

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

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**H.R. 3734**

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

**Volumes 1 to 19**

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

**Social Security Administration**

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

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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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6. Legislative Bulletin 104-7, The Senate Finance Committee Reports Bill Language for H.R. 4, The "Family Self-Sufficiency Act of 1995"--June 19, 1995
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1. H.R. 2903, "Balanced Budget Act of 1995 for Economic Growth and Fairness"--as introduced January 26, 1996 (excerpts). This was the text of President Clinton's balanced-budget plan. It included some provisions of interest, but did not include major welfare reform provisions.
  2. H.R. 2915, "Personal Responsibility and Work Opportunity Act"--as introduced January 31, 1996 (excerpts). Companion bill to S. 1823. These bills reflect proposals presented in a bipartisan plan by the National Governors Association in early 1996.

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

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

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- D. Ways and Means Committee Print 104-15 "Summary of Welfare Reforms Made by Public Law 104-193"--November 6, 1996 (text only)
- E. Administration Welfare Reform Bill--103rd Congress (1994-1995)

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

# Union Calendar No. 330

104TH CONGRESS  
2D SESSION

# H. R. 3734

[Report No. 104-651]

To provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

## IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 1996

Mr. KASICH, from the Committee on the Budget, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

## A BILL

To provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

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 “Welfare and Medicaid  
5 Reform Act of 1996”.

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

Title II—Committee on Commerce.

Title III—Committee on Economic and Educational Opportunities.

Title IV—Committee on Ways and Means: Welfare Reform.

1           **TITLE I—COMMITTEE ON**  
 2                           **AGRICULTURE**

3   **SEC. 1001. SHORT TITLE.**

4           This title may be cited as the “Food Stamp Reform  
 5 and Commodity Distribution Act of 1996”.

6   **SEC. 1002. TABLE OF CONTENTS.**

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

TITLE I—FOOD STAMPS AND COMMODITY DISTRIBUTION

Sec. 1001. Short title.

Sec. 1002. Table of contents.

Subtitle A—Food Stamp Program

Sec. 1011. Definition of certification period.

Sec. 1012. Definition of coupon.

Sec. 1013. Treatment of children living at home.

Sec. 1014. Optional additional criteria for separate household determinations.

Sec. 1015. Adjustment of thrifty food plan.

Sec. 1016. Definition of homeless individual.

Sec. 1017. State option for eligibility standards.

Sec. 1018. Earnings of students.

Sec. 1019. Energy assistance.

Sec. 1020. Deductions from income.

Sec. 1021. Vehicle allowance.

Sec. 1022. Vendor payments for transitional housing counted as income.

Sec. 1023. Doubled penalties for violating food stamp program requirements.

Sec. 1024. Disqualification of convicted individuals.

Sec. 1025. Disqualification.

Sec. 1026. Caretaker exemption.

Sec. 1027. Employment and training.

Sec. 1028. Comparable treatment for disqualification.

Sec. 1029. Disqualification for receipt of multiple food stamp benefits.

Sec. 1030. Disqualification of fleeing felons.

Sec. 1031. Cooperation with child support agencies.

Sec. 1032. Disqualification relating to child support arrears.

Sec. 1033. Work requirement.

Sec. 1034. Encourage electronic benefit transfer systems.

Sec. 1035. Value of minimum allotment.

Sec. 1036. Benefits on recertification.

Sec. 1037. Optional combined allotment for expedited households.

Sec. 1038. Failure to comply with other means-tested public assistance programs.

Sec. 1039. Allotments for households residing in centers.

- Sec. 1040. Condition precedent for approval of retail food stores and wholesale food concerns.
- Sec. 1041. Authority to establish authorization periods.
- Sec. 1042. Information for verifying eligibility for authorization.
- Sec. 1043. Waiting period for stores that fail to meet authorization criteria.
- Sec. 1044. Operation of food stamp offices.
- Sec. 1045. State employee and training standards.
- Sec. 1046. Exchange of law enforcement information.
- Sec. 1047. Expedited coupon service.
- Sec. 1048. Withdrawing fair hearing requests.
- Sec. 1049. Income, eligibility, and immigration status verification systems.
- Sec. 1050. Disqualification of retailers who intentionally submit falsified applications.
- Sec. 1051. Disqualification of retailers who are disqualified under the WIC program.
- Sec. 1052. Collection of overissuances.
- Sec. 1053. Authority to suspend stores violating program requirements pending administrative and judicial review.
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- Sec. 1055. Limitation of Federal match.
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#### Subtitle B—Commodity Distribution Programs

- Sec. 1071. Emergency food assistance program.
- Sec. 1072. Food bank demonstration project.
- Sec. 1073. Hunger prevention programs.
- Sec. 1074. Report on entitlement commodity processing.

#### Subtitle C—Electronic Benefit Transfer Systems

- Sec. 1091. Provisions to encourage electronic benefit transfer systems.

## 1     **Subtitle A—Food Stamp Program**

### 2     **SEC. 1011. DEFINITION OF CERTIFICATION PERIOD.**

3         Section 3(c) of the Food Stamp Act of 1977 (7  
4     U.S.C. 2012(c)) is amended by striking “Except as pro-  
5     vided” and all that follows and inserting the following:



1 “The certification period shall not exceed 12 months, ex-  
2 cept that the certification period may be up to 24 months  
3 if all adult household members are elderly or disabled. A  
4 State agency shall have at least 1 contact with each cer-  
5 tified household every 12 months.”.

6 **SEC. 1012. DEFINITION OF COUPON.**

7 Section 3(d) of the Food Stamp Act of 1977 (7  
8 U.S.C. 2012(d)) is amended by striking “or type of certifi-  
9 cate” and inserting “type of certificate, authorization  
10 card, cash or check issued in lieu of a coupon, or an access  
11 device, including an electronic benefit transfer card or per-  
12 sonal identification number,”.

13 **SEC. 1013. TREATMENT OF CHILDREN LIVING AT HOME.**

14 The second sentence of section 3(i) of the Food  
15 Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by  
16 striking “(who are not themselves parents living with their  
17 children or married and living with their spouses)”.

18 **SEC. 1014. OPTIONAL ADDITIONAL CRITERIA FOR SEPA-  
19 RATE HOUSEHOLD DETERMINATIONS.**

20 Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C.  
21 2012(i)) is amended by inserting after the third sentence  
22 the following: “Notwithstanding the preceding sentences,  
23 a State may establish criteria that prescribe when individ-  
24 uals who live together, and who would be allowed to par-  
25 ticipate as separate households under the preceding sen-

1 tences, shall be considered a single household, without re-  
2 gard to the common purchase of food and preparation of  
3 meals.”.

4 **SEC. 1015. ADJUSTMENT OF THRIFTY FOOD PLAN.**

5 The second sentence of section 3(o) of the Food  
6 Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

7 (1) by striking “shall (1) make” and inserting  
8 the following: “shall—

9 “(1) make”;

10 (2) by striking “scale, (2) make” and inserting  
11 “scale;

12 “(2) make”;

13 (3) by striking “Alaska, (3) make” and insert-  
14 ing the following: “Alaska;

15 “(3) make”; and

16 (4) by striking “Columbia, (4) through” and all  
17 that follows through the end of the subsection and  
18 inserting the following: “Columbia; and

19 “(4) on October 1, 1996, and each October 1  
20 thereafter, adjust the cost of the diet to reflect the  
21 cost of the diet, in the preceding June, and round  
22 the result to the nearest lower dollar increment for  
23 each household size, except that on October 1, 1996,  
24 the Secretary may not reduce the cost of the diet in  
25 effect on September 30, 1996.”.

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. 1018. EARNINGS OF STUDENTS.**

12 Section 5(d)(7) of the Food Stamp Act of 1977 (7  
13 U.S.C. 2014(d)(7)) is amended by striking “21” and in-  
14 serting “19”.

15 **SEC. 1019. ENERGY ASSISTANCE.**

16 (a) **IN GENERAL.**—Section 5(d) of the Food Stamp  
17 Act of 1977 (7 U.S.C. 2014(d)) is amended by striking  
18 paragraph (11) and inserting the following: “(11) a 1-time  
19 payment or allowance made under a Federal or State law  
20 for the costs of weatherization or emergency repair or re-  
21 placement of an unsafe or inoperative furnace or other  
22 heating or cooling device,”.

23 (b) **CONFORMING AMENDMENTS.**—

24 (1) Section 5(k) of the Act (7 U.S.C. 2014(k))  
25 is amended—

26 (A) in paragraph (1)—

1 (i) in subparagraph (A), by striking  
2 “plan for aid to families with dependent  
3 children approved” and inserting “program  
4 funded”; and

5 (ii) in subparagraph (B), by striking  
6 “, not including energy or utility-cost as-  
7 sistance,”;

8 (B) in paragraph (2), by striking subpara-  
9 graph (C) and inserting the following:

10 “(C) a payment or allowance described in sub-  
11 section (d)(11);” and

12 (C) by adding at the end the following:

13 “(4) THIRD PARTY ENERGY ASSISTANCE PAY-  
14 MENTS.—

15 “(A) ENERGY ASSISTANCE PAYMENTS.—  
16 For purposes of subsection (d)(1), a payment  
17 made under a Federal or State law to provide  
18 energy assistance to a household shall be con-  
19 sidered money payable directly to the house-  
20 hold.

21 “(B) ENERGY ASSISTANCE EXPENSES.—  
22 For purposes of subsection (e)(7), an expense  
23 paid on behalf of a household under a Federal  
24 or State law to provide energy assistance shall

1           be considered an out-of-pocket expense incurred  
2           and paid by the household.”.

3           (2) Section 2605(f) of the Low-Income Home  
4   Energy Assistance Act of 1981 (42 U.S.C. 8624(f))  
5   is amended—

6                   (A) by striking “(f)(1) Notwithstanding”  
7                   and inserting “(f) Notwithstanding”;

8                   (B) in paragraph (1), by striking “food  
9                   stamps,”; and

10                   (C) by striking paragraph (2).

11 **SEC. 1020. DEDUCTIONS FROM INCOME.**

12       (a) IN GENERAL.—Section 5 of the Food Stamp Act  
13 of 1977 (7 U.S.C. 2014) is amended by striking sub-  
14 section (e) and inserting the following:

15       “(e) DEDUCTIONS FROM INCOME.—

16               “(1) STANDARD DEDUCTION.—The Secretary  
17               shall allow a standard deduction for each household  
18               in the 48 contiguous States and the District of Co-  
19               lumbia, Alaska, Hawaii, Guam, and the Virgin Is-  
20               lands of the United States of \$134, \$229, \$189,  
21               \$269, and \$118, respectively.

22               “(2) EARNED INCOME DEDUCTION.—

23                   “(A) DEFINITION OF EARNED INCOME.—

24                   In this paragraph, the term ‘earned income’  
25                   does not include income excluded by subsection

1 (d) or any portion of income earned under a  
2 work supplementation or support program, as  
3 defined under section 16(b), that is attributable  
4 to public assistance.

5 “(B) DEDUCTION.—Except as provided in  
6 subparagraph (C), a household with earned in-  
7 come shall be allowed a deduction of 20 percent  
8 of all earned income to compensate for taxes,  
9 other mandatory deductions from salary, and  
10 work expenses.

