8 quest of the Commission, the head of any Federal agency
9 may detail, on a reimbursable basis, any of the personnel
10 of such agency to the Commission to assist in carrying
11 out the duties of the Commission under this subtitle.

12 (f) OTHER RESOURCES.—The Commission shall have
13 reasonable access to materials, resources, statistical data,
14 and other information from the Library of Congress and
15 agencies and elected representatives of the executive and
16 legislative branches of the Federal Government. The
17 Chairperson of the Commission shall make requests for
18 such access in writing when necessary.

19 (g) PHYSICAL FACILITIES.—The Administrator of
20 the General Services Administration shall locate suitable
21 office space for the operation of the Commission. The fa-
22 cilities shall serve as the headquarters of the Commission
23 and shall include all necessary equipment and incidentals
24 required for proper functioning of the Commission.

1 **SEC. 235. POWERS OF COMMISSION.**

2 (a) **HEARINGS.**—The Commission may conduct pub-
3 lic hearings or forums at the discretion of the Commission,
4 at any time and place the Commission is able to secure
5 facilities and witnesses, for the purpose of carrying out
6 the duties of the Commission under this subtitle.

7 (b) **DELEGATION OF AUTHORITY.**—Any member or
8 agent of the Commission may, if authorized by the Com-
9 mission, take any action the Commission is authorized to
10 take by this section.

11 (c) **INFORMATION.**—The Commission may secure di-
12 rectly from any Federal agency information necessary to
13 enable the Commission to carry out its duties under this
14 subtitle. Upon request of the Chairperson or Vice Chair-
15 person of the Commission, the head of a Federal agency
16 shall furnish the information to the Commission to the ex-
17 tent permitted by law.

18 (d) **GIFTS, BEQUESTS, AND DEVISES.**—The Commis-
19 sion may accept, use, and dispose of gifts, bequests, or
20 devises of services or property, both real and personal, for
21 the purpose of aiding or facilitating the work of the Com-
22 mission. Gifts, bequests, or devises of money and proceeds
23 from sales of other property received as gifts, bequests,
24 or devises shall be deposited in the Treasury and shall be
25 available for disbursement upon order of the Commission.

1 (e) **MAILS.**—The Commission may use the United
2 States mails in the same manner and under the same con-
3 ditions as other Federal agencies.

4 **SEC. 236. REPORTS.**

5 (a) **INTERIM REPORT.**—Not later than 1 year prior
6 to the date on which the Commission terminates pursuant
7 to section 237, the Commission shall submit an interim
8 report to the President and to the Congress. The interim
9 report shall contain a detailed statement of the findings
10 and conclusions of the Commission, together with the
11 Commission's recommendations for legislative and admin-
12 istrative action, based on the activities of the Commission.

13 (b) **FINAL REPORT.**—Not later than the date on
14 which the Commission terminates, the Commission shall
15 submit to the Congress and to the President a final report
16 containing—

17 (1) a detailed statement of final findings, con-
18 clusions, and recommendations; and

19 (2) an assessment of the extent to which rec-
20 ommendations of the Commission included in the in-
21 terim report under subsection (a) have been imple-
22 mented.

23 (c) **PRINTING AND PUBLIC DISTRIBUTION.**—Upon
24 receipt of each report of the Commission under this sec-
25 tion, the President shall—

- 1 (1) order the report to be printed; and
- 2 (2) make the report available to the public upon
- 3 request.

4 **SEC. 237. TERMINATION.**

5 The Commission shall terminate on the date that is
6 2 years after the date on which the members of the Com-
7 mission have met and designated a Chairperson and Vice
8 Chairperson.

9 **Subtitle E—State Supplementation**
10 **Programs**

11 **SEC. 241. REPEAL OF MAINTENANCE OF EFFORT REQUIRE-**
12 **MENTS APPLICABLE TO OPTIONAL STATE**
13 **PROGRAMS FOR SUPPLEMENTATION OF SSI**
14 **BENEFITS.**

15 (a) **IN GENERAL.**—Section 1618 (42 U.S.C. 1382g)
16 is repealed.

17 (b) **EFFECTIVE DATE.**—The repeal made by sub-
18 section (a) shall apply with respect to calendar quarters
19 beginning after September 30, 1995.

1 **Subtitle F—Retirement Age**
2 **Eligibility**

3 **SEC. 251. ELIGIBILITY FOR SUPPLEMENTAL SECURITY IN-**
4 **COME BENEFITS BASED ON SOCIAL SECU-**
5 **RITY RETIREMENT AGE.**

6 (a) **IN GENERAL.**—Section 1614(a)(1)(A) (42 U.S.C.
7 1382C(a)(1)(A)) is amended by striking “is 65 years of
8 age or older,” and inserting “has attained retirement
9 age.”.

10 (b) **RETIREMENT AGE DEFINED.**—Section 1614 (42
11 U.S.C. 1382c) is amended by adding at the end the follow-
12 ing new subsection:

13 “Retirement Age

14 “(g) For purposes of this title, the term “retirement
15 age” has the meaning given such term by section
16 216(l)(1).”.

17 (c) **CONFORMING AMENDMENTS.**—Sections 1601,
18 1612(b)(4), 1615(a)(1), and 1620(b)(2) (42 U.S.C. 1381,
19 1382a(b)(4), 1382d(a)(1), and 1382i(b)(2)) are amended
20 by striking “age 65” each place it appears and inserting
21 “retirement age”.

22 (d) **EFFECTIVE DATE.**—The amendments made by
23 this section shall apply to applicants for benefits for
24 months beginning after September 30, 1995.

1 **TITLE III—FOOD STAMP**
2 **PROGRAM**
3 **Subtitle A—Food Stamp Reform**

4 **SEC. 301. DECLARATION OF POLICY.**

5 Section 2 of the Food Stamp Act of 1977 (7 U.S.C.
6 2011) is amended by adding at the end the following:

7 “Congress intends that the food stamp program support
8 the employment focus and family strengthening mission
9 of public welfare and welfare replacement programs by—

10 “(1) facilitating the transition of low-income
11 families and households from economic dependency
12 to economic self-sufficiency through work;

13 “(2) promoting employment as the primary
14 means of income support for economically dependent
15 families and households and reducing the barriers to
16 employment of economically dependent families and
17 households; and

18 “(3) maintaining and strengthening healthy
19 family functioning and family life.”.

20 **SEC. 301A. CERTIFICATION PERIOD.**

21 Section 3(c) of the Food Stamp Act of 1977 (7
22 U.S.C. 2012(c)) is amended by striking “Except as pro-
23 vided” and all that follows and inserting the following:

24 “The certification period shall not exceed 12 months, ex-
25 cept that the certification period may be up to 24 months

1 if all adult household members are elderly, disabled, or
2 primarily self-employed. A State agency shall have at least
3 1 personal contact with each certified household every 12
4 months.”.

5 **SEC. 302. TREATMENT OF CHILDREN LIVING AT HOME.**

6 The second sentence of section 3(i) of the Food
7 Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by
8 striking “(who are not themselves parents living with their
9 children or married and living with their spouses)”.

10 **SEC. 303. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE**
11 **HOUSEHOLD DETERMINATIONS.**

12 (a) **IN GENERAL.**—Section 3(i) of the Food Stamp
13 Act of 1977 (7 U.S.C. 2012(i)) is amended by inserting
14 after the third sentence the following: “Notwithstanding
15 the preceding sentences, a State may establish criteria
16 that prescribe when individuals who live together, and who
17 would be allowed to participate as separate households
18 under the preceding sentences, shall be considered a single
19 household, without regard to the common purchase of food
20 and preparation of meals.”.

21 (b) **CONFORMING AMENDMENT.**—The second sen-
22 tence of section 5(a) of the Act (7 U.S.C. 2014(a)) is
23 amended by striking “the third sentence of section 3(i)”
24 and inserting “the fourth sentence of section 3(i)”.

1 **SEC. 304. ADJUSTMENT OF THRIFTY FOOD PLAN.**

2 The second sentence of section 3(o) of the Food
3 Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

4 (1) by striking “shall (1) make” and inserting
5 the following: “shall—

6 “(1) make”;

7 (2) by striking “scale, (2) make” and inserting
8 “scale;

9 “(2) make”;

10 (3) by striking “Alaska, (3) make” and insert-
11 ing the following: “Alaska;

12 “(3) make”; and

13 (4) by striking “Columbia, (4) through” and all
14 that follows through the end of the subsection and
15 inserting the following: “Columbia; and

16 “(4) on October 1, 1995, and each October 1
17 thereafter, adjust the cost of the diet to reflect the
18 cost of the diet, in the preceding June, and round
19 the result to the nearest lower dollar increment for
20 each household size, except that on October 1, 1995,
21 the Secretary may not reduce the cost of the diet in
22 effect on September 30, 1995.”.

23 **SEC. 305. DEFINITION OF HOMELESS INDIVIDUAL.**

24 Section 3(s)(2)(C) of the Food Stamp Act of 1977
25 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not
26 more than 90 days” after “temporary accommodation”.

1 **SEC. 306. STATE OPTIONS IN REGULATIONS.**

2 Section 5(b) of the Food Stamp Act of 1977 (7
3 U.S.C. 2014(d)) is amended by striking “(b) The Sec-
4 retary” and inserting the following:

5 “(b) UNIFORM STANDARDS.—Except as otherwise
6 provided in this Act, the Secretary”.

7 **SEC. 307. EARNINGS OF STUDENTS.**

8 Section 5(d)(7) of the Food Stamp Act of 1977 (7
9 U.S.C. 2014(d)(7)) is amended by striking “21” and in-
10 serting “19”.

11 **SEC. 308. ENERGY ASSISTANCE.**

12 (a) IN GENERAL.—Section 5(d) of the Food Stamp
13 Act of 1977 (7 U.S.C. 2014(d)) is amended by striking
14 paragraph (11) and inserting the following: “(11) a one-
15 time payment or allowance made under a Federal or State
16 law for the costs of weatherization or emergency repair
17 or replacement of an unsafe or inoperative furnace or
18 other heating or cooling device,”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Section 5(k) of the Act (7 U.S.C. 2014(k))
21 is amended—

22 (A) in paragraph (1)—

23 (i) in subparagraph (A), by striking
24 “plan for aid to families with dependent
25 children approved” and inserting “program
26 funded”; and

1 (ii) in subparagraph (B), by striking
2 “, not including energy or utility-cost as-
3 sistance,”; and

4 (B) in paragraph (2), by striking subpara-
5 graph (C) and inserting the following:

6 “(C) a payment or allowance described in sub-
7 section (d)(11);”;

8 (C) by adding at the end the following:

9 “(4) THIRD PARTY ENERGY ASSISTANCE PAY-
10 MENTS.—

11 “(A) ENERGY ASSISTANCE PAYMENTS.—
12 For purposes of subsection (d)(1), a payment
13 made under a Federal or State law to provide
14 energy assistance to a household shall be con-
15 sidered money payable directly to the house-
16 hold.

17 “(B) ENERGY ASSISTANCE EXPENSES.—
18 For purposes of subsection (e)(7), an expense
19 paid on behalf of a household under a Federal
20 or State law to provide energy assistance shall
21 be considered an out-of-pocket expense incurred
22 and paid by the household.”.

23 (2) Section 2605(f) of the Low-Income Home
24 Energy Assistance Act of 1981 (42 U.S.C. 8624(f))
25 is amended—

1 (A) by striking “(f)(1) Notwithstanding”
2 and inserting “(f) Notwithstanding”;

3 (B) in paragraph (1), by striking “food
4 stamps,”; and

5 (C) by striking paragraph (2).

6 **SEC. 309. DEDUCTIONS FROM INCOME.**

7 (a) **IN GENERAL.**—Section 5 of the Food Stamp Act
8 of 1977 (7 U.S.C. 2014) is amended by striking sub-
9 section (e) and inserting the following:

10 “(e) **DEDUCTIONS FROM INCOME.**—

11 “(1) **STANDARD DEDUCTION.**—

12 “(A) **IN GENERAL.**—The Secretary shall
13 allow a standard deduction for each household
14 in the 48 contiguous States and the District of
15 Columbia, Alaska, Hawaii, Guam, and the Vir-
16 gin Islands of the United States of—

17 “(i) for fiscal year 1995, \$134, \$229,
18 \$189, \$269, and \$118, respectively;

19 “(ii) for fiscal year 1996, \$132, \$225,
20 \$186, \$265, and \$116, respectively; and

21 “(iii) for fiscal years 1997 through
22 2002, \$124, \$211, \$174, \$248 and \$109,
23 respectively.

24 “(B) **ADJUSTMENT FOR INFLATION.**—On
25 October 1, 2002, and each October 1 thereafter,

1 the Secretary shall adjust the standard deduc-
2 tion to the nearest lower dollar increment to re-
3 flect changes in the Consumer Price Index for
4 all urban consumers published by the Bureau of
5 Labor Statistics, for items other than food, for
6 the 12-month period ending the preceding June
7 30.

8 “(2) EARNED INCOME DEDUCTION.—

9 “(A) IN GENERAL.—Except as provided in
10 subparagraph (B), a household with earned in-
11 come shall be allowed a deduction of 20 percent
12 of all earned income (other than income ex-
13 cluded by subsection (d)), to compensate for
14 taxes, other mandatory deductions from salary,
15 and work expenses.

16 “(B) EXCEPTION.—The deduction de-
17 scribed in subparagraph (A) shall not be al-
18 lowed with respect to determining an
19 overissuance due to the failure of a household
20 to report earned income in a timely manner.

21 “(3) DEPENDENT CARE DEDUCTION.—

22 “(A) IN GENERAL.—A household shall be
23 entitled, with respect to expenses (other than
24 excluded expenses described in subparagraph
25 (B)) for dependent care, to a dependent care

1 deduction, the maximum allowable level of
2 which shall be \$200 per month for each depend-
3 ent child under 2 years of age and \$175 per
4 month for each other dependent, for the actual
5 cost of payments necessary for the care of a
6 dependent if the care enables a household mem-
7 ber to accept or continue employment, or train-
8 ing or education that is preparatory for employ-
9 ment.

10 “(B) EXCLUDED EXPENSES.—The ex-
11 cluded expenses referred to in subparagraph
12 (A) are—

13 “(i) expenses paid on behalf of the
14 household by a third party;

15 “(ii) amounts made available and ex-
16 cluded for the expenses referred to in sub-
17 paragraph (A) under subsection (d)(3);
18 and

19 “(iii) expenses that are paid under
20 section 6(d)(4).

21 “(4) DEDUCTION FOR CHILD SUPPORT PAY-
22 MENTS.—

23 “(A) IN GENERAL.—A household shall be
24 entitled to a deduction for child support pay-
25 ments made by a household member to or for

1 an individual who is not a member of the
2 household if the household member is legally
3 obligated to make the payments.

4 “(B) METHODS FOR DETERMINING
5 AMOUNT.—The Secretary may prescribe by reg-
6 ulation the methods, including calculation on a
7 retrospective basis, that a State agency shall
8 use to determine the amount of the deduction
9 for child support payments.

10 “(5) HOMELESS SHELTER DEDUCTION.—A
11 State agency may develop a standard homeless shel-
12 ter deduction, which shall not exceed \$139 per
13 month, for such expenses as may reasonably be ex-
14 pected to be incurred by households in which all
15 members are homeless individuals but are not receiv-
16 ing free shelter throughout the month. A State agen-
17 cy that develops the deduction may use the deduc-
18 tion in determining eligibility and allotments for the
19 households, except that the State agency may pro-
20 hibit the use of the deduction for households with
21 extremely low shelter costs.

22 “(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

23 “(A) IN GENERAL.—A household contain-
24 ing an elderly or disabled member shall be enti-
25 tled, with respect to expenses other than ex-

1 penses paid on behalf of the household by a
2 third party, to an excess medical expense de-
3 duction for the portion of the actual costs of al-
4 lowable medical expenses, incurred by the elder-
5 ly or disabled member, exclusive of special diets,
6 that exceeds \$35 per month.

7 “(B) METHOD OF CLAIMING DEDUC-
8 TION.—

9 “(i) IN GENERAL.—A State agency
10 shall offer an eligible household under sub-
11 paragraph (A) a method of claiming a de-
12 duction for recurring medical expenses that
13 are initially verified under the excess medi-
14 cal expense deduction in lieu of submitting
15 information or verification on actual ex-
16 penses on a monthly basis.

17 “(ii) METHOD.—The method de-
18 scribed in clause (i) shall—

19 “(I) be designed to minimize the
20 burden for the eligible elderly or dis-
21 abled household member choosing to
22 deduct the recurrent medical expenses
23 of the member pursuant to the meth-
24 od;

1 “(II) rely on reasonable estimates
2 of the expected medical expenses of
3 the member for the certification pe-
4 riod (including changes that can be
5 reasonably anticipated based on avail-
6 able information about the medical
7 condition of the member, public or
8 private medical insurance coverage,
9 and the current verified medical ex-
10 penses incurred by the member); and

11 “(III) not require further report-
12 ing or verification of a change in med-
13 ical expenses if such a change has
14 been anticipated for the certification
15 period.

16 “(7) EXCESS SHELTER EXPENSE DEDUC-
17 TION.—

18 “(A) IN GENERAL.—A household shall be
19 entitled, with respect to expenses other than ex-
20 penses paid on behalf of the household by a
21 third party, to an excess shelter expense deduc-
22 tion to the extent that the monthly amount ex-
23 pended by a household for shelter exceeds an
24 amount equal to 50 percent of monthly house-

1 hold income after all other applicable deduc-
2 tions have been allowed.

3 “(B) MAXIMUM AMOUNT OF DEDUC-
4 TION.—

5 “(i) PRIOR TO SEPTEMBER 30, 1995.—

6 In the case of a household that does not
7 contain an elderly or disabled individual,
8 during the 15-month period ending Sep-
9 tember 30, 1995, the excess shelter ex-
10 pense deduction shall not exceed—

11 “(I) in the 48 contiguous States
12 and the District of Columbia, \$231
13 per month; and

14 “(II) in Alaska, Hawaii, Guam,
15 and the Virgin Islands of the United
16 States, \$402, \$330, \$280, and \$171
17 per month, respectively.

18 “(ii) AFTER SEPTEMBER 30, 1995.—In
19 the case of a household that does not con-
20 tain an elderly or disabled individual, dur-
21 ing the 15-month period ending December
22 31, 1996, the excess shelter expense deduc-
23 tion shall not exceed—

1 “(I) in the 48 contiguous States
2 and the District of Columbia, \$247
3 per month; and

4 “(II) in Alaska, Hawaii, Guam,
5 and the Virgin Islands of the United
6 States, \$429, \$353, \$300, and \$182
7 per month, respectively.

8 “(C) STANDARD UTILITY ALLOWANCE.—

9 “(i) IN GENERAL.—In computing the
10 excess shelter expense deduction, a State
11 agency may use a standard utility allow-
12 ance in accordance with regulations pro-
13 mulgated by the Secretary, except that a
14 State agency may use an allowance that
15 does not fluctuate within a year to reflect
16 seasonal variations.

17 “(ii) RESTRICTIONS ON HEATING AND
18 COOLING EXPENSES.—An allowance for a
19 heating or cooling expense may not be used
20 in the case of a household that—

21 “(I) does not incur a heating or
22 cooling expense, as the case may be;

23 “(II) does incur a heating or
24 cooling expense but is located in a
25 public housing unit that has central

1 utility meters and charges households,
2 with regard to the expense, only for
3 excess utility costs; or

4 “(III) shares the expense with,
5 and lives with, another individual not
6 participating in the food stamp pro-
7 gram, another household participating
8 in the food stamp program, or both,
9 unless the allowance is prorated be-
10 tween the household and the other in-
11 dividual, household, or both.

12 “(iii) MANDATORY ALLOWANCE.—

13 “(I) IN GENERAL.—A State
14 agency may make the use of a stand-
15 ard utility allowance mandatory for all
16 households with qualifying utility
17 costs if—

18 “(aa) the State agency has
19 developed 1 or more standards
20 that include the cost of heating
21 and cooling and 1 or more stand-
22 ards that do not include the cost
23 of heating and cooling; and

24 “(bb) the Secretary finds
25 that the standards will not result

1 in an increased cost to the Sec-
2 retary.

3 “(II) HOUSEHOLD ELECTION.—

4 A State agency that has not made the
5 use of a standard utility allowance
6 mandatory under subclause (I) shall
7 allow a household to switch, at the
8 end of a certification period, between
9 the standard utility allowance and a
10 deduction based on the actual utility
11 costs of the household.

12 “(iv) AVAILABILITY OF ALLOWANCE
13 TO RECIPIENTS OF ENERGY ASSISTANCE.—

14 “(I) IN GENERAL.—Subject to
15 subclause (II), if a State agency elects
16 to use a standard utility allowance
17 that reflects heating or cooling costs,
18 the standard utility allowance shall be
19 made available to households receiving
20 a payment, or on behalf of which a
21 payment is made, under the Low-In-
22 come Home Energy Assistance Act of
23 1981 (42 U.S.C. 8621 et seq.) or
24 other similar energy assistance pro-
25 gram, if the household still incurs out-

1 of-pocket heating or cooling expenses
2 in excess of any assistance paid on be-
3 half of the household to an energy
4 provider.

5 “(II) SEPARATE ALLOWANCE.—A
6 State agency may use a separate
7 standard utility allowance for house-
8 holds on behalf of which a payment
9 described in subclause (I) is made,
10 but may not be required to do so.

11 “(III) STATES NOT ELECTING TO
12 USE SEPARATE ALLOWANCE.—A State
13 agency that does not elect to use a
14 separate allowance but makes a single
15 standard utility allowance available to
16 households incurring heating or cool-
17 ing expenses (other than a household
18 described in subclause (I) or (II) of
19 subparagraph (C)(ii)) may not be re-
20 quired to reduce the allowance due to
21 the provision (directly or indirectly) of
22 assistance under the Low-Income
23 Home Energy Assistance Act of 1981
24 (42 U.S.C. 8621 et seq.).

1 “(IV) PRORATION OF ASSIST-
2 ANCE.—For the purpose of the food
3 stamp program, assistance provided
4 under the Low-Income Home Energy
5 Assistance Act of 1981 (42 U.S.C.
6 8621 et seq.) shall be considered to be
7 prorated over the entire heating or
8 cooling season for which the assist-
9 ance was provided.”.

10 (b) CONFORMING AMENDMENT.—Section 11(e)(3) of
11 the Act (7 U.S.C. 2020(e)(3)) is amended by striking “.
12 Under rules prescribed” and all that follows through
13 “verifies higher expenses”.

14 **SEC. 310. AMOUNT OF VEHICLE ASSET LIMITATION.**

15 The first sentence of section 5(g)(2) of the Food
16 Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by
17 striking “through September 30, 1995” and all that fol-
18 lows through “such date and on” and inserting “and shall
19 be adjusted on October 1, 1996, and”.

20 **SEC. 311. BENEFITS FOR ALIENS.**

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

23 (1) in the first sentence of paragraph (1)—

24 (A) by inserting “or who executed such an
25 affidavit or similar agreement to enable the in-

1 dividual to lawfully remain in the United
2 States,” after “respect to such individual,”; and

3 (B) by striking “for a period” and all that
4 follows through the period at the end and in-
5 serting “until the end of the period ending on
6 the later of the date agreed to in the affidavit
7 or agreement or the date that is 5 years after
8 the date on which the individual was first law-
9 fully admitted into the United States following
10 the execution of the affidavit or agreement.”;
11 and

12 (2) in paragraph (2)—

13 (A) in subparagraph (C)(i), by striking “of
14 three years after entry into the United States”
15 and inserting “determined under paragraph
16 (1)”;

17 (B) in subparagraph (D), by striking “of
18 three years after such alien’s entry into the
19 United States” and inserting “determined
20 under paragraph (1)”.

21 **SEC. 312. DISQUALIFICATION.**

22 (a) **IN GENERAL.**—Section 6(d) of the Food Stamp
23 Act of 1977 (7 U.S.C. 2015(d)) is amended by striking
24 “(d)(1) Unless otherwise exempted by the provisions” and

1 all that follows through the end of paragraph (1) and in-
2 serting the following:

3 “(d) CONDITIONS OF PARTICIPATION.—

4 “(1) WORK REQUIREMENTS.—

5 “(A) IN GENERAL.—No physically and
6 mentally fit individual over the age of 15 and
7 under the age of 60 shall be eligible to partici-
8 pate in the food stamp program if the individ-
9 ual—

10 “(i) refuses, at the time of application
11 and every 12 months thereafter, to register
12 for employment in a manner prescribed by
13 the Secretary;

14 “(ii) refuses without good cause to
15 participate in an employment and training
16 program under paragraph (4), to the ex-
17 tent required by the State agency;

18 “(iii) refuses without good cause to
19 accept an offer of employment, at a site or
20 plant not subject to a strike or lockout at
21 the time of the refusal, at a wage not less
22 than the higher of—

23 “(I) the applicable Federal or
24 State minimum wage; or

1 “(II) 80 percent of the wage that
2 would have governed had the mini-
3 mum hourly rate under section
4 6(a)(1) of the Fair Labor Standards
5 Act of 1938 (29 U.S.C. 206(a)(1))
6 been applicable to the offer of employ-
7 ment;

8 “(iv) refuses without good cause to
9 provide a State agency with sufficient in-
10 formation to allow the State agency to de-
11 termine the employment status or the job
12 availability of the individual;

13 “(v) voluntarily and without good
14 cause—

15 “(I) quits a job; or

16 “(II) reduces work effort and,
17 after the reduction, the individual is
18 working less than 30 hours per week;
19 or

20 “(vi) fails to comply with section 20.

21 “(B) HOUSEHOLD INELIGIBILITY.—If an
22 individual who is the head of a household be-
23 comes ineligible to participate in the food stamp
24 program under subparagraph (A), the house-
25 hold shall, at the option of the State agency,

1 become ineligible to participate in the food
2 stamp program for a period, determined by the
3 State agency, that does not exceed the lesser
4 of—

5 “(i) the duration of the ineligibility of
6 the individual determined under subpara-
7 graph (C); or

8 “(ii) 180 days.

9 “(C) DURATION OF INELIGIBILITY.—

10 “(i) FIRST VIOLATION.—The first
11 time that an individual becomes ineligible
12 to participate in the food stamp program
13 under subparagraph (A), the individual
14 shall remain ineligible until the later of—

15 “(I) the date the individual be-
16 comes eligible under subparagraph
17 (A);

18 “(II) the date that is 1 month
19 after the date the individual became
20 ineligible; or

21 “(III) a date determined by the
22 State agency that is not later than 3
23 months after the date the individual
24 became ineligible.

1 “(ii) SECOND VIOLATION.—The sec-
2 ond time that an individual becomes ineli-
3 gible to participate in the food stamp pro-
4 gram under subparagraph (A), the individ-
5 ual shall remain ineligible until the later
6 of—

7 “(I) the date the individual be-
8 comes eligible under subparagraph
9 (A);

10 “(II) the date that is 3 months
11 after the date the individual became
12 ineligible; or

13 “(III) a date determined by the
14 State agency that is not later than 6
15 months after the date the individual
16 became ineligible.

17 “(iii) THIRD OR SUBSEQUENT VIOLA-
18 TION.—The third or subsequent time that
19 an individual becomes ineligible to partici-
20 pate in the food stamp program under sub-
21 paragraph (A), the individual shall remain
22 ineligible until the later of—

23 “(I) the date the individual be-
24 comes eligible under subparagraph
25 (A);

1 “(II) the date that is 6 months
2 after the date the individual became
3 ineligible;

4 “(III) a date determined by the
5 State agency; or

6 “(IV) at the option of the State
7 agency, permanently.

8 “(D) ADMINISTRATION.—

9 “(i) GOOD CAUSE.—The Secretary
10 shall determine the meaning of good cause
11 for the purpose of this paragraph.

12 “(ii) VOLUNTARY QUIT.—The Sec-
13 retary shall determine the meaning of vol-
14 untarily quitting and reducing work effort
15 for the purpose of this paragraph.

16 “(iii) DETERMINATION BY STATE
17 AGENCY.—

18 “(I) IN GENERAL.—Subject to
19 subclause (II) and clauses (i) and (ii),
20 a State agency shall determine—

21 “(aa) the meaning of any
22 term in subparagraph (A);

23 “(bb) the procedures for de-
24 termining whether an individual
25 is in compliance with a require-

1 ment under subparagraph (A);

2 and

3 “(cc) whether an individual
4 is in compliance with a require-
5 ment under subparagraph (A).

6 “(II) NOT LESS RESTRICTIVE.—

7 A State agency may not determine a
8 meaning, procedure, or determination
9 under subclause (I) to be less restric-
10 tive than a comparable meaning, pro-
11 cedure, or determination under a
12 State program funded under part A of
13 title IV of the Social Security Act (42
14 U.S.C. 601 et seq.).

15 “(iv) STRIKE AGAINST THE GOVERN-
16 MENT.—For the purpose of subparagraph
17 (A)(v), an employee of the Federal Govern-
18 ment, a State, or a political subdivision of
19 a State, who is dismissed for participating
20 in a strike against the Federal Govern-
21 ment, the State, or the political subdivision
22 of the State shall be considered to have
23 voluntarily quit without good cause.

24 “(v) SELECTING A HEAD OF HOUSE-
25 HOLD.—

1 “(I) IN GENERAL.—For the pur-
2 pose of this paragraph, the State
3 agency shall allow the household to se-
4 lect any adult parent of a child in the
5 household as the head of the house-
6 hold if all adult household members
7 making application under the food
8 stamp program agree to the selection.

9 “(II) TIME FOR MAKING DES-
10 IGNATION.—A household may des-
11 ignate the head of the household
12 under subclause (I) each time the
13 household is certified for participation
14 in the food stamp program, but may
15 not change the designation during a
16 certification period unless there is a
17 change in the composition of the
18 household.

19 “(vi) CHANGE IN HEAD OF HOUSE-
20 HOLD.—If the head of a household leaves
21 the household during a period in which the
22 household is ineligible to participate in the
23 food stamp program under subparagraph
24 (B)—

1 “(I) the household shall, if other-
2 wise eligible, become eligible to par-
3 ticipate in the food stamp program;
4 and

5 “(II) if the head of the household
6 becomes the head of another house-
7 hold, the household that becomes
8 headed by the individual shall become
9 ineligible to participate in the food
10 stamp program for the remaining pe-
11 riod of ineligibility.”.

12 (b) CONFORMING AMENDMENT.—

13 (1) The second sentence of section 17(b)(2) of
14 the Act (7 U.S.C. 2026(b)(2)) is amended by strik-
15 ing “6(d)(1)(i)” and inserting “6(d)(1)(A)(i)”.

16 (2) Section 20 of the Act (7 U.S.C. 2029) is
17 amended by striking subsection (f) and inserting the
18 following:

19 “(f) DISQUALIFICATION.—An individual or a house-
20 hold may become ineligible under section 6(d)(1) to par-
21 ticipate in the food stamp program for failing to comply
22 with this section.”.

23 **SEC. 313. CARETAKER EXEMPTION.**

24 Section 6(d)(2) of the Food Stamp Act of 1977 (7
25 U.S.C. 2015(d)(2)) is amended by striking subparagraph

1 (B) and inserting the following: “(B) a parent or other
2 member of a household with responsibility for the care of
3 (i) a dependent child under the age of 6 or any lower age
4 designated by the State agency that is not under the age
5 of 1, or (ii) an incapacitated person;”.

6 **SEC. 314. EMPLOYMENT AND TRAINING.**

7 (a) IN GENERAL.—Section 6(d)(4) of the Food
8 Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

9 (1) in subparagraph (A)—

10 (A) by striking “Not later than April 1,
11 1987, each” and inserting “Each”;

12 (B) by inserting “work,” after “skills,
13 training,”; and

14 (C) by adding at the end the following:
15 “Each component of an employment and train-
16 ing program carried out under this paragraph
17 shall be delivered through the statewide
18 workforce development system established in
19 section 711 of the Work Opportunity Act of
20 1995, unless the component is not available lo-
21 cally through the statewide workforce develop-
22 ment system.”;

23 (2) in subparagraph (B)—

24 (A) in the matter preceding clause (i), by
25 striking the colon at the end and inserting the

1 (1) in paragraph (5)—

2 (A) by striking “(5)(A) The Secretary”
3 and inserting “(5) The Secretary”; and

4 (B) by striking subparagraph (B); and

5 (2) by striking paragraph (6).

6 **SEC. 315. COMPARABLE TREATMENT FOR DISQUALIFICA-**
7 **TION.**

8 (a) **IN GENERAL.**—Section 6 of the Food Stamp Act
9 of 1977 (7 U.S.C. 2015) is amended—

10 (1) by redesignating subsection (i) (as added by
11 section 106) as subsection (o); and

12 (2) by inserting after subsection (h) the follow-
13 ing:

14 “(i) **COMPARABLE TREATMENT FOR DISQUALIFICA-**
15 **TION.**—

16 “(1) **IN GENERAL.**—If a disqualification is im-
17 posed on a member of a household for a failure of
18 the member to perform an action required under a
19 Federal, State, or local law relating to a welfare or
20 public assistance program, the State agency may im-
21 pose the same disqualification on the member of the
22 household under the food stamp program.

23 “(2) **RULES AND PROCEDURES.**—If a disquali-
24 fication is imposed under paragraph (1) for a failure
25 of an individual to perform an action required under

1 part A of title IV of the Social Security Act (42
2 U.S.C. 601 et seq.), the State agency may use the
3 rules and procedures that apply under part A of title
4 IV of the Act to impose the same disqualification
5 under the food stamp program.

6 “(3) APPLICATION AFTER DISQUALIFICATION
7 PERIOD.—A member of a household disqualified
8 under paragraph (1) may, after the disqualification
9 period has expired, apply for benefits under this Act
10 and shall be treated as a new applicant, except that
11 a prior disqualification under subsection (d) shall be
12 considered in determining eligibility.”.

13 (b) STATE PLAN PROVISIONS.—Section 11(e) of the
14 Act (7 U.S.C. 2020(e)) is amended—

15 (1) in paragraph (24), by striking “and” at the
16 end; and

17 (2) by adding at the end the following:

18 “(26) the guidelines the State agency uses in
19 carrying out section 6(i);”.

20 (c) CONFORMING AMENDMENT.—Section 6(d)(2)(A)
21 of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by strik-
22 ing “that is comparable to a requirement of paragraph
23 (1)”.

1 **SEC. 316. COOPERATION WITH CHILD SUPPORT AGENCIES.**

2 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
3 2015) (as amended by section 315) is further amended
4 by inserting after subsection (i) the following:

5 “(j) **CUSTODIAL PARENT’S COOPERATION WITH**
6 **CHILD SUPPORT AGENCIES.—**

7 “(1) **IN GENERAL.—**At the option of a State
8 agency, subject to paragraphs (2) and (3), no natu-
9 ral or adoptive parent or other individual (collec-
10 tively referred to in this subsection as ‘the individ-
11 ual’) who is living with and exercising parental con-
12 trol over a child under the age of 18 who has an ab-
13 sent parent shall be eligible to participate in the food
14 stamp program unless the individual cooperates with
15 the State agency administering the program estab-
16 lished under part D of title IV of the Social Security
17 Act (42 U.S.C. 651 et seq.)—

18 “(A) in establishing the paternity of the
19 child (if the child is born out of wedlock); and

20 “(B) in obtaining support for—

21 “(i) the child; or

22 “(ii) the individual and the child.

23 “(2) **GOOD CAUSE FOR NONCOOPERATION.—**

24 Paragraph (1) shall not apply to the individual if
25 good cause is found for refusing to cooperate, as de-
26 termined by the State agency in accordance with

1 standards prescribed by the Secretary in consulta-
2 tion with the Secretary of Health and Human Serv-
3 ices. The standards shall take into consideration cir-
4 cumstances under which cooperation may be against
5 the best interests of the child.

6 “(3) FEES.—Paragraph (1) shall not require
7 the payment of a fee or other cost for services pro-
8 vided under part D of title IV of the Social Security
9 Act (42 U.S.C. 651 et seq.).

10 “(k) NONCUSTODIAL PARENT’S COOPERATION WITH
11 CHILD SUPPORT AGENCIES.—

12 “(1) IN GENERAL.—At the option of a State
13 agency, subject to paragraphs (2) and (3), a puta-
14 tive or identified noncustodial parent of a child
15 under the age of 18 (referred to in this subsection
16 as ‘the individual’) shall not be eligible to participate
17 in the food stamp program if the individual refuses
18 to cooperate with the State agency administering the
19 program established under part D of title IV of the
20 Social Security Act (42 U.S.C. 651 et seq.)—

21 “(A) in establishing the paternity of the
22 child (if the child is born out of wedlock); and

23 “(B) in providing support for the child.

24 “(2) REFUSAL TO COOPERATE.—

1 “(A) GUIDELINES.—The Secretary, in con-
2 sultation with the Secretary of Health and
3 Human Services, shall develop guidelines on
4 what constitutes a refusal to cooperate under
5 paragraph (1).

6 “(B) PROCEDURES.—The State agency
7 shall develop procedures, using guidelines devel-
8 oped under subparagraph (A), for determining
9 whether an individual is refusing to cooperate
10 under paragraph (1).

11 “(3) FEES.—Paragraph (1) shall not require
12 the payment of a fee or other cost for services pro-
13 vided under part D of title IV of the Social Security
14 Act (42 U.S.C. 651 et seq.).

15 “(4) PRIVACY.—The State agency shall provide
16 safeguards to restrict the use of information col-
17 lected by a State agency administering the program
18 established under part D of title IV of the Social Se-
19 curity Act (42 U.S.C. 651 et seq.) to purposes for
20 which the information is collected.”.