11 “(C) EXCEPTION.—The deduction de-  
12 scribed in subparagraph (B) shall not be al-  
13 lowed with respect to determining an overissu-  
14 ance due to the failure of a household to report  
15 earned income in a timely manner.

16 “(3) DEPENDENT CARE DEDUCTION.—

17 “(A) IN GENERAL.—A household shall be  
18 entitled, with respect to expenses (other than  
19 excluded expenses described in subparagraph  
20 (B)) for dependent care, to a dependent care  
21 deduction, the maximum allowable level of  
22 which shall be \$200 per month for each depend-  
23 ent child under 2 years of age and \$175 per  
24 month for each other dependent, for the actual  
25 cost of payments necessary for the care of a de-

1           pendent if the care enables a household member  
2           to accept or continue employment, or training  
3           or education that is preparatory for employ-  
4           ment.

5           “(B) EXCLUDED EXPENSES.—The ex-  
6           cluded expenses referred to in subparagraph  
7           (A) are—

8                   “(i) expenses paid on behalf of the  
9                   household by a third party;

10                   “(ii) amounts made available and ex-  
11                   cluded for the expenses referred to in sub-  
12                   paragraph (A) under subsection (d)(3);  
13                   and

14                   “(iii) expenses that are paid under  
15                   section 6(d)(4).

16           “(4) DEDUCTION FOR CHILD SUPPORT PAY-  
17           MENTS.—

18                   “(A) IN GENERAL.—A household shall be  
19                   entitled to a deduction for child support pay-  
20                   ments made by a household member to or for  
21                   an individual who is not a member of the  
22                   household if the household member is legally  
23                   obligated to make the payments.

24                   “(B) METHODS FOR DETERMINING  
25                   AMOUNT.—The Secretary may prescribe by reg-

1           ulation the methods, including calculation on a  
2           retrospective basis, that a State agency shall  
3           use to determine the amount of the deduction  
4           for child support payments.

5           “(5) HOMELESS SHELTER ALLOWANCE.—A  
6           State agency may develop a standard homeless shel-  
7           ter allowance, which shall not exceed \$143 per  
8           month, for such expenses as may reasonably be ex-  
9           pected to be incurred by households in which all  
10          members are homeless individuals but are not receiv-  
11          ing free shelter throughout the month. A State agen-  
12          cy that develops the allowance may use the allow-  
13          ance in determining eligibility and allotments for the  
14          households, except that the State agency may pro-  
15          hibit the use of the allowance for households with  
16          extremely low shelter costs.

17          “(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

18                 “(A) IN GENERAL.—A household contain-  
19                 ing an elderly or disabled member shall be enti-  
20                 tled, with respect to expenses other than ex-  
21                 penses paid on behalf of the household by a  
22                 third party, to an excess medical expense de-  
23                 duction for the portion of the actual costs of al-  
24                 lowable medical expenses, incurred by the elder-



1 ly or disabled member, exclusive of special diets,  
2 that exceeds \$35 per month.

3 “(B) METHOD OF CLAIMING DEDUC-  
4 TION.—

5 “(i) IN GENERAL.—A State agency  
6 shall offer an eligible household under sub-  
7 paragraph (A) a method of claiming a de-  
8 duction for recurring medical expenses that  
9 are initially verified under the excess medi-  
10 cal expense deduction in lieu of submitting  
11 information or verification on actual ex-  
12 penses on a monthly basis.

13 “(ii) METHOD.—The method de-  
14 scribed in clause (i) shall—

15 “(I) be designed to minimize the  
16 burden for the eligible elderly or dis-  
17 abled household member choosing to  
18 deduct the recurrent medical expenses  
19 of the member pursuant to the meth-  
20 od;

21 “(II) rely on reasonable estimates  
22 of the expected medical expenses of  
23 the member for the certification pe-  
24 riod (including changes that can be  
25 reasonably anticipated based on avail-

1                   able information about the medical  
2                   condition of the member, public or  
3                   private medical insurance coverage,  
4                   and the current verified medical ex-  
5                   penses incurred by the member); and

6                   “(III) not require further report-  
7                   ing or verification of a change in med-  
8                   ical expenses if such a change has  
9                   been anticipated for the certification  
10                  period.

11               “(7) EXCESS SHELTER EXPENSE DEDUC-  
12               TION.—

13               “(A) IN GENERAL.—A household shall be  
14               entitled, with respect to expenses other than ex-  
15               penses paid on behalf of the household by a  
16               third party, to an excess shelter expense deduc-  
17               tion to the extent that the monthly amount ex-  
18               pended by a household for shelter exceeds an  
19               amount equal to 50 percent of monthly house-  
20               hold income after all other applicable deduc-  
21               tions have been allowed.

22               “(B) MAXIMUM AMOUNT OF DEDUC-  
23               TION.—In the case of a household that does not  
24               contain an elderly or disabled individual, the ex-

1           cess shelter expense deduction shall not ex-  
2           ceed—

3                   “(i) in the 48 contiguous States and  
4                   the District of Columbia, \$247 per month;  
5                   and

6                   “(ii) in Alaska, Hawaii, Guam, and  
7                   the Virgin Islands of the United States,  
8                   \$429, \$353, \$300, and \$182 per month,  
9                   respectively.

10           “(C) STANDARD UTILITY ALLOWANCE.—

11                   “(i) IN GENERAL.—In computing the  
12                   excess shelter expense deduction, a State  
13                   agency may use a standard utility allow-  
14                   ance in accordance with regulations pro-  
15                   mulgated by the Secretary, except that a  
16                   State agency may use an allowance that  
17                   does not fluctuate within a year to reflect  
18                   seasonal variations.

19                   “(ii) RESTRICTIONS ON HEATING AND  
20                   COOLING EXPENSES.—An allowance for a  
21                   heating or cooling expense may not be used  
22                   in the case of a household that—

23                           “(I) does not incur a heating or  
24                           cooling expense, as the case may be;

1           “(II) does incur a heating or  
2           cooling expense but is located in a  
3           public housing unit that has central  
4           utility meters and charges households,  
5           with regard to the expense, only for  
6           excess utility costs; or

7           “(III) shares the expense with,  
8           and lives with, another individual not  
9           participating in the food stamp pro-  
10          gram, another household participating  
11          in the food stamp program, or both,  
12          unless the allowance is prorated be-  
13          tween the household and the other in-  
14          dividual, household, or both.

15          “(iii) MANDATORY ALLOWANCE.—

16                 “(I) IN GENERAL.—A State  
17                 agency may make the use of a stand-  
18                 ard utility allowance mandatory for all  
19                 households with qualifying utility  
20                 costs if—

21                         “(aa) the State agency has  
22                         developed 1 or more standards  
23                         that include the cost of heating  
24                         and cooling and 1 or more stand-

1 ards that do not include the cost  
2 of heating and cooling; and

3 “(bb) the Secretary finds  
4 that the standards will not result  
5 in an increased cost to the Sec-  
6 retary.

7 “(II) HOUSEHOLD ELECTION.—

8 A State agency that has not made the  
9 use of a standard utility allowance  
10 mandatory under subclause (I) shall  
11 allow a household to switch, at the  
12 end of a certification period, between  
13 the standard utility allowance and a  
14 deduction based on the actual utility  
15 costs of the household.

16 “(iv) AVAILABILITY OF ALLOWANCE  
17 TO RECIPIENTS OF ENERGY ASSISTANCE.—

18 “(I) IN GENERAL.—Subject to  
19 subclause (II), if a State agency elects  
20 to use a standard utility allowance  
21 that reflects heating or cooling costs,  
22 the standard utility allowance shall be  
23 made available to households receiving  
24 a payment, or on behalf of which a  
25 payment is made, under the Low-In-

1           come Home Energy Assistance Act of  
2           1981 (42 U.S.C. 8621 et seq.) or  
3           other similar energy assistance pro-  
4           gram, if the household still incurs out-  
5           of-pocket heating or cooling expenses  
6           in excess of any assistance paid on be-  
7           half of the household to an energy  
8           provider.

9           “(II) SEPARATE ALLOWANCE.—A  
10          State agency may use a separate  
11          standard utility allowance for house-  
12          holds on behalf of which a payment  
13          described in subclause (I) is made,  
14          but may not be required to do so.

15          “(III) STATES NOT ELECTING TO  
16          USE SEPARATE ALLOWANCE.—A State  
17          agency that does not elect to use a  
18          separate allowance but makes a single  
19          standard utility allowance available to  
20          households incurring heating or cool-  
21          ing expenses (other than a household  
22          described in subclause (I) or (II) of  
23          subparagraph (C)(ii)) may not be re-  
24          quired to reduce the allowance due to  
25          the provision (directly or indirectly) of

1 assistance under the Low-Income  
2 Home Energy Assistance Act of 1981  
3 (42 U.S.C. 8621 et seq.).

4 “(IV) PRORATION OF ASSIST-  
5 ANCE.—For the purpose of the food  
6 stamp program, assistance provided  
7 under the Low-Income Home Energy  
8 Assistance Act of 1981 (42 U.S.C.  
9 8621 et seq.) shall be considered to be  
10 prorated over the entire heating or  
11 cooling season for which the assist-  
12 ance was provided.”.

13 (b) CONFORMING AMENDMENT.—Section 11(c)(3) of  
14 the Act (7 U.S.C. 2020(e)(3)) is amended by striking  
15 “Under rules prescribed” and all that follows through  
16 “verifies higher expenses;”.

17 **SEC. 1021. VEHICLE ALLOWANCE.**

18 Section 5(g) of the Food Stamp Act of 1977 (7  
19 U.S.C. 2014(g)) is amended by striking paragraph (2) and  
20 inserting the following:

21 “(2) INCLUDED ASSETS.—

22 “(A) IN GENERAL.—Subject to the other  
23 provisions of this paragraph, the Secretary  
24 shall, in prescribing inclusions in, and exclu-  
25 sions from, financial resources, follow the regu-

1           lations in force as of June 1, 1982 (other than  
2           those relating to licensed vehicles and inacces-  
3           sible resources).

4           “(B) ADDITIONAL INCLUDED ASSETS.—  
5           The Secretary shall include in financial re-  
6           sources—

7                   “(i) any boat, snowmobile, or airplane  
8                   used for recreational purposes;

9                   “(ii) any vacation home;

10                   “(iii) any mobile home used primarily  
11                   for vacation purposes;

12                   “(iv) subject to subparagraph (C), any  
13                   licensed vehicle that is used for household  
14                   transportation or to obtain or continue em-  
15                   ployment to the extent that the fair market  
16                   value of the vehicle exceeds \$4,600; and

17                   “(v) any savings or retirement ac-  
18                   count (including an individual account), re-  
19                   gardless of whether there is a penalty for  
20                   early withdrawal.

21           “(C) EXCLUDED VEHICLES.—A vehicle  
22           (and any other property, real or personal, to the  
23           extent the property is directly related to the  
24           maintenance or use of the vehicle) shall not be



1 included in financial resources under this para-  
2 graph if the vehicle is—

3 “(i) used to produce earned income;

4 “(ii) necessary for the transportation  
5 of a physically disabled household member;

6 or

7 “(iii) depended on by a household to  
8 carry fuel for heating or water for home  
9 use and provides the primary source of fuel  
10 or water, respectively, for the household.”.

11 **SEC. 1022. VENDOR PAYMENTS FOR TRANSITIONAL HOUS-**  
12 **ING COUNTED AS INCOME.**

13 Section 5(k)(2) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2014(k)(2)) is amended—

15 (1) by striking subparagraph (F); and

16 (2) by redesignating subparagraphs (G) and  
17 (H) as subparagraphs (F) and (G), respectively.

18 **SEC. 1023. 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” and  
23 inserting “1 year”; and

24 (2) in clause (ii), by striking “1 year” and in-  
25 serting “2 years”.

1 **SEC. 1024. DISQUALIFICATION OF CONVICTED INDIVID-**  
2 **UALS.**

3 Section 6(b)(1)(iii) of the Food Stamp Act of 1977  
4 (7 U.S.C. 2015(b)(1)(iii)) is amended—

5 (1) in subclause (II), by striking “or” at the  
6 end;

7 (2) in subclause (III), by striking the period at  
8 the end and inserting “; or”; and

9 (3) by inserting after subclause (III) the follow-  
10 ing:

11 “(IV) a conviction of an offense under sub-  
12 section (b) or (c) of section 15 involving an  
13 item covered by subsection (b) or (c) of section  
14 15 having a value of \$500 or more.”.

15 **SEC. 1025. DISQUALIFICATION.**

16 (a) **IN GENERAL.**—Section 6(d) of the Food Stamp  
17 Act of 1977 (7 U.S.C. 2015(d)) is amended by striking  
18 “(d)(1) Unless otherwise exempted by the provisions” and  
19 all that follows through the end of paragraph (1) and in-  
20 serting the following:

21 “(d) **CONDITIONS OF PARTICIPATION.**—

22 “(1) **WORK REQUIREMENTS.**—

23 “(A) **IN GENERAL.**—No physically and  
24 mentally fit individual over the age of 15 and  
25 under the age of 60 shall be eligible to partici-

1           pate in the food stamp program if the individ-  
2           ual—

3                   “(i) refuses, at the time of application  
4                   and every 12 months thereafter, to register  
5                   for employment in a manner prescribed by  
6                   the Secretary;

7                   “(ii) refuses without good cause to  
8                   participate in an employment and training  
9                   program under paragraph (4), to the ex-  
10                  tent required by the State agency;

11                  “(iii) refuses without good cause to  
12                  accept an offer of employment, at a site or  
13                  plant not subject to a strike or lockout at  
14                  the time of the refusal, at a wage not less  
15                  than the higher of—

16                         “(I) the applicable Federal or  
17                         State minimum wage; or

18                         “(II) 80 percent of the wage that  
19                         would have governed had the mini-  
20                         mum hourly rate under section  
21                         6(a)(1) of the Fair Labor Standards  
22                         Act of 1938 (29 U.S.C. 206(a)(1))  
23                         been applicable to the offer of employ-  
24                         ment;

1           “(iv) refuses without good cause to  
2           provide a State agency with sufficient in-  
3           formation to allow the State agency to de-  
4           termine the employment status or the job  
5           availability of the individual;

6           “(v) voluntarily and without good  
7           cause—

8                     “(I) quits a job; or

9                     “(II) reduces work effort and,  
10           after the reduction, the individual is  
11           working less than 30 hours per week;  
12           or

13           “(vi) fails to comply with section 20.

14           “(B) HOUSEHOLD INELIGIBILITY.—If an  
15           individual who is the head of a household be-  
16           comes ineligible to participate in the food stamp  
17           program under subparagraph (A), the house-  
18           hold shall, at the option of the State agency,  
19           become ineligible to participate in the food  
20           stamp program for a period, determined by the  
21           State agency, that does not exceed the lesser  
22           of—

23                     “(i) the duration of the ineligibility of  
24           the individual determined under subpara-  
25           graph (C); or

1                   “(ii) 180 days.

2                   “(C) DURATION OF INELIGIBILITY.—

3                   “(i) FIRST VIOLATION.—The first  
4 time that an individual becomes ineligible  
5 to participate in the food stamp program  
6 under subparagraph (A), the individual  
7 shall remain ineligible until the later of—

8                   “(I) the date the individual be-  
9 comes eligible under subparagraph  
10 (A);

11                   “(II) the date that is 1 month  
12 after the date the individual became  
13 ineligible; or

14                   “(III) a date determined by the  
15 State agency that is not later than 3  
16 months after the date the individual  
17 became ineligible.

18                   “(ii) SECOND VIOLATION.—The sec-  
19 ond time that an individual becomes ineli-  
20 gible to participate in the food stamp pro-  
21 gram under subparagraph (A), the individ-  
22 ual shall remain ineligible until the later  
23 of—

1           “(I) the date the individual be-  
2 comes eligible under subparagraph  
3 (A);

4           “(II) the date that is 3 months  
5 after the date the individual became  
6 ineligible; or

7           “(III) a date determined by the  
8 State agency that is not later than 6  
9 months after the date the individual  
10 became ineligible.

11           “(iii) THIRD OR SUBSEQUENT VIOLA-  
12 TION.—The third or subsequent time that  
13 an individual becomes ineligible to partici-  
14 pate in the food stamp program under sub-  
15 paragraph (A), the individual shall remain  
16 ineligible until the later of—

17           “(I) the date the individual be-  
18 comes eligible under subparagraph  
19 (A);

20           “(II) the date that is 6 months  
21 after the date the individual became  
22 ineligible;

23           “(III) a date determined by the  
24 State agency; or

1                   “(IV) at the option of the State  
2                   agency, permanently.

3                   “(D) ADMINISTRATION.—

4                   “(i) GOOD CAUSE.—The Secretary  
5                   shall determine the meaning of good cause  
6                   for the purpose of this paragraph.

7                   “(ii) VOLUNTARY QUIT.—The Sec-  
8                   retary shall determine the meaning of vol-  
9                   untarily quitting and reducing work effort  
10                  for the purpose of this paragraph.

11                  “(iii) DETERMINATION BY STATE  
12                  AGENCY.—

13                  “(I) IN GENERAL.—Subject to  
14                  subclause (II) and clauses (i) and (ii),  
15                  a State agency shall determine—

16                         “(aa) the meaning of any  
17                         term in subparagraph (A);

18                         “(bb) the procedures for de-  
19                         termining whether an individual  
20                         is in compliance with a require-  
21                         ment under subparagraph (A);  
22                         and

23                         “(cc) whether an individual  
24                         is in compliance with a require-  
25                         ment under subparagraph (A).

1                   “(II) NOT LESS RESTRICTIVE.—

2                   A State agency may not determine a  
3                   meaning, procedure, or determination  
4                   under subclause (I) to be less restric-  
5                   tive than a comparable meaning, pro-  
6                   cedure, or determination under a  
7                   State program funded under part A of  
8                   title IV of the Social Security Act (42  
9                   U.S.C. 601 et seq.).

10                   “(iv) STRIKE AGAINST THE GOVERN-  
11                   MENT.—For the purpose of subparagraph  
12                   (A)(v), an employee of the Federal Govern-  
13                   ment, a State, or a political subdivision of  
14                   a State, who is dismissed for participating  
15                   in a strike against the Federal Govern-  
16                   ment, the State, or the political subdivision  
17                   of the State shall be considered to have  
18                   voluntarily quit without good cause.

19                   “(v) SELECTING A HEAD OF HOUSE-  
20                   HOLD.—

21                   “(I) IN GENERAL.—For the pur-  
22                   pose of this paragraph, the State  
23                   agency shall allow the household to se-  
24                   lect any adult parent of a child in the  
25                   household as the head of the house-



1 hold if all adult household members  
2 making application under the food  
3 stamp program agree to the selection.

4 “(II) TIME FOR MAKING DES-  
5 IGNATION.—A household may des-  
6 ignate the head of the household  
7 under subclause (I) each time the  
8 household is certified for participation  
9 in the food stamp program, but may  
10 not change the designation during a  
11 certification period unless there is a  
12 change in the composition of the  
13 household.

14 “(vi) CHANGE IN HEAD OF HOUSE-  
15 HOLD.—If the head of a household leaves  
16 the household during a period in which the  
17 household is ineligible to participate in the  
18 food stamp program under subparagraph  
19 (B)—

20 “(I) the household shall, if other-  
21 wise eligible, become eligible to par-  
22 ticipate in the food stamp program;  
23 and

24 “(II) if the head of the household  
25 becomes the head of another house-

1 hold, the household that becomes  
2 headed by the individual shall become  
3 ineligible to participate in the food  
4 stamp program for the remaining pe-  
5 riod of ineligibility.”.

6 (b) CONFORMING AMENDMENT.—

7 (1) The second sentence of section 17(b)(2) of  
8 the Act (7 U.S.C. 2026(b)(2)) is amended by strik-  
9 ing “6(d)(1)(i)” and inserting “6(d)(1)(A)(i)”.

10 (2) Section 20 of the Act (7 U.S.C. 2029) is  
11 amended by striking subsection (f) and inserting the  
12 following:

13 “(f) DISQUALIFICATION.—An individual or a house-  
14 hold may become ineligible under section 6(d)(1) to par-  
15 ticipate in the food stamp program for failing to comply  
16 with this section.”.

17 **SEC. 1026. CARETAKER EXEMPTION.**

18 Section 6(d)(2) of the Food Stamp Act of 1977 (7  
19 U.S.C. 2015(d)(2)) is amended by striking subparagraph  
20 (B) and inserting the following: “(B) a parent or other  
21 member of a household with responsibility for the care of  
22 (i) a dependent child under the age of 6 or any lower age  
23 designated by the State agency that is not under the age  
24 of 1, or (ii) an incapacitated person;”.

1 **SEC. 1027. EMPLOYMENT AND TRAINING.**

2 (a) **IN GENERAL.**—Section 6(d)(4) of the Food  
3 Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

4 (1) in subparagraph (A)—

5 (A) by striking “Not later than April 1,  
6 1987, each” and inserting “Each”;

7 (B) by inserting “work,” after “skills,  
8 training,”; and

9 (C) by adding at the end the following:  
10 “Each component of an employment and train-  
11 ing program carried out under this paragraph  
12 shall be delivered through a statewide workforce  
13 development system, unless the component is  
14 not available locally through the statewide  
15 workforce development system.”;

16 (2) in subparagraph (B)—

17 (A) in the matter preceding clause (i), by  
18 striking the colon at the end and inserting the  
19 following: “, except that the State agency shall  
20 retain the option to apply employment require-  
21 ments prescribed under this subparagraph to a  
22 program applicant at the time of application.”;

23 (B) in clause (i), by striking “with terms  
24 and conditions” and all that follows through  
25 “time of application”; and

26 (C) in clause (iv)—

1 (i) by striking subclauses (I) and (II);

2 and

3 (ii) by redesignating subclauses (III)

4 and (IV) as subclauses (I) and (II), respec-

5 tively;

6 (3) in subparagraph (D)—

7 (A) in clause (i), by striking “to which the

8 application” and all that follows through “30

9 days or less”;

10 (B) in clause (ii), by striking “but with re-

11 spect” and all that follows through “child

12 care”; and

13 (C) in clause (iii), by striking “, on the

14 basis of” and all that follows through “clause

15 (ii)” and inserting “the exemption continues to

16 be valid”;

17 (4) in subparagraph (E), by striking the third

18 sentence;

19 (5) in subparagraph (G)—

20 (A) by striking “(G)(i) The State” and in-

21 sserting “(G) The State”; and

22 (B) by striking clause (ii);

23 (6) in subparagraph (H), by striking “(H)(i)

24 The Secretary” and all that follows through “(ii)

25 Federal funds” and inserting “(H) Federal funds”;

1           (7) in subparagraph (I)(i)(II), by striking “, or  
2 was in operation,” and all that follows through “So-  
3 cial Security Act” and inserting the following: “),  
4 except that no such payment or reimbursement shall  
5 exceed the applicable local market rate”;

6           (8)(A) by striking subparagraphs (K) and (L)  
7 and inserting the following:

8                   “(K) LIMITATION ON FUNDING.—Notwith-  
9 standing any other provision of this paragraph,  
10 the amount of funds a State agency uses to  
11 carry out this paragraph (including under sub-  
12 paragraph (I)) for participants who are receiv-  
13 ing benefits under a State program funded  
14 under part A of title IV of the Social Security  
15 Act (42 U.S.C. 601 et seq.) shall not exceed the  
16 amount of funds the State agency used in fiscal  
17 year 1995 to carry out this paragraph for par-  
18 ticipants who were receiving benefits in fiscal  
19 year 1995 under a State program funded under  
20 part A of title IV of the Act (42 U.S.C. 601 et  
21 seq.)”; and

22           (B) by redesignating subparagraphs (M) and  
23 (N) as subparagraphs (L) and (M), respectively; and

24           (9) in subparagraph (L), as redesignated by  
25 paragraph (8)(B)—

1 (A) by striking “(L)(i) The Secretary” and  
2 inserting “(L) The Secretary”; and

3 (B) by striking clause (ii).