21 **SEC. 317. DISQUALIFICATION FOR CHILD SUPPORT AR-**
22 **REARS.**

23 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
24 2015) (as amended by section 316) is further amended
25 by inserting after subsection (k) the following:

1 “(1) DISQUALIFICATION FOR CHILD SUPPORT AR-
2 REARS.—

3 “(1) IN GENERAL.—At the option of a State
4 agency, except as provided in paragraph (2), no indi-
5 vidual shall be eligible to participate in the food
6 stamp program as a member of any household dur-
7 ing any month that the individual is delinquent in
8 any payment due under a court order for the sup-
9 port of a child of the individual.

10 “(2) EXCEPTIONS.—Paragraph (1) shall not
11 apply if—

12 “(A) a court is allowing the individual to
13 delay payment; or

14 “(B) the individual is complying with a
15 payment plan approved by a court or the State
16 agency designated under part D of title IV of
17 the Social Security Act (42 U.S.C. 651 et seq.)
18 to provide support for the child of the individ-
19 ual.”.

20 **SEC. 318. PERMANENT DISQUALIFICATION FOR PARTICI-**
21 **PATING IN 2 OR MORE STATES.**

22 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
23 2015) (as amended by section 317) is further amended
24 by inserting after subsection (l) the following:

1 “(m) PERMANENT DISQUALIFICATION FOR PARTICI-
2 PATING IN 2 OR MORE STATES.—An individual shall be
3 permanently ineligible to participate in the food stamp
4 program as a member of any household if the individual
5 is found by a State agency to have made, or is convicted
6 in Federal or State court of having made, a fraudulent
7 statement or representation with respect to the place of
8 residence of the individual in order to receive benefits si-
9 multaneously from 2 or more States under the food stamp
10 program.”.

11 **SEC. 319. WORK REQUIREMENT.**

12 (a) IN GENERAL.—Section 6 of the Food Stamp Act
13 of 1977 (7 U.S.C. 2015) (as amended by section 318) is
14 further amended by inserting after subsection (m) the fol-
15 lowing:

16 “(n) WORK REQUIREMENT.—

17 “(1) DEFINITION OF WORK PROGRAM.—In this
18 subsection, the term ‘work program’ means—

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

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

23 “(C) a program of employment or training
24 operated or supervised by a State or political
25 subdivision of a State that meets standards ap-

1 **SEC. 319A. DISQUALIFICATION OF FLEEING FELONS.**

2 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
3 2015), as amended by section 319(a), is further amended
4 by adding at the end the following new subsection:

5 “(o) No member of a household who is otherwise eli-
6 gible to participate in the food stamp program shall be
7 eligible to participate in the program as a member of that
8 or any other household during any period during which
9 the individual is—

10 “(1) fleeing to avoid prosecution, or custody or
11 confinement after conviction, under the laws of the
12 place from which the individual flees, for a crime, or
13 attempt to commit a crime, which is a felony under
14 the laws of the place from which the individual flees,
15 or which, in the case of the State of New Jersey, is
16 a high misdemeanor under the laws of such State;
17 or

18 “(2) violating a condition of probation or parole
19 imposed under Federal or State law.”.

20 **SEC. 320. ELECTRONIC BENEFIT TRANSFERS.**

21 (a) **IN GENERAL.**—Section 7 of the Food Stamp Act
22 of 1977 (7 U.S.C. 2016) is amended by adding at the end
23 the following:

24 “(j) **ELECTRONIC BENEFIT TRANSFERS.**—

25 “(1) **APPLICABLE LAW.**—

1 “(A) IN GENERAL.—Disclosures, protec-
2 tions, responsibilities, and remedies established
3 by the Federal Reserve Board under section
4 904 of the Electronic Fund Transfer Act (15
5 U.S.C. 1693b) shall not apply to benefits under
6 this Act delivered through any electronic benefit
7 transfer system.

8 “(B) DEFINITION OF ELECTRONIC BENE-
9 FIT TRANSFER SYSTEM.—In this paragraph,
10 the term ‘electronic benefit transfer system’
11 means a system under which a governmental
12 entity distributes benefits under this Act or
13 other benefits or payments by establishing ac-
14 counts to be accessed by recipients of the bene-
15 fits electronically, including through the use of
16 an automated teller machine, a point-of-sale
17 terminal, or an intelligent benefit card.

18 “(2) CHARGING FOR ELECTRONIC BENEFIT
19 TRANSFER CARD REPLACEMENT.—

20 “(A) IN GENERAL.—A State agency may
21 charge an individual for the cost of replacing a
22 lost or stolen electronic benefit transfer card.

23 “(B) REDUCING ALLOTMENT.—A State
24 agency may collect a charge imposed under sub-
25 paragraph (A) by reducing the monthly allot-

1 ment of the household of which the individual
2 is a member.

3 “(3) OPTIONAL PHOTOGRAPHIC IDENTIFICA-
4 TION.—

5 “(A) IN GENERAL.—A State agency may
6 require that an electronic benefit card contain
7 a photograph of 1 or more members of a house-
8 hold.

9 “(B) OTHER AUTHORIZED USERS.—If a
10 State agency requires a photograph on an elec-
11 tronic benefit card under subparagraph (A), the
12 State agency shall establish procedures to en-
13 sure that any other appropriate member of the
14 household or any authorized representative of
15 the household may utilize the card.

16 “(4) STATE ELECTRONIC BENEFITS TRANSFER
17 OPTIONS IN GENERAL.—States may implement elec-
18 tronic benefit transfer systems under the authorities
19 and conditions set forth in section 7(i) and related
20 provisions, or the authorities and conditions set
21 forth in paragraph (5).

22 “(5) ELECTRONIC BENEFITS TRANSFER CARD
23 SYSTEMS ASSISTANCE OPTION.—If a State notifies
24 the Secretary of its intention to convert to a state-
25 wide electronic benefits transfer card system, or a

1 multiple-State regional electronic benefits transfer
2 card system with other state-wide systems, within
3 three years of the date of enactment of this para-
4 graph, the Secretary shall allow the establishment of
5 an electronic benefits transfer card system within
6 the State under the following terms—

7 “(A) COORDINATION AND LAW ENFORCE-
8 MENT.—

9 “(i) CONVERSION.—The Secretary
10 shall coordinate with, and assist, the State
11 or States in a regional system in eliminat-
12 ing the use of food stamp coupons and the
13 full conversion to an electronic benefits
14 transfer card system within three years
15 after the decision of the State to convert to
16 the system set forth in this paragraph.

17 “(ii) OPERATIONS.—States shall take
18 into account generally accepted standard
19 operating rules for carrying out this para-
20 graph, based on—

21 “(I) commercial electronic funds
22 transfer technology;

23 “(II) the need to permit inter-
24 state operation and law enforcement
25 monitoring; and

1 “(III) the need to permit mon-
2 itoring and investigations by author-
3 ized law enforcement agencies.

4 “(iii) LAW ENFORCEMENT.—The Sec-
5 retary, in consultation with the Inspector
6 General of the United States Department
7 of Agriculture and the United States Se-
8 cret Service, shall inform the State of
9 proper security features, good management
10 techniques, and methods of deterring coun-
11 terfeiting.

12 “(B) PAPER AND OTHER ALTERNATIVE
13 BENEFIT TRANSFER SYSTEMS.—Beginning on
14 the date of the implementation of the electronic
15 benefits transfer card system in a State under
16 authority of this paragraph, the Secretary shall
17 also permit the use of paper-based and other
18 benefit transfer approaches for providing bene-
19 fits to food stamp households in the case of spe-
20 cial-need retail food stores.

21 “(C) STATE-PROVIDED EQUIPMENT.—

22 “(i) ELECTRONIC BENEFITS TRANS-
23 FER CARD SYSTEM.—

24 “(I) IN GENERAL.—A retail food
25 store that does not have point-of-sale

1 electronic benefits transfer equipment,
2 and does not intend to obtain point-
3 of-sale electronic benefits transfer
4 equipment in the near future, shall be
5 provided by a State agency with, or
6 reimbursed for, the costs of purchas-
7 ing and installing single-function,
8 point-of-sale equipment, and related
9 telephone equipment, which shall be
10 used only for Federal and State as-
11 sistance programs.

12 “(II) EQUIPMENT REQUIRE-
13 MENTS.—Equipment provided under
14 this subparagraph shall be capable of
15 interstate operations and based on
16 generally accepted commercial elec-
17 tronic benefits transfer operating
18 principles that permit interstate law
19 enforcement monitoring and shall be
20 capable of providing a recipient with
21 access to multiple Federal and State
22 benefit programs.

23 “(ii) PAPER AND OTHER ALTER-
24 NATIVE BENEFIT SYSTEMS.—A special-
25 need retail store that does not obtain, and

1 does not intend to obtain in the near fu-
2 ture, point-of-sale paper-based or other al-
3 ternative benefits transfer equipment shall
4 be provided by the State agency or com-
5 pensated for the costs of purchasing such
6 equipment which shall be used only for
7 Federal and State assistance programs.
8 Such paper systems includes using the
9 electronic benefit transfer card to make an
10 impression on a point-of-sale paper docu-
11 ment.

12 “(iii) RETURN OF ELECTRONIC BENE-
13 FITS TRANSFER EQUIPMENT.—A retail
14 food store may at any time return the
15 equipment to the State and obtain equip-
16 ment with funds of the store.

17 “(iv) COST TO STORES.—The cost of
18 documents or systems that may be re-
19 quired pursuant to this paragraph may not
20 be imposed upon a retail food store partici-
21 pating in the program.

22 “(D) CHARGING FOR ELECTRONIC BENE-
23 FITS TRANSFER CARD REPLACEMENT.—

24 “(i) IN GENERAL.—Under this para-
25 graph, the Secretary shall reimburse State

1 agencies for the costs of purchasing and is-
2 suing electronic benefits transfer cards;
3 and

4 “(ii) REPLACEMENT CARDS.—Under
5 this paragraph, the Secretary may charge
6 a household through allotment reduction or
7 otherwise for the cost of replacing a lost or
8 stolen electronic benefit transfer card, un-
9 less the card was stolen by force or threat
10 of force.

11 “(E) TRANSITION FUND.—At the begin-
12 ning of each fiscal year during the 10-year pe-
13 riod beginning with the first full fiscal year fol-
14 lowing the date of enactment of this paragraph,
15 the Secretary shall place the amount of the
16 funds generated by the transaction fees pro-
17 vided in subparagraph (F) into an account, to
18 be known as the Transition Conversion Ac-
19 count, to remain available until expended.

20 “(F) TRANSACTION FEE.—

21 (i) During the 10-year period begin-
22 ning on the date of enactment of this para-
23 graph, the Secretary shall, to the extent
24 necessary to not increase costs to the Sec-
25 retary under this paragraph, impose a

1 transaction fee of not more than 2 cents
2 for each transaction made at a retail food
3 store using an electronic benefits transfer
4 card authorized by this paragraph, to be
5 taken from the benefits of the household
6 using the card, except that no household
7 shall be assessed more than 16 cents under
8 this paragraph per month. The Secretary
9 may reduce the fee on a household receiv-
10 ing the maximum benefits available under
11 the program.

12 “(ii) FEES LIMITED TO USES.—A fee
13 imposed under clause (i) shall be in an
14 amount not greater than is necessary to
15 carry out the uses of the Transition Con-
16 version Account in subparagraph (G).

17 “(G)(i) DUTY OF SECRETARY.—Out of
18 funds in the Transition Conversion Account,
19 and, only to the extent necessary, out of funds
20 provided to carry out this Act, the Secretary
21 shall provide funds to provide transition assist-
22 ance and funds to States participating under
23 this paragraph for—

24 “(I) the reasonable cost of purchasing
25 and installing, or for the cost of reimburs-

1 ing a retail food store for the cost of pur-
2 chasing and installing single-function,
3 point-of-sale equipment described in sub-
4 paragraph (C), to be used only for Federal
5 and State assistance programs;

6 “(II) the reasonable start-up cost of
7 purchasing and installing telephone equip-
8 ment or connections for single-function,
9 point-of-sale equipment, to be used only for
10 Federal and State assistance programs;
11 and

12 “(III) assistance to modify an elec-
13 tronic benefits transfer system imple-
14 mented by a State prior to the date of en-
15 actment of this paragraph to the extent
16 necessary to operate statewide or multi-
17 statewide under this paragraph.

18 “(ii) USE OF ACCOUNT.—The Secretary
19 shall use funds in the Transition Conversion
20 Account in implementing this paragraph and
21 to—

22 “(I) provide start-up training for
23 State agencies, employees and recipients
24 based on a plan approved by Secretary;

1 “(II) pay for other one-time reason-
2 able costs of converting to an electronic
3 benefits transfer system that is capable of
4 interstate functions and is capable of being
5 monitored by law enforcement agencies;

6 “(III) pay for liabilities assumed by
7 the Secretary under subparagraph (I);

8 “(IV) pay other liabilities related to
9 the electronic benefits transfer system es-
10 tablished under this paragraph that are in-
11 curred by the Secretary; and

12 “(V) expand and implement a nation-
13 wide program to monitor compliance with
14 program rules related to retail food stores
15 and the electronic delivery of benefits
16 under this Act.

17 “(H) COMPETITIVE BIDDING.—In purchas-
18 ing point-of-sale equipment described in sub-
19 paragraph (C), electronic benefits transfer
20 cards, and telephone equipment or connections
21 referred to in subparagraph (G), States shall
22 use competitive bidding systems to ensure that
23 they obtain the lowest prices for the equipment
24 and cards that meet specifications. States shall
25 not enter into purchase agreements which con-

1 dition the purchase of additional services or
2 equipment from suppliers of equipment or cards
3 under this paragraph. The Secretary shall mon-
4 itor the sale prices for such equipment and
5 cards and the Inspector General shall inves-
6 tigate possible wrongdoing or fraud as appro-
7 priate.

8 “(I) LIABILITY OR REPLACEMENT BENE-
9 FITS FOR UNAUTHORIZED USE OF EBT
10 CARDS.—

11 “(i) IN GENERAL.—The Secretary
12 shall require State agencies that choose to
13 implement an electronic benefits transfer
14 system under this paragraph to advise any
15 household participating in the food stamp
16 program how to promptly report a lost, de-
17 stroyed, damaged, improperly manufac-
18 tured, dysfunctional, or stolen electronic
19 benefits transfer card.

20 “(ii) REGULATIONS.—Under this
21 paragraph, the Secretary shall issue regu-
22 lations providing that—

23 “(I) a household shall not receive
24 any replacement for benefits lost due

1 to the unauthorized use of an elec-
2 tronic benefits transfer card; and

3 “(II) a household shall not be lia-
4 ble for any amounts in excess of the
5 benefits available to the household at
6 the time of the unauthorized use.

7 “(iii) SPECIAL LOSSES.—Notwith-
8 standing clause (ii), under this paragraph
9 a household shall receive a replacement for
10 any benefits lost if the loss was caused
11 by—

12 “(I) force or the threat of force;

13 “(II) unauthorized use of the
14 card after the State agency receives
15 notice that the card was lost or stolen;
16 or

17 “(III) a system error or malfunc-
18 tion, fraud, abuse, negligence, or mis-
19 take by the service provider, the card
20 issuing agency, or the State agency,
21 or an inaccurate execution of a trans-
22 action by the service provider:

23 *Provided*, That with respect to losses described in
24 subclause (II) and (III), the State shall reimburse
25 the Secretary. Nothing in subclause (III) shall pre-

1 vent a State from obtaining reimbursement from the
2 service provider or the card issuing agency for sys-
3 tem error or malfunction, fraud, abuse, negligence,
4 or mistake by such service provider or card issuing
5 agency.

6 “(J) ELIMINATION OF FOOD STAMP COU-
7 PONS.—

8 “(i) IN GENERAL.—Except as pro-
9 vided in clauses (ii) and (iii) and notwith-
10 standing any other provision of this Act,
11 effective beginning on the date 3 years
12 after the date a chief executive officer of a
13 State informs the Secretary that the State
14 intends to implement an electronic benefits
15 transfer system authorized by this para-
16 graph, the Secretary shall not provide any
17 food stamp coupons to the State.

18 “(ii) EXCEPTIONS.—

19 “(I) EXTENSION.—Clause (i)
20 shall not apply to the extent that the
21 chief executive officer of a State de-
22 termines that an extension is nec-
23 essary and so notifies the Secretary in
24 writing, except that the extension
25 shall not extend beyond 5 years after

1 the date that a chief executive officer
2 of a State informs the secretary of the
3 decision to implement an electronic
4 benefits transfer system under this
5 paragraph.

6 “(II) WAIVER.—In addition to
7 any extension under subclause (I), the
8 Secretary may grant a waiver to a
9 State to phase-in or delay, implemen-
10 tation of electronic benefits transfer
11 for good cause shown by the State,
12 except that the waiver shall not ex-
13 tend for more than 6 months.

14 “(iii) DISASTER RELIEF.—The Sec-
15 retary may provide food stamp coupons for
16 disaster relief under section 5(h).

17 “(K) SPECIAL RULE.—A State agency may
18 require a household to explain the cir-
19 cumstances regarding each occasion that—

20 “(i) the household reports a lost or
21 stolen electronic benefits transfer card; and

22 “(ii) the card was used for an unau-
23 thorized transaction.

24 In the appropriate circumstances, the State
25 agency shall investigate and ensure that appro-

1 prate cases are acted upon either through ad-
2 ministrative disqualification or referral to
3 courts of appropriate jurisdiction, or referral
4 for prosecution.

5 “(L) ESTABLISHMENT.—In carrying out
6 this paragraph, the States shall—

7 “(i) take into account the needs of law
8 enforcement personnel and the need to per-
9 mit and encourage further technological
10 developments and scientific advances;

11 “(ii) ensure that security is protected
12 by appropriate means such as requiring
13 that a personal identification number be is-
14 sued with each electronic benefits transfer
15 card to help protect the integrity of the
16 program;

17 “(iii) provide for—

18 “(I) recipient protection regard-
19 ing privacy, ease of use, and access to
20 and service in retail food stores;

21 “(II) financial accountability and
22 the capability of the system to handle
23 interstate operations and interstate
24 monitoring by law enforcement agen-

1 cies including the Inspector General of
2 the Department of Agriculture;

3 “(III) rules prohibiting store par-
4 ticipation unless any appropriate
5 equipment necessary to permit house-
6 holds to purchase food with the bene-
7 fits issued under the Food Stamp Act
8 of 1977 is operational and reasonably
9 available; and

10 “(IV) rules providing for mon-
11 itoring and investigation by an au-
12 thorized law enforcement agency in-
13 cluding the Inspector General of the
14 Department of Agriculture.

15 “(M) ADDITIONAL EMPLOYEES.—The Sec-
16 retary shall assign additional employees to in-
17 vestigate and adequately monitor compliance
18 with program rules related to electronic benefits
19 transfer systems and retail food store participa-
20 tion.

21 “(N) REQUEST FOR STATEMENTS.—Under
22 this paragraph on the request of a household,
23 the State, through a person issuing benefits to
24 the household, shall provide once per month a
25 statement of benefit transfers and balances for

1 such household for the month preceding the re-
2 quest.

3 “(O) ERRORS.—Under this paragraph:

4 “(i) IN GENERAL.—States shall design
5 systems to timely resolve disputes over al-
6 leged errors.

7 “(ii) CORRECTED ERRORS.—House-
8 holds able to obtain corrections of errors
9 under this subparagraph shall not be enti-
10 tled to a fair hearing regarding the re-
11 solved dispute.

12 “(P) APPLICABLE LAW.—For purposes of
13 this Act, fraud and related activities related to
14 electronic benefits transfer shall be governed by
15 section 15 of this Act (U.S.C. 2024) and sec-
16 tion 1029 of title 18, United States Code, in
17 addition to any other applicable law.

18 “(Q) DEFINITIONS.—For the purpose of
19 this paragraph:

20 “(i) ELECTRONIC BENEFITS TRANS-
21 FER CARD SYSTEM.—The term ‘electronic
22 benefits transfer card system’ means a sys-
23 tem to support transactions conducted with
24 electronic benefits transfer cards, paper, or
25 other alternative benefits transfer systems

1 approved by the Secretary for the provision
2 of program benefits in accordance with this
3 paragraph.

4 “(ii) RETAIL FOOD STORE.—The term
5 ‘retail food store’ means a retail food store,
6 a farmer’s market, or a house-to-house
7 trade route authorized to participate in the
8 food stamp program.

9 “(iii) SPECIAL-NEED RETAIL FOOD
10 STORE.—The term ‘special-need retail food
11 store’ means—

12 “(I) a retail food store located in
13 a very rural area;

14 “(II) a retail food store without
15 access to dependable electricity or reg-
16 ular telephone service; or

17 “(III) a farmers’ market or
18 house-to-house trade route that is au-
19 thorized to participate in the food
20 stamp program.

21 “(R) LEAD ROLE OF INDUSTRY AND
22 STATES.—The Secretary shall consult with the
23 Secretary of the Treasury, the Secretary of
24 Health and Human Services, the Inspector
25 General of the United States Department of

1 Agriculture, the United States Secret Service,
2 the National Governor's Association, the Food
3 Marketing Institute, the National Association of
4 Convenience Stores, the American Public Wel-
5 fare Association, the National Conference of
6 State Legislatures, the American Bankers Asso-
7 ciation, the financial services community, State
8 agencies, and food advocates to obtain informa-
9 tion helpful to retail stores, the financial serv-
10 ices industry, and States in the conversion to
11 electronic benefits transfer, including informa-
12 tion regarding—

13 “(i) the degree to which an electronic
14 benefits transfer system could be easily in-
15 tegrated with commercial networks;

16 “(ii) the usefulness of appropriate
17 electronic benefits transfer security fea-
18 tures and local management controls, in-
19 cluding features in an electronic benefits
20 transfer card to deter counterfeiting of the
21 card;

22 “(iii) the use of laser scanner tech-
23 nology with electronic benefits transfer
24 technology so that only eligible food items

1 can be purchased by food stamp partici-
2 pants in stores that use scanners;

3 “(iv) how to maximize technology that
4 uses data available from an electronic ben-
5 efits transfer system to identify fraud and
6 allow law enforcement personnel to quickly
7 identify or target a suspected or actual
8 program violator;

9 “(v) means of ensuring the confiden-
10 tiality of personal information in electronic
11 benefits transfer systems and the applica-
12 bility of section 552a of title 5, United
13 States Code, to electronic benefits transfer
14 systems;

15 “(vi) the best approaches for maximiz-
16 ing the use of then current point-of-sale
17 terminals and systems to reduce costs; and

18 “(vii) the best approaches for maxi-
19 mizing the use of electronic benefits trans-
20 fer systems for multiple Federal and State
21 benefit programs so as to achieve the high-
22 est cost savings possible through the imple-
23 mentation of electronic benefits transfer
24 systems.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 3 of the Food Stamp Act of 1977
2 (42 U.S.C. 2012) is amended—

3 (A) in subsection (a), by striking “cou-
4 pons” and inserting “benefits”;

5 (B) in the first sentence of subsection (c),
6 by striking “authorization cards” and inserting
7 “allotments”;

8 (C) in subsection (d), by striking “the pro-
9 visions of this Act” and inserting “sections 5(h)
10 and 7”;

11 (D) in subsection (e)—

12 (i) by striking “Coupon issuer” and
13 inserting “Benefit issuer”; and

14 (ii) by striking “coupons” and insert-
15 ing “benefits”;

16 (E) in the last sentence of subsection (i),
17 by striking “coupons” and inserting “allot-
18 ments”; and

19 (F) by adding at the end the following new
20 subsection:

21 “(v) ‘Electronic benefits transfer card’
22 means a card issued to a household partici-
23 pating in the program that is used to pur-
24 chase food.

1 (2) Section 4(a) of such Act (7 U.S.C. 2013(a))
2 is amended—

3 (A) in the first sentence by inserting “and
4 to funds made available under section 7” after
5 “this Act”.

6 (B) in the first and second sentences, by
7 striking “coupons” each place it appears and
8 inserting “electronic benefits transfer cards or
9 coupons”; and

10 (C) by striking the third sentence and in-
11 serting the following new sentence: “The Sec-
12 retary, through the facilities of the Treasury of
13 the United States, shall reimburse the stores
14 for food purchases made with electronic benefits
15 transfer cards or coupons provided under this
16 Act.”.

17 (3) The first sentence of section 6(b)(1) of such
18 Act (7 U.S.C. 2015(b)(1)) is amended—

19 (A) by striking “coupons or authorization
20 cards” and inserting “electronic benefits trans-
21 fer cards, coupons, or authorization cards”; and

22 (B) in clauses (ii) and (iii), by inserting
23 “or electronic benefits transfer cards” after
24 “coupons” each place it appears.

1 (4) Section 7 of such Act (7 U.S.C. 2016) is
2 amended—

3 (A) by striking the section heading and in-
4 serting the following new section heading: “**IS-**
5 **SUANCE AND USE OF ELECTRONIC BENE-**
6 **FITS TRANSFER CARDS OR COUPONS**”;

7 (B) in subsection (a), by striking “Cou-
8 pons” and all that follows through “necessary,
9 and” and inserting “Electronic benefits transfer
10 cards or coupons”;

11 (C) in subsection (b), by striking “Cou-
12 pons” and inserting “Electronic benefits trans-
13 fer cards or coupons”;

14 (D) in subsection (e), by striking “coupons
15 to coupon issuers” and replace with “benefits to
16 benefits issuers”; and by striking “by coupon
17 issuers” and inserting “by benefits issuers”.

18 (E) in subsection (f)—

19 (i) by striking “issuance of coupons”
20 and inserting “issuance of electronic bene-
21 fits transfer cards or coupons”;

22 (ii) by striking “coupon issuer” and
23 inserting “electronic benefits transfer or
24 coupon issuer”; and

1 (iii) by striking “coupons and allot-
2 ments” and inserting “electronic benefits
3 transfer cards, coupons, and allotments”;

4 (F) by deleting “(1) The” in subsections
5 (g) and (h) and inserting the following: “(1)
6 Except with respect to electronic benefit trans-
7 fer care systems operated under section 7(j)(5),
8 the”; and

9 (G) by striking subparagraph (i)(2)(A);
10 and by relettering (B) through (H) as (A)
11 through (G).

12 (5) Section 8(b) of such Act (7 U.S.C. 2017(b))
13 is amended by striking “coupons” and inserting
14 “electronic benefits transfer cards or coupons”.

15 (6) Section 9 of such Act (7 U.S.C. 2018) is
16 amended—

17 (A) in subsections (a) and (b), by striking
18 “coupons” each place it appears and inserting
19 “coupons, or accept electronic benefits transfer
20 cards,”; and

21 (B) in subsection (a)(1)(B), by striking
22 “coupon business” and inserting “electronic
23 benefits transfer cards and coupon business”.

24 (7) Section 10 of such Act (7 U.S.C. 2019) is
25 amended—

1 (A) by striking the section heading and in-
2 serting the following: “**REDEMPTION OF COU-**
3 **PONS OR ELECTRONIC BENEFITS TRANS-**
4 **FER CARDS**”; and

5 (B) in the first sentence—

6 (i) by inserting after “provide for” the
7 following: “reimbursing stores for program
8 benefits provided and for”;

9 (ii) by inserting after “food coupons”
10 the following: “or use their members’ elec-
11 tronic benefits transfer cards”; and

12 (iii) by striking the period at the end
13 and inserting the following: “, unless the
14 center, organization, institution, shelter,
15 group living arrangement, or establishment
16 is equipped with a point-of-sale device for
17 the purpose of participating in the elec-
18 tronic benefits transfer system.”.

19 (8) Section 11 of such Act (7 U.S.C. 2020) is
20 amended—

21 (A) in the first sentence of subsection (a),
22 by striking “coupons” and inserting “electronic
23 benefits transfer cards or coupons,”;

24 (B) in subsection (e)—

25 (i) in paragraph (2)—

1 (I) by striking “a coupon allot-
2 ment” and inserting “an allotment”;
3 and

4 (II) by striking “issuing cou-
5 pons” and inserting “issuing elec-
6 tronic benefits transfer cards or cou-
7 pons”;

8 (ii) in paragraph (7), by striking
9 “coupon issuance” and inserting “elec-
10 tronic benefits transfer card or coupon is-
11 suance”;

12 (iii) in paragraph (8)(C), by striking
13 “coupons” and inserting “benefits”;

14 (iv) in paragraph (9), by striking
15 “coupons” each place it appears and in-
16 serting “electronic benefits transfer cards
17 or coupons”;

18 (v) in paragraph (11), by striking “in
19 the form of coupons”;

20 (vi) in paragraph (16), by striking
21 “coupons” and inserting “electronic bene-
22 fits transfer card or coupons”;

23 (vii) in paragraph (17), by striking
24 “food stamps” and replacing with “bene-
25 fits”;

1 (viii) in paragraph (21), by striking
2 “coupons” and inserting “electronic bene-
3 fits transfer cards or coupons”;

4 (ix) in paragraph (24), by striking
5 “coupons” and inserting “benefits”; and

6 (x) in paragraph (25), by striking
7 “coupons” each place it appears and in-
8 serting “electronic benefits transfer cards
9 or coupons”; and

10 (C) in subsection (h), by striking “face
11 value of any coupon or coupons” and inserting
12 “value of any benefits”; and

13 (D) in subsection (n)—

14 (i) by striking “both coupons” each
15 place it appears and inserting “benefits
16 under this Act”; and

17 (ii) by striking “of coupons” and in-
18 serting “of benefits”.

19 (9) Section 12 of such Act (7 U.S.C. 2021) is
20 amended—

21 (A) in subsection (b)(3), by striking “cou-
22 pons” each place it appears and inserting “elec-
23 tronic benefits transfer cards or coupons”;

24 (B) in subsection (d)—

25 (i) in the first sentence—

1 (I) by inserting after “redeem
2 coupons” the following: “and to ac-
3 cept electronic benefits transfer
4 cards”; and

5 (II) by striking “value of cou-
6 pons” and inserting “value of benefits
7 and coupons”; and

8 (ii) in the third sentence, by striking
9 “coupons” each place it appears and in-
10 sserting “benefits”; and

11 (C) in the first sentence of subsection (f)—

12 (i) by inserting after “to accept and
13 redeem food coupons” the following: “elec-
14 tronic benefits transfer cards, or to accept
15 and redeem food coupons,”; and

16 (ii) by inserting before the period at
17 the end the following: “or program bene-
18 fits”.

19 (10) Section 13 of such Act (7 U.S.C. 2022) is
20 amended by striking “coupons” each place it ap-
21 pears and inserting “benefits”.

22 (11) Section 15 of such Act (7 U.S.C. 2024) is
23 amended—

24 (A) in subsection (a), by striking “issuance
25 or presentment for redemption” and inserting

1 “issuance, presentment for redemption, or use
2 of electronic benefits transfer cards or”;

3 (B) in the first sentence of subsection
4 (b)(1)—

5 (i) by inserting after “coupons, au-
6 thorization cards,” each place it appears
7 the following: “electronic benefits transfer
8 cards,”; and

9 (ii) by striking “coupons or authoriza-
10 tion cards” each place it appears and in-
11 serting the following: “coupons, authoriza-
12 tion cards, or electronic benefits transfer
13 cards”;

14 (C) in the first sentence of subsection
15 (c)—

16 (i) by striking “coupons” and insert-
17 ing “a coupon or electronic benefits trans-
18 fer card”; and

19 (ii) strike “such coupons are” and in-
20 serting “the payment or redemption is”;

21 (D) in subsection (d) striking “coupons”
22 and replacing with “Benefits”;

23 (E) in subsection (e) after “coupons” in-
24 serting “or electronic benefits transfer cards”;

1 (F) in subsection (f) after “coupon” insert-
2 ing “or electronic benefits transfer card”; and

3 (G) in the first sentence of subsection (g),
4 by inserting after “coupons, authorization
5 cards,” the following: “electronic benefits trans-
6 fer cards,”.

7 (12) Section 16 (7 U.S.C. 2025) is amended—

8 (A) in subsection (a)—

9 (i) in paragraph (2) after “coupons”
10 by inserting “electronic benefits transfer
11 cards”;

12 (ii) in paragraph (3) by inserting after
13 “households” the following: “, including
14 the cost of providing equipment necessary
15 for retail food stores to participate in an
16 electronic benefits transfer system”;

17 (B) by deleting subsection (d);

18 (C) by redesignating subsections (e)
19 through (j) as subsections (d) through (i), re-
20 spectively;

21 (D) in subsection (g)(5) (as redesignated
22 by paragraph (3))—

23 (i) in subparagraph (A), by striking
24 “(A)”; and

25 (ii) by striking subparagraph (B);

1 (E) in subsection (h) (as redesignated by
2 paragraph (3)), by striking paragraph (3); and

3 (F) by striking subsection (i) (as redesignated by paragraph (3)).

5 (13) Section 17 of such Act (7 U.S.C. 2026) is
6 amended—

7 (A) in the last sentence of subsection
8 (a)(2), by striking “coupon” and inserting
9 “benefit”;

10 (B) by deleting the last sentence of para-
11 graph (b)(2);

12 (C) by deleting the last sentence of sub-
13 section (c);

14 (D) in subsection (d)(1)(B), by striking
15 “coupons” each place it appears and inserting
16 “benefits”;

17 (E) by deleting the last sentence of sub-
18 section (e);

19 (F) by striking subsection (f); and

20 (G) by redesignating subsections (g)
21 through (k) as subsections (f) through (j), re-
22 spectively.

23 (14) Section 21 of such Act (7 U.S.C. 2030) is
24 amended—

1 (A) by striking “coupons” each place it ap-
2 pears (other than in subsections (b)(2)(A)(ii)
3 and (d)) and inserting “benefits”;

4 (B) in subsection (b)(2)(A)(ii), by striking
5 “coupons” and inserting “electronic benefits
6 transfer cards or coupons”; and

7 (C) in subsection (d)—

8 (i) in paragraph (2), by striking
9 “Coupons” and inserting “Benefits”; and

10 (ii) in paragraph (3), by striking “in
11 food coupons”.

12 (15) Section 22 of such Act (7 U.S.C. 2031) is
13 amended—

14 (A) in subsection (b)—

15 (i) in paragraph (3)(D)—

16 (I) in clause (ii), by striking
17 “coupons” and inserting “benefits”;
18 and

19 (II) in clause (iii), by striking
20 “coupons” and inserting “electronic
21 benefits transfer benefits”;

22 (ii) in paragraph (9), by striking
23 “coupons” and inserting “benefits”;

24 (iii) in paragraph (10)(B)—

1 (I) in the second sentence of
2 clause (I), by striking “Food cou-
3 pons” and inserting “Program bene-
4 fits”; and

5 (II) in clause (ii)—

6 (aa) in the second sentence,
7 by striking “Food coupons” and
8 inserting “Benefits”; and

9 (bb) in the third sentence,
10 by striking “food coupons” each
11 place it appears and inserting
12 “benefits”;

13 (B) in subsection (d), by striking “cou-
14 pons” each place it appears and inserting “ben-
15 efits”;

16 (C) in subsection (g)(1)(A), by striking
17 “coupon”; and

18 (D) in subsection (h), by striking “food
19 coupons” and inserting “benefits”.

20 (16) Section 1956(c)(7)(D) of title 18, United
21 States Code, is amended by inserting “electronic
22 benefits transfer cards or” before “coupons having”.

1 **SEC. 321. MINIMUM BENEFIT.**

2 The proviso in section 8(a) of the Food Stamp Act
3 of 1977 (7 U.S.C. 2017(a)) is amended by striking “, and
4 shall be adjusted” and all that follows through “\$5”.

5 **SEC. 322. BENEFITS ON RECERTIFICATION.**

6 Section 8(c)(2)(B) of the Food Stamp Act of 1977
7 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more
8 than one month”.

9 **SEC. 323. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**
10 **DITED HOUSEHOLDS.**

11 Section 8(c) of the Food Stamp Act of 1977 (7
12 U.S.C. 2017(c)) is amended by striking paragraph (3) and
13 inserting the following:

14 “(3) **OPTIONAL COMBINED ALLOTMENT FOR**
15 **EXPEDITED HOUSEHOLDS.**—A State agency may
16 provide to an eligible household applying after the
17 15th day of a month, in lieu of the initial allotment
18 of the household and the regular allotment of the
19 household for the following month, an allotment that
20 is the aggregate of the initial allotment and the first
21 regular allotment, which shall be provided in accord-
22 ance with section 11(e)(3) in the case of a household
23 that is not entitled to expedited service or in accord-
24 ance with paragraphs (3) and (9) of section 11(e) in
25 the case of a household that is entitled to expedited
26 service.”.

1 SEC. 324. FAILURE TO COMPLY WITH OTHER WELFARE AND
2 PUBLIC ASSISTANCE PROGRAMS.

3 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
4 2017) is amended by striking subsection (d) and inserting
5 the following:

6 “(d) REDUCTION OF PUBLIC ASSISTANCE BENE-
7 FITS.—

8 “(1) IN GENERAL.—If the benefits of a house-
9 hold are reduced under a Federal, State, or local law
10 relating to a welfare or public assistance program
11 for the failure to perform an action required under
12 the law or program, for the duration of the reduc-
13 tion—

14 “(A) the household may not receive an in-
15 creased allotment as the result of a decrease in
16 the income of the household to the extent that
17 the decrease is the result of the reduction; and

18 “(B) the State agency may reduce the al-
19 lotment of the household by not more than 25
20 percent.

21 “(2) OPTIONAL METHOD.—In carrying out
22 paragraph (1), a State agency may consider, for the
23 duration of a reduction referred to under paragraph
24 (1), the benefits of the household under a welfare or
25 public assistance program before the reduction as in-
26 come of the household after the reduction.

1 “(3) RULES AND PROCEDURES.—If the allot-
2 ment of a household is reduced under this subsection
3 for a failure to perform an action required under
4 part A of title IV of the Social Security Act (42
5 U.S.C. 601 et seq.), the State agency may use the
6 rules and procedures that apply under part A of title
7 IV of the Act to reduce the allotment under the food
8 stamp program.”.