4 (b) FUNDING.—Section 16(h) of the Act (7 U.S.C.  
5 2025(h)) is amended by striking “(h)(1)(A) The Sec-  
6 retary” and all that follows through the end of paragraph  
7 (1) and inserting the following:

8 “(h) FUNDING OF EMPLOYMENT AND TRAINING  
9 PROGRAMS.—

10 “(1) IN GENERAL.—

11 “(A) AMOUNTS.—To carry out employ-  
12 ment and training programs, the Secretary  
13 shall reserve for allocation to State agencies  
14 from funds made available for each fiscal year  
15 under section 18(a)(1) the amount of—

16 “(i) for fiscal year 1996, \$75,000,000;

17 “(ii) for fiscal year 1997,  
18 \$79,000,000;

19 “(iii) for fiscal year 1998,  
20 \$81,000,000;

21 “(iv) for fiscal year 1999,  
22 \$84,000,000;

23 “(v) for fiscal year 2000,  
24 \$86,000,000;

1                   “(vi) for fiscal year 2001,  
2                   \$88,000,000; and

3                   “(vii) for fiscal year 2002,  
4                   \$90,000,000.

5                   “(B) ALLOCATION.—The Secretary shall  
6                   allocate the amounts reserved under subpara-  
7                   graph (A) among the State agencies using a  
8                   reasonable formula (as determined by the Sec-  
9                   retary) that gives consideration to the popu-  
10                  lation in each State affected by section 6(o).

11                  “(C) REALLOCATION.—

12                  “(i) NOTIFICATION.—A State agency  
13                  shall promptly notify the Secretary if the  
14                  State agency determines that the State  
15                  agency will not expend all of the funds al-  
16                  located to the State agency under subpara-  
17                  graph (B).

18                  “(ii) REALLOCATION.—On notification  
19                  under clause (i), the Secretary shall reallo-  
20                  cate the funds that the State agency will  
21                  not expend as the Secretary considers ap-  
22                  propriate and equitable.

23                  “(D) MINIMUM ALLOCATION.—Notwith-  
24                  standing subparagraphs (A) through (C), the  
25                  Secretary shall ensure that each State agency

1 operating an employment and training program  
2 shall receive not less than \$50,000 in each fis-  
3 cal year.”.

4 (c) ADDITIONAL MATCHING FUNDS.—Section  
5 16(h)(2) of the Act (7 U.S.C. 2025(h)(2)) is amended by  
6 inserting before the period at the end the following: “, in-  
7 cluding the costs for case management and casework to  
8 facilitate the transition from economic dependency to self-  
9 sufficiency through work”.

10 (d) REPORTS.—Section 16(h) of the Act (7 U.S.C.  
11 2025(h)) is amended—

12 (1) in paragraph (5)—

13 (A) by striking “(5)(A) The Secretary”  
14 and inserting “(5) The Secretary”; and

15 (B) by striking subparagraph (B); and

16 (2) by striking paragraph (6).

17 **SEC. 1028. COMPARABLE TREATMENT FOR DISQUALIFICA-**  
18 **TION.**

19 (a) IN GENERAL.—Section 6 of the Food Stamp Act  
20 of 1977 (7 U.S.C. 2015) is amended by adding at the end  
21 the following:

22 “(i) COMPARABLE TREATMENT FOR DISQUALIFICA-  
23 TION.—

24 “(1) IN GENERAL.—If a disqualification is im-  
25 posed on a member of a household for a failure of



1 the member to perform an action required under a  
2 Federal, State, or local law relating to a means-test-  
3 ed public assistance program, the State agency may  
4 impose the same disqualification on the member of  
5 the household under the food stamp program.

6 “(2) RULES AND PROCEDURES.—If a disquali-  
7 fication is imposed under paragraph (1) for a failure  
8 of an individual to perform an action required under  
9 part A of title IV of the Social Security Act (42  
10 U.S.C. 601 et seq.), the State agency may use the  
11 rules and procedures that apply under part A of title  
12 IV of the Act to impose the same disqualification  
13 under the food stamp program.

14 “(3) APPLICATION AFTER DISQUALIFICATION  
15 PERIOD.—A member of a household disqualified  
16 under paragraph (1) may, after the disqualification  
17 period has expired, apply for benefits under this Act  
18 and shall be treated as a new applicant, except that  
19 a prior disqualification under subsection (d) shall be  
20 considered in determining eligibility.”.

21 (b) STATE PLAN PROVISIONS.—Section 11(e) of the  
22 Act (7 U.S.C. 2020(e)) is amended—

23 (1) in paragraph (24), by striking “and” at the  
24 end;

1           (2) in paragraph (25), by striking the period at  
2           the end and inserting a semicolon; and

3           (3) by adding at the end the following:

4           “(26) the guidelines the State agency uses in  
5           carrying out section 6(i); and”.

6           (c) CONFORMING AMENDMENT.—Section 6(d)(2)(A)  
7 of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by strik-  
8 ing “that is comparable to a requirement of paragraph  
9 (1)”.

10 **SEC. 1029. DISQUALIFICATION FOR RECEIPT OF MULTIPLE**  
11 **FOOD STAMP BENEFITS.**

12           Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
13 2015), as amended by section 1028, is amended by adding  
14 at the end the following:

15           “(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE  
16 FOOD STAMP BENEFITS.—An individual shall be ineligible  
17 to participate in the food stamp program as a member  
18 of any household for a 10-year period if the individual is  
19 found by a State agency to have made, or is convicted  
20 in a Federal or State court of having made, a fraudulent  
21 statement or representation with respect to the identity  
22 or place of residence of the individual in order to receive  
23 multiple benefits simultaneously under the food stamp  
24 program.”.

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 sections 1028 and 1029, is amend-  
4 ed by adding at the end 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. 1031. COOPERATION WITH CHILD SUPPORT AGENCIES.**

21 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
22 2015), as amended by sections 1028 through 1030, is  
23 amended by adding at the end the following:

24 “(l) CUSTODIAL PARENT’S COOPERATION WITH  
25 CHILD SUPPORT AGENCIES.—

1           “(1) IN GENERAL.—At the option of a State  
2 agency, subject to paragraphs (2) and (3), no natu-  
3 ral or adoptive parent or other individual (collec-  
4 tively referred to in this subsection as ‘the individ-  
5 ual’) who is living with and exercising parental con-  
6 trol over a child under the age of 18 who has an ab-  
7 sent parent shall be eligible to participate in the food  
8 stamp program unless the individual cooperates with  
9 the State agency administering the program estab-  
10 lished under part D of title IV of the Social Security  
11 Act (42 U.S.C. 651 et seq.)—

12                   “(A) in establishing the paternity of the  
13 child (if the child is born out of wedlock); and

14                   “(B) in obtaining support for—

15                           “(i) the child; or

16                           “(ii) the individual and the child.

17           “(2) GOOD CAUSE FOR NONCOOPERATION.—  
18 Paragraph (1) shall not apply to the individual if  
19 good cause is found for refusing to cooperate, as de-  
20 termined by the State agency in accordance with  
21 standards prescribed by the Secretary in consulta-  
22 tion with the Secretary of Health and Human Serv-  
23 ices. The standards shall take into consideration cir-  
24 cumstances under which cooperation may be against  
25 the best interests of the child.

1           “(3) FEES.—Paragraph (1) shall not require  
2           the payment of a fee or other cost for services pro-  
3           vided under part D of title IV of the Social Security  
4           Act (42 U.S.C. 651 et seq.).

5           “(m) NONCUSTODIAL 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), a puta-  
9           tive or identified noncustodial parent of a child  
10          under the age of 18 (referred to in this subsection  
11          as ‘the individual’) shall not be eligible to participate  
12          in the food stamp program if the individual refuses  
13          to cooperate with the State agency administering the  
14          program established under part D of title IV of the  
15          Social Security Act (42 U.S.C. 651 et seq.)—

16                  “(A) in establishing the paternity of the  
17                  child (if the child is born out of wedlock); and

18                  “(B) in providing support for the child.

19          “(2) REFUSAL TO COOPERATE.—

20                  “(A) GUIDELINES.—The Secretary, in con-  
21                  sultation with the Secretary of Health and  
22                  Human Services, shall develop guidelines on  
23                  what constitutes a refusal to cooperate under  
24                  paragraph (1).

1           “(B) PROCEDURES.—The State agency  
2           shall develop procedures, using guidelines devel-  
3           oped under subparagraph (A), for determining  
4           whether an individual is refusing to cooperate  
5           under paragraph (1).

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           “(4) PRIVACY.—The State agency shall provide  
11           safeguards to restrict the use of information col-  
12           lected by a State agency administering the program  
13           established under part D of title IV of the Social Se-  
14           curity Act (42 U.S.C. 651 et seq.) to purposes for  
15           which the information is collected.”.

16 **SEC. 1032. DISQUALIFICATION RELATING TO CHILD SUP-**  
17 **PORT ARREARS.**

18           Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
19 2015), as amended by sections 1028 through 1031, is  
20 amended by adding at the end the following:

21           “(n) DISQUALIFICATION FOR CHILD SUPPORT AR-  
22 REARS.—

23           “(1) IN GENERAL.—At the option of the State  
24           agency, no individual shall be eligible to participate  
25           in the food stamp program as a member of any

1 household during any month that the individual is  
2 delinquent in any payment due under a court order  
3 for the support of a child of the individual.

4 “(2) EXCEPTIONS.—Paragraph (1) shall not  
5 apply if—

6 “(A) a court is allowing the individual to  
7 delay payment; or

8 “(B) the individual is complying with a  
9 payment plan approved by a court or the State  
10 agency designated under part D of title IV of  
11 the Social Security Act (42 U.S.C. 651 et seq.)  
12 to provide support for the child of the individ-  
13 ual.”.