9 **SEC. 325. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN IN-**
10 **STITUTIONS.**

11 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
12 2017) is amended by adding at the end the following:

13 “(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN
14 INSTITUTIONS.—

15 “(1) IN GENERAL.—In the case of an individual
16 who resides in a homeless shelter, or in an institu-
17 tion or center for the purpose of a drug or alcoholic
18 treatment program, described in the last sentence of
19 section 3(i), a State agency may provide an allot-
20 ment for the individual to—

21 “(A) the institution as an authorized rep-
22 resentative for the individual for a period that
23 is less than 1 month; and

24 “(B) the individual, if the individual leaves
25 the institution.

1 “(2) DIRECT PAYMENT.—A State agency may
2 require an individual referred to in paragraph (1) to
3 designate the shelter, institution, or center in which
4 the individual resides as the authorized representa-
5 tive of the individual for the purpose of receiving an
6 allotment.”.

7 **SEC. 326. OPERATION OF FOOD STAMP OFFICES.**

8 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
9 2020) is amended—

10 (1) in subsection (e)—

11 (A) by striking paragraph (2) and insert-
12 ing the following:

13 “(2)(A) that the State agency shall establish
14 procedures governing the operation of food stamp of-
15 fices that the State agency determines best serve
16 households in the State, including households with
17 special needs, such as households with elderly or dis-
18 abled members, households in rural areas with low-
19 income members, homeless individuals, households
20 residing on reservations, and households in which a
21 substantial number of members speak a language
22 other than English.

23 “(B) In carrying out subparagraph (A), a State
24 agency—

1 “(i) shall provide timely, accurate, and fair
2 service to applicants for, and participants in,
3 the food stamp program;

4 “(ii) shall permit an applicant household to
5 apply to participate in the program on the same
6 day that the household first contacts a food
7 stamp office in person during office hours;

8 “(iii) shall consider an application filed on
9 the date the applicant submits an application
10 that contains the name, address, and signature
11 of the applicant; and

12 “(iv) may establish operating procedures
13 that vary for local food stamp offices to reflect
14 regional and local differences within the
15 State;”;

16 (B) in paragraph (3) (as amended by sec-
17 tion 309(b))—

18 (i) by striking “shall—” and all that
19 follows through “provide each” and insert-
20 ing “shall provide each”; and

21 (ii) by striking “(B) assist” and all
22 that follows through “representative of the
23 State agency;”;

24 (C) by striking paragraph (14) and insert-
25 ing the following:

1 “(14) the standards and procedures used by the
2 State agency under section 6(d)(1)(D) to determine
3 whether an individual is eligible to participate under
4 section 6(d)(1)(A);”; and

5 (D) by striking paragraph (25) and insert-
6 ing the following:

7 “(25) a description of the work supplementation
8 or support program, if any, carried out by the State
9 agency under section 16(b);”; and

10 (2) in subsection (i)—

11 (A) by striking “(i) Notwithstanding” and
12 all that follows through “(2)” and inserting the
13 following:

14 “(i) APPLICATION AND DENIAL PROCEDURES.—

15 “(1) APPLICATION PROCEDURES.—Notwith-
16 standing any other provision of law,”; and

17 (B) by striking “; (3) households” and all
18 that follows through “title IV of the Social Se-
19 curity Act. No” and inserting a period and the
20 following:

21 “(2) DENIAL AND TERMINATION.—Other than
22 in a case of disqualification as a penalty for failure
23 to comply with a public assistance program rule or
24 regulation, no”.

1 **SEC. 327. STATE EMPLOYEE AND TRAINING STANDARDS.**

2 Section 11(e)(6) of the Food Stamp Act of 1977 (7
3 U.S.C. 2020(e)(6)) is amended—

4 (1) by striking “(A)”; and

5 (2) by striking subparagraphs (B) through (E).

6 **SEC. 328. EXCHANGE OF LAW ENFORCEMENT INFORMA-**
7 **TION.**

8 Section 11(e) of the Food Stamp Act of 1977 (7
9 U.S.C. 2020(e)) (as amended by section 315(b)) is further
10 amended—

11 (1) in paragraph (8)—

12 (A) by striking “that (A) such” and insert-
13 ing the following: “that—

14 “(A) the”;

15 (B) by striking “law, (B) notwithstanding”
16 and inserting the following: “law;

17 “(B) notwithstanding”;

18 (C) by striking “Act, and (C) such” and
19 inserting the following: “Act;

20 “(C) the”; and

21 (D) by adding at the end the following:

22 “(D) notwithstanding any other provision
23 of law, the address, social security number, and,
24 when available, photograph of any member of a
25 household shall be made available, on request,
26 to any Federal, State, or local law enforcement

1 officer if the officer furnishes the State agency
2 with the name of the member and notifies the
3 agency that—

4 “(i) the member—

5 “(I) is fleeing to avoid prosecu-
6 tion, or custody or confinement after
7 conviction, for a crime (or attempt to
8 commit a crime) that, under the law
9 of the place the member is fleeing, is
10 a felony (or, in the case of New Jer-
11 sey, a high misdemeanor), or is violat-
12 ing a condition of probation or parole
13 imposed under Federal or State law;
14 or

15 “(II) has information that is nec-
16 essary for the officer to conduct the
17 official duties of the officer;

18 “(ii) the location or apprehension of
19 the member is an official duty of the offi-
20 cer; and

21 “(iii) the request is being made in the
22 proper exercise of the official duties of the
23 officer; and

24 “(E) the safeguards shall not prevent com-
25 pliance with paragraph (27);”; and

1 (3) by adding at the end the following:

2 “(27) that the State agency shall furnish the
3 Immigration and Naturalization Service with the
4 name of, address of, and identifying information on
5 any individual the State agency knows is unlawfully
6 in the United States; and”.

7 **SEC. 329. EXPEDITED COUPON SERVICE.**

8 Section 11(e)(9) of the Food Stamp Act of 1977 (7
9 U.S.C. 2020(e)(9)) is amended—

10 (1) in subparagraph (A)—

11 (A) by striking “five days” and inserting
12 “7 business days”; and

13 (B) by inserting “and” at the end;

14 (2) by striking subparagraphs (B) and (C);

15 (3) by redesignating subparagraph (D) as sub-
16 paragraph (B); and

17 (4) in subparagraph (B) (as redesignated by
18 paragraph (3)), by striking “, (B), or (C)”.

19 **SEC. 330. FAIR HEARINGS.**

20 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
21 2020) is amended by adding at the end the following:

22 “(p) WITHDRAWING FAIR HEARING REQUESTS.—A
23 household may withdraw, orally or in writing, a request
24 by the household for a fair hearing under subsection
25 (e)(10). If the withdrawal request is an oral request, the

1 State agency shall provide a written notice to the house-
2 hold confirming the request and providing the household
3 with an opportunity to request a hearing.”.

4 **SEC. 331. INCOME AND ELIGIBILITY VERIFICATION SYS-**
5 **TEM.**

6 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
7 2020) (as amended by section 330) is further amended
8 by adding at the end the following:

9 “(q) STATE VERIFICATION OPTION.—Notwithstand-
10 ing any other provision of law, a State agency shall not
11 be required to use an income and eligibility verification
12 system established under section 1137 of the Social Secu-
13 rity Act (42 U.S.C. 1320b-7).”.

14 **SEC. 332. COLLECTION OF OVERISSUANCES.**

15 (a) IN GENERAL.—Section 13 of the Food Stamp Act
16 of 1977 (7 U.S.C. 2022) is amended—

17 (1) by striking subsection (b) and inserting the
18 following:

19 “(b) COLLECTION OF OVERISSUANCES.—

20 “(1) IN GENERAL.—Except as otherwise pro-
21 vided in this subsection, a State agency shall collect
22 any overissuance of coupons issued to a household
23 by—

24 “(A) reducing the allotment of the house-
25 hold;

1 “(B) withholding unemployment compensa-
2 tion from a member of the household under
3 subsection (c);

4 “(C) recovering from Federal pay or a
5 Federal income tax refund under subsection
6 (d); or

7 “(D) any other means.

8 “(2) COST EFFECTIVENESS.—Paragraph (1)
9 shall not apply if the State agency demonstrates to
10 the satisfaction of the Secretary that all of the
11 means referred to in paragraph (1) are not cost ef-
12 fective.

13 “(3) HARDSHIPS.—A State agency may not use
14 an allotment reduction under paragraph (1)(A) as a
15 means of collecting an overissuance from a house-
16 hold if the allotment reduction would cause a hard-
17 ship on the household, as determined by the State
18 agency.

19 “(4) MAXIMUM REDUCTION ABSENT FRAUD.—
20 If a household received an overissuance of coupons
21 without any member of the household being found
22 ineligible to participate in the program under section
23 6(b)(1) and a State agency elects to reduce the allot-
24 ment of the household under paragraph (1)(A), the
25 State agency shall reduce the monthly allotment of

1 the household under paragraph (1)(A) by the great-
2 er of—

3 “(A) 10 percent of the monthly allotment
4 of the household; or

5 “(B) \$10.

6 “(5) PROCEDURES.—A State agency shall col-
7 lect an overissuance of coupons issued to a house-
8 hold under paragraph (1) in accordance with re-
9 quirements established by the State agency for pro-
10 viding notice, electing a means of payment, and es-
11 tablishing a time schedule for payment.”; and

12 (2) in subsection (d)—

13 (A) by striking “as determined under sub-
14 section (b) and except for claims arising from
15 an error of the State agency,” and inserting
16 “, as determined under subsection (b)(1),”; and

17 (B) by inserting before the period at the
18 end the following: “or a Federal income tax re-
19 fund as authorized by section 3720A of title 31,
20 United States Code”.

21 (b) CONFORMING AMENDMENT.—Section 11(e)(8) of
22 the Act (7 U.S.C. 2020(e)(8)) is amended—

23 (1) by striking “and excluding claims” and all
24 that follows through “such section”; and

1 (2) by inserting before the semicolon at the end
2 the following: “or a Federal income tax refund as
3 authorized by section 3720A of title 31, United
4 States Code”.

5 **SEC. 333. TERMINATION OF FEDERAL MATCH FOR OP-**
6 **TIONAL INFORMATION ACTIVITIES.**

7 (a) **IN GENERAL.**—Section 16(a) of the Food Stamp
8 Act of 1977 (7 U.S.C. 2025(a)) is amended—

9 (1) by striking paragraph (4); and

10 (2) by redesignating paragraphs (5) through
11 (8) as paragraphs (4) through (7), respectively.

12 (b) **CONFORMING AMENDMENT.**—Section 16(g) of
13 the Act (7 U.S.C. 2025(g)) is amended by striking “an
14 amount equal to” and all that follows through “1991, of”
15 and inserting “the amount provided under subsection
16 (a)(5) for”.

17 **SEC. 334. STANDARDS FOR ADMINISTRATION.**

18 (a) **IN GENERAL.**—Section 16 of the Food Stamp Act
19 of 1977 (7 U.S.C. 2025) is amended by striking sub-
20 section (b).

21 (b) **CONFORMING AMENDMENTS.**—

22 (1) The first sentence of section 11(g) of the
23 Act (7 U.S.C. 2020(g)) is amended by striking “the
24 Secretary’s standards for the efficient and effective

1 administration of the program established under sec-
2 tion 16(b)(1) or”.

3 (2) Section 16(c)(1)(B) of the Act (7 U.S.C.
4 2025(c)(1)(B)) is amended by striking “pursuant to
5 subsection (b)”.

6 **SEC. 335. WORK SUPPLEMENTATION OR SUPPORT PRO-**
7 **GRAM.**

8 Section 16 of the Food Stamp Act of 1977 (7 U.S.C.
9 2025) (as amended by section 334(a)) is further amended
10 by inserting after subsection (a) the following:

11 “(b) **WORK SUPPLEMENTATION OR SUPPORT PRO-**
12 **GRAM.**—

13 “(1) **DEFINITION.**—In this subsection, the term
14 ‘work supplementation or support program’ means a
15 program in which, as determined by the Secretary,
16 public assistance (including any benefits provided
17 under a program established by the State and the
18 food stamp program) is provided to an employer to
19 be used for hiring and employing a new employee
20 who is a public assistance recipient.

21 “(2) **PROGRAM.**—A State agency may elect to
22 use amounts equal to the allotment that would oth-
23 erwise be allotted to a household under the food
24 stamp program, but for the operation of this sub-
25 section, for the purpose of subsidizing or supporting

1 jobs under a work supplementation or support pro-
2 gram established by the State.

3 “(3) PROCEDURE.—If a State agency makes an
4 election under paragraph (2) and identifies each
5 household that participates in the food stamp pro-
6 gram that contains an individual who is participat-
7 ing in the work supplementation or support pro-
8 gram—

9 “(A) the Secretary shall pay to the State
10 agency an amount equal to the value of the al-
11 lotment that the household would be eligible to
12 receive but for the operation of this subsection;

13 “(B) the State agency shall expend the
14 amount paid under subparagraph (A) in accord-
15 ance with the work supplementation or support
16 program in lieu of providing the allotment that
17 the household would receive but for the oper-
18 ation of this subsection;

19 “(C) for purposes of—

20 “(i) sections 5 and 8(a), the amount
21 received under this subsection shall be ex-
22 cluded from household income and re-
23 sources; and

24 “(ii) section 8(b), the amount received
25 under this subsection shall be considered to

1 be the value of an allotment provided to
2 the household; and

3 “(D) the household shall not receive an al-
4 lotment from the State agency for the period
5 during which the member continues to partici-
6 pate in the work supplementation or support
7 program.

8 “(4) OTHER WORK REQUIREMENTS.—No indi-
9 vidual shall be excused, by reason of the fact that
10 a State has a work supplementation or support pro-
11 gram, from any work requirement under section
12 6(d), except during the periods in which the individ-
13 ual is employed under the work supplementation or
14 support program.

15 “(5) MAXIMUM LENGTH OF PARTICIPATION.—A
16 work supplementation or support program may not
17 allow the participation of any individual for longer
18 than 1 year, unless the Secretary approves a longer
19 period.”.

20 **SEC. 336. WAIVER AUTHORITY.**

21 Section 17(b)(1)(A) of the Food Stamp Act of 1977
22 (7 U.S.C. 2026(b)(1)(A)) is amended—

23 (1) by striking “benefits to eligible households,
24 including” and inserting the following: “benefits to
25 eligible households. The Secretary may waive the re-

1 requirements of this Act to the extent necessary to
2 conduct a pilot or experimental project, including a
3 project designed to test innovative welfare reform,
4 promote work, and allow conformity with other Fed-
5 eral, State, and local government assistance pro-
6 grams, except that a project involving the payment
7 of benefits in the form of cash shall maintain the av-
8 erage value of allotments for affected households as
9 a group. Pilot or experimental projects may in-
10 include”; and

11 (2) by striking “The Secretary may waive” and
12 all that follows through “sections 5 and 8 of this
13 Act.”.

14 **SEC. 337. AUTHORIZATION OF PILOT PROJECTS.**

15 The last sentence of section 17(b)(1)(A) of the Food
16 Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended
17 by striking “1995” and inserting “2002”.

18 **SEC. 338. RESPONSE TO WAIVERS.**

19 Section 17(b)(1) of the Food Stamp Act of 1977 (7
20 U.S.C. 2026(b)(1)) is amended by adding at the end the
21 following:

22 “(C) RESPONSE TO WAIVERS.—

23 “(i) RESPONSE.—Not later than 60
24 days after the date of receiving a request

1 for a waiver under subparagraph (A), the
2 Secretary shall provide a response that—

3 “(I) approves the waiver request;

4 “(II) denies the waiver request
5 and explains any modification needed
6 for approval of the waiver request;

7 “(III) denies the waiver request
8 and explains the grounds for the de-
9 nial; or

10 “(IV) requests clarification of the
11 waiver request.

12 “(ii) FAILURE TO RESPOND.—If the
13 Secretary does not provide a response
14 under clause (i) not later than 60 days
15 after receiving a request for a waiver, the
16 waiver shall be considered approved.

17 “(iii) NOTICE OF DENIAL.—On denial
18 of a waiver request under clause (i)(III),
19 the Secretary shall provide a copy of the
20 waiver request and the grounds for the de-
21 nial to the Committee on Agriculture of
22 the House of Representatives and the
23 Committee on Agriculture, Nutrition, and
24 Forestry of the Senate.”.

1 SEC. 339. PRIVATE SECTOR EMPLOYMENT INITIATIVES.

2 Section 17 of the Food Stamp Act of 1977 (7 U.S.C.
3 2026) is amended by adding at the end the following:

4 “(m) PRIVATE SECTOR EMPLOYMENT INITIA-
5 TIVES.—

6 “(1) ELECTION TO PARTICIPATE.—

7 “(A) IN GENERAL.—Subject to the other
8 provisions of this subsection, a State may elect
9 to carry out a private sector employment initia-
10 tive program under this subsection.

11 “(B) REQUIREMENT.—A State shall be eli-
12 gible to carry out a private sector employment
13 initiative under this subsection only if not less
14 than 50 percent of the households that received
15 food stamp benefits during the summer of 1993
16 also received benefits under a State program
17 funded under part A of title IV of the Social
18 Security Act (42 U.S.C. 601 et seq.) during the
19 summer of 1993.

20 “(2) PROCEDURE.—A State that has elected to
21 carry out a private sector employment initiative
22 under paragraph (1) may use amounts equal to the
23 food stamp allotments that would otherwise be allot-
24 ted to a household under the food stamp program,
25 but for the operation of this subsection, to provide
26 cash benefits in lieu of the food stamp allotments to

1 the household if the household is eligible under para-
2 graph (3).

3 “(3) ELIGIBILITY.—A household shall be eligi-
4 ble to receive cash benefits under paragraph (2) if
5 an adult member of the household—

6 “(A) has worked in unsubsidized employ-
7 ment in the private sector for not less than the
8 preceding 90 days;

9 “(B) has earned not less than \$350 per
10 month from the employment referred to in sub-
11 paragraph (A) for not less than the preceding
12 90 days;

13 “(C)(i) is eligible to receive benefits under
14 a State program funded under part A of title
15 IV of the Social Security Act (42 U.S.C. 601 et
16 seq.); or

17 “(ii) was eligible to receive benefits under
18 a State program funded under part A of title
19 IV of the Social Security Act (42 U.S.C. 601 et
20 seq.) at the time the member first received cash
21 benefits under this subsection and is no longer
22 eligible for the State program because of earned
23 income;

1 “(D) is continuing to earn not less than
2 \$350 per month from the employment referred
3 to in subparagraph (A); and

4 “(E) elects to receive cash benefits in lieu
5 of food stamp benefits under this subsection.

6 “(4) EVALUATION.—A State that operates a
7 program under this subsection for 2 years shall pro-
8 vide to the Secretary a written evaluation of the im-
9 pact of cash assistance under this subsection. The
10 State agency shall determine the content of the eval-
11 uation.”.

12 **SEC. 340. REAUTHORIZATION OF APPROPRIATIONS.**

13 The first sentence of section 18(a)(1) of the Food
14 Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by
15 striking “1995” and inserting “2002”.

16 **SEC. 341. REAUTHORIZATION OF PUERTO RICO NUTRITION**
17 **ASSISTANCE PROGRAM.**

18 The first sentence of section 19(a)(1)(A) of the Food
19 Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended
20 by striking “\$974,000,000” and all that follows through
21 “fiscal year 1995” and inserting the following:
22 “\$1,143,000,000 for each of fiscal years 1995 and 1996,
23 \$1,182,000,000 for fiscal year 1997, \$1,223,000,000 for
24 fiscal year 1998, \$1,266,000,000 for fiscal year 1999,
25 \$1,310,000,000 for fiscal year 2000, \$1,343,000,000 for

1 fiscal year 2001, and \$1,376,000,000 for fiscal year
2 2002”

3 **SEC. 342. SIMPLIFIED FOOD STAMP PROGRAM.**

4 (a) **IN GENERAL.**—The Food Stamp Act of 1977 (7
5 U.S.C. 2011 et seq.) is amended by adding at the end
6 the following:

7 **“SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.**

8 **“(a) ELECTION.**—Subject to subsection (c), a State
9 agency may elect to carry out a Simplified Food Stamp
10 Program (referred to in this section as a ‘Program’) under
11 this section.

12 **“(b) OPERATION OF PROGRAM.**—

13 **“(1) IN GENERAL.**—If a State agency elects to
14 carry out a Program, within the State or a political
15 subdivision of the State—

16 **“(A)** a household in which all members re-
17 ceive assistance under a State program funded
18 under part A of title IV of the Social Security
19 Act (42 U.S.C. 601 et seq.) shall automatically
20 be eligible to participate in the Program; and

21 **“(B)** subject to subsection (e), benefits
22 under the Program shall be determined under
23 rules and procedures established by the State
24 under—

1 “(i) a State program funded under
2 part A of title IV of the Social Security
3 Act (42 U.S.C. 601 et seq.);

4 “(ii) the food stamp program (other
5 than section 25); or

6 “(iii) a combination of a State pro-
7 gram funded under part A of title IV of
8 the Social Security Act (42 U.S.C. 601 et
9 seq.) and the food stamp program.

10 “(2) SHELTER STANDARD.—The State agency
11 may elect to apply 1 shelter standard to a household
12 that receives a housing subsidy and another shelter
13 standard to a household that does not receive the
14 subsidy.

15 “(c) APPROVAL OF PROGRAM.—

16 “(1) STATE PLAN.—A State agency may not
17 operate a Program unless the Secretary approves a
18 State plan for the operation of the Program under
19 paragraph (2).

20 “(2) APPROVAL OF PLAN.—

21 “(A) IN GENERAL.—The Secretary shall
22 approve any State plan to carry out a Program
23 if the Secretary determines that the plan—

24 “(i) complies with this section; and

1 “(ii) would not increase Federal costs
2 incurred under this Act.

3 “(B) DEFINITION OF FEDERAL COSTS.—In
4 this section, the term ‘Federal costs’ does not
5 include any Federal costs incurred under sec-
6 tion 17.

7 “(d) INCREASED FEDERAL COSTS.—

8 “(1) DETERMINATION.—

9 “(A) IN GENERAL.—The Secretary shall
10 determine whether a Program being carried out
11 by a State agency is increasing Federal costs
12 under this Act.

13 “(B) NO EXCLUDED HOUSEHOLDS.—In
14 making a determination under subparagraph
15 (A), the Secretary shall not require the State
16 agency to collect or report any information on
17 households not included in the Program.

18 “(C) ALTERNATIVE ACCOUNTING PERI-
19 ODS.—The Secretary may approve the request
20 of a State agency to apply alternative account-
21 ing periods to determine if Federal costs do not
22 exceed the Federal costs had the State agency
23 not elected to carry out the Program.

24 “(2) NOTIFICATION.—If the Secretary deter-
25 mines that the Program has increased Federal costs

1 under this Act for any fiscal year, the Secretary
2 shall notify the State agency not later than January
3 1 of the immediately succeeding fiscal year.

4 “(3) RETURN OF FUNDS.—

5 “(A) IN GENERAL.—If the Secretary deter-
6 mines that the Program has increased Federal
7 costs under this Act for a 2-year period, includ-
8 ing a fiscal year for which notice was given
9 under paragraph (2) and an immediately suc-
10 ceeding fiscal year, the State agency shall pay
11 to the Treasury of the United States the
12 amount of the increased costs.

13 “(B) ENFORCEMENT.—If the State agency
14 does not pay an amount due under subpara-
15 graph (A) on a date that is not later than 90
16 days after the date of the determination, the
17 Secretary shall reduce amounts otherwise due
18 to the State agency for administrative costs
19 under section 16(a).

20 “(e) RULES AND PROCEDURES.—

21 “(1) IN GENERAL.—Except as provided by
22 paragraph (2), a State may apply—

23 “(A) the rules and procedures established
24 by the State under—

1 “(i) the State program funded under
2 part A of title IV of the Social Security
3 Act (42 U.S.C. 601 et seq.); or

4 “(ii) the food stamp program; or

5 “(B) the rules and procedures of 1 of the
6 programs to certain matters and the rules and
7 procedures of the other program to all remain-
8 ing matters.

9 “(2) STANDARDIZED DEDUCTIONS.—The State
10 may standardize the deductions provided under sec-
11 tion 5(e). In developing the standardized deduction,
12 the State shall give consideration to the work ex-
13 penses, dependent care costs, and shelter costs of
14 participating households.

15 “(3) REQUIREMENTS.—In operating a Pro-
16 gram, the State shall comply with—

17 “(A) subsections (a) through (g) of section
18 7;

19 “(B) section 8(a), except that the income
20 of a household may be determined under a
21 State program funded under part A of title IV
22 of the Social Security Act (42 U.S.C. 601 et
23 seq.);

24 “(C) subsections (b) and (d) of section 8;

1 “(D) subsections (a), (c), (d), and (n) of
2 section 11;

3 “(E) paragraph (3) of section 11(e), to the
4 extent that the paragraph requires that an eli-
5 gible household be certified and receive an allot-
6 ment for the period of application not later
7 than 30 days after filing an application;

8 “(F) paragraphs (8), (9), (12), (17), (19),
9 (21), and (27) of section 11(e);

10 “(G) section 11(e)(10) or a comparable re-
11 quirement established by the State under a
12 State program funded under part A of title IV
13 of the Social Security Act (42 U.S.C. 601 et
14 seq.); and

15 “(H) section 16.”.

16 (b) STATE PLAN PROVISIONS.—Section 11(e) of the
17 Act (7 U.S.C. 2020(e)) (as amended by sections 315(b)
18 and 328) is further amended by adding at the end the
19 following:

20 “(28) the plans of the State agency for operat-
21 ing, at the election of the State, a program under
22 section 24, including—

23 “(A) the rules and procedures to be fol-
24 lowed by the State to determine food stamp
25 benefits;

1 “(B) how the State will address the needs
2 of households that experience high shelter costs
3 in relation to the incomes of the households;
4 and

5 “(C) a description of the method by which
6 the State will carry out a quality control system
7 under section 16(c).”.

8 (c) CONFORMING AMENDMENTS.—

9 (1) Section 8 of the Act (7 U.S.C. 2017) (as
10 amended by section 325) is further amended—

11 (A) by striking subsection (e); and

12 (B) by redesignating subsection (f) as sub-
13 section (e).

14 (2) Section 17 of the Act (7 U.S.C. 2026) (as
15 amended by section 339) is further amended—

16 (A) by striking subsection (i); and

17 (B) by redesignating subsections (j)
18 through (m) as subsections (i) through (l), re-
19 spectively.

20 **SEC. 343. OPTIONAL STATE FOOD ASSISTANCE BLOCK**
21 **GRANT.**

22 (a) IN GENERAL.—The Food Stamp Act of 1977 (7
23 U.S.C. 2011 et seq.) (as amended by section 342) is fur-
24 ther amended by adding at the end the following:

1 "SEC. 25. OPTIONAL STATE FOOD ASSISTANCE BLOCK
2 GRANT.

3 "(a) ESTABLISHMENT.—The Secretary shall estab-
4 lish a program to make grants to States in accordance
5 with this section to provide—

6 "(1) food assistance to needy individuals and
7 families residing in the State;

8 "(2) at the option of a State, wage subsidies
9 and payments in return for work for needy individ-
10 uals under the program;

11 "(3) funds to operate an employment and train-
12 ing program under section (g)(2) for needy individ-
13 uals under the program; and

14 "(4) funds for administrative costs incurred in
15 providing the assistance.

16 "(b) ELECTION.—

17 "(1) IN GENERAL.—A State may elect to par-
18 ticipate in the program established under subsection
19 (a).

20 "(2) ELECTION REVOCABLE.—A State that
21 elects to participate in the program established
22 under subsection (a) may subsequently reverse its
23 election only once thereafter. Following such rever-
24 sal, the State shall only be eligible to participate in
25 the food stamp program in accordance with the

1 other sections of this Act and shall not receive a
2 block grant under this section.

3 “(3) PROGRAM EXCLUSIVE.—A State that is
4 participating in the program established under sub-
5 section (a) shall not be subject to, or receive any
6 benefit under, this Act except as provided in this
7 section.

8 “(4) SUNSET OF ELECTION UPON INCREASE IN
9 NUMBER OF HUNGRY CHILDREN.—

10 “(A) FINDINGS.—The Congress finds
11 that—

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

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

19 “(iii) the Food Stamp Program serves
20 to prevent child hunger; and

21 “(iv) a State’s election to participate
22 in the optional State food assistance block
23 grant program should not serve to increase
24 the number of hungry children in that
25 State.

1 “(B) SUNSET.—If the Secretary of Health
2 and Human Services makes two successive find-
3 ings that the hunger rate among children in a
4 State is significantly higher in a State that has
5 elected to participate in a program established
6 under subsection (a) than it would have been
7 had there been no such election, 180 days after
8 the second such finding such election shall be
9 permanently and irreversibly revoked and the
10 provisions of paragraphs (1) and (2) shall not
11 be applicable to that State.

12 “(C) PROCEDURE FOR FINDING BY SEC-
13 RETARY.—In making the finding described in
14 subparagraph (B), the Secretary shall adhere to
15 the following procedure:

16 “(i) Every three years, the Secretary
17 shall develop data and report to Congress
18 with respect to each State that has elected
19 to participate in a program established
20 under subsection (a) whether the child
21 hunger rate in such State is significantly
22 higher than it would have been had the
23 State not made such election.

24 “(ii) The Secretary shall provide the
25 report required under clause (i) to all

1 States that have elected to participate in a
2 program established under subsection (a),
3 and the Secretary shall provide each State
4 for which the Secretary determined that
5 the child hunger rate is significantly higher
6 than it would have been had the State not
7 made such election with an opportunity to
8 respond to such determination.

9 “(iii) If the response by a State under
10 clause (ii) does not result in the Secretary
11 reversing the determination that the child
12 hunger rate in that State is significantly
13 higher than it would have been had the
14 State not made such election, then the Sec-
15 retary shall publish a finding as described
16 in subparagraph (B).

17 “(c) LEAD AGENCY.—

18 “(1) DESIGNATION.—A State desiring to re-
19 ceive a grant under this section shall designate, in
20 an application submitted to the Secretary under sub-
21 section (d)(1), an appropriate State agency that
22 complies with paragraph (2) to act as the lead agen-
23 cy for the State.

24 “(2) DUTIES.—

1 “(A) IN GENERAL.—The lead agency
2 shall—

3 “(i) administer, either directly,
4 through other State agencies, or through
5 local agencies, the assistance received
6 under this section by the State;

7 “(ii) develop the State plan to be sub-
8 mitted to the Secretary under subsection
9 (d)(1);

10 “(iii) in conjunction with the develop-
11 ment of the State plan, hold at least 1
12 hearing in the State to provide to the pub-
13 lic an opportunity to comment on the pro-
14 gram under the State plan; and

15 “(iv) coordinate the provision of food
16 assistance under this section with other
17 Federal, State, and local programs.

18 “(B) DEVELOPMENT OF PLAN.—In the de-
19 velopment of the State plan described in sub-
20 paragraph (A)(ii), the lead agency shall consult
21 with local governments and private sector orga-
22 nizations regarding the plan and design of the
23 State plan so that services are provided in a
24 manner appropriate to local populations.

25 “(d) APPLICATION AND PLAN.—

1 “(1) APPLICATION.—To be eligible to receive
2 assistance under this section, a State shall prepare
3 and submit to the Secretary an application at such
4 time, in such manner, and containing such informa-
5 tion as the Secretary shall by regulation require, in-
6 cluding—

7 “(A) an assurance that the State will com-
8 ply with the requirements of this section;

9 “(B) a State plan that meets the require-
10 ments of paragraph (3); and

11 “(C) an assurance that the State will com-
12 ply with the requirements of the State plan
13 under paragraph (3).

14 “(2) ANNUAL PLAN.—The State plan contained
15 in the application under paragraph (1) shall be sub-
16 mitted for approval annually.

17 “(3) REQUIREMENTS OF PLAN.—

18 “(A) LEAD AGENCY.—The State plan shall
19 identify the lead agency.

20 “(B) USE OF BLOCK GRANT FUNDS.—The
21 State plan shall provide that the State shall use
22 the amounts provided to the State for each fis-
23 cal year under this section—

24 “(i) to provide food assistance to
25 needy individuals and families residing in

1 the State, other than residents of institu-
2 tions who are ineligible for food stamps
3 under section 3(i);

4 “(ii) at the option of a State, to pro-
5 vide wage subsidies and workfare under
6 section 20(a) (except that any reference in
7 section 20(a) to an allotment shall be con-
8 sidered a reference to the food assistance
9 or benefits in lieu of food assistance re-
10 ceived by an individual or family during a
11 month under this section) for needy indi-
12 viduals and families participating in the
13 program;

14 “(iii) to administer an employment
15 and training program under section (g)(2)
16 for needy individuals under the program
17 and to provide reimbursements to needy
18 individuals and families as would be al-
19 lowed under section 16(h)(3); and

20 “(iv) to pay administrative costs in-
21 curred in providing the assistance.

22 “(C) GROUPS SERVED.—The State plan
23 shall describe how the program will serve spe-
24 cific groups of individuals and families and how
25 the treatment will differ from treatment under

1 the food stamp program under the other sec-
2 tions of this Act of the individuals and families,
3 including—

4 “(i) elderly individuals and families;

5 “(ii) migrants or seasonal farm-
6 workers;

7 “(iii) homeless individuals and fami-
8 lies;

9 “(iv) individuals and families who live
10 under the supervision of institutions (other
11 than incarcerated individuals);

12 “(v) individuals and families with
13 earnings; and

14 “(vi) members of Indian tribes or trib-
15 al organizations.

16 “(D) ASSISTANCE FOR ENTIRE STATE.—

17 The State plan shall provide that benefits under
18 this section shall be available throughout the
19 entire State.

20 “(E) NOTICE AND HEARINGS.—The State
21 plan shall provide that an individual or family
22 who applies for, or receives, assistance under
23 this section shall be provided with notice of, and
24 an opportunity for a hearing on, any action

1 under this section that adversely affects the in-
2 dividual or family.

3 “(F) OTHER ASSISTANCE.—

4 “(i) COORDINATION.—The State plan
5 may coordinate assistance received under
6 this section with assistance provided under
7 the State program funded under part A of
8 title IV of the Social Security Act (42
9 U.S.C. 601 et seq.).

10 “(ii) PENALTIES.—If an individual or
11 family is penalized for violating part A of
12 title IV of the Act, the State plan may re-
13 duce the amount of assistance provided
14 under this section or otherwise penalize the
15 individual or family.

16 “(G) ASSESSMENT OF NEEDS.—The State
17 plan shall assess the food and nutrition needs
18 of needy persons residing in the State.

19 “(H) ELIGIBILITY LIMITATIONS.—The
20 State plan shall describe the income and re-
21 source eligibility limitations that are established
22 for the receipt of assistance under this section.

23 “(I) RECEIVING BENEFITS IN MORE THAN
24 1 JURISDICTION.—The State plan shall estab-
25 lish a system to verify and otherwise ensure

1 that no individual or family shall receive bene-
2 fits under this section in more than 1 jurisdic-
3 tion within the State.

4 “(J) PRIVACY.—The State plan shall pro-
5 vide for safeguarding and restricting the use
6 and disclosure of information about any individ-
7 ual or family receiving assistance under this
8 section.

9 “(K) OTHER INFORMATION.—The State
10 plan shall contain such other information as
11 may be required by the Secretary.

12 “(4) APPROVAL OF APPLICATION AND PLAN.—
13 The Secretary shall approve an application and
14 State plan that satisfies the requirements of this
15 section.

16 “(e) LIMITATIONS ON STATE ALLOTMENTS.—

17 “(1) NO INDIVIDUAL OR FAMILY ENTITLEMENT
18 TO ASSISTANCE.—Nothing in this section—

19 “(A) entitles any individual or family to
20 assistance under this section; or

21 “(B) limits the right of a State to impose
22 additional limitations or conditions on assist-
23 ance under this section.

24 “(2) CONSTRUCTION OF FACILITIES.—No funds
25 made available under this section shall be expended

1 for the purchase or improvement of land, or for the
2 purchase, construction, or permanent improvement
3 of any building or facility.

4 “(f) BENEFITS FOR ALIENS.—

5 “(1) ELIGIBILITY.—No individual shall be eligi-
6 ble to receive benefits under a State plan approved
7 under subsection (d)(4) if the individual is not eligi-
8 ble to participate in the food stamp program under
9 section 6(f).

10 “(2) INCOME.—The State plan shall provide
11 that the income of an alien shall be determined in
12 accordance with section 5(i).

13 “(g) EMPLOYMENT AND TRAINING.—

14 “(1) WORK REQUIREMENTS.—No individual or
15 member of a family shall be eligible to receive bene-
16 fits under a State plan funded under this section if
17 the individual is not eligible to participate in the
18 food stamp program under subsection (d) or (n) of
19 section 6.

20 “(2) WORK PROGRAMS.—Each State shall im-
21 plement an employment and training program under
22 section 6(d)(4) for needy individuals under the pro-
23 gram.

24 “(h) ENFORCEMENT.—

1 “(m) RESEARCH ON OPTIONAL STATE FOOD ASSIST-
2 ANCE BLOCK GRANT.—The Secretary may conduct re-
3 search on the effects and costs of a State program carried
4 out under section 25.”.

5 **SEC. 344. EFFECTIVE DATE.**

6 Except as otherwise provided in this subtitle, this
7 subtitle and the amendments made by this subtitle shall
8 become effective on October 1, 1995.

9 **Subtitle B—Anti-Fraud and**
10 **Trafficking**

11 **SEC. 351. EXPANDED DEFINITION OF COUPON.**

12 Section 3(d) of the Food Stamp Act of 1977 (7
13 U.S.C. 2012(d)) is amended by striking “or type of certifi-
14 cate” and inserting “type of certificate, authorization
15 card, cash or check issued as a coupon, or access device,
16 including an electronic benefits transfer card or a personal
17 identification number,”.

18 **SEC. 352. DOUBLED PENALTIES FOR VIOLATING FOOD**
19 **STAMP PROGRAM REQUIREMENTS.**

20 Section 6(b)(1) of the Food Stamp Act of 1977 (7
21 U.S.C. 2015(b)(1)) is amended—

22 (1) in clause (i), by striking “six months upon”
23 and inserting “1 year on”; and

24 (2) in clause (ii), by striking “1 year upon” and
25 inserting “2 years on”.

1 **SEC. 434. NATIONAL COMMODITY PROCESSING.**

2 The first sentence of section 1114(a)(2)(A) of the Ag-
3 riculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A))
4 is amended by striking “1995” and inserting “2002”.

5 **SEC. 435. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

6 Section 5(d)(2) of the Agriculture and
7 Consumer Protection Act of 1973 (Public Law 93-
8 86; 7 U.S.C. 612c note) is amended by striking
9 “1995” and inserting “2002”.

10 **TITLE V—NONCITIZENS**

11 **SEC. 501. STATE OPTION TO PROHIBIT ASSISTANCE FOR**
12 **CERTAIN ALIENS.**

13 (a) **IN GENERAL.**—A State may, at its option, pro-
14 hibit the use of any Federal funds received for the provi-
15 sion of assistance under any means-tested public assist-
16 ance program for any individual who is a noncitizen of
17 the United States.

18 (b) **EXCEPTIONS.**—Subsection (a) shall not apply
19 to—

20 (1) any individual who is described in subclause
21 (II), (III), or (IV) of section 1614(a)(1)(B)(i) of the
22 Social Security Act (42 U.S.C. 1382c(a)(1)(B)(i));
23 and

24 (2) any program described in section 502(f)(2).

1 **SEC. 502. DEEMED INCOME REQUIREMENT FOR FEDERAL**
2 **AND FEDERALLY FUNDED PROGRAMS.**

3 (a) **DEEMING REQUIREMENT FOR FEDERAL AND**
4 **FEDERALLY FUNDED PROGRAMS.**—Subject to subsection
5 (d), for purposes of determining the eligibility of an indi-
6 vidual (whether a citizen or national of the United States
7 or an alien) for assistance and the amount of assistance,
8 under any Federal program of assistance provided or
9 funded, in whole or in part, by the Federal Government
10 for which eligibility is based on need, the income and re-
11 sources described in subsection (b) shall, notwithstanding
12 any other provision of law, be deemed to be the income
13 and resources of such individual.

14 (b) **DEEMED INCOME AND RESOURCES.**—The income
15 and resources described in this subsection include the fol-
16 lowing:

17 (1) The income and resources of any person
18 who, as a sponsor of such individual's entry into the
19 United States, or in order to enable such individual
20 lawfully to remain in the United States, executed an
21 affidavit of support or similar agreement with re-
22 spect to such individual.

23 (2) The income and resources of the sponsor's
24 spouse.

25 (c) **LENGTH OF DEEMING PERIOD.**—The require-
26 ment of subsection (a) shall apply for the period for which

1 the sponsor has agreed, in such affidavit or agreement,
2 to provide support for such individual, or for a period of
3 5 years beginning on the date such individual was first
4 lawfully in the United States after the execution of such
5 affidavit or agreement, whichever period is longer.

6 (d) LIMITATION ON MEASUREMENT OF DEEMED IN-
7 COME AND RESOURCES.—

8 (1) IN GENERAL.—If a determination described
9 in paragraph (2) is made, the amount of income and
10 resources of the sponsor or the sponsor's spouse
11 which shall be attributed to the sponsored individual
12 shall not exceed the amount actually provided, for a
13 period beginning on the date of such determination
14 and lasting 12 months or, if the address of the spon-
15 sor is unknown to the sponsored individual on the
16 date of such determination, for 12 months after the
17 address becomes known to the sponsored individual
18 or to the agency (which shall inform such individual
19 within 7 days).

20 (2) DETERMINATION.—The determination de-
21 scribed in this paragraph is a determination by an
22 agency that a sponsored individual would, in the ab-
23 sence of the assistance provided by the agency, be
24 unable to obtain food and shelter, taking into ac-
25 count the individual's own income, plus any cash,

1 food, housing, or other assistance provided by other
2 individuals, including the sponsor.

3 (e) DEEMING AUTHORITY TO STATE AND LOCAL
4 AGENCIES.—

5 (1) IN GENERAL.—Notwithstanding any other
6 provision of law, but subject to an exception equiva-
7 lent to that in subsection (d), the State or local gov-
8 ernment may, for purposes of determining the eligi-
9 bility of an individual (whether a citizen or national
10 of the United States or an alien) for assistance, and
11 the amount of assistance, under any State or local
12 program of assistance for which eligibility is based
13 on need, or any need-based program of assistance
14 administered by a State or local government other
15 than a program described in subsection (a), require
16 that the income and resources described in para-
17 graph (2) be deemed to be the income and resources
18 of such individual.

19 (2) DEEMED INCOME AND RESOURCES.—The
20 income and resources described in this paragraph in-
21 clude the following:

22 (A) The income and resources of any per-
23 son who, as a sponsor of such individual's entry
24 into the United States, or in order to enable
25 such individual lawfully to remain in the United

1 States, executed an affidavit of support or simi-
2 lar agreement with respect to such individual.

3 (B) The income and resources of the spon-
4 sor's spouse.

5 (3) LENGTH OF DEEMED INCOME PERIOD.—

6 Subject to an exception equivalent to subsection (d),
7 a State or local government may impose a require-
8 ment described in paragraph (1) for the period for
9 which the sponsor has agreed, in such affidavit or
10 agreement, to provide support for such individual, or
11 for a period of 5 years beginning on the date such
12 individual was first lawfully in the United States
13 after the execution of such affidavit or agreement,
14 whichever period is longer.

15 (f) APPLICABILITY OF SECTION.—

16 (1) INDIVIDUALS.—The provisions of this sec-
17 tion shall not apply to the eligibility of any individ-
18 ual who is described in subclause (II), (III), or (IV)
19 of section 1614(a)(1)(B)(i) of the Social Security
20 Act (42 U.S.C. 1382c(a)(1)(B)(i)).

21 (2) PROGRAMS.—The provisions of this section
22 shall not apply to eligibility for—

23 (A) emergency medical services under title
24 XIX of the Social Security Act (42 U.S.C. 1396
25 et seq.);

1 (B) short-term emergency disaster relief;

2 (C) assistance or benefits under the Na-
3 tional School Lunch Act;

4 (D) assistance or benefits under the Child
5 Nutrition Act of 1966;

6 (E) public health assistance for immuniza-
7 tions with respect to immunizable diseases and
8 for testing and treatment for communicable dis-
9 eases if the Secretary of Health and Human
10 Services determines that such testing and treat-
11 ment is necessary;

12 (F) the Head Start program (42 U.S.C.
13 9801); and

14 (G) programs specified by the Attorney
15 General, in the Attorney General's sole and
16 unreviewable discretion after consultation with
17 appropriate Federal agencies and departments,
18 which (i) deliver services at the community
19 level, including through public or private non-
20 profit agencies; (ii) do not condition the provi-
21 sion of assistance, the amount of assistance
22 provided, or the cost of assistance provided on
23 the individual recipient's income or resources;
24 and (iii) are necessary for the protection of life,
25 safety, or public health.

1 (g) CONFORMING AMENDMENTS.—

2 (1) Section 1621 of the Social Security Act (42
3 U.S.C. 1382j) is repealed.

4 (2) Section 1614(f)(3) of such Act (42 U.S.C.
5 1382e(f)(3)) is amended by striking “section 1621”
6 and inserting “section 502 of the Work Opportunity
7 Act of 1995”.

8 **SEC. 503. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF**
9 **SUPPORT.**

10 (a) ENFORCEABILITY.—No affidavit of support may
11 be relied upon by the Attorney General or by any consular
12 officer to establish that an alien is not excludable as a
13 public charge under section 212(a)(4) of the Immigration
14 and Nationality Act unless such affidavit is executed as
15 a contract—

16 (1) which is legally enforceable against the
17 sponsor by the sponsored individual, by the Federal
18 Government, and by any State, district, territory, or
19 possession of the United States (or any subdivision
20 of such State, district, territory, or possession of the
21 United States) which provides any benefit under a
22 program described in subsection (d)(2), but not later
23 than 10 years after the sponsored individual last re-
24 ceives any such benefit;

1 (2) in which the sponsor agrees to financially
2 support the sponsored individual, so that he or she
3 will not become a public charge, until the sponsored
4 individual has worked in the United States for 40
5 qualifying quarters; and

6 (3) in which the sponsor agrees to submit to
7 the jurisdiction of any Federal or State court for the
8 purpose of actions brought under subsection (d)(4).

9 (b) FORMS.—Not later than 90 days after the date
10 of the enactment of this Act, the Secretary of State, the
11 Attorney General, and the Secretary of Health and
12 Human Services shall jointly formulate the affidavit of
13 support described in this section.

14 (c) NOTIFICATION OF CHANGE OF ADDRESS.—

15 (1) IN GENERAL.—The sponsor shall notify the
16 Attorney General and the State, district, territory,
17 or possession in which the sponsored individual is
18 currently resident within 30 days of any change of
19 address of the sponsor during the period specified in
20 subsection (a)(1).

21 (2) PENALTY.—Any person subject to the re-
22 quirement of paragraph (1) who fails to satisfy such
23 requirement shall be subject to a civil penalty of—

24 (A) not less than \$250 or more than
25 \$2,000, or

1 (B) if such failure occurs with knowledge
2 that the sponsored individual has received any
3 benefit described in section 241(a)(5)(C) of the
4 Immigration and Nationality Act, not less than
5 \$2,000 or more than \$5,000.

6 (d) REIMBURSEMENT OF GOVERNMENT EX-
7 PENSES.—

8 (1) IN GENERAL.—Upon notification that a
9 sponsored individual has received any benefit under
10 a program described in paragraph (2), the appro-
11 priate Federal, State, or local official shall request
12 reimbursement by the sponsor in the amount of such
13 assistance.

14 (2) PROGRAMS DESCRIBED.—The programs de-
15 scribed in this paragraph include the following:

16 (A) Assistance under a State program
17 funded under part A of title IV of the Social
18 Security Act.

19 (B) The medicaid program under title XIX
20 of the Social Security Act.

21 (C) The food stamp program under the
22 Food Stamp Act of 1977.

23 (D) The supplemental security income pro-
24 gram under title XVI of the Social Security
25 Act.

1 (E) Any State general assistance program.

2 (F) Any other program of assistance fund-
3 ed, in whole or in part, by the Federal Govern-
4 ment or any State or local government entity,
5 for which eligibility for benefits is based on
6 need, except the programs specified in section
7 502(f)(2).

8 (3) REGULATIONS.—The Commissioner of So-
9 cial Security shall prescribe such regulations as may
10 be necessary to carry out paragraph (1). Such regu-
11 lations shall provide for notification to the sponsor
12 by certified mail to the sponsor's last known ad-
13 dress.

14 (4) REIMBURSEMENT.—If within 45 days after
15 requesting reimbursement, the appropriate Federal,
16 State, or local agency has not received a response
17 from the sponsor indicating a willingness to com-
18 mence payments, an action may be brought against
19 the sponsor pursuant to the affidavit of support.

20 (5) ACTION IN CASE OF FAILURE.—If the spon-
21 sor fails to abide by the repayment terms established
22 by such agency, the agency may, within 60 days of
23 such failure, bring an action against the sponsor
24 pursuant to the affidavit of support.

1 (6) STATUTE OF LIMITATIONS.—No cause of
2 action may be brought under this subsection later
3 than 10 years after the sponsored individual last re-
4 ceived any benefit under a program described in
5 paragraph (2).

6 (e) JURISDICTION.—For purposes of this section, no
7 State court shall decline for lack of jurisdiction to hear
8 any action brought against a sponsor for reimbursement
9 of the cost of any benefit under a program described in
10 subsection (d)(2) if the sponsored individual received pub-
11 lic assistance while residing in the State.

12 (f) DEFINITIONS.—For the purposes of this section—

13 (1) the term “sponsor” means an individual
14 who—

15 (A) is a United States citizen or national
16 or an alien who is lawfully admitted to the
17 United States for permanent residence;

18 (B) is 18 years of age or over;

19 (C) is domiciled in any of the several
20 States of the United States, the District of Co-
21 lumbia, or any territory or possession of the
22 United States; and

23 (D) demonstrates the means to maintain
24 an annual income equal to at least 200 percent
25 of the poverty line for the individual and the in-

1 dividual's family (including the sponsored indi-
2 vidual), through evidence that shall include a
3 copy of the individual's Federal income tax re-
4 turns for his or her most recent two taxable
5 years and a written statement, executed under
6 oath or as permitted under penalty of perjury
7 under section 1746 of title 28, United States
8 Code, that the copies are true copies of such re-
9 turns;

10 (2) the term "poverty line" has the same mean-
11 ing given such term in section 673(2) of the Com-
12 munity Services Block Grant Act (42 U.S.C.
13 9902(2)); and

14 (3) the term "qualifying quarter" means a
15 three-month period in which the sponsored individ-
16 ual has—

17 (A) earned at least the minimum necessary
18 for the period to count as one of the 40 cal-
19 endar quarters required to qualify for social se-
20 curity retirement benefits;

21 (B) not received need-based public assist-
22 ance; and

23 (C) had income tax liability for the tax
24 year of which the period was part.

1 **SEC. 504. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI**
2 **BENEFITS.**

3 (a) IN GENERAL.—Paragraph (1) of section 1614(a)
4 of the Social Security Act (42 U.S.C. 1382c(a)) is amend-
5 ed—

6 (1) in subparagraph (B)(i), by striking “either”
7 and all that follows through “, or” and inserting
8 “(I) a citizen; (II) a noncitizen who is granted asy-
9 lum under section 208 of the Immigration and Na-
10 tionality Act or whose deportation has been withheld
11 under section 243(h) of such Act for a period of not
12 more than 5 years after the date of arrival into the
13 United States; (III) a noncitizen who is admitted to
14 the United States as a refugee under section 207 of
15 such Act for not more than such 5-year period; (IV)
16 a noncitizen, lawfully present in any State (or any
17 territory or possession of the United States), who is
18 a veteran (as defined in section 101 of title 38,
19 United States Code) with a discharge characterized
20 as an honorable discharge and not on account of
21 alienage or who is the spouse or unmarried depend-
22 ent child of such veteran; or (V) a noncitizen who
23 has worked sufficient calendar quarters of coverage
24 to be a fully insured individual for benefits under
25 title II, or”; and

1 (2) by adding at the end the following new
2 flush sentence:

3 “For purposes of subparagraph (B)(i)(IV), the determina-
4 tion of whether a noncitizen is lawfully present in the
5 United States shall be made in accordance with regula-
6 tions of the Attorney General. A noncitizen shall not be
7 considered to be lawfully present in the United States for
8 purposes of this title merely because the noncitizen may
9 be considered to be permanently residing in the United
10 States under color of law for purposes of any particular
11 program.”.

12 (b) EFFECTIVE DATE.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the amendments made by subsection (a)
15 shall apply to applicants for benefits for months be-
16 ginning on or after the date of the enactment of this
17 Act, without regard to whether regulations have
18 been issued to implement such amendments.

19 (2) APPLICATION TO CURRENT RECIPIENTS.—

20 (A) APPLICATION AND NOTICE.—Notwith-
21 standing any other provision of law, in the case
22 of an individual who is receiving supplemental
23 security income benefits under title XVI of the
24 Social Security Act as of the date of the enact-
25 ment of this Act and whose eligibility for such

1 benefits would terminate by reason of the
2 amendments made by subsection (a), such
3 amendments shall apply with respect to the
4 benefits of such individual for months beginning
5 on or after January 1, 1997, and the Commis-
6 sioner of Social Security shall so notify the indi-
7 vidual not later than 90 days after the date of
8 the enactment of this Act.

9 (B) REAPPLICATION.—

10 (i) IN GENERAL.—Not later than 120
11 days after the date of the enactment of
12 this Act, each individual notified pursuant
13 to subparagraph (A) who desires to re-
14 apply for benefits under title XVI of the
15 Social Security Act shall reapply to the
16 Commissioner of Social Security.

17 (ii) DETERMINATION OF ELIGI-
18 BILITY.—Not later than 1 year after the
19 date of the enactment of this Act, the
20 Commissioner of Social Security shall de-
21 termine the eligibility of each individual
22 who reapplies for benefits under clause (i)
23 pursuant to the procedures of such title
24 XVI.

1 **SEC. 505. TREATMENT OF NONCITIZENS.**

2 (a) **IN GENERAL.**—Notwithstanding any other provi-
3 sion of law, a noncitizen who has entered into the United
4 States on or after the date of the enactment of this Act
5 shall not, during the 5-year period beginning on the date
6 of such noncitizen's entry into the United States, be eligi-
7 ble to receive any benefits under any program of assist-
8 ance provided, or funded, in whole or in part, by the Fed-
9 eral Government, for which eligibility for benefits is based
10 on need.

11 (b) **EXCEPTIONS.**—Subsection (a) shall not apply
12 to—

13 (1) any individual who is described in subclause
14 (II), (III), (IV), or (V) of section 1614(a)(1)(B)(i)
15 of the Social Security Act (42 U.S.C.
16 1382c(a)(1)(B)(i)); and

17 (2) any program described in section 502(f)(2);
18 and

19 (3) payments for foster care and adoption as-
20 sistance under part E of title IV of the Social Secu-
21 rity Act for a child who would, in the absence of this
22 section, be eligible to have such payments made on
23 the child's behalf under such part, but only if the
24 foster or adoptive parent or parents of such child are
25 not noncitizens described in subsection (a).

1 SEC. 506. INFORMATION REPORTING.

2 (a) TITLE IV OF THE SOCIAL SECURITY ACT.—Sec-
3 tion 405 of the Social Security Act, as added by section
4 101(b), is amended by adding at the end the following new
5 subsection:

6 “(g) STATE REQUIRED TO PROVIDE CERTAIN IN-
7 FORMATION.—Each State to which a grant is made under
8 section 403 shall, at least 4 times annually and upon re-
9 quest of the Immigration and Naturalization Service, fur-
10 nish the Immigration and Naturalization Service with the
11 name and address of, and other identifying information
12 on, any individual who the State knows is unlawfully in
13 the United States.”.

14 (b) SSI.—Section 1631(e) of such Act (42 U.S.C.
15 1383(e)) is amended—

16 (1) by redesignating the paragraphs (6) and (7)
17 inserted by sections 206(d)(2) and 206(f)(1) of the
18 Social Security Independence and Programs Im-
19 provement Act of 1994 (Public Law 103–296; 108
20 Stat. 1514, 1515) as paragraphs (7) and (8), re-
21 spectively; and

22 (2) by adding at the end the following new
23 paragraph:

24 “(9) Notwithstanding any other provision of
25 law, the Commissioner shall, at least 4 times annu-
26 ally and upon request of the Immigration and Natu-

1 realization Service (hereafter in this paragraph re-
2 ferred to as the 'Service'), furnish the Service with
3 the name and address of, and other identifying in-
4 formation on, any individual who the Commissioner
5 knows is unlawfully in the United States, and shall
6 ensure that each agreement entered into under sec-
7 tion 1616(a) with a State provides that the State
8 shall furnish such information at such times with re-
9 spect to any individual who the State knows is un-
10 lawfully in the United States.”.

11 (c) HOUSING PROGRAMS.—Title I of the United
12 States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as
13 amended by section 1003, is further amended by adding
14 at the end the following new section:

15 **“SEC. 28. PROVISION OF INFORMATION TO LAW ENFORCE-**
16 **MENT AND OTHER AGENCIES.**

17 “(a) NOTICE TO IMMIGRATION AND NATURALIZA-
18 TION SERVICE OF ILLEGAL ALIENS.—Notwithstanding
19 any other provision of law, the Secretary shall, at least
20 4 times annually and upon request of the Immigration and
21 Naturalization Service (hereafter in this subsection re-
22 ferred to as the 'Service'), furnish the Service with the
23 name and address of, and other identifying information
24 on, any individual who the Secretary knows is unlawfully
25 in the United States, and shall ensure that each contract

1 for assistance entered into under section 6 or 8 of this
2 Act with a public housing agency provides that the public
3 housing agency shall furnish such information at such
4 times with respect to any individual who the public hous-
5 ing agency knows is unlawfully in the United States.”.

6 **SEC. 507. PROHIBITION ON PAYMENT OF FEDERAL BENE-**
7 **FITS TO CERTAIN PERSONS.**

8 (a) **IN GENERAL.**—Notwithstanding any other provi-
9 sion of law and except as provided in subsection (b), Fed-
10 eral benefits shall not be paid or provided to any person
11 who is not a person lawfully present within the United
12 States.

13 (b) **EXCEPTIONS.**—Subsection (a) shall not apply
14 with respect to the following benefits:

15 (1) Emergency medical services under title XIX
16 of the Social Security Act.

17 (2) Short-term emergency disaster relief.

18 (3) Assistance or benefits under the National
19 School Lunch Act.

20 (4) Assistance or benefits under the Child Nu-
21 trition Act of 1966.

22 (5) Public health assistance for immunizations
23 and, if the Secretary of Health and Human Services
24 determines that it is necessary to prevent the spread

1 of a serious communicable disease, for testing and
2 treatment of such disease.

3 (c) DEFINITIONS.—For purposes of this section:

4 (1) FEDERAL BENEFIT.—The term “Federal
5 benefit” means—

6 (A) the issuance of any grant, contract,
7 loan, professional license, or commercial license
8 provided by an agency of the United States or
9 by appropriated funds of the United States; and

10 (B) any retirement, welfare, Social Secu-
11 rity, health, disability, public housing, post-sec-
12 ondary education, food stamps, unemployment
13 benefit, or any other similar benefit for which
14 payments or assistance are provided by an
15 agency of the United States or by appropriated
16 funds of the United States.

17 (2) PERSON LAWFULLY PRESENT WITHIN THE
18 UNITED STATES.—The term “person lawfully
19 present within the United States” means a person
20 who, at the time the person applies for, receives, or
21 attempts to receive a Federal benefit, is a United
22 States citizen, a permanent resident alien, an alien
23 whose deportation has been withheld under section
24 243(h) of the Immigration and Nationality Act (8
25 U.S.C. 1253(h)), an asylee, a refugee, a parolee who

1 has been paroled for a period of at least 1 year, a
2 national, or a national of the United States for pur-
3 poses of the immigration laws of the United States
4 (as defined in section 101(a)(17) of the Immigration
5 and Nationality Act (8 U.S.C. 1101(a)(17)).

6 (d) STATE OBLIGATION.—Notwithstanding any other
7 provision of law, a State that administers a program that
8 provides a Federal benefit (described in section 507(c)(1))
9 or provides State benefits pursuant to such a program
10 shall not be required to provide such benefit to a person
11 who is not a person lawfully present within the United
12 States (as defined in section 507(c)(2)) through a State
13 agency or with appropriated funds of such State.

14 (e) VERIFICATION OF ELIGIBILITY.—(1) IN GEN-
15 ERAL.—Not later than 18 months after the date of the
16 enactment of this Act, the Attorney General of the United
17 States, after consultation with the Secretary of Health and
18 Human Services, shall promulgate regulations requiring
19 verification that a person applying for a Federal benefit,
20 including a benefit described in section 507(b), is a person
21 lawfully present within the United States and is eligible
22 to receive such benefit. Such regulations shall, to the ex-
23 tent feasible, require that information requested and ex-
24 changed be similar in form and manner to information re-

1 requested and exchanged under section 1137 of the Social
2 Security Act.

3 (2) STATE COMPLIANCE.—Not later than 24 months
4 after the date the regulations described in paragraph (1)
5 are adopted, a State that administers a program that pro-
6 vides a Federal benefit described in such paragraph shall
7 have in effect a verification system that complies with the
8 regulations.

9 (3) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated such sums as may be
11 necessary to carry out the purpose of this section.

12 (f) SEVERABILITY.—If any provision of this title or
13 the application of such provision to any person or cir-
14 cumstance is held to be unconstitutional, the remainder
15 of this title and the application of the provisions of such
16 to any person or circumstance shall not be affected there-
17 by.

18 **TITLE VI—CHILD CARE**

19 **SEC. 601. SHORT TITLE.**

20 This title may be cited as the “Child Care and Devel-
21 opment Block Grant Amendments Act of 1995”.

1 sociate Scholarship Assistance Act of 1985 (42 U.S.C.
2 10901 et seq.) is repealed.

3 (c) ADDITIONAL CONFORMING AMENDMENTS.—

4 (1) RECOMMENDED LEGISLATION.—After con-
5 sultation with the appropriate committees of the
6 Congress and the Director of the Office of Manage-
7 ment and Budget, the Secretary of Health and
8 Human Services shall prepare and submit to the
9 Congress a legislative proposal in the form of an im-
10 plementing bill containing technical and conforming
11 amendments to reflect the amendments and repeals
12 made by this title.

13 (2) SUBMISSION TO CONGRESS.—Not later than
14 6 months after the date of enactment of this title,
15 the Secretary of Health and Human Services shall
16 submit the implementing bill referred to under para-
17 graph (1).

18 **TITLE VII—PROTECTION OF**
19 **BATTERED INDIVIDUALS**

20 **SEC. 701. EXEMPTION OF BATTERED INDIVIDUALS FROM**
21 **CERTAIN REQUIREMENTS.**

22 (a) IN GENERAL.—Notwithstanding any other provi-
23 sion of, or amendment made by, this Act, the applicable
24 administering authority of any specified provision may ex-
25 empt from (or modify) the application of such provision

1 to any individual who was battered or subjected to extreme
2 cruelty if the physical, mental, or emotional well-being of
3 the individual would be endangered by the application of
4 such provision to such individual. The applicable admin-
5 istering authority may take into consideration the family
6 circumstances and the counseling and other supportive
7 service needs of the individual.

8 (b) SPECIFIED PROVISIONS.—For purposes of this
9 section, the term “specified provision” means any require-
10 ment, limitation, or penalty under any of the following:

11 (1) Sections 404, 405 (a) and (b), 406 (b), (c),
12 and (d), 414(d), 453(c), 469A, and 1614(a)(1) of
13 the Social Security Act.

14 (2) Sections 5(i) and 6 (d), (j), and (n) of the
15 Food Stamp Act of 1977.

16 (3) Sections 501(a) and 502 of this Act.

17 (c) DEFINITIONS AND SPECIAL RULES.—For pur-
18 poses of this section—

19 (1) BATTERED OR SUBJECTED TO EXTREME
20 CRUELTY.—The term “battered or subjected to ex-
21 treme cruelty” includes, but is not limited to—

22 (A) physical acts resulting in, or threaten-
23 ing to result in, physical injury;

24 (B) sexual abuse, sexual activity involving
25 a dependent child, forcing the caretaker relative

1 of a dependent child to engage in nonconsensual
2 sexual acts or activities, or threats of or at-
3 tempts at physical or sexual abuse;

4 (C) mental abuse; and

5 (D) neglect or deprivation of medical care.

6 (2) CALCULATION OF PARTICIPATION RATES.—

7 An individual exempted from the work requirements
8 under section 404 of the Social Security Act by rea-
9 son of subsection (a) shall not be included for pur-
10 poses of calculating the State's participation rate
11 under such section.

12 **TITLE VIII—ADOPTION**

13 **EXPENSES**

14 **SEC. 801. REFUNDABLE CREDIT FOR ADOPTION EXPENSES.**

15 (a) **IN GENERAL.**—Subpart C of part IV of sub-
16 chapter A of chapter 1 of the Internal Revenue Code of
17 1986 (relating to refundable credits) is amended by redес-
18 ignating section 35 as section 36 and by inserting after
19 section 34 the following new section:

20 **“SEC. 35. ADOPTION EXPENSES.**

21 **“(a) ALLOWANCE OF CREDIT.**—In the case of an in-
22 dividual, there shall be allowed as a credit against the tax
23 imposed by this subtitle for the taxable year the amount
24 of the qualified adoption expenses paid or incurred by the
25 taxpayer during such taxable year.

1 “(I) the amount excludable under
2 section 137, and

3 “(II) any amount allowable as a
4 credit under this title with respect to
5 qualified adoption expenses; and

6 “(ii) such amount does not exceed the
7 qualified adoption expenses paid or in-
8 curred by the taxpayer during the taxable
9 year.

10 “(B) QUALIFIED ADOPTION EXPENSES.—
11 For purposes of this paragraph, the term
12 ‘qualified adoption expenses’ has the meaning
13 given such term by section 137, except that
14 such term shall not include any expense in con-
15 nection with the adoption by an individual of a
16 child who is the child of such individual’s
17 spouse.”

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to taxable years beginning after
20 December 31, 1995.

21 **TITLE IX—CHILD SUPPORT**

22 **SEC. 900. REFERENCE TO SOCIAL SECURITY ACT.**

23 Except as otherwise specifically provided, whenever in
24 this title an amendment is expressed in terms of an
25 amendment to or repeal of a section or other provision,

1 “(A) safeguards against unauthorized use
2 or disclosure of information relating to proceed-
3 ings or actions to establish paternity, or to es-
4 tablish or enforce support;

5 “(B) prohibitions against the release of in-
6 formation on the whereabouts of 1 party to an-
7 other party against whom a protective order
8 with respect to the former party has been en-
9 tered; and

10 “(C) prohibitions against the release of in-
11 formation on the whereabouts of 1 party to an-
12 other party if the State has reason to believe
13 that the release of the information may result
14 in physical or emotional harm to the former
15 party.”.

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

18 **Subtitle B—Locate and Case**
19 **Tracking**

20 **SEC. 911. STATE CASE REGISTRY.**

21 Section 454A, as added by section 944(a)(2), is
22 amended by adding at the end the following new sub-
23 sections:

24 “(e) STATE CASE REGISTRY.—

1 “(1) CONTENTS.—The automated system re-
2 quired by this section shall include a registry (which
3 shall be known as the ‘State case registry’) that con-
4 tains records with respect to—

5 “(A) each case in which services are being
6 provided by the State agency under the State
7 plan approved under this part; and

8 “(B) each support order established or
9 modified in the State on or after October 1,
10 1998.

11 “(2) LINKING OF LOCAL REGISTRIES.—The
12 State case registry may be established by linking
13 local case registries of support orders through an
14 automated information network, subject to this sec-
15 tion.

16 “(3) USE OF STANDARDIZED DATA ELE-
17 MENTS.—Such records shall use standardized data
18 elements for both parents (such as names, social se-
19 curity numbers and other uniform identification
20 numbers, dates of birth, and case identification
21 numbers), and contain such other information (such
22 as on-case status) as the Secretary may require.

23 “(4) PAYMENT RECORDS.—Each case record in
24 the State case registry with respect to which services
25 are being provided under the State plan approved

1 under this part and with respect to which a support
2 order has been established shall include a record
3 of—

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

9 “(B) any amount described in subpara-
10 graph (A) that has been collected;

11 “(C) the distribution of such collected
12 amounts;

13 “(D) the birth date of any child for whom
14 the order requires the provision of support; and

15 “(E) the amount of any lien imposed with
16 respect to the order pursuant to section
17 466(a)(4).

18 “(5) UPDATING AND MONITORING.—The State
19 agency operating the automated system required by
20 this section shall promptly establish and maintain,
21 and regularly monitor, case records in the State case
22 registry with respect to which services are being pro-
23 vided under the State plan approved under this part,
24 on the basis of—

1 “(A) information on administrative actions
2 and administrative and judicial proceedings and
3 orders relating to paternity and support;

4 “(B) information obtained from compari-
5 son with Federal, State, or local sources of in-
6 formation;

7 “(C) information on support collections
8 and distributions; and

9 “(D) any other relevant information.

10 “(f) INFORMATION COMPARISONS AND OTHER DIS-
11 CLOSURES OF INFORMATION.—The State shall use the
12 automated system required by this section to extract infor-
13 mation from (at such times, and in such standardized for-
14 mat or formats, as may be required by the Secretary), to
15 share and compare information with, and to receive infor-
16 mation from, other data bases and information compari-
17 son services, in order to obtain (or provide) information
18 necessary to enable the State agency (or the Secretary or
19 other State or Federal agencies) to carry out this part,
20 subject to section 6103 of the Internal Revenue Code of
21 1986. Such information comparison activities shall include
22 the following:

23 “(1) FEDERAL CASE REGISTRY OF CHILD SUP-
24 PORT ORDERS.—Furnishing to the Federal Case
25 Registry of Child Support Orders established under

1 section 453(h) (and update as necessary, with infor-
2 mation including notice of expiration of orders) the
3 minimum amount of information on child support
4 cases recorded in the State case registry that is nec-
5 essary to operate the registry (as specified by the
6 Secretary in regulations).

7 “(2) FEDERAL PARENT LOCATOR SERVICE.—
8 Exchanging information with the Federal Parent
9 Locator Service for the purposes specified in section
10 453.

11 “(3) TEMPORARY FAMILY ASSISTANCE AND
12 MEDICAID AGENCIES.—Exchanging information with
13 State agencies (of the State and of other States) ad-
14 ministering programs funded under part A, pro-
15 grams operated under State plans under title XIX,
16 and other programs designated by the Secretary, as
17 necessary to perform State agency responsibilities
18 under this part and under such programs.

19 “(4) INTRASTATE AND INTERSTATE INFORMA-
20 TION COMPARISONS.—Exchanging information with
21 other agencies of the State, agencies of other States,
22 and interstate information networks, as necessary
23 and appropriate to carry out (or assist other States
24 to carry out) the purposes of this part.”.

1 SEC. 912. COLLECTION AND DISBURSEMENT OF SUPPORT
2 PAYMENTS.

3 (a) STATE PLAN REQUIREMENT.—Section 454 (42
4 U.S.C. 654), as amended by sections 901(b) and 904(a),
5 is amended—

6 (1) by striking “and” at the end of paragraph
7 (25);

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

10 (3) by adding after paragraph (26) the follow-
11 ing new paragraph:

12 “(27) provide that, on and after October 1,
13 1998, the State agency will—

14 “(A) operate a State disbursement unit in
15 accordance with section 454B; and

16 “(B) have sufficient State staff (consisting
17 of State employees), and (at State option) pri-
18 vate or governmental contractors reporting di-
19 rectly to the State agency, to—

20 “(i) provide automated monitoring
21 and enforcement of support collections
22 through the unit (including carrying out
23 the automated data processing responsibil-
24 ities described in section 454A(g)); and

25 “(ii) take the actions described in sec-
26 tion 466(c)(1) in appropriate cases.”.

1 (b) ESTABLISHMENT OF STATE DISBURSEMENT
2 UNIT.—Part D of title IV (42 U.S.C. 651–669), as
3 amended by section 944(a)(2), is amended by inserting
4 after section 454A the following new section:

5 “SEC. 454B. COLLECTION AND DISBURSEMENT OF SUP-
6 PORT PAYMENTS.

7 “(a) STATE DISBURSEMENT UNIT.—

8 “(1) IN GENERAL.—In order for a State to
9 meet the requirements of this section, the State
10 agency must establish and operate a unit (which
11 shall be known as the ‘State disbursement unit’) for
12 the collection and disbursement of payments under
13 support orders in all cases being enforced by the
14 State pursuant to section 454(4).

15 “(2) OPERATION.—The State disbursement
16 unit shall be operated—

17 “(A) directly by the State agency (or 2 or
18 more State agencies under a regional coopera-
19 tive agreement), or (to the extent appropriate)
20 by a contractor responsible directly to the State
21 agency; and

22 “(B) in coordination with the automated
23 system established by the State pursuant to
24 section 454A.

1 “(3) LINKING OF LOCAL DISBURSEMENT
2 UNITS.—The State disbursement unit may be estab-
3 lished by linking local disbursement units through
4 an automated information network, subject to this
5 section. The Secretary must agree that the system
6 will not cost more nor take more time to establish
7 or operate than a centralized system. In addition,
8 employers shall be given 1 location to which income
9 withholding is sent.

10 “(b) REQUIRED PROCEDURES.—The State disburse-
11 ment unit shall use automated procedures, electronic proc-
12 esses, and computer-driven technology to the maximum
13 extent feasible, efficient, and economical, for the collection
14 and disbursement of support payments, including proce-
15 dures—

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

20 “(2) for accurate identification of payments;

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

23 “(4) to furnish to any parent, upon request,
24 timely information on the current status of support

1 payments under an order requiring payments to be
2 made by or to the parent.

3 “(c) TIMING OF DISBURSEMENTS.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graph (2), the State disbursement unit shall distrib-
6 ute all amounts payable under section 457(a) within
7 2 business days after receipt from the employer or
8 other source of periodic income, if sufficient infor-
9 mation identifying the payee is provided.

10 “(2) PERMISSIVE RETENTION OF ARREAR-
11 AGES.—The State disbursement unit may delay the
12 distribution of collections toward arrearages until
13 the resolution of any timely appeal with respect to
14 such arrearages.

15 “(d) BUSINESS DAY DEFINED.—As used in this sec-
16 tion, the term ‘business day’ means a day on which State
17 offices are open for regular business.”

18 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
19 added by section 944(a)(2) and as amended by section
20 911, is amended by adding at the end the following new
21 subsection:

22 “(g) COLLECTION AND DISTRIBUTION OF SUPPORT
23 PAYMENTS.—

24 “(1) IN GENERAL.—The State shall use the
25 automated system required by this section, to the

1 maximum extent feasible, to assist and facilitate the
2 collection and disbursement of support payments
3 through the State disbursement unit operated under
4 section 454B, through the performance of functions,
5 including, at a minimum—

6 “(A) transmission of orders and notices to
7 employers (and other debtors) for the withhold-
8 ing of wages and other income—

9 “(i) within 2 business days after re-
10 ceipt from a court, another State, an em-
11 ployer, the Federal Parent Locator Service,
12 or another source recognized by the State
13 of notice of, and the income source subject
14 to, such withholding; and

15 “(ii) using uniform formats prescribed
16 by the Secretary;

17 “(B) ongoing monitoring to promptly iden-
18 tify failures to make timely payment of support;
19 and

20 “(C) automatic use of enforcement proce-
21 dures (including procedures authorized pursu-
22 ant to section 466(c)) where payments are not
23 timely made.