14 **SEC. 1033. WORK REQUIREMENT.**

15 (a) IN GENERAL.—Section 6 of the Food Stamp Act  
16 of 1977 (7 U.S.C. 2015), as amended by sections 1028  
17 through 1032, is amended by adding at the end the follow-  
18 ing:

19 “(o) WORK REQUIREMENT.—

20 “(1) DEFINITION OF WORK PROGRAM.—In this  
21 subsection, the term ‘work program’ means—

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

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

1           “(C) a program of employment and train-  
2           ing operated or supervised by a State or politi-  
3           cal subdivision of a State that meets standards  
4           approved by the Governor of the State, includ-  
5           ing a program under section 6(d)(4), other than  
6           a job search program or a job search training  
7           program.

8           “(2) WORK REQUIREMENT.—Subject to the  
9           other provisions of this subsection, no individual  
10          shall be eligible to participate in the food stamp pro-  
11          gram as a member of any household if, during the  
12          preceding 12-month period, the individual received  
13          food stamp benefits for not less than 4 months dur-  
14          ing which the individual did not—

15                 “(A) work 20 hours or more per week,  
16                 averaged monthly; or

17                 “(B) participate in and comply with the re-  
18                 quirements of a work program for 20 hours or  
19                 more per week, as determined by the State  
20                 agency; or

21                 “(C) participate in a program under sec-  
22                 tion 20 or a comparable program established by  
23                 a State or political subdivision of a State.

24           “(3) EXCEPTION.—Paragraph (2) shall not  
25          apply to an individual if the individual is—



1           “(A) under 18 or over 50 years of age;

2           “(B) medically certified as physically or  
3           mentally unfit for employment;

4           “(C) a parent or other member of a house-  
5           hold with responsibility for a dependent child;

6           “(D) otherwise exempt under section  
7           6(d)(2); or

8           “(E) a pregnant woman.

9           “(4) WAIVER.—

10           “(A) IN GENERAL.—On the request of a  
11           State agency, the Secretary may waive the ap-  
12           plicability of paragraph (2) to any group of in-  
13           dividuals in the State if the Secretary makes a  
14           determination that the area in which the indi-  
15           viduals reside—

16           “(i) has an unemployment rate of over  
17           10 percent; or

18           “(ii) does not have a sufficient num-  
19           ber of jobs to provide employment for the  
20           individuals.

21           “(B) REPORT.—The Secretary shall report  
22           the basis for a waiver under subparagraph (A)  
23           to the Committee on Agriculture of the House  
24           of Representatives and the Committee on Agri-  
25           culture, Nutrition, and Forestry of the Senate.

1           “(5) SUBSEQUENT ELIGIBILITY.—

2                   “(A) IN GENERAL.—Paragraph (2) shall  
3           cease to apply to an individual if, during a 30-  
4           day period, the individual—

5                           “(i) works 80 or more hours;

6                           “(ii) participates in and complies with  
7           the requirements of a work program for 80  
8           or more hours, as determined by a State  
9           agency; or

10                          “(iii) participates in a program under  
11           section 20 or a comparable program estab-  
12           lished by a State or political subdivision of  
13           a State.

14                          “(B) LIMITATION.—During the subsequent  
15           12-month period, the individual shall be eligible  
16           to participate in the food stamp program for  
17           not more than 4 months during which the indi-  
18           vidual does not—

19                           “(i) work 20 hours or more per week,  
20           averaged monthly;

21                           “(ii) participate in and comply with  
22           the requirements of a work program for 20  
23           hours or more per week, as determined by  
24           the State agency; or

1                   “(iii) participate in a program under  
2                   section 20 or a comparable program estab-  
3                   lished by a State or political subdivision of  
4                   a State.”.

5           (b) **TRANSITION PROVISION.**—Prior to 1 year after  
6 the date of enactment of this Act, the term “preceding  
7 12-month period” in section 6(o) of the Food Stamp Act  
8 of 1977, as amended by subsection (a), means the preced-  
9 ing period that begins on the date of enactment of this  
10 Act.

11 **SEC. 1034. ENCOURAGE ELECTRONIC BENEFIT TRANSFER**  
12 **SYSTEMS.**

13           (a) **IN GENERAL.**—Section 7(i) of the Food Stamp  
14 Act of 1977 (7 U.S.C. 2016(i)) is amended—

15                   (1) by striking paragraph (1) and inserting the  
16                   following:

17                   “(1) **ELECTRONIC BENEFIT TRANSFERS.**—

18                           “(A) **IMPLEMENTATION.**—Each State  
19                           agency shall implement an electronic benefit  
20                           transfer system in which household benefits de-  
21                           termined under section 8(a) or 26 are issued  
22                           from and stored in a central databank before  
23                           October 1, 2002, unless the Secretary provides  
24                           a waiver for a State agency that faces unusual

1 barriers to implementing an electronic benefit  
2 transfer system.

3 “(B) TIMELY IMPLEMENTATION.—State  
4 agencies are encouraged to implement an elec-  
5 tronic benefit transfer system under subpara-  
6 graph (A) as soon as practicable.

7 “(C) STATE FLEXIBILITY.—Subject to  
8 paragraph (2), a State agency may procure and  
9 implement an electronic benefit transfer system  
10 under the terms, conditions, and design that  
11 the State agency considers appropriate.

12 “(D) OPERATION.—An electronic benefit  
13 transfer system should take into account gen-  
14 erally accepted standard operating rules based  
15 on—

16 “(i) commercial electronic funds  
17 transfer technology;

18 “(ii) the need to permit interstate op-  
19 eration and law enforcement monitoring;  
20 and

21 “(iii) the need to permit monitoring  
22 and investigations by authorized law en-  
23 forcement agencies.”;

24 (2) in paragraph (2)—

1 (A) by striking “effective no later than  
2 April 1, 1992,”;

3 (B) in subparagraph (A)—

4 (i) by striking “, in any 1 year,”; and

5 (ii) by striking “on-line”;

6 (C) by striking subparagraph (D) and in-  
7 serting the following:

8 “(D)(i) measures to maximize the security of a  
9 system using the most recent technology available  
10 that the State agency considers appropriate and cost  
11 effective and which may include personal identifica-  
12 tion numbers, photographic identification on elec-  
13 tronic benefit transfer cards, and other measures to  
14 protect against fraud and abuse; and

15 “(ii) effective not later than 2 years after the  
16 effective date of this clause, to the extent prac-  
17 ticable, measures that permit a system to differen-  
18 tiate items of food that may be acquired with an al-  
19 lotment from items of food that may not be acquired  
20 with an allotment.”;

21 (D) in subparagraph (G), by striking  
22 “and” at the end;

23 (E) in subparagraph (H), by striking the  
24 period at the end and inserting “; and”;

25 (F) by adding at the end the following:

1           “(I) procurement standards.”; and

2           (3) by adding at the end the following:

3           “(7) REPLACEMENT OF BENEFITS.—Regula-  
4           tions issued by the Secretary regarding the replace-  
5           ment of benefits and liability for replacement of ben-  
6           efits under an electronic benefit transfer system  
7           shall be similar to the regulations in effect for a  
8           paper food stamp issuance system.

9           “(8) REPLACEMENT CARD FEE.—A State agen-  
10          cy may collect a charge for replacement of an elec-  
11          tronic benefit transfer card by reducing the monthly  
12          allotment of the household receiving the replacement  
13          card.

14          “(9) OPTIONAL PHOTOGRAPHIC IDENTIFICA-  
15          TION.—

16                 “(A) IN GENERAL.—A State agency may  
17                 require that an electronic benefit card contain  
18                 a photograph of 1 or more members of a house-  
19                 hold.

20                 “(B) OTHER AUTHORIZED USERS.—If a  
21                 State agency requires a photograph on an elec-  
22                 tronic benefit card under subparagraph (A), the  
23                 State agency shall establish procedures to en-  
24                 sure that any other appropriate member of the

1 household or any authorized representative of  
2 the household may utilize the card.

3 “(10) APPLICATION OF ANTI-TYING RESTRIC-  
4 TIONS TO ELECTRONIC BENEFIT TRANSFER SYS-  
5 TEMS.—

6 “(A) IN GENERAL.—A company shall not  
7 sell or provide electronic benefit transfer serv-  
8 ices, or fix or vary the consideration for such  
9 services, on the condition or requirement that  
10 the customer—

11 “(i) obtain some additional point-of-  
12 sale service from the company or any affili-  
13 ate of the company; or

14 “(ii) not obtain some additional point-  
15 of-sale service from a competitor of the  
16 company or competitor of any affiliate of  
17 the company.

18 “(B) DEFINITIONS.—In this paragraph—

19 “(i) AFFILIATE.—The term ‘affiliate’  
20 shall have the same meaning as in section  
21 2(k) of the Bank Holding Company Act.

22 “(ii) COMPANY.—The term ‘company’  
23 shall have the same meaning as in section  
24 106(a) of the Bank Holding Company Act  
25 Amendments of 1970, but shall not include

1 a bank, bank holding company, or any sub-  
2 subsidiary of a bank holding company.

3 “(iii) ELECTRONIC BENEFIT TRANS-  
4 FER SERVICE.—The term ‘electronic bene-  
5 fit transfer service’ means the processing  
6 of electronic transfers of household bene-  
7 fits determined under section 8(a) or 26  
8 where the benefits are—

9 “(I) issued from and stored in a  
10 central databank;

11 “(II) electronically accessed by  
12 household members at the point of  
13 sale; and

14 “(III) provided by a Federal or  
15 state government.

16 “(iv) POINT-OF-SALE SERVICE.—The  
17 term ‘point-of-sale service’ means any  
18 product or service related to the electronic  
19 authorization and processing of payments  
20 for merchandise at a retail food store, in-  
21 cluding but not limited to credit or debit  
22 card services, automated teller machines,  
23 point-of-sale terminals, or access to on-line  
24 systems.





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 expe-  
11          dited 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. 1038. FAILURE TO COMPLY WITH OTHER MEANS-**  
15 **TESTED PUBLIC ASSISTANCE PROGRAMS.**

16          Section 8 of the Food Stamp Act of 1977 (7 U.S.C.  
17 2017) is amended by striking subsection (d) and inserting  
18 the following:

19          “(d) REDUCTION OF PUBLIC ASSISTANCE BENE-  
20 FITS.—

21                 “(1) IN GENERAL.—If the benefits of a house-  
22                 hold are reduced under a Federal, State, or local law  
23                 relating to a means-tested public assistance program  
24                 for the failure of a member of the household to per-

1 form an action required under the law or program,  
2 for the duration of the reduction—

3 “(A) the household may not receive an in-  
4 creased allotment as the result of a decrease in  
5 the income of the household to the extent that  
6 the decrease is the result of the reduction; and

7 “(B) the State agency may reduce the al-  
8 lotment of the household by not more than 25  
9 percent.

10 “(2) RULES AND PROCEDURES.—If the allot-  
11 ment of a household is reduced under this subsection  
12 for a failure to perform an action required under  
13 part A of title IV of the Social Security Act (42  
14 U.S.C. 601 et seq.), the State agency may use the  
15 rules and procedures that apply under part A of title  
16 IV of the Act to reduce the allotment under the food  
17 stamp program.”.