24 “(2) BUSINESS DAY DEFINED.—As used in
25 paragraph (1), the term ‘business day’ means a day

1 on which State offices are open for regular busi-
2 ness.”.

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

5 **SEC. 913. STATE DIRECTORY OF NEW HIRES.**

6 (a) STATE PLAN REQUIREMENT.—Section 454 (42
7 U.S.C. 654), as amended by sections 901(b), 904(a) and
8 912(a), is amended—

9 (1) by striking “and” at the end of paragraph
10 (26);

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

13 (3) by adding after paragraph (27) the follow-
14 ing new paragraph:

15 “(28) provide that, on and after October 1,
16 1997, the State will operate a State Directory of
17 New Hires in accordance with section 453A.”.

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

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

22 **“(a) ESTABLISHMENT.—**

23 **“(1) IN GENERAL.—**Not later than October 1,
24 1997, each State shall establish an automated direc-
25 tory (to be known as the ‘State Directory of New

1 Hires') which shall contain information supplied in
2 accordance with subsection (b) by employers on each
3 newly hired employee.

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

5 “(A) EMPLOYEE.—The term ‘employee’—

6 “(i) means an individual who is an
7 employee within the meaning of chapter 24
8 of the Internal Revenue Code of 1986; and

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

18 “(B) EMPLOYER.—The term ‘employer’ in-
19 cludes—

20 “(i) any governmental entity, and

21 “(ii) any labor organization.

22 “(C) LABOR ORGANIZATION.—The term
23 ‘labor organization’ shall have the meaning
24 given such term in section 2(5) of the National
25 Labor Relations Act, and includes any entity

1 (also known as a 'hiring hall') which is used by
2 the organization and an employer to carry out
3 requirements described in section 8(f)(3) of
4 such Act of an agreement between the organiza-
5 tion and the employer.

6 “(b) EMPLOYER INFORMATION.—

7 “(1) REPORTING REQUIREMENT.—

8 “(A) IN GENERAL.—Except as provided in
9 subparagraphs (B) and (C), each employer shall
10 furnish to the Directory of New Hires of the
11 State in which a newly hired employee works, a
12 report that contains the name, address, and so-
13 cial security number of the employee, and the
14 name of, and identifying number assigned
15 under section 6109 of the Internal Revenue
16 Code of 1986 to, the employer.

17 “(B) MULTISTATE EMPLOYERS.—An em-
18 ployer that has employees who are employed in
19 2 or more States and that transmits reports
20 magnetically or electronically may comply with
21 subparagraph (A) by designating 1 State in
22 which such employer has employees to which it
23 will transmit the report described in subpara-
24 graph (A), and transmitting such report to such
25 State. Any employer that transmits reports pur-

1 suant to this subparagraph shall notify the Sec-
2 retary in writing as to which State such em-
3 ployer designates for the purpose of sending re-
4 ports.

5 “(C) FEDERAL GOVERNMENT EMPLOY-
6 ERS.—Any department, agency, or instrumen-
7 tality of the United States shall comply with
8 subparagraph (A) by transmitting the report
9 described in subparagraph (A) to the National
10 Directory of New Hires established pursuant to
11 section 453.

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

15 “(A) 30 days after the date the employer
16 hires the employee; or

17 “(B) in the case of an employer that re-
18 ports by magnetic or electronic means, the 1st
19 business day of the week following the date on
20 which the employee 1st receives wages or other
21 compensation from the employer.

22 “(c) REPORTING FORMAT AND METHOD.—Each re-
23 port required by subsection (b) shall be made on a
24 W-4 form and may be transmitted by 1st class mail, mag-
25 netically, or electronically.

1 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING
2 EMPLOYERS.—The State shall have the option to set a
3 State civil money penalty which shall be less than—

4 “(1) \$25; or

5 “(2) \$500 if, under State law, the failure is the
6 result of a conspiracy between the employer and the
7 employee to not supply the required report or to
8 supply a false or incomplete report.

9 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-
10 mation shall be entered into the data base maintained by
11 the State Directory of New Hires within 5 business days
12 of receipt from an employer pursuant to subsection (b).

13 “(f) INFORMATION COMPARISONS.—

14 “(1) IN GENERAL.—Not later than October 1,
15 1998, an agency designated by the State shall, di-
16 rectly or by contract, conduct automated compari-
17 sons of the social security numbers reported by em-
18 ployers pursuant to subsection (b) and the social se-
19 curity numbers appearing in the records of the State
20 case registry for cases being enforced under the
21 State plan.

22 “(2) NOTICE OF MATCH.—When an information
23 comparison conducted under paragraph (1) reveals a
24 match with respect to the social security number of
25 an individual required to provide support under a

1 support order, the State Directory of New Hires
2 shall provide the agency administering the State
3 plan approved under this part of the appropriate
4 State with the name, address, and social security
5 number of the employee to whom the social security
6 number is assigned, and the name of, and identify-
7 ing number assigned under section 6109 of the In-
8 ternal Revenue Code of 1986 to, the employer.

9 “(g) TRANSMISSION OF INFORMATION.—

10 “(1) TRANSMISSION OF WAGE WITHHOLDING
11 NOTICES TO EMPLOYERS.—Within 2 business days
12 after the date information regarding a newly hired
13 employee is entered into the State Directory of New
14 Hires, the State agency enforcing the employee’s
15 child support obligation shall transmit a notice to
16 the employer of the employee directing the employer
17 to withhold from the wages of the employee an
18 amount equal to the monthly (or other periodic)
19 child support obligation of the employee, unless the
20 employee’s wages are not subject to withholding pur-
21 suant to section 466(b)(3).

22 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-
23 TORY OF NEW HIRES.—

24 “(A) NEW HIRE INFORMATION.—Within 2
25 business days after the date information re-

1 garding a newly hired employee is entered into
2 the State Directory of New Hires, the State Di-
3 rectory of New Hires shall furnish the informa-
4 tion to the National Directory of New Hires.

5 “(B) WAGE AND UNEMPLOYMENT COM-
6 PENSATION INFORMATION.—The State Direc-
7 tory of New Hires shall, on a quarterly basis,
8 furnish to the National Directory of New Hires
9 extracts of the reports required under section
10 303(a)(6) to be made to the Secretary of Labor
11 concerning the wages and unemployment com-
12 pensation paid to individuals, by such dates, in
13 such format, and containing such information
14 as the Secretary of Health and Human Services
15 shall specify in regulations.

16 “(3) BUSINESS DAY DEFINED.—As used in this
17 subsection, the term ‘business day’ means a day on
18 which State offices are open for regular business.

19 “(h) OTHER USES OF NEW HIRE INFORMATION.—

20 “(1) LOCATION OF CHILD SUPPORT OBLI-
21 GORS.—The agency administering the State plan ap-
22 proved under this part shall use information received
23 pursuant to subsection (f)(2) to locate individuals
24 for purposes of establishing paternity and establish-

1 ing, modifying, and enforcing child support obliga-
2 tions.

3 “(2) VERIFICATION OF ELIGIBILITY FOR CER-
4 TAIN PROGRAMS.—A State agency responsible for
5 administering a program specified in section 1137(b)
6 shall have access to information reported by employ-
7 ers pursuant to subsection (b) of this section for
8 purposes of verifying eligibility for the program.

9 “(3) ADMINISTRATION OF EMPLOYMENT SECU-
10 RITY AND WORKERS’ COMPENSATION.—State agen-
11 cies operating employment security and workers’
12 compensation programs shall have access to informa-
13 tion reported by employers pursuant to subsection
14 (b) for the purposes of administering such pro-
15 grams.”.

16 (c) QUARTERLY WAGE REPORTING.—Section
17 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

18 (1) by inserting “(including State and local gov-
19 ernmental entities)” after “employers”; and

20 (2) by inserting “, and except that no report
21 shall be filed with respect to an employee of a State
22 agency performing intelligence or counterintelligence
23 functions, if the head of such agency has determined
24 that filing such a report could endanger the safety

1 of the employee or compromise an ongoing investiga-
2 tion or intelligence mission” after “paragraph (2)”.

3 **SEC. 914. AMENDMENTS CONCERNING INCOME WITHHOLD-**
4 **ING.**

5 (a) **MANDATORY INCOME WITHHOLDING.—**

6 (1) **IN GENERAL.—**Section 466(a)(1) (42
7 U.S.C. 666(a)(1)) is amended to read as follows:

8 “(1)(A) Procedures described in subsection (b)
9 for the withholding from income of amounts payable
10 as support in cases subject to enforcement under the
11 State plan.

12 “(B) Procedures under which the wages of a
13 person with a support obligation imposed by a sup-
14 port order issued (or modified) in the State before
15 October 1, 1996, if not otherwise subject to with-
16 holding under subsection (b), shall become subject to
17 withholding as provided in subsection (b) if arrear-
18 ages occur, without the need for a judicial or admin-
19 istrative hearing.”.

20 (2) **CONFORMING AMENDMENTS.—**

21 (A) Section 466(b) (42 U.S.C. 666(b)) is
22 amended in the matter preceding paragraph
23 (1), by striking “subsection (a)(1)” and insert-
24 ing “subsection (a)(1)(A)”.

1 (B) Section 466(b)(4) (42 U.S.C.
2 666(b)(4)) is amended to read as follows:

3 “(4)(A) Such withholding must be carried out
4 in full compliance with all procedural due process re-
5 quirements of the State, and the State must send
6 notice to each absent parent to whom paragraph (1)
7 applies—

8 “(i) that the withholding has commenced;
9 and

10 “(ii) of the procedures to follow if the ab-
11 sent parent desires to contest such withholding
12 on the grounds that the withholding or the
13 amount withheld is improper due to a mistake
14 of fact.

15 “(B) The notice under subparagraph (A) shall
16 include the information provided to the employer
17 under paragraph (6)(A).”.

18 (C) Section 466(b)(5) (42 U.S.C.
19 666(b)(5)) is amended by striking all that fol-
20 lows “administered by” and inserting “the
21 State through the State disbursement unit es-
22 tablished pursuant to section 454B, in accord-
23 ance with the requirements of section 454B.”.

24 (D) Section 466(b)(6)(A) (42 U.S.C.
25 666(b)(6)(A)) is amended—

1 (i) in clause (i), by striking “to the
2 appropriate agency” and all that follows
3 and inserting “to the State disbursement
4 unit within 2 business days after the date
5 the amount would (but for this subsection)
6 have been paid or credited to the employee,
7 for distribution in accordance with this
8 part.”;

9 (ii) in clause (ii), by inserting “be in
10 a standard format prescribed by the Sec-
11 retary, and” after “shall”; and

12 (iii) by adding at the end the follow-
13 ing new clause:

14 “(iii) As used in this subparagraph, the term
15 ‘business day’ means a day on which State offices
16 are open for regular business.”.

17 (E) Section 466(b)(6)(D) (42 U.S.C.
18 666(b)(6)(D)) is amended by striking “any em-
19 ployer” and all that follows and inserting “any
20 employer who—

21 “(i) discharges from employment, refuses
22 to employ, or takes disciplinary action against
23 any absent parent subject to wage withholding
24 required by this subsection because of the exist-
25 ence of such withholding and the obligations or

1 additional obligations which it imposes upon the
2 employer; or

3 “(ii) fails to withhold support from wages,
4 or to pay such amounts to the State disburse-
5 ment unit in accordance with this subsection.”.

6 (F) Section 466(b) (42 U.S.C. 666(b)) is
7 amended by adding at the end the following
8 new paragraph:

9 “(11) Procedures under which the agency ad-
10 ministering the State plan approved under this part
11 may execute a withholding order through electronic
12 means and without advance notice to the obligor.”.

13 (b) CONFORMING AMENDMENT.—Section 466(c) (42
14 U.S.C. 666(c)) is repealed.

15 **SEC. 915. LOCATOR INFORMATION FROM INTERSTATE NET-**
16 **WORKS.**

17 Section 466(a) (42 U.S.C. 666(a)) is amended by
18 adding at the end the following new paragraph:

19 “(12) Procedures to ensure that all Federal and
20 State agencies conducting activities under this part
21 have access to any system used by the State to lo-
22 cate an individual for purposes relating to motor ve-
23 hicles or law enforcement.”.

1 SEC. 916. EXPANSION OF THE FEDERAL PARENT LOCATOR
2 SERVICE.

3 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-
4 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is
5 amended—

6 (1) in subsection (a), by striking all that follows
7 “subsection (c))” and inserting “, for the purpose of
8 establishing parentage, establishing, setting the
9 amount of, modifying, or enforcing child support ob-
10 ligations, or enforcing child visitation orders—

11 “(1) information on, or facilitating the discov-
12 ery of, the location of any individual—

13 “(A) who is under an obligation to pay
14 child support or provide child visitation rights;

15 “(B) against whom such an obligation is
16 sought;

17 “(C) to whom such an obligation is owed,
18 including the individual’s social security number (or
19 numbers), most recent address, and the name, ad-
20 dress, and employer identification number of the in-
21 dividual’s employer;

22 “(2) information on the individual’s wages (or
23 other income) from, and benefits of, employment (in-
24 cluding rights to or enrollment in group health care
25 coverage); and

1 “(3) information on the type, status, location,
2 and amount of any assets of, or debts owed by or
3 to, any such individual.”; and

4 (2) in subsection (b), in the matter preceding
5 paragraph (1), by striking “social security” and all
6 that follows through “absent parent” and inserting
7 “information described in subsection (a)”.

8 (b) AUTHORIZED PERSON FOR INFORMATION RE-
9 GARDING VISITATION RIGHTS.—Section 453(c) (42
10 U.S.C. 653(c)) is amended—

11 (1) in paragraph (1), by striking “support” and
12 inserting “support or to seek to enforce orders pro-
13 viding child visitation rights”;

14 (2) in paragraph (2), by striking “, or any
15 agent of such court; and” and inserting “or to issue
16 an order against a resident parent for visitation
17 rights, or any agent of such court;”;

18 (3) by striking the period at the end of para-
19 graph (3) and inserting “; and”; and

20 (4) by adding at the end the following new
21 paragraph:

22 “(4) the absent parent, only with regard to a
23 court order against a resident parent for child visita-
24 tion rights.”.

1 (c) REIMBURSEMENT FOR INFORMATION FROM FED-
2 ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.
3 653(e)(2)) is amended in the 4th sentence by inserting
4 “in an amount which the Secretary determines to be rea-
5 sonable payment for the information exchange (which
6 amount shall not include payment for the costs of obtain-
7 ing, compiling, or maintaining the information)” before
8 the period.

9 (d) REIMBURSEMENT FOR REPORTS BY STATE
10 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by
11 adding at the end the following new subsection:

12 “(g) The Secretary may reimburse Federal and State
13 agencies for the costs incurred by such entities in furnish-
14 ing information requested by the Secretary under this sec-
15 tion in an amount which the Secretary determines to be
16 reasonable payment for the information exchange (which
17 amount shall not include payment for the costs of obtain-
18 ing, compiling, or maintaining the information).”.

19 (e) TECHNICAL AMENDMENTS.—

20 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
21 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),
22 653(b), 663(a), 663(e), and 663(f)) are each amend-
23 ed by inserting “Federal” before “Parent” each
24 place such term appears.

1 (2) Section 453 (42 U.S.C. 653) is amended in
2 the heading by adding “FEDERAL” before “PAR-
3 ENT”.

4 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.
5 653), as amended by subsection (d) of this section, is
6 amended by adding at the end the following new sub-
7 section:

8 “(h)(1) Not later than October 1, 1998, in order to
9 assist States in administering programs under State plans
10 approved under this part and programs funded under part
11 A, and for the other purposes specified in this section, the
12 Secretary shall establish and maintain in the Federal Par-
13 ent Locator Service an automated registry (which shall be
14 known as the ‘Federal Case Registry of Child Support Or-
15 ders’), which shall contain abstracts of support orders and
16 other information described in paragraph (2) with respect
17 to each case in each State case registry maintained pursu-
18 ant to section 454A(e), as furnished (and regularly up-
19 dated), pursuant to section 454A(f), by State agencies ad-
20 ministering programs under this part.

21 “(2) The information referred to in paragraph (1)
22 with respect to a case shall be such information as the
23 Secretary may specify in regulations (including the names,
24 social security numbers or other uniform identification
25 numbers, and State case identification numbers) to iden-

1 tify the individuals who owe or are owed support (or with
2 respect to or on behalf of whom support obligations are
3 sought to be established), and the State or States which
4 have the case.

5 “(i)(1) In order to assist States in administering pro-
6 grams under State plans approved under this part and
7 programs funded under part A, and for the other purposes
8 specified in this section, the Secretary shall, not later than
9 October 1, 1996, establish and maintain in the Federal
10 Parent Locator Service an automated directory to be
11 known as the National Directory of New Hires, which
12 shall contain the information supplied pursuant to section
13 453A(g)(2).

14 “(2) Information shall be entered into the data base
15 maintained by the National Directory of New Hires within
16 2 business days of receipt pursuant to section 453A(g)(2).

17 “(3) The Secretary of the Treasury shall have access
18 to the information in the National Directory of New Hires
19 for purposes of administering section 32 of the Internal
20 Revenue Code of 1986, or the advance payment of the
21 earned income tax credit under section 3507 of such Code,
22 and verifying a claim with respect to employment in a tax
23 return.

24 “(4) The Secretary shall maintain within the Na-
25 tional Directory of New Hires a list of multistate employ-

1 ers that report information regarding newly hired employ-
2 ees pursuant to section 453A(b)(1)(B), and the State
3 which each such employer has designated to receive such
4 information.

5 “(j)(1)(A) The Secretary shall transmit information
6 on individuals and employers maintained under this sec-
7 tion to the Social Security Administration to the extent
8 necessary for verification in accordance with subparagraph
9 (B).

10 “(B) The Social Security Administration shall verify
11 the accuracy of, correct, or supply to the extent possible,
12 and report to the Secretary, the following information sup-
13 plied by the Secretary pursuant to subparagraph (A):

14 “(i) The name, social security number, and
15 birth date of each such individual.

16 “(ii) The employer identification number of
17 each such employer.

18 “(2) For the purpose of locating individuals in a pa-
19 ternity establishment case or a case involving the estab-
20 lishment, modification, or enforcement of a support order,
21 the Secretary shall—

22 “(A) compare information in the National Di-
23 rectory of New Hires against information in the sup-
24 port case abstracts in the Federal Case Registry of

1 Child Support Orders not less often than every 2
2 business days; and

3 “(B) within 2 such days after such a compari-
4 son reveals a match with respect to an individual, re-
5 port the information to the State agency responsible
6 for the case.

7 “(3) To the extent and with the frequency that the
8 Secretary determines to be effective in assisting States to
9 carry out their responsibilities under programs operated
10 under this part and programs funded under part A, the
11 Secretary shall—

12 “(A) compare the information in each compo-
13 nent of the Federal Parent Locator Service main-
14 tained under this section against the information in
15 each other such component (other than the compari-
16 son required by paragraph (2)), and report instances
17 in which such a comparison reveals a match with re-
18 spect to an individual to State agencies operating
19 such programs; and

20 “(B) disclose information in such registries to
21 such State agencies.

22 “(4) The National Directory of New Hires shall pro-
23 vide the Commissioner of Social Security with all informa-
24 tion in the National Directory, which shall be used to de-
25 termine the accuracy of payments under the supplemental

1 security income program under title XVI and in connec-
2 tion with benefits under title II.

3 “(5) The Secretary may provide access to information
4 reported by employers pursuant to section 453A(b) for re-
5 search purposes found by the Secretary to be likely to con-
6 tribute to achieving the purposes of part A or this part,
7 but without personal identifiers.

8 “(k)(1) The Secretary shall reimburse the Commis-
9 sioner of Social Security, at a rate negotiated between the
10 Secretary and the Commissioner, for the costs incurred
11 by the Commissioner in performing the verification serv-
12 ices described in subsection (j).

13 “(2) The Secretary shall reimburse costs incurred by
14 State directories of new hires in furnishing information
15 as required by subsection (j)(3), at rates which the Sec-
16 retary determines to be reasonable (which rates shall not
17 include payment for the costs of obtaining, compiling, or
18 maintaining such information).

19 “(3) A State or Federal agency that receives informa-
20 tion from the Secretary pursuant to this section shall re-
21 imburse the Secretary for costs incurred by the Secretary
22 in furnishing the information, at rates which the Secretary
23 determines to be reasonable (which rates shall include pay-
24 ment for the costs of obtaining, verifying, maintaining,
25 and comparing the information).

1 “(l) Information in the Federal Parent Locator Serv-
2 ice, and information resulting from comparisons using
3 such information, shall not be used or disclosed except as
4 expressly provided in this section, subject to section 6103
5 of the Internal Revenue Code of 1986.

6 “(m) The Secretary shall establish and implement
7 safeguards with respect to the entities established under
8 this section designed to—

9 “(1) ensure the accuracy and completeness of
10 information in the Federal Parent Locator Service;
11 and

12 “(2) restrict access to confidential information
13 in the Federal Parent Locator Service to authorized
14 persons, and restrict use of such information to au-
15 thorized purposes.

16 “(n) Each department, agency, and instrumentality
17 of the United States shall on a quarterly basis report to
18 the Federal Parent Locator Service the name and social
19 security number of each employee and the wages paid to
20 the employee during the previous quarter, except that no
21 report shall be filed with respect to an employee of a de-
22 partment, agency, or instrumentality performing intel-
23 ligence or counterintelligence functions, if the head of such
24 department, agency, or instrumentality has determined
25 that filing such a report could endanger the safety of the

1 employee or compromise an ongoing investigation or intel-
2 ligence mission.”.

3 (f) CONFORMING AMENDMENTS.—

4 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
5 CURITY ACT.—Section 454(8)(B) (42 U.S.C.
6 654(8)(B)) is amended to read as follows:

7 “(B) the Federal Parent Locator Service
8 established under section 453;”.

9 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—
10 Section 3304(a)(16) of the Internal Revenue Code of
11 1986 is amended—

12 (A) by striking “Secretary of Health, Edu-
13 cation, and Welfare” each place such term ap-
14 pears and inserting “Secretary of Health and
15 Human Services”;

16 (B) in subparagraph (B), by striking
17 “such information” and all that follows and in-
18 serting “information furnished under subpara-
19 graph (A) or (B) is used only for the purposes
20 authorized under such subparagraph;”;

21 (C) by striking “and” at the end of sub-
22 paragraph (A);

23 (D) by redesignating subparagraph (B) as
24 subparagraph (C); and

1 (E) by inserting after subparagraph (A)
2 the following new subparagraph:

3 “(B) wage and unemployment compensa-
4 tion information contained in the records of
5 such agency shall be furnished to the Secretary
6 of Health and Human Services (in accordance
7 with regulations promulgated by such Sec-
8 retary) as necessary for the purposes of the Na-
9 tional Directory of New Hires established under
10 section 453(i) of the Social Security Act, and”.

11 (3) TO STATE GRANT PROGRAM UNDER TITLE
12 III OF THE SOCIAL SECURITY ACT.—Subsection (h)
13 of section 303 (42 U.S.C. 503) is amended to read
14 as follows:

15 “(h)(1) The State agency charged with the adminis-
16 tration of the State law shall, on a reimbursable basis—

17 “(A) disclose quarterly, to the Secretary of
18 Health and Human Services wage and claim infor-
19 mation, as required pursuant to section 453(i)(1),
20 contained in the records of such agency;

21 “(B) ensure that information provided pursuant
22 to subparagraph (A) meets such standards relating
23 to correctness and verification as the Secretary of
24 Health and Human Services, with the concurrence
25 of the Secretary of Labor, may find necessary; and

1 “(C) establish such safeguards as the Secretary
2 of Labor determines are necessary to insure that in-
3 formation disclosed under subparagraph (A) is used
4 only for purposes of section 453(i)(1) in carrying out
5 the child support enforcement program under title
6 IV.

7 “(2) Whenever the Secretary of Labor, after reason-
8 able notice and opportunity for hearing to the State agen-
9 cy charged with the administration of the State law, finds
10 that there is a failure to comply substantially with the re-
11 quirements of paragraph (1), the Secretary of Labor shall
12 notify such State agency that further payments will not
13 be made to the State until the Secretary of Labor is satis-
14 fied that there is no longer any such failure. Until the
15 Secretary of Labor is so satisfied, the Secretary shall
16 make no future certification to the Secretary of the Treas-
17 ury with respect to the State.

18 “(3) For purposes of this subsection—

19 “(A) the term ‘wage information’ means infor-
20 mation regarding wages paid to an individual, the
21 social security account number of such individual,
22 and the name, address, State, and the Federal em-
23 ployer identification number of the employer paying
24 such wages to such individual; and

1 “(B) the term ‘claim information’ means infor-
2 mation regarding whether an individual is receiving,
3 has received, or has made application for, unemploy-
4 ment compensation, the amount of any such com-
5 pensation being received (or to be received by such
6 individual), and the individual’s current (or most re-
7 cent) home address.”.

8 **SEC. 917. COLLECTION AND USE OF SOCIAL SECURITY**
9 **NUMBERS FOR USE IN CHILD SUPPORT EN-**
10 **FORCEMENT.**

11 (a) **STATE LAW REQUIREMENT.**—Section 466(a) (42
12 U.S.C. 666(a)), as amended by section 915, is amended
13 by adding at the end the following new paragraph:

14 “(13) Procedures requiring that the social secu-
15 rity number of—

16 “(A) any applicant for a professional li-
17 cense, commercial driver’s license, occupational
18 license, or marriage license be recorded on the
19 application;

20 “(B) any individual who is subject to a di-
21 vorce decree, support order, or paternity deter-
22 mination or acknowledgment be placed in the
23 records relating to the matter; and

1 “(C) any individual who has died be placed
2 in the records relating to the death and be re-
3 corded on the death certificate.

4 For purposes of subparagraph (A), if a State allows
5 the use of a number other than the social security
6 number, the State shall so advise any applicants.”.

7 (b) CONFORMING AMENDMENTS.—Section
8 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by
9 section 321(a)(9) of the Social Security Independence and
10 Program Improvements Act of 1994, is amended—

11 (1) in clause (i), by striking “may require” and
12 inserting “shall require”;

13 (2) in clause (ii), by inserting after the 1st sen-
14 tence the following: “In the administration of any
15 law involving the issuance of a marriage certificate
16 or license, each State shall require each party named
17 in the certificate or license to furnish to the State
18 (or political subdivision thereof), or any State agen-
19 cy having administrative responsibility for the law
20 involved, the social security number of the party.”;

21 (3) in clause (ii), by inserting “or marriage cer-
22 tificate” after “Such numbers shall not be recorded
23 on the birth certificate”.

24 (4) in clause (vi), by striking “may” and insert-
25 ing “shall”; and

1 (5) by adding at the end the following new
2 clauses:

3 “(x) An agency of a State (or a politi-
4 cal subdivision thereof) charged with the
5 administration of any law concerning the
6 issuance or renewal of a license, certificate,
7 permit, or other authorization to engage in
8 a profession, an occupation, or a commer-
9 cial activity shall require all applicants for
10 issuance or renewal of the license, certifi-
11 cate, permit, or other authorization to pro-
12 vide the applicant’s social security number
13 to the agency for the purpose of admin-
14 istering such laws, and for the purpose of
15 responding to requests for information
16 from an agency operating pursuant to part
17 D of title IV.

18 “(xi) All divorce decrees, support or-
19 ders, and paternity determinations issued,
20 and all paternity acknowledgments made,
21 in each State shall include the social secu-
22 rity number of each party to the decree,
23 order, determination, or acknowledgement
24 in the records relating to the matter, for
25 the purpose of responding to requests for

1 information from an agency operating pur-
2 suant to part D of title IV.”.

3 **Subtitle C—Streamlining and**
4 **Uniformity of Procedures**

5 **SEC. 921. ADOPTION OF UNIFORM STATE LAWS.**

6 Section 466 (42 U.S.C. 666) is amended by adding
7 at the end the following new subsection:

8 “(f)(1) In order to satisfy section 454(20)(A) on or
9 after January 1, 1997, each State must have in effect the
10 Uniform Interstate Family Support Act, as approved by
11 the National Conference of Commissioners on Uniform
12 State Laws in August 1992 (with the modifications and
13 additions specified in this subsection), and the procedures
14 required to implement such Act.

15 “(2) The State law enacted pursuant to paragraph
16 (1) may be applied to any case involving an order which
17 is established or modified in a State and which is sought
18 to be modified or enforced in another State.

19 “(3) The State law enacted pursuant to paragraph
20 (1) of this subsection shall contain the following provision
21 in lieu of section 611(a)(1) of the Uniform Interstate
22 Family Support Act:

23 “(1) the following requirements are met:

24 “(i) the child, the individual obligee, and
25 the obligor—

1 (1) by striking “and” at the end of subpara-
2 graph (C);

3 (2) by inserting “and” at the end of subpara-
4 graph (D); and

5 (3) by adding at the end the following new sub-
6 paragraph:

7 “(E) no later than October 1, 1996, in
8 using the forms promulgated pursuant to sec-
9 tion 452(a)(11) for income withholding, imposi-
10 tion of liens, and issuance of administrative
11 subpoenas in interstate child support cases;”.

12 **SEC. 925. STATE LAWS PROVIDING EXPEDITED PROCE-**
13 **DURES.**

14 (a) **STATE LAW REQUIREMENTS.**—Section 466 (42
15 U.S.C. 666), as amended by section 914, is amended—

16 (1) in subsection (a)(2), by striking the 1st sen-
17 tence and inserting the following: “Expedited admin-
18 istrative and judicial procedures (including the pro-
19 cedures specified in subsection (c)) for establishing
20 paternity and for establishing, modifying, and en-
21 forcing support obligations.”; and

22 (2) by inserting after subsection (b) the follow-
23 ing new subsection:

24 “(c) The procedures specified in this subsection are
25 the following:

1 “(1) Procedures which give the State agency
2 the authority to take the following actions relating
3 to establishment or enforcement of support orders,
4 without the necessity of obtaining an order from any
5 other judicial or administrative tribunal, and to rec-
6 ognize and enforce the authority of State agencies of
7 other States) to take the following actions:

8 “(A) To order genetic testing for the pur-
9 pose of paternity establishment as provided in
10 section 466(a)(5).

11 “(B) To subpoena any financial or other
12 information needed to establish, modify, or en-
13 force a support order, and to impose penalties
14 for failure to respond to such a subpoena.

15 “(C) To require all entities in the State
16 (including for-profit, nonprofit, and govern-
17 mental employers) to provide promptly, in re-
18 sponse to a request by the State agency of that
19 or any other State administering a program
20 under this part, information on the employ-
21 ment, compensation, and benefits of any indi-
22 vidual employed by such entity as an employee
23 or contractor, and to sanction failure to respond
24 to any such request.

1 “(D) To obtain access, subject to safe-
2 guards on privacy and information security, to
3 the following records (including automated ac-
4 cess, in the case of records maintained in auto-
5 mated data bases):

6 “(i) Records of other State and local
7 government agencies, including—

8 “(I) vital statistics (including
9 records of marriage, birth, and di-
10 vorce);

11 “(II) State and local tax and rev-
12 enue records (including information
13 on residence address, employer, in-
14 come and assets);

15 “(III) records concerning real
16 and titled personal property;

17 “(IV) records of occupational and
18 professional licenses, and records con-
19 cerning the ownership and control of
20 corporations, partnerships, and other
21 business entities;

22 “(V) employment security
23 records;

24 “(VI) records of agencies admin-
25 istering public assistance programs;

1 “(VII) records of the motor vehi-
2 cle department; and

3 “(VIII) corrections records.

4 “(ii) Certain records held by private
5 entities, including—

6 “(I) customer records of public
7 utilities and cable television compa-
8 nies; and

9 “(II) information (including in-
10 formation on assets and liabilities) on
11 individuals who owe or are owed sup-
12 port (or against or with respect to
13 whom a support obligation is sought)
14 held by financial institutions (subject
15 to limitations on liability of such enti-
16 ties arising from affording such ac-
17 cess), as provided pursuant to agree-
18 ments described in subsection (a)(18).

19 “(E) In cases where support is subject to
20 an assignment in order to comply with a re-
21 quirement imposed pursuant to part A or sec-
22 tion 1912, or to a requirement to pay through
23 the State disbursement unit established pursu-
24 ant to section 454B, upon providing notice to
25 obligor and obligee, to direct the obligor or

1 other payor to change the payee to the appro-
2 priate government entity.

3 “(F) To order income withholding in ac-
4 cordance with subsections (a)(1) and (b) of sec-
5 tion 466.

6 “(G) In cases in which there is a support
7 arrearage, to secure assets to satisfy the arrear-
8 age by—

9 “(i) intercepting or seizing periodic or
10 lump-sum payments from—

11 “(I) a State or local agency, in-
12 cluding unemployment compensation,
13 workers’ compensation, and other ben-
14 efits; and

15 “(II) judgments, settlements, and
16 lotteries;

17 “(ii) attaching and seizing assets of
18 the obligor held in financial institutions;

19 “(iii) attaching public and private re-
20 tirement funds; and

21 “(iv) imposing liens in accordance
22 with subsection (a)(4) and, in appropriate
23 cases, to force sale of property and dis-
24 tribution of proceeds.

1 “(H) For the purpose of securing overdue
2 support, to increase the amount of monthly
3 support payments to include amounts for ar-
4 rearages, subject to such conditions or limita-
5 tions as the State may provide.

6 Such procedures shall be subject to due process safe-
7 guards, including (as appropriate) requirements for
8 notice, opportunity to contest the action, and oppor-
9 tunity for an appeal on the record to an independent
10 administrative or judicial tribunal.

11 “(2) The expedited procedures required under
12 subsection (a)(2) shall include the following rules
13 and authority, applicable with respect to all proceed-
14 ings to establish paternity or to establish, modify, or
15 enforce support orders:

16 “(A) Procedures under which—

17 “(i) each party to any paternity or
18 child support proceeding is required (sub-
19 ject to privacy safeguards) to file with the
20 tribunal and the State case registry upon
21 entry of an order, and to update as appro-
22 priate, information on location and identity
23 of the party, including social security num-
24 ber, residential and mailing addresses, tele-
25 phone number, driver’s license number,

1 and name, address, and name and tele-
2 phone number of employer; and

3 “(ii) in any subsequent child support
4 enforcement action between the parties,
5 upon sufficient showing that diligent effort
6 has been made to ascertain the location of
7 such a party, the tribunal may deem State
8 due process requirements for notice and
9 service of process to be met with respect to
10 the party, upon delivery of written notice
11 to the most recent residential or employer
12 address filed with the tribunal pursuant to
13 clause (i).

14 “(B) Procedures under which—

15 “(i) the State agency and any admin-
16 istrative or judicial tribunal with authority
17 to hear child support and paternity cases
18 exerts statewide jurisdiction over the par-
19 ties; and

20 “(ii) in a State in which orders are is-
21 sued by courts or administrative tribunals,
22 a case may be transferred between local ju-
23 risdictions in the State without need for
24 any additional filing by the petitioner, or

1 service of process upon the respondent, to
2 retain jurisdiction over the parties.”.

3 (b) AUTOMATION OF STATE AGENCY FUNCTIONS.—
4 Section 454A, as added by section 944(a)(2) and as
5 amended by sections 911 and 912(c), is amended by add-
6 ing at the end the following new subsection:

7 “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—
8 The automated system required by this section shall be
9 used, to the maximum extent feasible, to implement the
10 expedited administrative procedures required by section
11 466(c).”.

12 **Subtitle D—Paternity**
13 **Establishment**

14 **SEC. 931. STATE LAWS CONCERNING PATERNITY ESTAB-**
15 **LISHMENT.**

16 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
17 U.S.C. 666(a)(5)) is amended to read as follows:

18 “(5)(A)(i) Procedures which permit the estab-
19 lishment of the paternity of a child at any time be-
20 fore the child attains 21 years of age.

21 “(ii) As of August 16, 1984, clause (i) shall
22 also apply to a child for whom paternity has not
23 been established or for whom a paternity action was
24 brought but dismissed because a statute of limita-

1 tions of less than 21 years was then in effect in the
2 State.

3 “(B)(i) Procedures under which the State is re-
4 quired, in a contested paternity case, unless other-
5 wise barred by State law, to require the child and
6 all other parties (other than individuals found under
7 section 454(29) to have good cause for refusing to
8 cooperate) to submit to genetic tests upon the re-
9 quest of any such party if the request is supported
10 by a sworn statement by the party—

11 “(I) alleging paternity, and setting forth
12 facts establishing a reasonable possibility of the
13 requisite sexual contact between the parties; or

14 “(II) denying paternity, and setting forth
15 facts establishing a reasonable possibility of the
16 nonexistence of sexual contact between the par-
17 ties.

18 “(ii) Procedures which require the State agency
19 in any case in which the agency orders genetic test-
20 ing—

21 “(I) to pay costs of such tests, subject to
22 recoupment (where the State so elects) from the
23 alleged father if paternity is established; and

24 “(II) to obtain additional testing in any
25 case where an original test result is contested,

1 upon request and advance payment by the con-
2 testant.

3 “(C)(i) Procedures for a simple civil process for
4 voluntarily acknowledging paternity under which the
5 State must provide that, before a mother and a pu-
6 tative father can sign an acknowledgment of pater-
7 nity, the mother and the putative father must be
8 given notice, orally and in writing, of the alter-
9 natives to, the legal consequences of, and the rights
10 (including, if 1 parent is a minor, any rights af-
11 farded due to minority status) and responsibilities
12 that arise from, signing the acknowledgment.

13 “(ii) Such procedures must include a hospital-
14 based program for the voluntary acknowledgment of
15 paternity focusing on the period immediately before
16 or after the birth of a child, subject to such good
17 cause and other exceptions as the State shall estab-
18 lish and taking into account the best interests of the
19 child.

20 “(iii)(I) Such procedures must require the State
21 agency responsible for maintaining birth records to
22 offer voluntary paternity establishment services.

23 “(II)(aa) The Secretary shall prescribe regula-
24 tions governing voluntary paternity establishment

1 services offered by hospitals and birth record agen-
2 cies.

3 “(bb) The Secretary shall prescribe regulations
4 specifying the types of other entities that may offer
5 voluntary paternity establishment services, and gov-
6 erning the provision of such services, which shall in-
7 clude a requirement that such an entity must use
8 the same notice provisions used by, use the same
9 materials used by, provide the personnel providing
10 such services with the same training provided by,
11 and evaluate the provision of such services in the
12 same manner as the provision of such services is
13 evaluated by, voluntary paternity establishment pro-
14 grams of hospitals and birth record agencies.

15 “(iv) Such procedures must require the State to
16 develop and use an affidavit for the voluntary ac-
17 knowledgment of paternity which includes the mini-
18 mum requirements of the affidavit developed by the
19 Secretary under section 452(a)(7) for the voluntary
20 acknowledgment of paternity, and to give full faith
21 and credit to such an affidavit signed in any other
22 State according to its procedures.

23 “(D)(i) Procedures under which the name of
24 the father shall be included on the record of birth
25 of the child only—

1 “(I) if the father and mother have signed
2 a voluntary acknowledgment of paternity; or

3 “(II) pursuant to an order issued in a judi-
4 cial or administrative proceeding.

5 Nothing in this clause shall preclude a State agency
6 from obtaining an admission of paternity from the
7 father for submission in a judicial or administrative
8 proceeding, or prohibit an order issued in a judicial
9 or administrative proceeding which bases a legal
10 finding of paternity on an admission of paternity by
11 the father and any other additional showing required
12 by State law.

13 “(ii) Procedures under which—

14 “(I) a voluntary acknowledgment of pater-
15 nity is considered a legal finding of paternity,
16 subject to the right of any signatory to rescind
17 the acknowledgment within 60 days;

18 “(II) after the 60-day period referred to in
19 subclause (I), a signed voluntary acknowledg-
20 ment of paternity may be challenged in court
21 only on the basis of fraud, duress, or material
22 mistake of fact, with the burden of proof upon
23 the challenger, and under which the legal re-
24 sponsibilities (including child support obliga-
25 tions) of any signatory arising from the ac-

1 knowledge may not be suspended during the
2 challenge, except for good cause shown; and

3 “(III) judicial or administrative proceed-
4 ings are not required or permitted to ratify an
5 unchallenged acknowledgment of paternity.

6 “(E) Procedures under which judicial or admin-
7 istrative proceedings are not required or permitted
8 to ratify an unchallenged acknowledgment of pater-
9 nity.

10 “(F) Procedures—

11 “(i) requiring the admission into evidence,
12 for purposes of establishing paternity, of the re-
13 sults of any genetic test that is—

14 “(I) of a type generally acknowledged
15 as reliable by accreditation bodies des-
16 ignated by the Secretary; and

17 “(II) performed by a laboratory ap-
18 proved by such an accreditation body;

19 “(ii) requiring an objection to genetic test-
20 ing results to be made in writing not later than
21 a specified number of days before any hearing
22 at which the results may be introduced into evi-
23 dence (or, at State option, not later than a
24 specified number of days after receipt of the re-
25 sults); and

1 “(iii) making the test results admissible as
2 evidence of paternity without the need for foun-
3 dation testimony or other proof of authenticity
4 or accuracy, unless objection is made.

5 “(G) Procedures which create a rebuttable or,
6 at the option of the State, conclusive presumption of
7 paternity upon genetic testing results indicating a
8 threshold probability that the alleged father is the
9 father of the child.

10 “(H) Procedures requiring a default order to be
11 entered in a paternity case upon a showing of service
12 of process on the defendant and any additional
13 showing required by State law.

14 “(I) Procedures providing that the parties to an
15 action to establish paternity are not entitled to a
16 trial by jury.

17 “(J) Procedures which require that a temporary
18 order be issued, upon motion by a party, requiring
19 the provision of child support pending an adminis-
20 trative or judicial determination of parentage, where
21 there is clear and convincing evidence of paternity
22 (on the basis of genetic tests or other evidence).

23 “(K) Procedures under which bills for preg-
24 nancy, childbirth, and genetic testing are admissible
25 as evidence without requiring third-party foundation

1 testimony, and shall constitute prima facie evidence
2 of amounts incurred for such services or for testing
3 on behalf of the child.

4 “(L) Procedures ensuring that the putative fa-
5 ther has a reasonable opportunity to initiate a pater-
6 nity action.

7 “(M) Procedures under which voluntary ac-
8 knowledgments and adjudications of paternity by ju-
9 dicial or administrative processes are filed with the
10 State registry of birth records for comparison with
11 information in the State case registry.”.

12 (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-
13 DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is
14 amended by inserting “, and develop an affidavit to be
15 used for the voluntary acknowledgment of paternity which
16 shall include the social security number of each parent”
17 before the semicolon.

18 (c) TECHNICAL AMENDMENT.—Section 468 (42
19 U.S.C. 668) is amended by striking “a simple civil process
20 for voluntarily acknowledging paternity and”.

21 **SEC. 932. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
22 **LISHMENT.**

23 Section 454(23) (42 U.S.C. 654(23)) is amended by
24 inserting “and will publicize the availability and encourage
25 the use of procedures for voluntary establishment of pater-

1 nity and child support by means the State deems appro-
2 priate” before the semicolon.

3 **SEC. 933. COOPERATION BY APPLICANTS FOR AND RECIPI-**
4 **ENTS OF TEMPORARY FAMILY ASSISTANCE.**

5 Section 454 (42 U.S.C. 654), as amended by sections
6 901(b), 904(a), 912(a), and 913(a), is amended—

7 (1) by striking “and” at the end of paragraph
8 (27);

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

11 (3) by inserting after paragraph (28) the fol-
12 lowing new paragraph:

13 “(29) provide that the State agency responsible
14 for administering the State plan—

15 “(A) shall make the determination (and re-
16 determination at appropriate intervals) as to
17 whether an individual who has applied for or is
18 receiving assistance under the State program
19 funded under part A or the State program
20 under title XIX is cooperating in good faith
21 with the State in establishing the paternity of,
22 or in establishing, modifying, or enforcing a
23 support order for, any child of the individual by
24 providing the State agency with the name of,
25 and such other information as the State agency

1 may require with respect to, the noncustodial
2 parent of the child, subject to such good cause
3 and other exceptions as the State shall establish
4 and taking into account the best interests of the
5 child;

6 “(B) shall require the individual to supply
7 additional necessary information and appear at
8 interviews, hearings, and legal proceedings;

9 “(C) shall require the individual and the
10 child to submit to genetic tests pursuant to ju-
11 dicial or administrative order; and

12 “(D) shall promptly notify the individual
13 and the State agency administering the State
14 program funded under part A and the State
15 agency administering the State program under
16 title XIX of each such determination, and if
17 noncooperation is determined, the basis there-
18 fore.”.

19 **Subtitle E—Program**
20 **Administration and Funding**

21 **SEC. 941. PERFORMANCE-BASED INCENTIVES AND PEN-**
22 **ALTIES.**

23 (a) **INCENTIVE PAYMENTS.—**

24 (1) **IN GENERAL.—**Section 458 (42 U.S.C. 658)
25 is amended—

1 (A) in subsection (a), by striking “aid to
2 families” and all through the end period, and
3 inserting “assistance under a program funded
4 under part A, and regardless of the economic
5 circumstances of their parents, the Secretary
6 shall, from the support collected which would
7 otherwise represent the reimbursement to the
8 Federal government under section 457, pay to
9 each State for each fiscal year, on a quarterly
10 basis (as described in subsection (e)) beginning
11 with the quarter commencing October 1, 1999,
12 an incentive payment in an amount determined
13 under subsections (b) and (c).”;

14 (B) by striking subsections (b) and (c) and
15 inserting the following:

16 “(b)(1) Not later than 60 days after the date of the
17 enactment of the Work Opportunity Act of 1995, the Sec-
18 retary shall establish a committee which shall include
19 State directors of programs under this part and which
20 shall develop for the Secretary’s approval a formula for
21 the distribution of incentive payments to the States.

22 “(2) The formula developed and approved under
23 paragraph (1)—

24 “(A) shall result in a percentage of the collec-
25 tions described in subsection (a) being distributed to

1 each State based on the State's comparative per-
2 formance in the following areas and any other areas
3 approved by the Secretary under this subsection:

4 “(i) The IV-D paternity establishment
5 percentage, as defined in section 452(g)(2).

6 “(ii) The percentage of cases with a sup-
7 port order with respect to which services are
8 being provided under the State plan approved
9 under this part.

10 “(iii) The percentage of cases with a sup-
11 port order in which child support is paid with
12 respect to which services are being so provided.

13 “(iv) In cases receiving services under the
14 State plan approved under this part, the
15 amount of child support collected compared to
16 the amount of outstanding child support owed.

17 “(v) The cost-effectiveness of the State
18 program;

19 “(B) shall take into consideration—

20 “(i) the impact that incentives can have on
21 reducing the need to provide public assistance
22 and on permanently removing families from
23 public assistance;

1 “(ii) the need to balance accuracy and fair-
2 ness with simplicity of understanding and data
3 gathering;

4 “(iii) the need to reward performance
5 which improves short- and long-term program
6 outcomes, especially establishing paternity and
7 support orders and encouraging the timely pay-
8 ment of support;

9 “(iv) the Statewide paternity establishment
10 percentage;

11 “(v) baseline data on current performance
12 and projected costs of performance increases to
13 assure that top performing States can actually
14 achieve the top incentive levels with a reason-
15 able resource investment;

16 “(vi) performance outcomes which would
17 warrant an increase in the total incentive pay-
18 ments made to the States; and

19 “(vii) the use or distribution of any portion
20 of the total incentive payments in excess of the
21 total of the payments which may be distributed
22 under subsection (c);

23 “(C) shall be determined so as to distribute to
24 the States total incentive payments equal to the total
25 incentive payments for all States in fiscal year 1994,

1 plus a portion of any increase in the reimbursement
2 to the Federal Government under section 457 from
3 fiscal year 1999 or any other increase based on
4 other performance outcomes approved by the Sec-
5 retary under this subsection;

6 “(D) shall use a definition of the term ‘State’
7 which does not include any area within the jurisdic-
8 tion of an Indian tribal government; and

9 “(E) shall use a definition of the term ‘State-
10 wide paternity establishment percentage’ to mean
11 with respect to a State and a fiscal year—

12 “(i) the total number of children in the
13 State who were born out of wedlock, who have
14 not attained 1 year of age and for whom pater-
15 nity is established or acknowledged during the
16 fiscal year; divided by

17 “(ii) the total number of children born out
18 of wedlock in the State during the fiscal year.

19 “(c) The total amount of the incentives payment
20 made by the Secretary to a State in a fiscal year shall
21 not exceed 90 percent of the total amounts expended by
22 such State during such year for the operation of the plan
23 approved under section 454, less payments to the State
24 pursuant to section 455 for such year.”;

1 (2) in subsection (d), by striking “, and any
2 amounts” through “shall be excluded”.

3 (b) PAYMENTS TO POLITICAL SUBDIVISIONS.—Sec-
4 tion 454(22) (42 U.S.C. 654(22)) is amended by inserting
5 before the semicolon the following: “, but a political sub-
6 division shall not be entitled to receive, and the State may
7 retain, any amount in excess of the amount the political
8 subdivision expends on the State program under this part,
9 less the amount equal to the percentage of that expendi-
10 ture paid by the Secretary under section 455”.

11 (c) CALCULATION OF IV–D PATERNITY ESTABLISH-
12 MENT PERCENTAGE.—

13 (1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is
14 amended—

15 (A) in the matter preceding subparagraph
16 (A) by inserting “its overall performance in
17 child support enforcement is satisfactory (as de-
18 fined in section 458(b) and regulations of the
19 Secretary), and” after “1994,”; and

20 (B) in each of subparagraphs (A) and (B),
21 by striking “75” and inserting “90”.

22 (2) Section 452(g)(2)(A) (42 U.S.C.
23 652(g)(2)(A)) is amended in the matter preceding
24 clause (i)—

1 (A) by striking “paternity establishment
2 percentage” and inserting “IV–D paternity es-
3 tablishment percentage”; and

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

6 (3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
7 amended—

8 (A) by striking subparagraph (A) and re-
9 designating subparagraphs (B) and (C) as sub-
10 paragraphs (A) and (B), respectively;

11 (B) in subparagraph (A) (as so redesign-
12 ated), by striking “the percentage of children
13 born out-of-wedlock in a State” and inserting
14 “the percentage of children in a State who are
15 born out of wedlock or for whom support has
16 not been established”; and

17 (C) in subparagraph (B) (as so redesign-
18 ated)—

19 (i) by inserting “and overall perform-
20 ance in child support enforcement” after
21 “paternity establishment percentages”; and

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

24 (d) EFFECTIVE DATES.—

25 (1) INCENTIVE ADJUSTMENTS.—

1 (A) IN GENERAL.—The amendments made
2 by subsections (a) and (b) shall become effec-
3 tive on the date of the enactment of this Act,
4 except to the extent provided in subparagraph
5 (B).

6 (B) EXCEPTION.—Section 458 of the So-
7 cial Security Act, as in effect before the date of
8 the enactment of this section, shall be effective
9 for purposes of incentive payments to States for
10 fiscal years before fiscal year 2000.

11 (2) PENALTY REDUCTIONS.—The amendments
12 made by subsection (c) shall become effective with
13 respect to calendar quarters beginning on and after
14 the date of the enactment of this Act.

15 **SEC. 942. FEDERAL AND STATE REVIEWS AND AUDITS.**

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

18 (1) in paragraph (14), by striking “(14)” and
19 inserting “(14)(A)”;

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

22 (3) by inserting after paragraph (14) the fol-
23 lowing new paragraph:

24 “(15) provide for—

1 “(A) a process for annual reviews of and
2 reports to the Secretary on the State program
3 operated under the State plan approved under
4 this part, including such information as may be
5 necessary to measure State compliance with
6 Federal requirements for expedited procedures,
7 using such standards and procedures as are re-
8 quired by the Secretary, under which the State
9 agency will determine the extent to which the
10 program is operated in compliance with this
11 part; and

12 “(B) a process of extracting from the auto-
13 mated data processing system required by para-
14 graph (16) and transmitting to the Secretary
15 data and calculations concerning the levels of
16 accomplishment (and rates of improvement)
17 with respect to applicable performance indica-
18 tors (including IV-D paternity establishment
19 percentages and overall performance in child
20 support enforcement) to the extent necessary
21 for purposes of sections 452(g) and 458.”.

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

24 “(4)(A) review data and calculations transmit-
25 ted by State agencies pursuant to section

1 454(15)(B) on State program accomplishments with
2 respect to performance indicators for purposes of
3 subsection (g) of this section and section 458;

4 “(B) review annual reports submitted pursuant
5 to section 454(15)(A) and, as appropriate, provide
6 to the State comments, recommendations for addi-
7 tional or alternative corrective actions, and technical
8 assistance; and

9 “(C) conduct audits, in accordance with the
10 Government auditing standards of the Comptroller
11 General of the United States—

12 “(i) at least once every 3 years (or more
13 frequently, in the case of a State which fails to
14 meet the requirements of this part concerning
15 performance standards and reliability of pro-
16 gram data) to assess the completeness, reliabil-
17 ity, and security of the data, and the accuracy
18 of the reporting systems, used in calculating
19 performance indicators under subsection (g) of
20 this section and section 458;

21 “(ii) of the adequacy of financial manage-
22 ment of the State program operated under the
23 State plan approved under this part, including
24 assessments of—

1 “(I) whether Federal and other funds
2 made available to carry out the State pro-
3 gram are being appropriately expended,
4 and are properly and fully accounted for;
5 and

6 “(II) whether collections and disburse-
7 ments of support payments are carried out
8 correctly and are fully accounted for; and

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

11 (c) **EFFECTIVE DATE.**—The amendments made by
12 this section shall be effective with respect to calendar
13 quarters beginning 12 months or more after the date of
14 the enactment of this Act.

15 **SEC. 943. REQUIRED REPORTING PROCEDURES.**

16 (a) **ESTABLISHMENT.**—Section 452(a)(5) (42 U.S.C.
17 652(a)(5)) is amended by inserting “, and establish proce-
18 dures to be followed by States for collecting and reporting
19 information required to be provided under this part, and
20 establish uniform definitions (including those necessary to
21 enable the measurement of State compliance with the re-
22 quirements of this part relating to expedited processes) to
23 be applied in following such procedures” before the semi-
24 colon.

1 (b) STATE PLAN REQUIREMENT.—Section 454 (42
2 U.S.C. 654), as amended by sections 901(b), 904(a),
3 912(a), 913(a), and 933, is amended—

4 (1) by striking “and” at the end of paragraph
5 (28);

6 (2) by striking the period at the end of para-
7 graph (29) and inserting “; and”; and

8 (3) by adding after paragraph (29) the follow-
9 ing new paragraph:

10 “(30) provide that the State shall use the defi-
11 nitions established under section 452(a)(5) in col-
12 lecting and reporting information as required under
13 this part.”.

14 **SEC. 944. AUTOMATED DATA PROCESSING REQUIREMENTS.**

15 (a) REVISED REQUIREMENTS.—

16 (1) IN GENERAL.—Section 454(16) (42 U.S.C.
17 654(16)) is amended—

18 (A) by striking “, at the option of the
19 State,”;

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

22 (C) by inserting “meeting the requirements
23 of section 454A” after “information retrieval
24 system”;

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

3 (E) by striking “(i)”; and

4 (F) by striking “(including” and all that
5 follows and inserting a semicolon.

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

9 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

10 “(a) IN GENERAL.—In order for a State to meet the
11 requirements of this section, the State agency administer-
12 ing the State program under this part shall have in oper-
13 ation a single statewide automated data processing and
14 information retrieval system which has the capability to
15 perform the tasks specified in this section with the fre-
16 quency and in the manner required by or under this part.

17 “(b) PROGRAM MANAGEMENT.—The automated sys-
18 tem required by this section shall perform such functions
19 as the Secretary may specify relating to management of
20 the State program under this part, including—

21 “(1) controlling and accounting for use of Fed-
22 eral, State, and local funds in carrying out the pro-
23 gram; and

1 “(2) maintaining the data necessary to meet
2 Federal reporting requirements under this part on a
3 timely basis.

4 “(c) CALCULATION OF PERFORMANCE INDICA-
5 TORS.—In order to enable the Secretary to determine the
6 incentive and penalty adjustments required by sections
7 452(g) and 458, the State agency shall—

8 “(1) use the automated system—

9 “(A) to maintain the requisite data on
10 State performance with respect to paternity es-
11 tablishment and child support enforcement in
12 the State; and

13 “(B) to calculate the IV-D paternity es-
14 tablishment percentage and overall performance
15 in child support enforcement for the State for
16 each fiscal year; and

17 “(2) have in place systems controls to ensure
18 the completeness and reliability of, and ready access
19 to, the data described in paragraph (1)(A), and the
20 accuracy of the calculations described in paragraph
21 (1)(B).

22 “(d) INFORMATION INTEGRITY AND SECURITY.—The
23 State agency shall have in effect safeguards on the integ-
24 rity, accuracy, and completeness of, access to, and use of
25 data in the automated system required by this section,

1 which shall include the following (in addition to such other
2 safeguards as the Secretary may specify in regulations):

3 “(1) POLICIES RESTRICTING ACCESS.—Written
4 policies concerning access to data by State agency
5 personnel, and sharing of data with other persons,
6 which—

7 “(A) permit access to and use of data only
8 to the extent necessary to carry out the State
9 program under this part; and

10 “(B) specify the data which may be used
11 for particular program purposes, and the per-
12 sonnel permitted access to such data.

13 “(2) SYSTEMS CONTROLS.—Systems controls
14 (such as passwords or blocking of fields) to ensure
15 strict adherence to the policies described in para-
16 graph (1).

17 “(3) MONITORING OF ACCESS.—Routine mon-
18 itoring of access to and use of the automated sys-
19 tem, through methods such as audit trails and feed-
20 back mechanisms, to guard against and promptly
21 identify unauthorized access or use.

22 “(4) TRAINING AND INFORMATION.—Proce-
23 dures to ensure that all personnel (including State
24 and local agency staff and contractors) who may
25 have access to or be required to use confidential pro-

1 gram data are informed of applicable requirements
2 and penalties (including those in section 6103 of the
3 Internal Revenue Code of 1986), and are adequately
4 trained in security procedures.

5 “(5) PENALTIES.—Administrative penalties (up
6 to and including dismissal from employment) for un-
7 authorized access to, or disclosure or use of, con-
8 fidential data.”.

9 (3) REGULATIONS.—The Secretary of Health
10 and Human Services shall prescribe final regulations
11 for implementation of section 454A of the Social Se-
12 curity Act not later than 2 years after the date of
13 the enactment of this Act.

14 (4) IMPLEMENTATION TIMETABLE.—Section
15 454(24) (42 U.S.C. 654(24)), as amended by sec-
16 tions 904(a)(2) and 912(a)(1), is amended to read
17 as follows:

18 “(24) provide that the State will have in effect
19 an automated data processing and information re-
20 trieval system—

21 “(A) by October 1, 1997, which meets all
22 requirements of this part which were enacted on
23 or before the date of enactment of the Family
24 Support Act of 1988; and

1 “(B) by October 1, 1999, which meets all
2 requirements of this part enacted on or before
3 the date of the enactment of the Work Oppor-
4 tunity Act of 1995, except that such deadline
5 shall be extended by 1 day for each day (if any)
6 by which the Secretary fails to meet the dead-
7 line imposed by section 944(a)(3) of the Work
8 Opportunity Act of 1995.”.

9 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-
10 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—

11 (1) IN GENERAL.—Section 455(a) (42 U.S.C.
12 655(a)) is amended—

13 (A) in paragraph (1)(B)—

14 (i) by striking “90 percent” and in-
15 sserting “the percent specified in paragraph
16 (3)”;

17 (ii) by striking “so much of”; and

18 (iii) by striking “which the Secretary”
19 and all that follows and inserting “, and”;
20 and

21 (B) by adding at the end the following new
22 paragraph:

23 “(3)(A) The Secretary shall pay to each State, for
24 each quarter in fiscal years 1996 and 1997, 90 percent
25 of so much of the State expenditures described in para-

1 graph (1)(B) as the Secretary finds are for a system meet-
2 ing the requirements specified in section 454(16) (as in
3 effect on the day before the date of the enactment of the
4 Work Opportunity Act of 1995), but limited to the amount
5 approved for States in the advance planning documents
6 of such States submitted on or before May 1, 1995.

7 “(B)(i) The Secretary shall pay to each State, for
8 each quarter in fiscal years 1997 through 2001, the per-
9 centage specified in clause (ii) of so much of the State
10 expenditures described in paragraph (1)(B) as the Sec-
11 retary finds are for a system meeting the requirements
12 of sections 454(16) and 454A.

13 “(ii) The percentage specified in this clause is the
14 greater of—

15 “(I) 80 percent; or

16 “(II) the percentage otherwise applicable to
17 Federal payments to the State under subparagraph
18 (A) (as adjusted pursuant to section 458).”.

19 (2) TEMPORARY LIMITATION ON PAYMENTS
20 UNDER SPECIAL FEDERAL MATCHING RATE.—

21 (A) IN GENERAL.—The Secretary of
22 Health and Human Services may not pay more
23 than \$260,000,000 in the aggregate under sec-
24 tion 455(a)(3) of the Social Security Act for fis-
25 cal years 1996, 1997, 1998, 1999, and 2000.

1 (B) ALLOCATION OF LIMITATION AMONG
2 STATES.—The total amount payable to a State
3 under section 455(a)(3) of such Act for fiscal
4 years 1996, 1997, 1998, 1999, and 2000 shall
5 not exceed the limitation determined for the
6 State by the Secretary of Health and Human
7 Services in regulations.

8 (C) ALLOCATION FORMULA.—The regula-
9 tions referred to in subparagraph (B) shall pre-
10 scribe a formula for allocating the amount spec-
11 ified in subparagraph (A) among States with
12 plans approved under part D of title IV of the
13 Social Security Act, which shall take into ac-
14 count—

15 (i) the relative size of State caseloads
16 under such part; and

17 (ii) the level of automation needed to
18 meet the automated data processing re-
19 quirements of such part.

20 (e) CONFORMING AMENDMENT.—Section 123(e) of
21 the Family Support Act of 1988 (102 Stat. 2352; Public
22 Law 100-485) is repealed.

23 **SEC. 945. TECHNICAL ASSISTANCE.**

24 (a) FOR TRAINING OF FEDERAL AND STATE STAFF,
25 RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-

1 CIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFI-
2 CANCE.—Section 452 (42 U.S.C. 652) is amended by add-
3 ing at the end the following new subsection:

4 “(j) Out of any money in the Treasury of the United
5 States not otherwise appropriated, there is hereby appro-
6 priated to the Secretary for each fiscal year an amount
7 equal to 1 percent of the total amount paid to the Federal
8 Government pursuant to section 457(a) during the imme-
9 diately preceding fiscal year (as determined on the basis
10 of the most recent reliable data available to the Secretary
11 as of the end of the 3rd calendar quarter following the
12 end of such preceding fiscal year), to cover costs incurred
13 by the Secretary for—

14 “(1) information dissemination and technical
15 assistance to States, training of State and Federal
16 staff, staffing studies, and related activities needed
17 to improve programs under this part (including tech-
18 nical assistance concerning State automated systems
19 required by this part); and

20 “(2) research, demonstration, and special
21 projects of regional or national significance relating
22 to the operation of State programs under this
23 part.”.

24 (b) OPERATION OF FEDERAL PARENT LOCATOR
25 SERVICE.—Section 453 (42 U.S.C. 653), as amended by

1 section 916(f), is amended by adding at the end the follow-
2 ing new subsection:

3 “(n) Out of any money in the Treasury of the United
4 States not otherwise appropriated, there is hereby appro-
5 priated to the Secretary for each fiscal year an amount
6 equal to 2 percent of the total amount paid to the Federal
7 Government pursuant to section 457(a) during the imme-
8 diately preceding fiscal year (as determined on the basis
9 of the most recent reliable data available to the Secretary
10 as of the end of the 3rd calendar quarter following the
11 end of such preceding fiscal year), to cover costs incurred
12 by the Secretary for operation of the Federal Parent Loca-
13 tor Service under this section, to the extent such costs are
14 not recovered through user fees.”.

15 **SEC. 946. REPORTS AND DATA COLLECTION BY THE SEC-**
16 **RETARY.**

17 (a) ANNUAL REPORT TO CONGRESS.—

18 (1) Section 452(a)(10)(A) (42 U.S.C.
19 652(a)(10)(A)) is amended—

20 (A) by striking “this part;” and inserting
21 “this part, including—”; and

22 (B) by adding at the end the following new
23 clauses:

24 “(i) the total amount of child support
25 payments collected as a result of services

1 furnished during the fiscal year to individ-
2 uals receiving services under this part;

3 “(ii) the cost to the States and to the
4 Federal Government of so furnishing the
5 services; and

6 “(iii) the number of cases involving
7 families—

8 “(I) who became ineligible for as-
9 sistance under State programs funded
10 under part A during a month in the
11 fiscal year; and

12 “(II) with respect to whom a
13 child support payment was received in
14 the month;”.

15 (2) Section 452(a)(10)(C) (42 U.S.C.
16 652(a)(10)(C)) is amended—

17 (A) in the matter preceding clause (i)—

18 (i) by striking “with the data required
19 under each clause being separately stated
20 for cases” and inserting “separately stated
21 for (1) cases”;

22 (ii) by striking “cases where the child
23 was formerly receiving” and inserting “or
24 formerly received”;

- 1 (iii) by inserting “or 1912” after
2 “471(a)(17)”; and
- 3 (iv) by inserting “(2)” before “all
4 other”;
- 5 (B) in each of clauses (i) and (ii), by strik-
6 ing “, and the total amount of such obliga-
7 tions”;
- 8 (C) in clause (iii), by striking “described
9 in” and all that follows and inserting “in which
10 support was collected during the fiscal year;”;
- 11 (D) by striking clause (iv); and
- 12 (E) by redesignating clause (v) as clause
13 (vii), and inserting after clause (iii) the follow-
14 ing new clauses:
- 15 “(iv) the total amount of support col-
16 lected during such fiscal year and distrib-
17 uted as current support;
- 18 “(v) the total amount of support col-
19 lected during such fiscal year and distrib-
20 uted as arrearages;
- 21 “(vi) the total amount of support due
22 and unpaid for all fiscal years; and”.
- 23 (3) Section 452(a)(10)(G) (42 U.S.C.
24 652(a)(10)(G)) is amended by striking “on the use
25 of Federal courts and”.

1 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10))

2 is amended—

3 (A) in subparagraph (H), by striking

4 “and”;

5 (B) in subparagraph (I), by striking the

6 period and inserting “; and”; and

7 (C) by inserting after subparagraph (I) the

8 following new subparagraph:

9 “(J) compliance, by State, with the stand-

10 ards established pursuant to subsections (h)

11 and (i).”.

12 (5) Section 452(a)(10) (42 U.S.C. 652(a)(10))

13 is amended by striking all that follows subparagraph

14 (J), as added by paragraph (4).

15 (b) EFFECTIVE DATE.—The amendments made by

16 subsection (a) shall be effective with respect to fiscal year

17 1996 and succeeding fiscal years.

18 **Subtitle F—Establishment and** 19 **Modification of Support Orders**

20 **SEC. 951. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-** 21 **SION.**

22 (a) ESTABLISHMENT.—There is hereby established a

23 commission to be known as the National Child Support

24 Guidelines Commission (in this section referred to as the

25 “Commission”).

1 ing an institution-affiliated party of such a
2 credit union, as defined in section 206(r) of
3 such Act (12 U.S.C. 1786(r)).

4 (2) The term “financial record” has the mean-
5 ing given such term in section 1101 of the Right to
6 Financial Privacy Act of 1978 (12 U.S.C. 3401).

7 (3) The term “State child support enforcement
8 agency” means a State agency which administers a
9 State program for establishing and enforcing child
10 support obligations.

11 **Subtitle G—Enforcement of** 12 **Support Orders**

13 SEC. 961. INTERNAL REVENUE SERVICE COLLECTION OF 14 ARREARAGES.

15 (a) AMENDMENT TO INTERNAL REVENUE CODE.—
16 Section 6305(a) of the Internal Revenue Code of 1986 (re-
17 lating to collection of certain liability) is amended—

18 (1) by striking “and” at the end of paragraph
19 (3);

20 (2) by striking the period at the end of para-
21 graph (4) and inserting “, and”;

22 (3) by adding at the end the following new
23 paragraph:

24 “(5) no additional fee may be assessed for ad-
25 justments to an amount previously certified pursu-

1 ant to such section 452(b) with respect to the same
2 obligor.”; and

3 (4) by striking “Secretary of Health, Edu-
4 cation, and Welfare” each place it appears and in-
5 serting “Secretary of Health and Human Services”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall become effective October 1, 1997.

8 **SEC. 962. AUTHORITY TO COLLECT SUPPORT FROM FED-**
9 **ERAL EMPLOYEES.**

10 (a) CONSOLIDATION AND STREAMLINING OF AU-
11 THORITIES.—Section 459 (42 U.S.C. 659) is amended to
12 read as follows:

13 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**
14 **WITHHOLDING, GARNISHMENT, AND SIMILAR**
15 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**
16 **SUPPORT AND ALIMONY OBLIGATIONS.**

17 “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-
18 withstanding any other provision of law (including section
19 207 of this Act and section 5301 of title 38, United States
20 Code), effective January 1, 1975, moneys (the entitlement
21 to which is based upon remuneration for employment) due
22 from, or payable by, the United States or the District of
23 Columbia (including any agency, subdivision, or instru-
24 mentality thereof) to any individual, including members
25 of the Armed Forces of the United States, shall be subject,

1 in like manner and to the same extent as if the United
2 States or the District of Columbia were a private person,
3 to withholding in accordance with State law enacted pur-
4 suant to subsections (a)(1) and (b) of section 466 and reg-
5 ulations of the Secretary under such subsections, and to
6 any other legal process brought, by a State agency admin-
7 istering a program under a State plan approved under this
8 part or by an individual obligee, to enforce the legal obliga-
9 tion of the individual to provide child support or alimony.

10 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO
11 PRIVATE PERSON.—With respect to notice to withhold in-
12 come pursuant to subsection (a)(1) or (b) of section 466,
13 or any other order or process to enforce support obliga-
14 tions against an individual (if the order or process con-
15 tains or is accompanied by sufficient data to permit
16 prompt identification of the individual and the moneys in-
17 volved), each governmental entity specified in subsection
18 (a) shall be subject to the same requirements as would
19 apply if the entity were a private person, except as other-
20 wise provided in this section.

21 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE
22 OR PROCESS—

23 “(1) DESIGNATION OF AGENT.—The head of
24 each agency subject to this section shall—

1 “(A) designate an agent or agents to re-
2 ceive orders and accept service of process in
3 matters relating to child support or alimony;
4 and

5 “(B) annually publish in the Federal Reg-
6 ister the designation of the agent or agents,
7 identified by title or position, mailing address,
8 and telephone number.

9 “(2) RESPONSE TO NOTICE OR PROCESS.—If an
10 agent designated pursuant to paragraph (1) of this
11 subsection receives notice pursuant to State proce-
12 dures in effect pursuant to subsection (a)(1) or (b)
13 of section 466, or is effectively served with any
14 order, process, or interrogatory, with respect to an
15 individual’s child support or alimony payment obli-
16 gations, the agent shall—

17 “(A) as soon as possible (but not later
18 than 15 days) thereafter, send written notice of
19 the notice or service (together with a copy of
20 the notice or service) to the individual at the
21 duty station or last-known home address of the
22 individual;

23 “(B) within 30 days (or such longer period
24 as may be prescribed by applicable State law)
25 after receipt of a notice pursuant to such State

1 procedures, comply with all applicable provi-
2 sions of section 466; and

3 “(C) within 30 days (or such longer period
4 as may be prescribed by applicable State law)
5 after effective service of any other such order,
6 process, or interrogatory, respond to the order,
7 process, or interrogatory.

8 “(d) PRIORITY OF CLAIMS.—If a governmental entity
9 specified in subsection (a) receives notice or is served with
10 process, as provided in this section, concerning amounts
11 owed by an individual to more than 1 person—

12 “(1) support collection under section 466(b)
13 must be given priority over any other process, as
14 provided in section 466(b)(7);

15 “(2) allocation of moneys due or payable to an
16 individual among claimants under section 466(b)
17 shall be governed by section 466(b) and the regula-
18 tions prescribed under such section; and

19 “(3) such moneys as remain after compliance
20 with paragraphs (1) and (2) shall be available to
21 satisfy any other such processes on a 1st-come, 1st-
22 served basis, with any such process being satisfied
23 out of such moneys as remain after the satisfaction
24 of all such processes which have been previously
25 served.

1 “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A
2 governmental entity that is affected by legal process
3 served for the enforcement of an individual’s child support
4 or alimony payment obligations shall not be required to
5 vary its normal pay and disbursement cycle in order to
6 comply with the legal process.

7 “(f) RELIEF FROM LIABILITY.—

8 “(1) Neither the United States, nor the govern-
9 ment of the District of Columbia, nor any disbursing
10 officer shall be liable with respect to any payment
11 made from moneys due or payable from the United
12 States to any individual pursuant to legal process
13 regular on its face, if the payment is made in ac-
14 cordance with this section and the regulations issued
15 to carry out this section.

16 “(2) No Federal employee whose duties include
17 taking actions necessary to comply with the require-
18 ments of subsection (a) with regard to any individ-
19 ual shall be subject under any law to any discipli-
20 nary action or civil or criminal liability or penalty
21 for, or on account of, any disclosure of information
22 made by the employee in connection with the carry-
23 ing out of such actions.

24 “(g) REGULATIONS.—Authority to promulgate regu-
25 lations for the implementation of this section shall, insofar

1 as this section applies to moneys due from (or payable
2 by)—

3 “(1) the United States (other than the legisla-
4 tive or judicial branches of the Federal Government)
5 or the government of the District of Columbia, be
6 vested in the President (or the designee of the Presi-
7 dent);

8 “(2) the legislative branch of the Federal Gov-
9 ernment, be vested jointly in the President pro tem-
10 pore of the Senate and the Speaker of the House of
11 Representatives (or their designees), and

12 “(3) the judicial branch of the Federal Govern-
13 ment, be vested in the Chief Justice of the United
14 States (or the designee of the Chief Justice).

15 “(h) MONEYS SUBJECT TO PROCESS.—

16 “(1) IN GENERAL.—Subject to paragraph (2),
17 moneys paid or payable to an individual which are
18 considered to be based upon remuneration for em-
19 ployment, for purposes of this section—

20 “(A) consist of—

21 “(i) compensation paid or payable for
22 personal services of the individual, whether
23 the compensation is denominated as wages,
24 salary, commission, bonus, pay, allowances,

1 or otherwise (including severance pay, sick
2 pay, and incentive pay);

3 “(ii) periodic benefits (including a
4 periodic benefit as defined in section
5 228(h)(3)) or other payments—

6 “(I) under the insurance system
7 established by title II;

8 “(II) under any other system or
9 fund established by the United States
10 which provides for the payment of
11 pensions, retirement or retired pay,
12 annuities, dependents’ or survivors’
13 benefits, or similar amounts payable
14 on account of personal services per-
15 formed by the individual or any other
16 individual;

17 “(III) as compensation for death
18 under any Federal program;

19 “(IV) under any Federal pro-
20 gram established to provide ‘black
21 lung’ benefits; or

22 “(V) by the Secretary of Veter-
23 ans Affairs as pension, or as com-
24 pensation for a service-connected dis-
25 ability or death (except any compensa-

1 tion paid by the Secretary to a mem-
2 ber of the Armed Forces who is in re-
3 ceipt of retired or retainer pay if the
4 member has waived a portion of the
5 retired pay of the member in order to
6 receive the compensation); and

7 “(iii) workers’ compensation benefits
8 paid under Federal or State law; but

9 “(B) do not include any payment—

10 “(i) by way of reimbursement or oth-
11 erwise, to defray expenses incurred by the
12 individual in carrying out duties associated
13 with the employment of the individual; or

14 “(ii) as allowances for members of the
15 uniformed services payable pursuant to
16 chapter 7 of title 37, United States Code,
17 as prescribed by the Secretaries concerned
18 (defined by section 101(5) of such title) as
19 necessary for the efficient performance of
20 duty.