18 **SEC. 1039. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN**  
19 **CENTERS.**

20 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.  
21 2017) is amended by adding at the end the following:

22 “(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN  
23 CENTERS.—

24 “(1) IN GENERAL.—In the case of an individual  
25 who resides in a center for the purpose of a drug or

1 alcoholic treatment program described in the last  
2 sentence of section 3(i), a State agency may provide  
3 an allotment for the individual to—

4 “(A) the center as an authorized represent-  
5 ative of the individual for a period that is less  
6 than 1 month; and

7 “(B) the individual, if the individual leaves  
8 the center.

9 “(2) DIRECT PAYMENT.—A State agency may  
10 require an individual referred to in paragraph (1) to  
11 designate the center in which the individual resides  
12 as the authorized representative of the individual for  
13 the purpose of receiving an allotment.”.

14 **SEC. 1040. CONDITION PRECEDENT FOR APPROVAL OF RE-**  
15 **TAIL FOOD STORES AND WHOLESALE FOOD**  
16 **CONCERNS.**

17 Section 9(a)(1) of the Food Stamp Act of 1977 (7  
18 U.S.C. 2018(a)(1)) is amended by adding at the end the  
19 following: “No retail food store or wholesale food concern  
20 of a type determined by the Secretary, based on factors  
21 that include size, location, and type of items sold, shall  
22 be approved to be authorized or reauthorized for participa-  
23 tion in the food stamp program unless an authorized em-  
24 ployee of the Department of Agriculture, a designee of the  
25 Secretary, or, if practicable, an official of the State or local

1 government designated by the Secretary has visited the  
2 store or concern for the purpose of determining whether  
3 the store or concern should be approved or reauthorized,  
4 as appropriate.”.

5 **SEC. 1041. AUTHORITY TO ESTABLISH AUTHORIZATION PE-**  
6 **RIODS.**

7 Section 9(a) of the Food Stamp Act of 1977 (7  
8 U.S.C. 2018(a)) is amended by adding at the end the fol-  
9 lowing:

10 “(3) AUTHORIZATION PERIODS.—The Secretary  
11 shall establish specific time periods during which au-  
12 thorization to accept and redeem coupons, or to re-  
13 deem benefits through an electronic benefit transfer  
14 system, shall be valid under the food stamp pro-  
15 gram.”.

16 **SEC. 1042. INFORMATION FOR VERIFYING ELIGIBILITY FOR**  
17 **AUTHORIZATION.**

18 Section 9(c) of the Food Stamp Act of 1977 (7  
19 U.S.C. 2018(c)) is amended—

20 (1) in the first sentence, by inserting “, which  
21 may include relevant income and sales tax filing doc-  
22 uments,” after “submit information”; and

23 (2) by inserting after the first sentence the fol-  
24 lowing: “The regulations may require retail food  
25 stores and wholesale food concerns to provide writ-



1           “(2)(A) that the State agency shall establish  
2 procedures governing the operation of food stamp of-  
3 fices that the State agency determines best serve  
4 households in the State, including households with  
5 special needs, such as households with elderly or dis-  
6 abled members, households in rural areas with low-  
7 income members, homeless individuals, households  
8 residing on reservations, and households in areas in  
9 which a substantial number of members of low-in-  
10 come households speak a language other than Eng-  
11 lish;

12           “(B) that in carrying out subparagraph (A), a  
13 State agency—

14                 “(i) shall provide timely, accurate, and fair  
15 service to applicants for, and participants in,  
16 the food stamp program;

17                 “(ii) shall develop an application contain-  
18 ing the information necessary to comply with  
19 this Act;

20                 “(iii) shall permit an applicant household  
21 to apply to participate in the program on the  
22 same day that the household first contacts a  
23 food stamp office in person during office hours;

24                 “(iv) shall consider an application that  
25 contains the name, address, and signature of

1 the applicant to be filed on the date the appli-  
2 cant submits the application;

3 “(v) shall require that an adult representa-  
4 tive of each applicant household certify in writ-  
5 ing, under penalty of perjury, that—

6 “(I) the information contained in the  
7 application is true; and

8 “(II) all members of the household  
9 are citizens or are aliens eligible to receive  
10 food stamps under section 6(f);

11 “(vi) shall provide a method of certifying  
12 and issuing coupons to eligible homeless individ-  
13 uals, to ensure that participation in the food  
14 stamp program is limited to eligible households;  
15 and

16 “(vii) may establish operating procedures  
17 that vary for local food stamp offices to reflect  
18 regional and local differences within the State;

19 “(C) that nothing in this Act shall prohibit the  
20 use of signatures provided and maintained electroni-  
21 cally, storage of records using automated retrieval  
22 systems only, or any other feature of a State agen-  
23 cy’s application system that does not rely exclusively  
24 on the collection and retention of paper applications  
25 or other records;



1           “(D) that the signature of any adult under this  
2 paragraph shall be considered sufficient to comply  
3 with any provision of Federal law requiring a house-  
4 hold member to sign an application or statement;”;

5           (B) in paragraph (3), as amended by sec-  
6 tion 1020(b)—

7           (i) by striking “shall—” and all that  
8 follows through “provide each” and insert-  
9 ing “shall provide each”; and

10           (ii) by striking “(B) assist” and all  
11 that follows through “representative of the  
12 State agency;”;

13           (C) by striking paragraphs (14) and (25);

14           (D)(i) by redesignating paragraphs (15)  
15 through (24) as paragraphs (14) through (23),  
16 respectively; and

17           (ii) by redesignating paragraph (26), as  
18 added by section 1028(b), as paragraph (24);  
19 and

20           (2) in subsection (i)—

21           (A) by striking “(i) Notwithstanding” and  
22 all that follows through “(2)” and inserting the  
23 following:

24           “(i) APPLICATION AND DENIAL PROCEDURES.—

1           “(1) APPLICATION PROCEDURES.—Notwith-  
2 standing any other provision of law,”; and

3           (B) by striking “; (3) households” and all  
4 that follows through “title IV of the Social Se-  
5 curity Act. No” and inserting a period and the  
6 following:

7           “(2) DENIAL AND TERMINATION.—Other than  
8 in a case of disqualification as a penalty for failure  
9 to comply with a public assistance program rule or  
10 regulation, no”.

11 **SEC. 1045. STATE EMPLOYEE AND TRAINING STANDARDS.**

12       Section 11(e)(6) of the Food Stamp Act of 1977 (7  
13 U.S.C. 2020(e)(6)) is amended—

14           (1) by striking “that (A) the” and inserting  
15 “that—

16                   “(A) the”;

17           (2) by striking “Act; (B) the” and inserting  
18 “Act; and

19                   “(B) the”;

20           (3) in subparagraph (B), by striking “United  
21 States Civil Service Commission” and inserting “Of-  
22 fice of Personnel Management”; and

23           (4) by striking subparagraphs (C) through (E).

1 **SEC. 1046. EXCHANGE OF LAW ENFORCEMENT INFORMA-**  
2 **TION.**

3 Section 11(e)(8) of the Food Stamp Act of 1977 (7  
4 U.S.C. 2020(e)(8)) is amended—

5 (1) by striking “that (A) such” and inserting  
6 the following: “that—

7 “(A) the”;

8 (2) by striking “law, (B) notwithstanding” and  
9 inserting the following: “law;

10 “(B) notwithstanding”;

11 (3) by striking “Act, and (C) such” and insert-  
12 ing the following: “Act;

13 “(C) the”; and

14 (4) by adding at the end the following:

15 “(D) notwithstanding any other provision  
16 of law, the address, social security number, and,  
17 if available, photograph of any member of a  
18 household shall be made available, on request,  
19 to any Federal, State, or local law enforcement  
20 officer if the officer furnishes the State agency  
21 with the name of the member and notifies the  
22 agency that—

23 “(i) the member—

24 “(I) is fleeing to avoid prosecu-  
25 tion, or custody or confinement after  
26 conviction, for a crime (or attempt to

1           commit a crime) that, under the law  
2           of the place the member is fleeing, is  
3           a felony (or, in the case of New Jer-  
4           sey, a high misdemeanor), or is violat-  
5           ing a condition of probation or parole  
6           imposed under Federal or State law;  
7           or

8                   “(II) has information that is nec-  
9                   essary for the officer to conduct an of-  
10                  ficial duty related to subclause (I);

11                  “(ii) locating or apprehending the  
12                  member is an official duty; and

13                  “(iii) the request is being made in the  
14                  proper exercise of an official duty; and

15                  “(E) the safeguards shall not prevent com-  
16                  pliance with paragraph (16);”.

17 **SEC. 1047. EXPEDITED COUPON SERVICE.**

18           Section 11(e)(9) of the Food Stamp Act of 1977 (7  
19 U.S.C. 2020(e)(9)) is amended—

20                   (1) in subparagraph (A)—

21                           (A) by striking “five days” and inserting  
22                           “7 days”; and

23                           (B) by inserting “and” at the end;

24                   (2) by striking subparagraphs (B) and (C);



1 (B) by striking “shall be requested” and  
2 inserting “may be requested”; and  
3 (2) by adding at the end the following:

4 “(p) STATE VERIFICATION OPTION.—Notwithstand-  
5 ing any other provision of law, in carrying out the food  
6 stamp program, a State agency shall not be required to  
7 use an income and eligibility or an immigration status ver-  
8 ification system established under section 1137 of the So-  
9 cial Security Act (42 U.S.C. 1320b-7).”.

10 **SEC. 1050. DISQUALIFICATION OF RETAILERS WHO INTEN-**  
11 **TIONALLY SUBMIT FALSIFIED APPLICATIONS.**

12 Section 12(b) of the Food Stamp Act of 1977 (7  
13 U.S.C. 2021(b)) is amended—

14 (1) in paragraph (2), by striking “and” at the  
15 end;

16 (2) in paragraph (3), by striking the period at  
17 the end and inserting “; and”; and

18 (3) by adding at the end the following:

19 “(4) for a reasonable period of time to be deter-  
20 mined by the Secretary, including permanent dis-  
21 qualification, on the knowing submission of an appli-  
22 cation for the approval or reauthorization to accept  
23 and redeem coupons that contains false information  
24 about a substantive matter that was a part of the  
25 application.”.

1 **SEC. 1051. DISQUALIFICATION OF RETAILERS WHO ARE**  
2 **DISQUALIFIED UNDER THE WIC PROGRAM.**

3 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.  
4 2021) is amended by adding at the end the following:

5 **“(g) DISQUALIFICATION OF RETAILERS WHO ARE**  
6 **DISQUALIFIED UNDER THE WIC PROGRAM.—**

7 **“(1) IN GENERAL.—**The Secretary shall issue  
8 regulations providing criteria for the disqualification  
9 under this Act of an approved retail food store and  
10 a wholesale food concern that is disqualified from  
11 accepting benefits under the special supplemental  
12 nutrition program for women, infants, and children  
13 established under section 17 of the Child Nutrition  
14 Act of 1966 (7 U.S.C. 1786).

15 **“(2) TERMS.—**A disqualification under para-  
16 graph (1)—

17 **“(A)** shall be for the same length of time  
18 as the disqualification from the program re-  
19 ferred to in paragraph (1);

20 **“(B)** may begin at a later date than the  
21 disqualification from the program referred to in  
22 paragraph (1); and

23 **“(C)** notwithstanding section 14, shall not  
24 be subject to judicial or administrative review.”.

1 **SEC. 1052. COLLECTION OF OVERISSUANCES.**

2 (a) COLLECTION OF OVERISSUANCES.—Section 13 of  
3 the Food Stamp Act of 1977 (7 U.S.C. 2022) is amend-  
4 ed—

5 (1) by striking subsection (b) and inserting the  
6 following:

7 “(b) COLLECTION OF OVERISSUANCES.—

8 “(1) IN GENERAL.—Except as otherwise pro-  
9 vided in this subsection, a State agency shall collect  
10 any overissuance of coupons issued to a household  
11 by—

12 “(A) reducing the allotment of the house-  
13 hold;

14 “(B) withholding amounts from unemploy-  
15 ment compensation from a member of the  
16 household under subsection (c);

17 “(C) recovering from Federal pay or a  
18 Federal income tax refund under subsection  
19 (d); or

20 “(D) any other means.

21 “(2) COST EFFECTIVENESS.—Paragraph (1)  
22 shall not apply if the State agency demonstrates to  
23 the satisfaction of the Secretary that all of the  
24 means referred to in paragraph (1) are not cost ef-  
25 fective.



1           “(3) MAXIMUM REDUCTION ABSENT FRAUD.—  
2           If a household received an overissuance of coupons  
3           without any member of the household being found  
4           ineligible to participate in the program under section  
5           6(b)(1) and a State agency elects to reduce the allot-  
6           ment of the household under paragraph (1)(A), the  
7           State agency shall not reduce the monthly allotment  
8           of the household under paragraph (1)(A) by an  
9           amount in excess of the greater of—

10                   “(A) 10 percent of the monthly allotment  
11                   of the household; or

12                   “(B) \$10.

13           “(4) PROCEDURES.—A State agency shall col-  
14           lect an overissuance of coupons issued to a house-  
15           hold under paragraph (1) in accordance with the re-  
16           quirements established by the State agency for pro-  
17           viding notice, electing a means of payment, and es-  
18           tablishing a time schedule for payment.”; and

19                   (2) in subsection (d)—

20                   (A) by striking “as determined under sub-  
21                   section (b) and except for claims arising from  
22                   an error of the State agency,” and inserting “,  
23                   as determined under subsection (b)(1),”; and

24                   (B) by inserting before the period at the  
25                   end the following: “or a Federal income tax re-

1 fund as authorized by section 3720A of title 31,  
2 United States Code”.

3 (b) CONFORMING AMENDMENTS.—Section 11(e)(8)  
4 of the Act (7 U.S.C. 2020(e)(8)) is amended—

5 (1) by striking “and excluding claims” and all  
6 that follows through “such section”; and

7 (2) by inserting before the semicolon at the end  
8 the following: “or a Federal income tax refund as  
9 authorized by section 3720A of title 31, United  
10 States Code”.

11 (c) RETENTION RATE.—Section 16(a) of the Act (7  
12 U.S.C. 2025(a)) is amended by striking “25 percent dur-  
13 ing the period beginning October 1, 1990” and all that  
14 follows through “error of a State agency” and inserting  
15 the following: “25 percent of the overissuances collected  
16 by the State agency under section 13, except those  
17 overissuances arising from an error of the State agency”.

18 **SEC. 1053. AUTHORITY TO SUSPEND STORES VIOLATING**  
19 **PROGRAM REQUIREMENTS PENDING ADMIN-**  
20 **ISTRATIVE AND JUDICIAL REVIEW.**

21 Section 14(a) of the Food Stamp Act of 1977 (7  
22 U.S.C. 2023(a)) is amended—

23 (1) by redesignating the first through seven-  
24 teenth sentences as paragraphs (1) through (17), re-  
25 spectively; and

1 (2) by adding at the end the following:

2 “(18) SUSPENSION OF STORES PENDING RE-  
3 VIEW.—Notwithstanding any other provision of this  
4 subsection, any permanent disqualification of a retail  
5 food store or wholesale food concern under para-  
6 graph (3) or (4) of section 12(b) shall be effective  
7 from the date of receipt of the notice of disqualifica-  
8 tion. If the disqualification is reversed through ad-  
9 ministrative or judicial review, the Secretary shall  
10 not be liable for the value of any sales lost during  
11 the disqualification period.”.

12 **SEC. 1054. EXPANDED CRIMINAL FORFEITURE FOR VIOLA-**  
13 **TIONS.**

14 (a) FORFEITURE OF ITEMS EXCHANGED IN FOOD  
15 STAMP TRAFFICKING.—The first sentence of section  
16 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g))  
17 is amended by striking “or intended to be furnished”.

18 (b) CRIMINAL FORFEITURE.—Section 15 of the Act  
19 (7 U.S.C. 2024) is amended by adding at the end the fol-  
20 lowing:

21 “(h) CRIMINAL FORFEITURE.—

22 “(1) IN GENERAL.—In imposing a sentence on  
23 a person convicted of an offense in violation of sub-  
24 section (b) or (c), a court shall order, in addition to  
25 any other sentence imposed under this subsection,

1 that the person forfeit to the United States all prop-  
2 erty described in paragraph (2).

3 “(2) PROPERTY SUBJECT TO FORFEITURE.—All  
4 property, real and personal, used in a transaction or  
5 attempted transaction, to commit, or to facilitate the  
6 commission of, a violation (other than a mis-  
7 demeanor) of subsection (b) or (c), or proceeds  
8 traceable to a violation of subsection (b) or (c), shall  
9 be subject to forfeiture to the United States under  
10 paragraph (1).

11 “(3) INTEREST OF OWNER.—No interest in  
12 property shall be forfeited under this subsection as  
13 the result of any act or omission established by the  
14 owner of the interest to have been committed or  
15 omitted without the knowledge or consent of the  
16 owner.

17 “(4) PROCEEDS.—The proceeds from any sale  
18 of forfeited property and any monies forfeited under  
19 this subsection shall be used—

20 “(A) first, to reimburse the Department of  
21 Justice for the costs incurred by the Depart-  
22 ment to initiate and complete the forfeiture pro-  
23 ceeding;

24 “(B) second, to reimburse the Department  
25 of Agriculture Office of Inspector General for

1 any costs the Office incurred in the law enforce-  
2 ment effort resulting in the forfeiture;

3 “(C) third, to reimburse any Federal or  
4 State law enforcement agency for any costs in-  
5 curred in the law enforcement effort resulting  
6 in the forfeiture; and

7 “(D) fourth, by the Secretary to carry out  
8 the approval, reauthorization, and compliance  
9 investigations of retail stores and wholesale  
10 food concerns under section 9.”.

11 **SEC. 1055. LIMITATION OF FEDERAL MATCH.**

12 Section 16(a)(4) of the Food Stamp Act of 1977 (7  
13 U.S.C. 2025(a)(4)) is amended by inserting after the  
14 comma at the end the following: “but not including re-  
15 cruitment activities,”.

16 **SEC. 1056. STANDARDS FOR ADMINISTRATION.**

17 (a) **IN GENERAL.**—Section 16 of the Food Stamp Act  
18 of 1977 (7 U.S.C. 2025) is amended by striking sub-  
19 section (b).

20 (b) **CONFORMING AMENDMENTS.**—

21 (1) The first sentence of section 11(g) of the  
22 Act (7 U.S.C. 2020(g)) is amended by striking “the  
23 Secretary’s standards for the efficient and effective  
24 administration of the program established under sec-  
25 tion 16(b)(1) or”.

1           (2) Section 16(c)(1)(B) of the Act (7 U.S.C.  
2           2025(c)(1)(B)) is amended by striking “pursuant to  
3           subsection (b)”.

4 **SEC. 1057. WORK SUPPLEMENTATION OR SUPPORT PRO-**  
5 **GRAM.**

6           Section 16 of the Food Stamp Act of 1977 (7 U.S.C.  
7           2025), as amended by section 1056(a), is amended by in-  
8           serting after subsection (a) the following:

9           “(b) WORK SUPPLEMENTATION OR SUPPORT PRO-  
10          GRAM.—

11           “(1) DEFINITION OF WORK SUPPLEMENTATION  
12          OR SUPPORT PROGRAM.—In this subsection, the  
13          term ‘work supplementation or support program’  
14          means a program under which, as determined by the  
15          Secretary, public assistance (including any benefits  
16          provided under a program established by the State  
17          and the food stamp program) is provided to an em-  
18          ployer to be used for hiring and employing a public  
19          assistance recipient who was not employed by the  
20          employer at the time the public assistance recipient  
21          entered the program.

22           “(2) PROGRAM.—A State agency may elect to  
23          use an amount equal to the allotment that would  
24          otherwise be issued to a household under the food  
25          stamp program, but for the operation of this sub-

1 section, for the purpose of subsidizing or supporting  
2 a job under a work supplementation or support pro-  
3 gram established by the State.

4 “(3) PROCEDURE.—If a State agency makes an  
5 election under paragraph (2) and identifies each  
6 household that participates in the food stamp pro-  
7 gram that contains an individual who is participat-  
8 ing in the work supplementation or support pro-  
9 gram—

10 “(A) the Secretary shall pay to the State  
11 agency an amount equal to the value of the al-  
12 lotment that the household would be eligible to  
13 receive but for the operation of this subsection;

14 “(B) the State agency shall expend the  
15 amount received under subparagraph (A) in ac-  
16 cordance with the work supplementation or sup-  
17 port program in lieu of providing the allotment  
18 that the household would receive but for the op-  
19 eration of this subsection;

20 “(C) for purposes of—

21 “(i) sections 5 and 8(a), the amount  
22 received under this subsection shall be ex-  
23 cluded from household income and re-  
24 sources; and

1                   “(ii) section 8(b), the amount received  
2                   under this subsection shall be considered to  
3                   be the value of an allotment provided to  
4                   the household; and

5                   “(D) the household shall not receive an al-  
6                   lotment from the State agency for the period  
7                   during which the member continues to partici-  
8                   pate in the work supplementation or support  
9                   program.

10                  “(4) OTHER WORK REQUIREMENTS.—No indi-  
11                  vidual shall be excused, by reason of the fact that  
12                  a State has a work supplementation or support pro-  
13                  gram, from any work requirement under section  
14                  6(d), except during the periods in which the individ-  
15                  ual is employed under the work supplementation or  
16                  support program.

17                  “(5) LENGTH OF PARTICIPATION.—A State  
18                  agency shall provide a description of how the public  
19                  assistance recipients in the program shall, within a  
20                  specific period of time, be moved from supplemented  
21                  or supported employment to employment that is not  
22                  supplemented or supported.

23                  “(6) DISPLACEMENT.—A work supplementation  
24                  or support program shall not displace the employ-



1       ment of individuals who are not supplemented or  
2       supported.”.

3 **SEC. 1058. WAIVER AUTHORITY.**

4       Section 17(b)(1) of the Food Stamp Act of 1977 (7  
5 U.S.C. 2026(b)(1)) is amended—

6           (1) by redesignating subparagraph (B) as sub-  
7       paragraph (C); and

8           (2) in subparagraph (A)—

9               (A) by striking the second sentence; and

10               (B) by striking “benefits to eligible house-  
11       holds, including” and inserting the following:

12       “benefits to eligible households, and may waive  
13       any requirement of this Act to the extent nec-  
14       essary for the project to be conducted.

15           “(B) PROJECT REQUIREMENTS.—

16               “(i) PROGRAM GOAL.—The Secretary  
17       may not conduct a project under subpara-  
18       graph (A) unless the project is consistent  
19       with the goal of the food stamp program of  
20       providing food assistance to raise levels of  
21       nutrition among low-income individuals.