21 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-
22 mining the amount of any moneys due from, or pay-
23 able by, the United States to any individual, there
24 shall be excluded amounts which—

1 “(A) are owed by the individual to the
2 United States;

3 “(B) are required by law to be, and are,
4 deducted from the remuneration or other pay-
5 ment involved, including Federal employment
6 taxes, and fines and forfeitures ordered by
7 court-martial;

8 “(C) are properly withheld for Federal,
9 State, or local income tax purposes, if the with-
10 holding of the amounts is authorized or re-
11 quired by law and if amounts withheld are not
12 greater than would be the case if the individual
13 claimed all dependents to which he was entitled
14 (the withholding of additional amounts pursu-
15 ant to section 3402(i) of the Internal Revenue
16 Code of 1986 may be permitted only when the
17 individual presents evidence of a tax obligation
18 which supports the additional withholding);

19 “(D) are deducted as health insurance pre-
20 miums;

21 “(E) are deducted as normal retirement
22 contributions (not including amounts deducted
23 for supplementary coverage); or

24 “(F) are deducted as normal life insurance
25 premiums from salary or other remuneration

1 for employment (not including amounts de-
2 ducted for supplementary coverage).

3 “(i) DEFINITIONS.—As used in this section:

4 “(1) UNITED STATES.—The term ‘United
5 States’ includes any department, agency, or instru-
6 mentality of the legislative, judicial, or executive
7 branch of the Federal Government, the United
8 States Postal Service, the Postal Rate Commission,
9 any Federal corporation created by an Act of Con-
10 gress that is wholly owned by the Federal Govern-
11 ment, and the governments of the territories and
12 possessions of the United States.

13 “(2) CHILD SUPPORT.—The term ‘child sup-
14 port’, when used in reference to the legal obligations
15 of an individual to provide such support, means peri-
16 odic payments of funds for the support and mainte-
17 nance of a child or children with respect to which
18 the individual has such an obligation, and (subject
19 to and in accordance with State law) includes pay-
20 ments to provide for health care, education, recre-
21 ation, clothing, or to meet other specific needs of
22 such a child or children, and includes attorney’s
23 fees, interest, and court costs, when and to the ex-
24 tent that the same are expressly made recoverable as
25 such pursuant to a decree, order, or judgment issued

1 in accordance with applicable State law by a court
2 of competent jurisdiction.

3 “(3) ALIMONY.—The term ‘alimony’, when used
4 in reference to the legal obligations of an individual
5 to provide the same, means periodic payments of
6 funds for the support and maintenance of the spouse
7 (or former spouse) of the individual, and (subject to
8 and in accordance with State law) includes separate
9 maintenance, alimony pendente lite, maintenance,
10 and spousal support, and includes attorney’s fees,
11 interest, and court costs when and to the extent that
12 the same are expressly made recoverable as such
13 pursuant to a decree, order, or judgment issued in
14 accordance with applicable State law by a court of
15 competent jurisdiction. Such term does not include
16 any payment or transfer of property or its value by
17 an individual to the spouse or a former spouse of the
18 individual in compliance with any community prop-
19 erty settlement, equitable distribution of property, or
20 other division of property between spouses or former
21 spouses.

22 “(4) PRIVATE PERSON.—The term ‘private per-
23 son’ means a person who does not have sovereign or
24 other special immunity or privilege which causes the
25 person not to be subject to legal process.

1 “(5) LEGAL PROCESS.—The term ‘legal proc-
2 ess’ means any writ, order, summons, or other simi-
3 lar process in the nature of garnishment—

4 “(A) which is issued by—

5 “(i) a court of competent jurisdiction
6 in any State, territory, or possession of the
7 United States;

8 “(ii) a court of competent jurisdiction
9 in any foreign country with which the
10 United States has entered into an agree-
11 ment which requires the United States to
12 honor the process; or

13 “(iii) an authorized official pursuant
14 to an order of such a court of competent
15 jurisdiction or pursuant to State or local
16 law; and

17 “(B) which is directed to, and the purpose
18 of which is to compel, a governmental entity
19 which holds moneys which are otherwise pay-
20 able to an individual to make a payment from
21 the moneys to another party in order to satisfy
22 a legal obligation of the individual to provide
23 child support or make alimony payments.”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) TO PART D OF TITLE IV.—Sections 461 and
2 462 (42 U.S.C. 661 and 662) are repealed.

3 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
4 tion 5520a of title 5, United States Code, is amend-
5 ed, in subsections (h)(2) and (i), by striking “sec-
6 tions 459, 461, and 462 of the Social Security Act
7 (42 U.S.C. 659, 661, and 662)” and inserting “sec-
8 tion 459 of the Social Security Act (42 U.S.C.
9 659)”.

10 (c) MILITARY RETIRED AND RETAINER PAY.—

11 (1) DEFINITION OF COURT.—Section
12 1408(a)(1) of title 10, United States Code, is
13 amended—

14 (A) by striking “and” at the end of sub-
15 paragraph (B);

16 (B) by striking the period at the end of
17 subparagraph (C) and inserting “; and”; and

18 (C) by adding after subparagraph (C) the
19 following new subparagraph:

20 “(D) any administrative or judicial tribu-
21 nal of a State competent to enter orders for
22 support or maintenance (including a State
23 agency administering a program under a State
24 plan approved under part D of title IV of the
25 Social Security Act), and, for purposes of this

1 subparagraph, the term ‘State’ includes the
2 District of Columbia, the Commonwealth of
3 Puerto Rico, the Virgin Islands, Guam, and
4 American Samoa.”.

5 (2) DEFINITION OF COURT ORDER.—Section
6 1408(a)(2) of such title is amended by inserting “or
7 a court order for the payment of child support not
8 included in or accompanied by such a decree or set-
9 tlement,” before “which—”.

10 (3) PUBLIC PAYEE.—Section 1408(d) of such
11 title is amended—

12 (A) in the heading, by inserting “(OR FOR
13 BENEFIT OF)” before “SPOUSE OR”; and

14 (B) in paragraph (1), in the 1st sentence,
15 by inserting “(or for the benefit of such spouse
16 or former spouse to a State disbursement unit
17 established pursuant to section 454B of the So-
18 cial Security Act or other public payee des-
19 ignated by a State, in accordance with part D
20 of title IV of the Social Security Act, as di-
21 rected by court order; or as otherwise directed
22 in accordance with such part D)” before “in an
23 amount sufficient”.

1 (4) RELATIONSHIP TO PART D OF TITLE IV.—

2 Section 1408 of such title is amended by adding at

3 the end the following new subsection:

4 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
5 involving an order providing for payment of child support
6 (as defined in section 459(i)(2) of the Social Security Act)
7 by a member who has never been married to the other
8 parent of the child, the provisions of this section shall not
9 apply, and the case shall be subject to the provisions of
10 section 459 of such Act.”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall become effective 6 months after the date
13 of the enactment of this Act.

14 **SEC. 963. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
15 **TIONS OF MEMBERS OF THE ARMED FORCES.**

16 (a) AVAILABILITY OF LOCATOR INFORMATION.—

17 (1) MAINTENANCE OF ADDRESS INFORMA-
18 TION.—The Secretary of Defense shall establish a
19 centralized personnel locator service that includes
20 the address of each member of the Armed Forces
21 under the jurisdiction of the Secretary. Upon re-
22 quest of the Secretary of Transportation, addresses
23 for members of the Coast Guard shall be included in
24 the centralized personnel locator service.

25 (2) TYPE OF ADDRESS.—

1 (A) RESIDENTIAL ADDRESS.—Except as
2 provided in subparagraph (B), the address for
3 a member of the Armed Forces shown in the lo-
4 cator service shall be the residential address of
5 that member.

6 (B) DUTY ADDRESS.—The address for a
7 member of the Armed Forces shown in the loca-
8 tor service shall be the duty address of that
9 member in the case of a member—

10 (i) who is permanently assigned over-
11 seas, to a vessel, or to a routinely
12 deployable unit; or

13 (ii) with respect to whom the Sec-
14 retary concerned makes a determination
15 that the member's residential address
16 should not be disclosed due to national se-
17 curity or safety concerns.

18 (3) UPDATING OF LOCATOR INFORMATION.—
19 Within 30 days after a member listed in the locator
20 service establishes a new residential address (or a
21 new duty address, in the case of a member covered
22 by paragraph (2)(B)), the Secretary concerned shall
23 update the locator service to indicate the new ad-
24 dress of the member.

1 (4) AVAILABILITY OF INFORMATION.—The Sec-
2 retary of Defense shall make information regarding
3 the address of a member of the Armed Forces listed
4 in the locator service available, on request, to the
5 Federal Parent Locator Service established under
6 section 453 of the Social Security Act.

7 (b) FACILITATING GRANTING OF LEAVE FOR AT-
8 TENDANCE AT HEARINGS.—

9 (1) REGULATIONS.—The Secretary of each
10 military department, and the Secretary of Transpor-
11 tation with respect to the Coast Guard when it is
12 not operating as a service in the Navy, shall pre-
13 scribe regulations to facilitate the granting of leave
14 to a member of the Armed Forces under the juris-
15 diction of that Secretary in a case in which—

16 (A) the leave is needed for the member to
17 attend a hearing described in paragraph (2);

18 (B) the member is not serving in or with
19 a unit deployed in a contingency operation (as
20 defined in section 101 of title 10, United States
21 Code); and

22 (C) the exigencies of military service (as
23 determined by the Secretary concerned) do not
24 otherwise require that such leave not be grant-
25 ed.

1 (2) COVERED HEARINGS.—Paragraph (1) ap-
2 plies to a hearing that is conducted by a court or
3 pursuant to an administrative process established
4 under State law, in connection with a civil action—

5 (A) to determine whether a member of the
6 Armed Forces is a natural parent of a child; or

7 (B) to determine an obligation of a mem-
8 ber of the Armed Forces to provide child sup-
9 port.

10 (3) DEFINITIONS.—For purposes of this sub-
11 section:

12 (A) The term “court” has the meaning
13 given that term in section 1408(a) of title 10,
14 United States Code.

15 (B) The term “child support” has the
16 meaning given such term in section 459(i) of
17 the Social Security Act (42 U.S.C. 659(i)).

18 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
19 PLIANCE WITH CHILD SUPPORT ORDERS.—

20 (1) DATE OF CERTIFICATION OF COURT
21 ORDER.—Section 1408 of title 10, United States
22 Code, as amended by section 962(c)(4), is amend-
23 ed—

24 (A) by redesignating subsections (i) and (j)
25 as subsections (j) and (k), respectively; and

1 (B) by inserting after subsection (h) the
2 following new subsection:

3 “(i) CERTIFICATION DATE.—It is not necessary that
4 the date of a certification of the authenticity or complete-
5 ness of a copy of a court order for child support received
6 by the Secretary concerned for the purposes of this section
7 be recent in relation to the date of receipt by the Sec-
8 retary.”.

9 (2) PAYMENTS CONSISTENT WITH ASSIGN-
10 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)
11 of such title is amended by inserting after the 1st
12 sentence the following: “In the case of a spouse or
13 former spouse who assigns to a State the rights of
14 the spouse or former spouse to receive support, the
15 Secretary concerned may make the child support
16 payments referred to in the preceding sentence to
17 that State in amounts consistent with that assign-
18 ment of rights.”.

19 (3) ARREARAGES OWED BY MEMBERS OF THE
20 UNIFORMED SERVICES.—Section 1408(d) of such
21 title is amended by adding at the end the following
22 new paragraph:

23 “(6) In the case of a court order for which effective
24 service is made on the Secretary concerned on or after
25 the date of the enactment of this paragraph and which

1 provides for payments from the disposable retired pay of
2 a member to satisfy the amount of child support set forth
3 in the order, the authority provided in paragraph (1) to
4 make payments from the disposable retired pay of a mem-
5 ber to satisfy the amount of child support set forth in a
6 court order shall apply to payment of any amount of child
7 support arrearages set forth in that order as well as to
8 amounts of child support that currently become due.”.

9 (4) PAYROLL DEDUCTIONS.—The Secretary of
10 Defense shall begin payroll deductions within 30
11 days after receiving notice of withholding, or for the
12 1st pay period that begins after such 30-day period.

13 **SEC. 964. VOIDING OF FRAUDULENT TRANSFERS.**

14 Section 466 (42 U.S.C. 666), as amended by section
15 921, is amended by adding at the end the following new
16 subsection:

17 “(g) In order to satisfy section 454(20)(A), each
18 State must have in effect—

19 “(1)(A) the Uniform Fraudulent Conveyance
20 Act of 1981;

21 “(B) the Uniform Fraudulent Transfer Act of
22 1984; or

23 “(C) another law, specifying indicia of fraud
24 which create a prima facie case that a debtor trans-
25 ferred income or property to avoid payment to a

1 child support creditor, which the Secretary finds af-
2 fords comparable rights to child support creditors;
3 and

4 “(2) procedures under which, in any case in
5 which the State knows of a transfer by a child sup-
6 port debtor with respect to which such a prima facie
7 case is established, the State must—

8 “(A) seek to void such transfer; or

9 “(B) obtain a settlement in the best inter-
10 ests of the child support creditor.”.

11 **SEC. 965. WORK REQUIREMENT FOR PERSONS OWING**
12 **CHILD SUPPORT.**

13 Section 466(a) (42 U.S.C. 666(a)), as amended by
14 sections 901(a), 915, 917(a), and 923, is amended by add-
15 ing at the end the following new paragraph:

16 “(15) Procedures requiring the State, in any
17 case in which an individual owes support with re-
18 spect to a child receiving services under this part, to
19 seek a court order or administrative order that re-
20 quires the individual to—

21 “(A) pay such support in accordance with
22 a plan approved by the court; or

23 “(B) if the individual is not working and
24 is not incapacitated, participate in work activi-
25 ties (including, at State option, work activities

1 as defined in section 482) as the court deems
2 appropriate.”.

3 **SEC. 966. DEFINITION OF SUPPORT ORDER.**

4 Section 453 (42 U.S.C. 653) as amended by sections
5 916 and 945(b), is amended by adding at the end the fol-
6 lowing new subsection:

7 “(o) As used in this part, the term ‘support order’
8 means a judgment, decree, or order, whether temporary,
9 final, or subject to modification, issued by a court or an
10 administrative agency of competent jurisdiction, for the
11 support and maintenance of a child, including a child who
12 has attained the age of majority under the law of the issu-
13 ing State, or a child and the parent with whom the child
14 is living, which provides for monetary support, health care,
15 arrearages, or reimbursement, and which may include re-
16 lated costs and fees, interest and penalties, income with-
17 holding, attorneys’ fees, and other relief.”.

18 **SEC. 967. REPORTING ARREARAGES TO CREDIT BUREAUS.**

19 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
20 to read as follows:

21 “(7)(A) Procedures (subject to safeguards pur-
22 suant to subparagraph (B)) requiring the State to
23 report periodically to consumer reporting agencies
24 (as defined in section 603(f) of the Fair Credit Re-
25 porting Act (15 U.S.C. 1681a(f)) the name of any

1 absent parent who is delinquent in the payment of
2 support, and the amount of overdue support owed by
3 such parent.

4 “(B) Procedures ensuring that, in carrying out
5 subparagraph (A), information with respect to an
6 absent parent is reported—

7 “(i) only after such parent has been af-
8 firmed all due process required under State law,
9 including notice and a reasonable opportunity
10 to contest the accuracy of such information;
11 and

12 “(ii) only to an entity that has furnished
13 evidence satisfactory to the State that the en-
14 tity is a consumer reporting agency.”.

15 **SEC. 968. LIENS.**

16 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended
17 to read as follows:

18 “(4) Procedures under which—

19 “(A) liens arise by operation of law against
20 real and personal property for amounts of over-
21 due support owed by an absent parent who re-
22 sides or owns property in the State; and

23 “(B) the State accords full faith and credit
24 to liens described in subparagraph (A) arising

1 in another State, without registration of the un-
2 derlying order.”.

3 **SEC. 969. STATE LAW AUTHORIZING SUSPENSION OF LI-**
4 **CENSES.**

5 Section 466(a) (42 U.S.C. 666(a)), as amended by
6 sections 915, 917(a), 923, and 965, is amended by adding
7 at the end the following new paragraph:

8 “(16) Procedures under which the State has
9 (and uses in appropriate cases) authority to withhold
10 or suspend, or to restrict the use of, driver’s li-
11 censes, professional and occupational licenses, and
12 recreational licenses of individuals owing overdue
13 support or failing, after receiving appropriate notice,
14 to comply with subpoenas or warrants relating to
15 paternity or child support proceedings.”.

16 **SEC. 970. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
17 **CHILD SUPPORT.**

18 (a) HHS CERTIFICATION PROCEDURE.—

19 (1) SECRETARIAL RESPONSIBILITY.—Section
20 452 (42 U.S.C. 652), as amended by section 945, is
21 amended by adding at the end the following new
22 subsection:

23 “(k)(1) If the Secretary receives a certification by a
24 State agency in accordance with the requirements of sec-
25 tion 454(31) that an individual owes arrearages of child

1 support in an amount exceeding \$5,000, the Secretary
2 shall transmit such certification to the Secretary of State
3 for action (with respect to denial, revocation, or limitation
4 of passports) pursuant to section 470(b) of the Work Op-
5 portunity Act of 1995.

6 “(2) The Secretary shall not be liable to an individual
7 for any action with respect to a certification by a State
8 agency under this section.”.

9 (2) STATE CSE AGENCY RESPONSIBILITY.—Sec-
10 tion 454 (42 U.S.C. 654), as amended by sections
11 901(b), 904(a), 912(b), 913(a), 933, and 943(a), is
12 amended—

13 (A) by striking “and” at the end of para-
14 graph (29);

15 (B) by striking the period at the end of
16 paragraph (30) and inserting “; and”; and

17 (C) by adding after paragraph (30) the fol-
18 lowing new paragraph:

19 “(31) provide that the State agency will have in
20 effect a procedure (which may be combined with the
21 procedure for tax refund offset under section 464)
22 for certifying to the Secretary, for purposes of the
23 procedure under section 452(k) (concerning denial of
24 passports), determinations that individuals owe ar-

1 rearages of child support in an amount exceeding
2 \$5,000, under which procedure—

3 “(A) each individual concerned is afforded
4 notice of such determination and the con-
5 sequences thereof, and an opportunity to con-
6 test the determination; and

7 “(B) the certification by the State agency
8 is furnished to the Secretary in such format,
9 and accompanied by such supporting docu-
10 mentation, as the Secretary may require.”.

11 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL
12 OF PASSPORTS.—

13 (1) IN GENERAL.—The Secretary of State shall,
14 upon certification by the Secretary of Health and
15 Human Services transmitted under section 452(k) of
16 the Social Security Act, refuse to issue a passport to
17 such individual, and may revoke, restrict, or limit a
18 passport issued previously to such individual.

19 (2) LIMIT ON LIABILITY.—The Secretary of
20 State shall not be liable to an individual for any ac-
21 tion with respect to a certification by a State agency
22 under this section.

23 (c) EFFECTIVE DATE.—This section and the amend-
24 ments made by this section shall become effective October
25 1, 1996.

1 **SEC. 971. INTERNATIONAL CHILD SUPPORT ENFORCE-**
2 **MENT.**

3 The Secretary of State is authorized to negotiate re-
4 ciprocal agreements with foreign nations on behalf of the
5 States, territories, and possessions of the United States
6 regarding the international enforcement of child support
7 obligations and designating the Department of Health and
8 Human Services as the central authority for such enforce-
9 ment.

10 **SEC. 972. DENIAL OF MEANS-TESTED FEDERAL BENEFITS**
11 **TO NONCUSTODIAL PARENTS WHO ARE DE-**
12 **LINQUENT IN PAYING CHILD SUPPORT.**

13 (a) **IN GENERAL.**—Notwithstanding any other provi-
14 sion of law, a non-custodial parent who is more than 2
15 months delinquent in paying child support shall not be eli-
16 gible to receive any means-tested Federal benefits.

17 (b) **EXCEPTION.**—

18 (1) **IN GENERAL.**—Subsection (a) shall not
19 apply to an unemployed non-custodial parent who is
20 more than 2 months delinquent in paying child sup-
21 port if such parent—

22 (A) enters into a schedule of repayment for
23 past due child support with the entity that is-
24 sued the underlying child support order; and

1 (B) meets all of the terms of repayment
2 specified in the schedule of repayment as en-
3 forced by the appropriate disbursing entity.

4 (2) 2-YEAR EXCLUSION.—(A) A non-custodial
5 parent who becomes delinquent in child support a
6 second time or any subsequent time shall not be eli-
7 gible to receive any means-tested Federal benefits
8 for a 2-year period beginning on the date that such
9 parent failed to meet such terms.

10 (B) At the end of that two-year period, para-
11 graph (A) shall once again apply to that individual.

12 (c) MEANS-TESTED FEDERAL BENEFITS.— For pur-
13 poses of this section, the term “means-tested Federal ben-
14 efits” means benefits under any program of assistance,
15 funded in whole or in part, by the Federal Government,
16 for which eligibility for benefits is based on need.

17 **SEC. 973. CHILD SUPPORT ENFORCEMENT FOR INDIAN**
18 **TRIBES.**

19 (a) CHILD SUPPORT ENFORCEMENT AGREE-
20 MENTS.—Section 454 (42 U.S.C. 654), as amended by
21 sections 901(b), 904(a), 912(b), 913(a), 933, 943(a), and
22 970(a)(2) is amended—

23 (1) by striking “and” at the end of paragraph
24 (30);

1 (2) by striking the period at the end of para-
2 graph (31) and inserting “; and”; and

3 (3) by adding after paragraph (31) the follow-
4 ing new paragraph:

5 “(32) provide that a State that receives funding
6 pursuant to section 429 and that has within its bor-
7 ders Indian country (as defined in section 1151 of
8 title 18, United States Code) shall, through the
9 State administering agency, make reasonable efforts
10 to enter into cooperative agreements with an Indian
11 tribe or tribal organization (as defined in paragraphs
12 (1) and (2) of section 428(c)), if the Indian tribe or
13 tribal organization demonstrates that such tribe or
14 organization has an established tribal court system
15 or a Court of Indian Offenses with the authority to
16 establish paternity, establish and enforce support or-
17 ders, and to enter support orders in accordance with
18 child support guidelines established by such tribe or
19 organization, under which the State and tribe or or-
20 ganization shall provide for the cooperative delivery
21 of child support enforcement services in Indian coun-
22 try and for the forwarding of all funding collected
23 pursuant to the functions performed by the tribe or
24 organization to the State agency, or conversely, by
25 the State agency to the tribe or organization, which

1 shall distribute such funding in accordance with
2 such agreement.”.

3 (b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES
4 AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C.
5 655) is amended by adding at the end the following new
6 subsection:

7 “(b) The Secretary may, in appropriate cases, make
8 direct payments under this part to an Indian tribe or trib-
9 al organization which has an approved child support en-
10 forcement plan under this title. In determining whether
11 such payments are appropriate, the Secretary shall, at a
12 minimum, consider whether services are being provided to
13 eligible Indian recipients by the State agency through an
14 agreement entered into pursuant to section 454(32). The
15 Secretary shall provide for an appropriate adjustment to
16 the State allotment under this section to take into account
17 any payments made under this subsection to Indian tribes
18 or tribal organizations located within such State.

19 (c) COOPERATIVE ENFORCEMENT AGREEMENTS.—
20 Paragraph (7) of section 454 (42 U.S.C. 654) is amended
21 by inserting “and Indian tribes or tribal organizations (as
22 defined in section 450(b) of title 25, United States Code)”
23 after “law enforcement officials”.

1 **SEC. 974. FINANCIAL INSTITUTION DATA MATCHES.**

2 Section 466(a) (42 U.S.C. 666(a)), as amended by
3 sections 915, 917(a), 923, 965, 969, and 976 is amended
4 by adding at the end the following new paragraph:

5 “(18) Procedures under which the State agency
6 shall enter into agreements with financial institu-
7 tions doing business within the State to develop and
8 operate a data match system, using automated data
9 exchanges to the maximum extent feasible, in which
10 such financial institutions are required to provide for
11 each calendar quarter the name, record address, so-
12 cial security number, and other identifying informa-
13 tion for each absent parent identified by the State
14 who maintains an account at such institution and, in
15 response to a notice of lien or levy, to encumber or
16 surrender, as the case may be, assets held by such
17 institution on behalf of any absent parent who is
18 subject to a child support lien pursuant to para-
19 graph (4). For purposes of this paragraph, the term
20 ‘financial institution’ means Federal and State com-
21 mercial savings banks, including savings and loan
22 associations and cooperative banks, Federal and
23 State chartered credit unions, benefit associations,
24 insurance companies, safe deposit companies,
25 money-market mutual funds, and any similar entity
26 authorized to do business in the State, and the term

1 'account' means a demand deposit account, checking
2 or negotiable withdrawal order account, savings ac-
3 count, time deposit account, or money-market mu-
4 tual fund account.

5 **Subtitle H—Medical Support**

6 **SEC. 975. TECHNICAL CORRECTION TO ERISA DEFINITION** 7 **OF MEDICAL CHILD SUPPORT ORDER.**

8 (a) **IN GENERAL.**—Section 609(a)(2)(B) of the Em-
9 ployee Retirement Income Security Act of 1974 (29
10 U.S.C. 1169(a)(2)(B)) is amended—

11 (1) by striking “issued by a court of competent
12 jurisdiction”;

13 (2) by striking the period at the end of clause
14 (ii) and inserting a comma; and

15 (3) by adding, after and below clause (ii), the
16 following:

17 “if such judgment, decree, or order (I) is issued
18 by a court of competent jurisdiction or (II) is
19 issued through an administrative process estab-
20 lished under State law and has the force and ef-
21 fect of law under applicable State law.”.

22 (b) **EFFECTIVE DATE.**—

23 (1) **IN GENERAL.**—The amendments made by
24 this section shall take effect on the date of the en-
25 actment of this Act.

1 “(B) the operating subsidies that the pub-
2 lic housing agency would have received if para-
3 graph (1) was not applied.”.

4 (c) REPORT.—Not later than 3 years after the date
5 of enactment of this Act, the Comptroller General of the
6 United States shall submit a report to the Congress de-
7 scribing the fiscal and societal impact of the amendment
8 made by subsection (b)(2).

9 (d) REPEAL OF CERTAIN PROVISIONS.—

10 (1) MAXIMUM ANNUAL LIMITATION ON RENT
11 INCREASES RESULTING FROM EMPLOYMENT.—Sec-
12 tion 957 of the Cranston-Gonzalez National Afford-
13 able Housing Act (42 U.S.C. 12714) is repealed ef-
14 fective November 28, 1990.

15 (2) ECONOMIC INDEPENDENCE.—Section 923
16 of the Housing and Community Development Act of
17 1992 (42 U.S.C. 12714 note) is repealed effective
18 October 28, 1992.

19 **SEC. 1003. FAILURE TO COMPLY WITH OTHER WELFARE**
20 **AND PUBLIC ASSISTANCE PROGRAMS.**

21 Title I of the United States Housing Act of 1937 (42
22 U.S.C. 1437 et seq.) is amended by adding at the end
23 the following new section:

1 **“SEC. 27. FAILURE TO COMPLY WITH OTHER WELFARE AND**
2 **PUBLIC ASSISTANCE PROGRAMS.**

3 “(a) **IN GENERAL.**—If the benefits of a family are
4 reduced under a Federal, State, or local law relating to
5 welfare or a public assistance program for the failure of
6 any member of the family to perform an action required
7 under the law or program, the family may not, for the
8 duration of the reduction, receive any increased assistance
9 under this Act as the result of a decrease in the income
10 of the family to the extent that the decrease in income
11 is the result of the benefits reduction.

12 “(b) **EXCEPTION.**—Subsection (a) shall not apply in
13 any case in which the benefits of a family are reduced be-
14 cause the welfare or public assistance program to which
15 the Federal, State, or local law relates limits the period
16 during which benefits may be provided under the pro-
17 gram.”.

18 **SEC. 1004. APPLICABILITY TO INDIAN HOUSING.**

19 (a) **IN GENERAL.**—In accordance with section
20 201(b)(2) of the United States Housing Act of 1937, the
21 amendments made by this title shall apply to public hous-
22 ing developed or operated pursuant to a contract between
23 the Secretary and an Indian housing authority.

24 (b) **DEFINITIONS.**—For purposes of this section—

1 (1) the term “Indian housing authority” has
2 the same meaning as in section 3(b) of the United
3 States Housing Act of 1937;

4 (2) the term “public housing” has the same
5 meaning as in section 3(b) of the United States
6 Housing Act of 1937; and

7 (3) the term “Secretary” means the Secretary
8 of Housing and Urban Development.

9 **SEC. 1005. IMPLEMENTATION.**

10 The Secretary shall issue such regulations as may be
11 necessary to carry out this title and the amendments made
12 by this title.

13 **SEC. 1006. DEMONSTRATION PROJECT FOR ELIMINATION**
14 **OF TAKE-ONE-TAKE-ALL REQUIREMENT.**

15 In order to demonstrate the effects of eliminating the
16 requirement under section 8(t) of the United States Hous-
17 ing Act of 1937, notwithstanding any other provision of
18 law, beginning on the date of enactment of this Act, sec-
19 tion 8(t) of the United States Housing Act of 1937 shall
20 not apply with respect to the multifamily housing project
21 (as such term is defined in section 8(t)(2) of the United
22 States Housing Act of 1937) consisting of the dwelling
23 units located at 2401–2479 Sommerset Circle, in Madi-
24 son, Wisconsin.

1 **SEC. 1007. FRAUD UNDER MEANS-TESTED WELFARE AND**
2 **PUBLIC ASSISTANCE PROGRAMS.**

3 (a) **IN GENERAL.**—If an individual's benefits under
4 a Federal, State, or local law relating to a means-tested
5 welfare or a public assistance program are reduced be-
6 cause of an act of fraud by the individual under the law
7 or program, the individual may not, for the duration of
8 the reduction, receive an increased benefit under any other
9 means-tested welfare or public assistance program for
10 which Federal funds are appropriated as a result of a de-
11 crease in the income of the individual (determined under
12 the applicable program) attributable to such reduction.

13 (b) **WELFARE OR PUBLIC ASSISTANCE PROGRAMS**
14 **FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.**—For
15 purposes of subsection (a), the term “means-tested welfare
16 or public assistance program for which Federal funds are
17 appropriated” shall include the food stamp program under
18 the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any
19 program of public or assisted housing under title I of the
20 United States Housing Act of 1937 (42 U.S.C. 1437 et
21 seq.), and State programs funded under part A of title
22 IV of the Social Security Act (42 U.S.C. 601 et seq.).

23 **SEC. 1008. EFFECTIVE DATE.**

24 This title and the amendments made by this title
25 shall take effect on the date of enactment of this Act.

1 **TITLE XI—CHILD ABUSE**
2 **PREVENTION AND TREATMENT**

3 **SEC. 1101. SHORT TITLE.**

4 This title may be cited as the “Child Abuse Preven-
5 tion and Treatment Act Amendments of 1995”.

6 **Subtitle A—General Program**

7 **SEC. 1111. REFERENCE.**

8 Except as otherwise expressly provided, whenever in
9 this subtitle an amendment or repeal is expressed in terms
10 of an amendment to, or repeal of, a section or other provi-
11 sion, the reference shall be considered to be made to a
12 section or other provision of the Child Abuse Prevention
13 and Treatment Act (42 U.S.C. 5101 et seq.).

14 **SEC. 1112. FINDINGS.**

15 Section 2 (42 U.S.C. 5101 note) is amended—

16 (1) in paragraph (1), the read as follows:

17 “(1) each year, close to 1,000,000 American
18 children are victims of abuse and neglect;”;

19 (2) in paragraph (3)(C), by inserting “assess-
20 ment,” after “prevention,”;

21 (3) in paragraph (4)—

22 (A) by striking “tens of”; and

23 (B) by striking “direct” and all that fol-
24 lows through the semicolon and inserting “tan-

1 gible expenditures, as well as significant intan-
2 gible costs;”;

3 (4) in paragraph (7), by striking “remedy the
4 causes of” and inserting “prevent”;

5 (5) in paragraph (8), by inserting “safety,”
6 after “fosters the health,”;

7 (6) in paragraph (10)—

8 (A) by striking “ensure that every commu-
9 nity in the United States has” and inserting
10 “assist States and communities with”; and

11 (B) by inserting “and family” after “com-
12 prehensive child”; and

13 (7) in paragraph (11)—

14 (A) by striking “child protection” each
15 place that such appears and inserting “child
16 and family protection”; and

17 (B) in subparagraph (D), by striking “suf-
18 ficient”.

19 **SEC. 1113. OFFICE OF CHILD ABUSE AND NEGLECT.**

20 Section 101 (42 U.S.C.5101) is amended to read as
21 follows:

22 **“SEC. 101. OFFICE OF CHILD ABUSE AND NEGLECT.**

23 “(a) ESTABLISHMENT.—The Secretary of Health
24 and Human Services may establish an office to be known
25 as the Office of Child Abuse and Neglect.

1 “(b) **PURPOSE.**—The purpose of the Office estab-
2 lished under subsection (a) shall be to execute and coordi-
3 nate the functions and activities of this Act. In the event
4 that such functions and activities are performed by an-
5 other entity or entities within the Department of Health
6 and Human Services, the Secretary shall ensure that such
7 functions and activities are executed with the necessary
8 expertise and in a fully coordinated manner involving reg-
9 ular intradepartmental and interdepartmental consulta-
10 tion with all agencies involved in child abuse and neglect
11 activities.”.

12 **SEC. 1114. ADVISORY BOARD ON CHILD ABUSE AND NE-**
13 **GLECT.**

14 Section 102 (42 U.S.C.5102) is amended to read as
15 follows:

16 **“SEC. 102. ADVISORY BOARD ON CHILD ABUSE AND NE-**
17 **GLECT.**

18 “(a) **APPOINTMENT.**—The Secretary may appoint an
19 advisory board to make recommendations to the Secretary
20 and to the appropriate committees of Congress concerning
21 specific issues relating to child abuse and neglect.

22 “(b) **SOLICITATION OF NOMINATIONS.**—The Sec-
23 retary shall publish a notice in the Federal Register solici-
24 iting nominations for the appointment of members of the
25 advisory board under subsection (a).

- 1 “(c) COMPOSITION.—In establishing the board under
2 subsection (a), the Secretary shall appoint members from
3 the general public who are individuals knowledgeable in
4 child abuse and neglect prevention, intervention, treat-
5 ment, or research, and with due consideration to represen-
6 tation of ethnic or racial minorities and diverse geographic
7 areas, and who represent—
- 8 “(1) law (including the judiciary);
9 “(2) psychology (including child development);
10 “(3) social services (including child protective
11 services);
12 “(4) medicine (including pediatrics);
13 “(5) State and local government;
14 “(6) organizations providing services to disabled
15 persons;
16 “(7) organizations providing services to adoles-
17 cents;
18 “(8) teachers;
19 “(9) parent self-help organizations;
20 “(10) parents’ groups;
21 “(11) voluntary groups;
22 “(12) family rights groups; and
23 “(13) children’s rights advocates.

1 “(d) VACANCIES.—Any vacancy in the membership of
2 the board shall be filled in the same manner in which the
3 original appointment was made.

4 “(e) ELECTION OF OFFICERS.—The board shall elect
5 a chairperson and vice-chairperson at its first meeting
6 from among the members of the board.

7 “(f) DUTIES.—Not later than 1 year after the estab-
8 lishment of the board under subsection (a), the board shall
9 submit to the Secretary and the appropriate committees
10 of Congress a report, or interim report, containing—

11 “(1) recommendations on coordinating Federal,
12 State, and local child abuse and neglect activities
13 with similar activities at the Federal, State, and
14 local level pertaining to family violence prevention;

15 “(2) specific modifications needed in Federal
16 and State laws and programs to reduce the number
17 of unfounded or unsubstantiated reports of child
18 abuse or neglect while enhancing the ability to iden-
19 tify and substantiate legitimate cases of abuse or ne-
20 glect which place a child in danger; and

21 “(3) recommendations for modifications needed
22 to facilitate coordinated national data collection with
23 respect to child protection and child welfare.”.

24 **SEC. 1115. REPEAL OF INTERAGENCY TASK FORCE.**

25 Section 103 (42 U.S.C.5103) is repealed.

1 SEC. 1116. NATIONAL CLEARINGHOUSE FOR INFORMATION
2 RELATING TO CHILD ABUSE.

3 Section 104 (42 U.S.C.5104) is amended—

4 (1) in subsection (a), to read as follows:

5 “(a) ESTABLISHMENT.—The Secretary shall through
6 the Department, or by one or more contracts of not less
7 than 3 years duration let through a competition, establish
8 a national clearinghouse for information relating to child
9 abuse.”;

10 (2) in subsection (b)—

11 (A) in the matter preceding paragraph (1),
12 by striking “Director” and inserting “Sec-
13 retary”;

14 (B) in paragraph (1)—

15 (i) by inserting “assessment,” after
16 “prevention,”; and

17 (ii) by striking “, including” and all
18 that follows through “105(b)” and insert-
19 ing “and”;

20 (C) in paragraph (2)—

21 (i) in subparagraph (A), by striking
22 “general population” and inserting “Unit-
23 ed States”;

24 (ii) in subparagraph (B), by adding
25 “and” at the end thereof;

1 (iii) in subparagraph (C), by striking
2 “; and” at the end thereof and inserting a
3 period; and

4 (iv) by striking subparagraph (D);
5 and
6 (D) by striking paragraph (3); and

7 (3) in subsection (c)—

8 (A) in the matter preceding paragraph (1),
9 by striking “Director” and inserting “Sec-
10 retary”;

11 (B) in paragraph (2), by striking “that is
12 represented on the task force” and inserting
13 “involved with child abuse and neglect and
14 mechanisms for the sharing of such information
15 among other Federal agencies and clearing-
16 houses”;

17 (C) in paragraph (3), by striking “State,
18 regional” and all that follows and inserting the
19 following: “Federal, State, regional, and local
20 child welfare data systems which shall include:

21 “(A) standardized data on false, un-
22 founded, unsubstantiated, and substantiated re-
23 ports; and

24 “(B) information on the number of deaths
25 due to child abuse and neglect;”;

1 (D) by redesignating paragraph (4) as
2 paragraph (6); and

3 (E) by inserting after paragraph (3), the
4 following new paragraphs:

5 “(4) through a national data collection and
6 analysis program and in consultation with appro-
7 priate State and local agencies and experts in the
8 field, collect, compile, and make available State child
9 abuse and neglect reporting information which, to
10 the extent practical, shall be universal and case spe-
11 cific, and integrated with other case-based foster
12 care and adoption data collected by the Secretary;

13 “(5) compile, analyze, and publish a summary
14 of the research conducted under section 105(a);
15 and”.

16 **SEC. 1117. RESEARCH, EVALUATION AND ASSISTANCE AC-**
17 **TIVITIES.**

18 (a) RESEARCH.—Section 105(a) (42 (42 U.S.C.
19 5105(a)) is amended—

20 (1) in the section heading, by striking “OF
21 THE NATIONAL CENTER ON CHILD ABUSE
22 AND NEGLECT”;

23 (2) in paragraph (1)—

24 (A) in the matter preceding subparagraph
25 (A), by striking “, through the Center, conduct

1 research on” and inserting “, in consultation
2 with other Federal agencies and recognized ex-
3 perts in the field, carry out a continuing inter-
4 disciplinary program of research that is de-
5 signed to provide information needed to better
6 protect children from abuse or neglect and to
7 improve the well-being of abused or neglected
8 children, with at least a portion of such re-
9 search being field initiated. Such research pro-
10 gram may focus on”;

11 (B) by redesignating subparagraphs (A)
12 through (C) as subparagraph (B) through (D),
13 respectively;

14 (C) by inserting before subparagraph (B)
15 (as so redesignated) the following new subpara-
16 graph:

17 “(A) the nature and scope of child abuse
18 and neglect;”;

19 (D) in subparagraph (B) (as so redesign-
20 ated), to read as follows:

21 “(B) causes, prevention, assessment, iden-
22 tification, treatment, cultural and socio-econo-
23 mic distinctions, and the consequences of
24 child abuse and neglect;”;

1 (E) in subparagraph (D) (as so redesignated)—
2

3 (i) by striking clause (ii); and

4 (ii) in clause (iii), to read as follows:

5 “(ii) the incidence of substantiated
6 and unsubstantiated reported child abuse
7 cases;

8 “(iii) the number of substantiated
9 cases that result in a judicial finding of
10 child abuse or neglect or related criminal
11 court convictions;

12 “(iv) the extent to which the number
13 of unsubstantiated, unfounded and false
14 reported cases of child abuse or neglect
15 have contributed to the inability of a State
16 to respond effectively to serious cases of
17 child abuse or neglect;

18 “(v) the extent to which the lack of
19 adequate resources and the lack of adequate
20 training of reporters have contributed
21 to the inability of a State to respond
22 effectively to serious cases of child abuse
23 and neglect;

24 “(vi) the number of unsubstantiated,
25 false, or unfounded reports that have re-

1 sulted in a child being placed in substitute
2 care, and the duration of such placement;

3 “(vii) the extent to which unsubstan-
4 tiated reports return as more serious cases
5 of child abuse or neglect;

6 “(viii) the incidence and prevalence of
7 physical, sexual, and emotional abuse and
8 physical and emotional neglect in sub-
9 stitute care; and

10 “(ix) the incidence and outcomes of
11 abuse allegations reported within the con-
12 text of divorce, custody, or other family
13 court proceedings, and the interaction be-
14 tween this venue and the child protective
15 services system.”; and

16 (3) in paragraph (2)—

17 (A) in subparagraph (A)—

18 (i) by striking “and demonstrations”;

19 and

20 (ii) by striking “paragraph (1)(A) and
21 activities under section 106” and inserting
22 “paragraph (1)”; and

23 (B) in subparagraph (B), by striking “and
24 demonstration”.

1 (b) REPEAL.—Subsection (b) of section 105 (42
2 U.S.C. 5105(b)) is repealed.

3 (c) TECHNICAL ASSISTANCE.—Section 105(c) (42
4 U.S.C. 5105(c)) is amended—

5 (1) by striking “The Secretary” and inserting:

6 “(1) IN GENERAL.—The Secretary”;

7 (2) by striking “, through the Center,”;

8 (3) by inserting “State and local” before “pub-
9 lic and nonprofit”;

10 (4) by inserting “assessment,” before “identi-
11 fication”; and

12 (5) by adding at the end thereof the following
13 new paragraphs:

14 “(2) EVALUATION.—Such technical assistance
15 may include an evaluation or identification of—

16 “(A) various methods and procedures for
17 the investigation, assessment, and prosecution
18 of child physical and sexual abuse cases;

19 “(B) ways to mitigate psychological trau-
20 ma to the child victim; and

21 “(C) effective programs carried out by the
22 States under titles I and II.

23 “(3) DISSEMINATION.—The Secretary may pro-
24 vide for and disseminate information relating to var-

1 ious training resources available at the State and
2 local level to—

3 “(A) individuals who are engaged, or who
4 intend to engage, in the prevention, identifica-
5 tion, and treatment of child abuse and neglect;
6 and

7 “(B) appropriate State and local officials
8 to assist in training law enforcement, legal, ju-
9 dicial, medical, mental health, education, and
10 child welfare personnel in appropriate methods
11 of interacting during investigative, administra-
12 tive, and judicial proceedings with children who
13 have been subjected to abuse.”.

14 (d) GRANTS AND CONTRACTS.—Section 105(d)(2)
15 (42 U.S.C. 5105(d)(2)) is amended by striking the second
16 sentence.

17 (e) PEER REVIEW.—Section 105(e) (42 U.S.C.
18 5105(e)) is amended—

19 (1) in paragraph (1)—

20 (A) in subparagraph (A)—

21 (i) by striking “establish a formal”
22 and inserting “, in consultation with ex-
23 perts in the field and other federal agen-
24 cies, establish a formal, rigorous, and meri-
25 torious”;

1 (ii) by striking “and contracts”; and

2 (iii) by adding at the end thereof the
3 following new sentence: “The purpose of
4 this process is to enhance the quality and
5 usefulness of research in the field of child
6 abuse and neglect.”; and

7 (B) in subparagraph (B)—

8 (i) by striking “Office of Human De-
9 velopment” and inserting “Administration
10 for Children and Families”; and

11 (ii) by adding at the end thereof the
12 following new sentence: “The Secretary
13 shall ensure that the peer review panel uti-
14 lizes scientifically valid review criteria and
15 scoring guidelines for review committees.”;
16 and

17 (2) in paragraph (2)—

18 (A) in the matter preceding subparagraph
19 (A), by striking “, contract, or other financial
20 assistance”; and

21 (B) by adding at the end thereof the fol-
22 lowing flush sentence:

23 “The Secretary shall award grants under this sec-
24 tion on the basis of competitive review.”.

1 SEC. 1118. GRANTS FOR DEMONSTRATION PROGRAMS.

2 Section 106 (42 U.S.C. 5106) is amended—

3 (1) in the section heading, by striking “OR
4 SERVICE”;

5 (2) in subsection (a), to read as follows:

6 “(a) DEMONSTRATION PROGRAMS AND PROJECTS.—

7 The Secretary may make grants to, and enter into con-
8 tracts with, public agencies or nonprofit private agencies
9 or organizations (or combinations of such agencies or or-
10 ganizations) for time limited, demonstration programs and
11 projects for the following purposes:

12 “(1) TRAINING PROGRAMS.—The Secretary
13 may award grants to public or private non-profit or-
14 ganizations under this section—

15 “(A) for the training of professional and
16 paraprofessional personnel in the fields of medi-
17 cine, law, education, social work, and other rel-
18 evant fields who are engaged in, or intend to
19 work in, the field of prevention, identification,
20 and treatment of child abuse and neglect, in-
21 cluding the links between domestic violence and
22 child abuse;

23 “(B) to provide culturally specific instruc-
24 tion in methods of protecting children from
25 child abuse and neglect to children and to per-
26 sons responsible for the welfare of children, in-

1 including parents of and persons who work with
2 children with disabilities;

3 “(C) to improve the recruitment, selection,
4 and training of volunteers serving in private
5 and public nonprofit children, youth and family
6 service organizations in order to prevent child
7 abuse and neglect through collaborative analysis
8 of current recruitment, selection, and training
9 programs and development of model programs
10 for dissemination and replication nationally;
11 and

12 “(D) for the establishment of resource cen-
13 ters for the purpose of providing information
14 and training to professionals working in the
15 field of child abuse and neglect.

16 “(2) MUTUAL SUPPORT PROGRAMS.—The Sec-
17 retary may award grants to private non-profit orga-
18 nizations (such as Parents Anonymous) to establish
19 or maintain a national network of mutual support
20 and self-help programs as a means of strengthening
21 families in partnership with their communities.

22 “(3) OTHER INNOVATIVE PROGRAMS AND
23 PROJECTS.—

24 “(A) IN GENERAL.—The Secretary may
25 award grants to public agencies that dem-

1 onstrate innovation in responding to reports of
2 child abuse and neglect including programs of
3 collaborative partnerships between the State
4 child protective service agency, community so-
5 cial service agencies and family support pro-
6 grams, schools, churches and synagogues, and
7 other community agencies to allow for the es-
8 tablishment of a triage system that—

9 “(i) accepts, screens and assesses re-
10 ports received to determine which such re-
11 ports require an intensive intervention and
12 which require voluntary referral to another
13 agency, program or project;

14 “(ii) provides, either directly or
15 through referral, a variety of community-
16 linked services to assist families in prevent-
17 ing child abuse and neglect; and

18 “(iii) provides further investigation
19 and intensive intervention where the child’s
20 safety is in jeopardy.

21 “(B) KINSHIP CARE.—The Secretary may
22 award grants to public entities to assist such
23 entities in developing or implementing proce-
24 dures using adult relatives as the preferred
25 placement for children removed from their

1 home, where such relatives are determined to be
2 capable of providing a safe nurturing environ-
3 ment for the child or where such relatives com-
4 ply with the State child protection standards.

5 “(C) VISITATION CENTERS.—The Sec-
6 retary may award grants to public or private
7 nonprofit entities to assist such entities in the
8 establishment or operation of supervised visita-
9 tion centers where there is documented, highly
10 suspected, or elevated risk of child sexual, phys-
11 ical, or emotional abuse where, due to domestic
12 violence, there is an ongoing risk of harm to a
13 parent or child.”;

14 (3) in subsection (c), by striking paragraphs (1)
15 and (2); and

16 (4) by adding at the end thereof the following
17 new subsection:

18 “(d) EVALUATION.—In making grants for dem-
19 onstration projects under this section, the Secretary shall
20 require all such projects to be evaluated for their effective-
21 ness. Funding for such evaluations shall be provided either
22 as a stated percentage of a demonstration grant or as a
23 separate grant entered into by the Secretary for the pur-
24 pose of evaluating a particular demonstration project or
25 group of projects.”.

1 **SEC. 1172. VICTIMS OF CHILD ABUSE ACT OF 1990.**

2 Section 214B of the Victims of Child Abuse Act of
3 1990 (42 U.S.C. 13004) is amended—

4 (1) in subsection (a)(2), by striking “and 1996”
5 and inserting “1996, and 1997”; and

6 (2) in subsection (b)(2), by striking “and
7 1996” and inserting “1996 and 1997”.

8 **TITLE XII—REDUCTIONS IN FED-**
9 **ERAL GOVERNMENT POSI-**
10 **TIONS**

11 **SEC. 1201. REDUCTIONS.**

12 (a) **DEFINITIONS.**—As used in this section:

13 (1) **APPROPRIATE EFFECTIVE DATE.**—The term
14 “appropriate effective date”, used with respect to a
15 Department referred to in this section, means the
16 date on which all provisions of this Act that the De-
17 partment is required to carry out, and amendments
18 and repeals made by this Act to provisions of Fed-
19 eral law that the Department is required to carry
20 out, are effective.

21 (2) **COVERED ACTIVITY.**—The term “covered
22 activity”, used with respect to a Department re-
23 ferred to in this section, means an activity that the
24 Department is required to carry out under—

25 (A) a provision of this Act; or

1 (B) a provision of Federal law that is
2 amended or repealed by this Act.

3 (b) REPORTS.—

4 (1) CONTENTS.—Not later than December 31,
5 1995, each Secretary referred to in paragraph (2)
6 shall prepare and submit to the relevant committees
7 described in paragraph (3) a report containing—

8 (A) the determinations described in sub-
9 section (c);

10 (B) appropriate documentation in support
11 of such determinations; and

12 (C) a description of the methodology used
13 in making such determinations.

14 (2) SECRETARY.—The Secretaries referred to in
15 this paragraph are—

16 (A) the Secretary of Agriculture;

17 (B) the Secretary of Education;

18 (C) the Secretary of Labor;

19 (D) the Secretary of Housing and Urban
20 Development; and

21 (E) the Secretary of Health and Human
22 Services.

23 (3) RELEVANT COMMITTEES.—The relevant
24 Committees described in this paragraph are the fol-
25 lowing:

1 (A) With respect to each Secretary de-
2 scribed in paragraph (2), the Committee on
3 Government Reform and Oversight of the
4 House of Representatives and the Committee
5 on Governmental Affairs of the Senate.

6 (B) With respect to the Secretary of Agri-
7 culture, the Committee on Agriculture and the
8 Committee on Economic and Educational Op-
9 portunities of the House of Representatives and
10 the Committee on Agriculture, Nutrition, and
11 Forestry of the Senate.

12 (C) With respect to the Secretary of Edu-
13 cation, the Committee on Economic and Edu-
14 cational Opportunities of the House of Rep-
15 resentatives and the Committee on Labor and
16 Human Resources of the Senate.

17 (D) With respect to the Secretary of
18 Labor, the Committee on Economic and Edu-
19 cational Opportunities of the House of Rep-
20 resentatives and the Committee on Labor and
21 Human Resources of the Senate.

22 (E) With respect to the Secretary of Hous-
23 ing and Urban Development, the Committee on
24 Banking and Financial Services of the House of

1 Representatives and the Committee on Bank-
2 ing, Housing, and Urban Affairs of the Senate.

3 (F) With respect to the Secretary of
4 Health and Human Services, the Committee on
5 Economic and Educational Opportunities of the
6 House of Representatives, the Committee on
7 Labor and Human Resources of the Senate, the
8 Committee on Ways and Means of the House of
9 Representatives, and the Committee on Finance
10 of the Senate.

11 (4) REPORT ON CHANGES.—Not later than De-
12 cember 31, 1996, and each December 31 thereafter,
13 each Secretary referred to in paragraph (2) shall
14 prepare and submit to the relevant Committees de-
15 scribed in paragraph (3), a report concerning any
16 changes with respect to the determinations made
17 under subsection (c) for the year in which the report
18 is being submitted.

19 (c) DETERMINATIONS.—Not later than December 31,
20 1995, each Secretary referred to in subsection (b)(2) shall
21 determine—

22 (1) the number of full-time equivalent positions
23 required by the Department (or the Federal Part-
24 nership established under section 771) headed by
25 such Secretary to carry out the covered activities of

1 the Department (or Federal Partnership), as of the
2 day before the date of enactment of this Act;

3 (2) the number of such positions required by
4 the Department (or Federal Partnership) to carry
5 out the activities, as of the appropriate effective date
6 for the Department (or Federal Partnership); and

7 (3) the difference obtained by subtracting the
8 number referred to in paragraph (2) from the num-
9 ber referred to in paragraph (1).

10 (d) ACTIONS.—Not later than 30 days after the ap-
11 propriate effective date for the Department involved, each
12 Secretary referred to in subsection (b)(2) shall take such
13 actions as may be necessary, including reduction in force
14 actions, consistent with sections 3502 and 3595 of title
15 5, United States Code, to reduce the number of positions
16 of personnel of the Department by at least the difference
17 referred to in subsection (c)(3).

18 (e) CONSISTENCY.—

19 (1) EDUCATION.—The Secretary of Education
20 shall carry out this section in a manner that enables
21 the Secretary to meet the requirements of this sec-
22 tion and section 776(i)(2).

23 (2) LABOR.—The Secretary of Labor shall
24 carry out this section in a manner that enables the

1 Secretary to meet the requirements of this section
2 and section 776(i)(2).

3 (3) HEALTH AND HUMAN SERVICES.—The Sec-
4 retary of Health and Human Services shall carry out
5 this section in a manner that enables the Secretary
6 to meet the requirements of this section and section
7 1202.

8 (f) CALCULATION.—In determining, under subsection
9 (c), the number of full-time equivalent positions required
10 by a Department to carry out a covered activity, a Sec-
11 retary referred to in subsection (b)(2), shall include the
12 number of such positions occupied by personnel carrying
13 out program functions or other functions (including budg-
14 etary, legislative, administrative, planning, evaluation, and
15 legal functions) related to the activity.

16 (g) GENERAL ACCOUNTING OFFICE REPORT.—Not
17 later than July 1, 1996, the Comptroller General of the
18 United States shall prepare and submit to the committees
19 described in subsection (b)(3), a report concerning the de-
20 terminations made by each Secretary under subsection (c).
21 Such report shall contain an analysis of the determina-
22 tions made by each Secretary under subsection (c) and
23 a determination as to whether further reductions in full-
24 time equivalent positions are appropriate.

1 **SEC. 1202. REDUCTIONS IN FEDERAL BUREAUCRACY.**

2 (a) **IN GENERAL.**—The Secretary of Health and
3 Human Services shall reduce the Federal workforce within
4 the Department of Health and Human Services by an
5 amount equal to the sum of—

6 (1) 75 percent of the full-time equivalent posi-
7 tions at each such Department that relate to any di-
8 rect spending program, or any program funded
9 through discretionary spending, that has been con-
10 verted into a block grant program under this Act
11 and the amendments made by this Act; and

12 (2) an amount equal to 75 percent of that por-
13 tion of the total full-time equivalent departmental
14 management positions at each such Department that
15 bears the same relationship to the amount appro-
16 priated for the programs referred to in paragraph
17 (1) as such amount relates to the total amount ap-
18 propriated for use by each such Department.

19 (b) **REDUCTIONS IN THE DEPARTMENT OF HEALTH**
20 **AND HUMAN SERVICES.**—Notwithstanding any other pro-
21 vision of this Act, the Secretary of Health and Human
22 Services shall take such actions as may be necessary, in-
23 cluding reductions in force actions, consistent with sec-
24 tions 3502 and 3595 of title 5, United States Code, to
25 reduce the full-time equivalent positions within the De-
26 partment of Health and Human Services—

1 (1) by 245 full-time equivalent positions related
2 to the program converted into a block grant under
3 the amendment made by section 101(b); and

4 (2) by 60 full-time equivalent managerial posi-
5 tions in the Department.

6 **SEC. 1203. REDUCING PERSONNEL IN WASHINGTON, DC,**
7 **AREA.**

8 In making reductions in full-time equivalent posi-
9 tions, the Secretary is encouraged to reduce personnel in
10 the Washington, DC, area office (agency headquarters)
11 before reducing field personnel.

12 **TITLE XIII—MISCELLANEOUS**
13 **PROVISIONS**

14 **SEC. 1301. EXPENDITURE OF FEDERAL FUNDS IN ACCORD-**
15 **ANCE WITH LAWS AND PROCEDURES APPLI-**
16 **CABLE TO EXPENDITURE OF STATE FUNDS.**

17 (a) **IN GENERAL.**—Notwithstanding any other provi-
18 sion of law, any funds received by a State under the provi-
19 sions of law specified in subsection (b) shall be expended
20 only in accordance with the laws and procedures applicable
21 to expenditures of the State's own revenues, including ap-
22 propriation by the State legislature, consistent with the
23 terms and conditions required under such provisions of
24 law.

1 (b) PROVISIONS OF LAW.—The provisions of law
2 specified in this subsection are the following:

3 (1) Part A of title IV of the Social Security Act
4 (relating to block grants for temporary assistance to
5 needy families).

6 (2) Section 25 of the Food Stamp Act of 1977
7 (relating to the optional State food assistance block
8 grant).

9 (3) The Child Care and Development Block
10 Grant Act of 1990 (relating to block grants for child
11 care).

12 **SEC. 1302. ELIMINATION OF HOUSING ASSISTANCE WITH**
13 **RESPECT TO FUGITIVE FELONS AND PROBA-**
14 **TION AND PAROLE VIOLATORS.**

15 (a) ELIGIBILITY FOR ASSISTANCE.—The United
16 States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is
17 amended—

18 (1) in section 6(l)—

19 (A) in paragraph (5), by striking “and” at
20 the end;

21 (B) in paragraph (6), by striking the pe-
22 riod at the end and inserting “; and”; and

23 (C) by inserting immediately after para-
24 graph (6) the following new paragraph:

1 “(7) provide that it shall be cause for imme-
2 diate termination of the tenancy of a public housing
3 tenant if such tenant—

4 “(A) is fleeing to avoid prosecution, or cus-
5 tody or confinement after conviction, under the
6 laws of the place from which the individual
7 flees, for a crime, or attempt to commit a
8 crime, which is a felony under the laws of the
9 place from which the individual flees, or which,
10 in the case of the State of New Jersey, is a
11 high misdemeanor under the laws of such State;
12 or

13 “(2) is violating a condition of probation or pa-
14 role imposed under Federal or State law.”; and

15 (2) in section 8(d)(1)(B)—

16 (A) in clause (iii), by striking “and” at the
17 end;

18 (B) in clause (iv), by striking the period at
19 the end and inserting “; and”; and

20 (C) by adding after clause (iv) the follow-
21 ing new clause:

22 “(v) it shall be cause for termination
23 of the tenancy of a tenant if such tenant—

24 “(I) is fleeing to avoid prosecu-
25 tion, or custody or confinement after

1 conviction, under the laws of the place
2 from which the individual flees, for a
3 crime, or attempt to commit a crime,
4 which is a felony under the laws of
5 the place from which the individual
6 flees, or which, in the case of the
7 State of New Jersey, is a high mis-
8 demeanor under the laws of such
9 State; or

10 “(II) is violating a condition of
11 probation or parole imposed under
12 Federal or State law;”.

13 (b) PROVISION OF INFORMATION TO LAW ENFORCE-
14 MENT AGENCIES.—Section 28 of the United States Hous-
15 ing Act of 1937, as added by section 504(c) of this Act,
16 is amended by adding at the end the following new sub-
17 section:

18 “(b) EXCHANGE OF INFORMATION WITH LAW EN-
19 FORCEMENT AGENCIES.—Notwithstanding any other pro-
20 vision of law, each public housing agency that enters into
21 a contract for assistance under section 6 or 8 of this Act
22 with the Secretary shall furnish any Federal, State, or
23 local law enforcement officer, upon the request of the offi-
24 cer, with the current address, Social Security number, and

1 photograph (if applicable) of any recipient of assistance
2 under this Act, if the officer—

3 “(1) furnishes the public housing agency with
4 the name of the recipient; and

5 “(2) notifies the agency that—

6 “(A) such recipient—

7 “(i) is fleeing to avoid prosecution, or
8 custody or confinement after conviction,
9 under the laws of the place from which the
10 individual flees, for a crime, or attempt to
11 commit a crime, which is a felony under
12 the laws of the place from which the indi-
13 vidual flees, or which, in the case of the
14 State of New Jersey, is a high mis-
15 demeanor under the laws of such State; or

16 “(ii) is violating a condition of proba-
17 tion or parole imposed under Federal or
18 State law; or

19 “(iii) has information that is nec-
20 essary for the officer to conduct the offi-
21 cer’s official duties;

22 “(B) the location or apprehension of the
23 recipient is within such officer’s official duties;
24 and

1 “(C) the request is made in the proper ex-
2 ercise of the officer’s official duties.”.

3 **SEC. 1303. SENSE OF THE SENATE REGARDING ENTER-**
4 **PRISE ZONES.**

5 (a) **FINDINGS.**—The Senate finds that—

6 (1) many of the Nation’s urban centers are
7 places with high levels of poverty, high rates of wel-
8 fare dependency, high crime rates, poor schools, and
9 joblessness;

10 (2) Federal tax incentives and regulatory re-
11 forms can encourage economic growth, job creation
12 and small business formation in many urban centers;

13 (3) encouraging private sector investment in
14 America’s economically distressed urban and rural
15 areas is essential to breaking the cycle of poverty
16 and the related ills of crime, drug abuse, illiteracy,
17 welfare dependency, and unemployment; and

18 (4) the empowerment zones enacted in 1993
19 should be enhanced by providing incentives to in-
20 crease entrepreneurial growth, capital formation, job
21 creation, educational opportunities, and home owner-
22 ship in the designated communities and zones.

23 (b) **SENSE OF THE SENATE.**—Therefore, it is the
24 Sense of the Senate that the Congress should adopt enter-
25 prise zone legislation in the One Hundred Fourth Con-

1 gress, and that such enterprise zone legislation provide the
2 following incentives and provisions:

3 (1) Federal tax incentives that expand access to
4 capital, increase the formation and expansion of
5 small businesses, and promote commercial revitaliza-
6 tion.

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

14 (3) Home ownership incentives and grants to
15 encourage resident management of public housing
16 and home ownership of public housing.

17 (4) School reform pilot projects in certain des-
18 ignated enterprise zones to provide low-income par-
19 ents with new and expanded educational options for
20 their children's elementary and secondary schooling.

21 **SEC. 1304. SENSE OF THE SENATE REGARDING THE INABIL-**
22 **ITY OF THE NON-CUSTODIAL PARENT TO PAY**
23 **CHILD SUPPORT.**

24 It is the sense of the Senate that—

1 (a) States should diligently continue their efforts to
2 enforce child support payments by the non-custodial par-
3 ent to the custodial parent, regardless of the employment
4 status or location of the non-custodial parent; and

5 (b) States are encouraged to pursue pilot programs
6 in which the parents of a non-adult, non-custodial parent
7 who refuses to or is unable to pay child support must—

8 (1) pay or contribute to the child support owed
9 by the non-custodial parent; or

10 (2) otherwise fulfill all financial obligations and
11 meet all conditions imposed on the non-custodial
12 parent, such as participation in a work program or
13 other related activity.

14 **SEC. 1305. FOOD STAMP ELIGIBILITY.**

15 Section 6(f) of the Food Stamp Act of 1977 (7
16 U.S.C. 2015(f)) is amended by striking the third sentence
17 and inserting the following:

18 “The State agency shall, at its option, consider either
19 all income and financial resources of the individual ren-
20 dered ineligible to participate in the food stamp program
21 under this subsection, or such income, less a pro rata
22 share, and the financial resources of the ineligible individ-
23 ual, to determine the eligibility and the value of the allot-
24 ment of the household of which such individual is a mem-
25 ber.”.

1 SEC. 1306. SENSE OF THE SENATE ON LEGISLATIVE AC-
2 COUNTABILITY FOR UNFUNDED MANDATES
3 IN WELFARE REFORM LEGISLATION.

4 (a) FINDINGS.—The Senate finds that the purposes
5 of the Unfunded Mandates Reform Act of 1995 are—

6 (1) to strengthen the partnership between the
7 Federal Government and State, local and tribal gov-
8 ernments;

9 (2) to end the imposition, in the absence of full
10 consideration by Congress, of Federal mandates on
11 State, local and tribal governments without adequate
12 Federal funding, in a manner that may displace
13 other essential State, local and tribal governmental
14 priorities;

15 (3) to assist Congress in its consideration of
16 proposed legislation establishing or revising Federal
17 programs containing Federal mandates affecting
18 State, local and tribal governments, and the private
19 sector by—

20 (A) providing for the development of infor-
21 mation about the nature and size of mandates
22 in proposed legislation; and

23 (B) establishing a mechanism to bring
24 such information to the attention of the Senate
25 and the House of Representatives before the

1 Senate and the House of Representatives vote
2 on proposed legislation;

3 (4) to promote informed and deliberate deci-
4 sions by Congress on the appropriateness of Federal
5 mandates in any particular instance; and

6 (5) to require that Congress consider whether
7 to provide funding to assist State, local and tribal
8 governments in complying with Federal mandates.

9 (b) SENSE OF THE SENATE.—It is the sense of the
10 Senate that prior to the Senate acting on the conference
11 report on either H.R. 4 or any other legislation including
12 welfare reform provisions, the Congressional Budget Of-
13 fice shall prepare an analysis of the conference report to
14 include—

15 (1) estimates, over each of the next 7 fiscal
16 years, by State and in total, of—

17 (A) the costs to States of meeting all work
18 requirements in the conference report, including
19 those for single-parent families, two-parent
20 families, and those who have received cash as-
21 sistance for 2 years;

22 (B) the resources available to the States to
23 meet these work requirements, defined as Fed-
24 eral appropriations authorized in the conference
25 report for this purpose in addition to what

1 States are projected to spend under current
2 welfare law;

3 (C) the amount of any additional revenue
4 needed by the States to meet the work require-
5 ments in the conference report, beyond re-
6 sources available as defined under subpara-
7 graph (b)(1)(B);

8 (2) an estimate, based on the analysis in para-
9 graph (b)(1), of how many States would opt to pay
10 any penalty provided for by the conference report
11 rather than raise the additional revenue needed to
12 meet the work requirements in the conference re-
13 port; and

14 (3) estimates, over each of the next 7 fiscal
15 years, of the costs to States of any other require-
16 ments imposed on them by such legislation.

17 **SEC. 1307. SENSE OF THE SENATE REGARDING COMPETI-**
18 **TIVE BIDDING FOR INFANT FORMULA.**

19 (a) **IN GENERAL.**—The Senate finds that—

20 (1) the Federal Supplemental Nutrition Pro-
21 gram for Women, Infants and Children (WIC) is a
22 proven success story, providing special nutrition and
23 health assistance to at-risk pregnant women, infants
24 and children;

1 (2) WIC has been shown to reduce the inci-
2 dence of fetal death, low birthweight, infant mortal-
3 ity and anemia, to increase the nutritional and
4 health status of pregnant women, infants and chil-
5 dren and to improve the cognitive development of in-
6 fants and children;

7 (3) research has shown that each dollar spent
8 on WIC for pregnant women results in savings of
9 \$1.92 to \$4.21 in medicaid expenditures;

10 (4) because of funding limitations not all indi-
11 viduals eligible for WIC assistance are served by the
12 program;

13 (5) infant formula is a significant item in the
14 cost of WIC monthly food packages, amounting to
15 approximately 26 percent of WIC food costs after
16 subtracting manufacturer's rebates, but approxi-
17 mately 48 percent of food costs prior to applying re-
18 bates;

19 (6) rebates obtained through competitive bid-
20 ding for infant formula have reduced the cost of in-
21 fant formula for WIC participants by approximately
22 \$4,100,000,000 through the end of fiscal year 1994,
23 allowing millions of additional pregnant women, in-
24 fants and children to be served by WIC with the lim-
25 ited funds available;

1 (7) the Department of Agriculture has esti-
2 mated that in fiscal year 1995 rebates obtained
3 through competitive bidding for infant formula will
4 total over \$1,000,000,000, which will enable WIC to
5 serve approximately 1,600,000 additional women, in-
6 fants and children; and

7 (8) because of the very substantial cost savings
8 involved, Congress enacted in 1989 legislation re-
9 quiring that States administering the WIC program
10 conduct competitive bidding for infant formula.

11 (b) SENSE OF THE SENATE.—It is the sense of the
12 Senate that any legislation enacted by Congress should not
13 eliminate or in any way weaken the present competitive
14 bidding requirements for the purchase of infant formula
15 with respect to any program supported wholly or in part
16 by Federal funds.

17 **SEC. 1308. ESTABLISHING NATIONAL GOALS TO PREVENT**
18 **TEENAGE PREGNANCIES.**

19 (a) IN GENERAL.—Not later than January 1, 1997,
20 the Secretary of Health and Human Services shall estab-
21 lish and implement a strategy for—

22 (1) preventing an additional 2 percent of out-
23 of-wedlock teenage pregnancies a year, and

1 (2) assuring that at least 25 percent of the
2 communities in the United States have teenage preg-
3 nancy prevention programs in place.

4 (b) REPORT.—Not later than June 30, 1998, and an-
5 nually thereafter, the Secretary shall report to the Con-
6 gress with respect to the progress that has been made in
7 meeting the goals described in paragraphs (1) and (2) of
8 subsection (a).

9 (c) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY
10 PREVENTION PROGRAMS.—Section 2002 of the Social Se-
11 curity Act (42 U.S.C. 1397a) is amended by adding at
12 the end the following new subsection:

13 “(2) The Secretary shall conduct a study with respect
14 to the State programs implemented under paragraph (1)
15 to determine the relative effectiveness of the different ap-
16 proaches for preventing out-of-wedlock and teenage preg-
17 nancy utilized in the programs conducted under this sub-
18 section and the approaches that can be best replicated by
19 other States.

20 “(3) Each State conducting a program under this
21 subsection shall provide to the Secretary, in such form and
22 with such frequency as the Secretary requires, data from
23 the programs conducted under this subsection. The Sec-
24 retary shall report to the Congress annually on the
25 progress of the programs and shall, not later than June

1 30, 1998, submit to the Congress a report on the study
2 required under paragraph (2).”.

3 **SEC. 1309. SENSE OF THE SENATE REGARDING ENFORCE-**
4 **MENT OF STATUTORY RAPE LAWS.**

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

8 **SEC. 1310. SANCTIONING FOR TESTING POSITIVE FOR CON-**
9 **TROLLED SUBSTANCES.**

10 Notwithstanding any other provision of law, States
11 shall not be prohibited by the Federal Government from
12 sanctioning welfare recipients who test positive for use of
13 controlled substances.

14 **SEC. 1311. ABSTINENCE EDUCATION.**

15 (a) **INCREASES IN FUNDING.**—Section 501(a) of the
16 Social Security Act (42 U.S.C. 701(a)) is amended in the
17 matter preceding paragraph (1) by striking “Fiscal year
18 1990 and each fiscal year thereafter” and inserting “Fis-
19 cal years 1990 through 1995 and \$761,000,000 for fiscal
20 year 1996 and each fiscal year thereafter”.

21 (b) **ABSTINENCE EDUCATION.**—Section 501(a)(1) of
22 such Act (42 U.S.C. 701(a)(1)) is amended—

23 (1) in subparagraph (C), by striking “and” at
24 the end;

1 (2) in subparagraph (D), by adding “and” at
2 the end; and

3 (3) by adding at the end the following new sub-
4 paragraph:

5 “(E) to provide abstinence education, and
6 at the option of the State, where appropriate,
7 mentoring, counseling, and adult supervision to
8 promote abstinence from sexual activity, with a
9 focus on those groups which are most likely to
10 bear children out-of-wedlock.”.

11 (c) ABSTINENCE EDUCATION DEFINED.—Section
12 501(b) of such Act (42 U.S.C. 701(b)) is amended by add-
13 ing at the end the following new paragraph:

14 “(5) ABSTINENCE EDUCATION.—For purposes
15 of this subsection, the term ‘abstinence education’
16 shall mean an educational or motivational program
17 which—

18 “(A) has as its exclusive purpose, teaching
19 the social, psychological, and health gains to be
20 realized by abstaining from sexual activity;

21 “(B) teaches abstinence from sexual activ-
22 ity outside marriage as the expected standard
23 for all school age children;

24 “(C) teaches that abstinence from sexual
25 activity is the only certain way to avoid out-of-

1 wedlock pregnancy, sexually transmitted dis-
2 eases, and other associated health problems;

3 “(D) teaches that a mutually faithful
4 monogamous relationship in context of marriage
5 is the expected standard of human sexual activ-
6 ity;

7 “(E) teaches that sexual activity outside of
8 the context of marriage is likely to have harm-
9 ful psychological and physical effects;

10 “(F) teaches that bearing children out-of-
11 wedlock is likely to have harmful consequences
12 for the child, the child’s parents, and society;

13 “(G) teaches young people how to reject
14 sexual advances and how alcohol and drug use
15 increases vulnerability to sexual advances; and

16 “(H) teaches the importance of attaining
17 self-sufficiency before engaging in sexual activ-
18 ity.”.

19 (d) SET-ASIDE.—

20 (1) IN GENERAL.—Section 502(c) of such Act
21 (42 U.S.C. 702(c)) is amended in the matter preced-
22 ing paragraph (1) by striking “From” and inserting
23 “Except as provided in subsection (e), from”.

1 (2) SET-ASIDE.—Section 502 of such Act (42
2 U.S.C. 702) is amended by adding at the end the
3 following new subsection:

4 “(e) Of the amounts appropriated under section
5 501(a) for any fiscal year, the Secretary shall set aside
6 \$75,000,000 for abstinence education in accordance with
7 section 501(a)(1)(E).

○

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