22               “(ii) PERMISSIBLE PROJECTS.—The  
23       Secretary may conduct a project under  
24       subparagraph (A) to—

1           “(I) improve program adminis-  
2           tration;

3           “(II) increase the self-sufficiency  
4           of food stamp recipients;

5           “(III) test innovative welfare re-  
6           form strategies; and

7           “(IV) allow greater conformity  
8           with the rules of other programs than  
9           would be allowed but for this para-  
10          graph.

11          “(iii) IMPERMISSIBLE PROJECTS.—  
12          The Secretary may not conduct a project  
13          under subparagraph (A) that—

14               “(I) involves the payment of the  
15               value of an allotment in the form of  
16               cash, unless the project was approved  
17               prior to the date of enactment of this  
18               subparagraph;

19               “(II) substantially transfers  
20               funds made available under this Act  
21               to services or benefits provided pri-  
22               marily through another public assist-  
23               ance program; or

24               “(III) is not limited to a specific  
25               time period.

1                   “(iv)        ADDITIONAL        INCLUDED  
2                   PROJECTS.—Pilot or experimental projects  
3                   may include”.

4 **SEC. 1059. RESPONSE TO WAIVERS.**

5       Section 17(b)(1) of the Food Stamp Act of 1977 (7  
6 U.S.C. 2026(b)(1)), as amended by section 1058, is  
7 amended by adding at the end the following:

8                   “(D) RESPONSE TO WAIVERS.—

9                   “(i) RESPONSE.—Not later than 60  
10                  days after the date of receiving a request  
11                  for a waiver under subparagraph (A), the  
12                  Secretary shall provide a response that—

13                       “(I) approves the waiver request;

14                       “(II) denies the waiver request  
15                       and explains any modification needed  
16                       for approval of the waiver request;

17                       “(III) denies the waiver request  
18                       and explains the grounds for the de-  
19                       nial; or

20                       “(IV) requests clarification of the  
21                       waiver request.

22                       “(ii) FAILURE TO RESPOND.—If the  
23                       Secretary does not provide a response in  
24                       accordance with clause (i), the waiver shall

1 be considered approved, unless the ap-  
2 proval is specifically prohibited by this Act.

3 “(iii) NOTICE OF DENIAL.—On denial  
4 of a waiver request under clause (i)(III),  
5 the Secretary shall provide a copy of the  
6 waiver request and a description of the  
7 reasons for the denial to the Committee on  
8 Agriculture of the House of Representa-  
9 tives and the Committee on Agriculture,  
10 Nutrition, and Forestry of the Senate.”.

11 **SEC. 1060. EMPLOYMENT INITIATIVES PROGRAM.**

12 Section 17 of the Food Stamp Act of 1977 (7 U.S.C.  
13 2026) is amended by striking subsection (d) and inserting  
14 the following:

15 “(d) EMPLOYMENT INITIATIVES PROGRAM.—

16 “(1) ELECTION TO PARTICIPATE.—

17 “(A) IN GENERAL.—Subject to the other  
18 provisions of this subsection, a State may elect  
19 to carry out an employment initiatives program  
20 under this subsection.

21 “(B) REQUIREMENT.—A State shall be eli-  
22 gible to carry out an employment initiatives  
23 program under this subsection only if not less  
24 than 50 percent of the households that received  
25 food stamp benefits during the summer of 1993

1 also received benefits under a State program  
2 funded under part A of title IV of the Social  
3 Security Act (42 U.S.C. 601 et seq.) during the  
4 summer of 1993.

5 “(2) PROCEDURE.—

6 “(A) IN GENERAL.—A State that has  
7 elected to carry out an employment initiatives  
8 program under paragraph (1) may use amounts  
9 equal to the food stamp allotments that would  
10 otherwise be issued to a household under the  
11 food stamp program, but for the operation of  
12 this subsection, to provide cash benefits in lieu  
13 of the food stamp allotments to the household  
14 if the household is eligible under paragraph (3).

15 “(B) PAYMENT.—The Secretary shall pay  
16 to each State that has elected to carry out an  
17 employment initiatives program under para-  
18 graph (1) an amount equal to the value of the  
19 allotment that each household would be eligible  
20 to receive under this Act but for the operation  
21 of this subsection.

22 “(C) OTHER PROVISIONS.—For purposes  
23 of the food stamp program (other than this  
24 subsection)—

1           “(i) cash assistance under this sub-  
2           section shall be considered to be an allot-  
3           ment; and

4           “(ii) each household receiving cash  
5           benefits under this subsection shall not re-  
6           ceive any other food stamp benefit for the  
7           period for which the cash assistance is pro-  
8           vided.

9           “(D)    ADDITIONAL    PAYMENTS.—Each  
10          State that has elected to carry out an employ-  
11          ment initiatives program under paragraph (1)  
12          shall—

13               “(i) increase the cash benefits pro-  
14               vided to each household under this sub-  
15               section to compensate for any State or  
16               local sales tax that may be collected on  
17               purchases of food by any household receiv-  
18               ing cash benefits under this subsection, un-  
19               less the Secretary determines on the basis  
20               of information provided by the State that  
21               the increase is unnecessary on the basis of  
22               the limited nature of the items subject to  
23               the State or local sales tax; and

24               “(ii) pay the cost of any increase in  
25               cash benefits required by clause (i).

1           “(3) ELIGIBILITY.—A household shall be eligi-  
2 ble to receive cash benefits under paragraph (2) if  
3 an adult member of the household—

4           “(A) has worked in unsubsidized employ-  
5 ment for not less than the preceding 90 days;

6           “(B) has earned not less than \$350 per  
7 month from the employment referred to in sub-  
8 paragraph (A) for not less than the preceding  
9 90 days;

10          “(C)(i) is receiving benefits under a State  
11 program funded under part A of title IV of the  
12 Social Security Act (42 U.S.C. 601 et seq.); or

13          “(ii) was receiving benefits under a State  
14 program funded under part A of title IV of the  
15 Social Security Act (42 U.S.C. 601 et seq.) at  
16 the time the member first received cash benefits  
17 under this subsection and is no longer eligible  
18 for the State program because of earned in-  
19 come;

20          “(D) is continuing to earn not less than  
21 \$350 per month from the employment referred  
22 to in subparagraph (A); and

23          “(E) elects to receive cash benefits in lieu  
24 of food stamp benefits under this subsection.

1           “(4) EVALUATION.—A State that operates a  
2           program under this subsection for 2 years shall pro-  
3           vide to the Secretary a written evaluation of the im-  
4           pact of cash assistance under this subsection. The  
5           State agency, with the concurrence of the Secretary,  
6           shall determine the content of the evaluation.”.

7   **SEC. 1061. REAUTHORIZATION.**

8           The first sentence of section 18(a)(1) of the Food  
9           Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by  
10          striking “1991 through 1997” and inserting “1996  
11          through 2002”.

12   **SEC. 1062. SIMPLIFIED FOOD STAMP PROGRAM.**

13          (a) IN GENERAL.—The Food Stamp Act of 1977 (7  
14          U.S.C. 2011 et seq.) is amended by adding at the end  
15          the following:

16   **“SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.**

17          “(a) DEFINITION OF FEDERAL COSTS.—In this sec-  
18          tion, the term ‘Federal costs’ does not include any Federal  
19          costs incurred under section 17.

20          “(b) ELECTION.—Subject to subsection (d), a State  
21          may elect to carry out a Simplified Food Stamp Program  
22          (referred to in this section as a ‘Program’), statewide or  
23          in a political subdivision of the State, in accordance with  
24          this section.



1       “(c) OPERATION OF PROGRAM.—If a State elects to  
2 carry out a Program, within the State or a political sub-  
3 division of the State—

4               “(1) a household in which all members receive  
5 assistance under a State program funded under part  
6 A of title IV of the Social Security Act (42 U.S.C.  
7 601 et seq.) shall automatically be eligible to partici-  
8 pate in the Program; and

9               “(2) subject to subsection (f), benefits under  
10 the Program shall be determined under rules and  
11 procedures established by the State under—

12                       “(A) a State program funded under part A  
13 of title IV of the Social Security Act (42 U.S.C.  
14 601 et seq.);

15                       “(B) the food stamp program (other than  
16 section 27); or

17                       “(C) a combination of a State program  
18 funded under part A of title IV of the Social  
19 Security Act (42 U.S.C. 601 et seq.) and the  
20 food stamp program (other than section 27).

21       “(d) APPROVAL OF PROGRAM.—

22               “(1) STATE PLAN.—A State agency may not  
23 operate a Program unless the Secretary approves a  
24 State plan for the operation of the Program under  
25 paragraph (2).

1           “(2) APPROVAL OF PLAN.—The Secretary shall  
2 approve any State plan to carry out a Program if  
3 the Secretary determines that the plan—

4                   “(A) complies with this section; and

5                   “(B) contains sufficient documentation  
6 that the plan will not increase Federal costs for  
7 any fiscal year.

8           “(e) INCREASED FEDERAL COSTS.—

9           “(1) DETERMINATION.—During each fiscal  
10 year and not later than 90 days after the end of  
11 each fiscal year, the Secretary shall determine  
12 whether a Program being carried out by a State  
13 agency is increasing Federal costs under this Act  
14 above the Federal costs incurred under the food  
15 stamp program in operation in the State or political  
16 subdivision of the State for the fiscal year prior to  
17 the implementation of the Program, adjusted for any  
18 changes in—

19                   “(A) participation;

20                   “(B) the income of participants in the food  
21 stamp program that is not attributable to pub-  
22 lic assistance; and

23                   “(C) the thrifty food plan under section  
24 3(o).

1           “(2) NOTIFICATION.—If the Secretary deter-  
2           mines that the Program has increased Federal costs  
3           under this Act for any fiscal year or any portion of  
4           any fiscal year, the Secretary shall notify the State  
5           not later than 30 days after the Secretary makes the  
6           determination under paragraph (1).

7           “(3) ENFORCEMENT.—

8           “(A) CORRECTIVE ACTION.—Not later  
9           than 90 days after the date of a notification  
10          under paragraph (2), the State shall submit a  
11          plan for approval by the Secretary for prompt  
12          corrective action that is designed to prevent the  
13          Program from increasing Federal costs under  
14          this Act.

15          “(B) TERMINATION.—If the State does not  
16          submit a plan under subparagraph (A) or carry  
17          out a plan approved by the Secretary, the Sec-  
18          retary shall terminate the approval of the State  
19          agency operating the Program and the State  
20          agency shall be ineligible to operate a future  
21          Program.

22          “(f) RULES AND PROCEDURES.—

23          “(1) IN GENERAL.—In operating a Program, a  
24          State or political subdivision of a State may follow  
25          the rules and procedures established by the State or

1 political subdivision under a State program funded  
2 under part A of title IV of the Social Security Act  
3 (42 U.S.C. 601 et seq.) or under the food stamp  
4 program.

5 “(2) STANDARDIZED DEDUCTIONS.—In operat-  
6 ing a Program, a State or political subdivision of a  
7 State may standardize the deductions provided  
8 under section 5(e). In developing the standardized  
9 deduction, the State shall consider the work ex-  
10 penses, dependent care costs, and shelter costs of  
11 participating households.

12 “(3) REQUIREMENTS.—In operating a Pro-  
13 gram, a State or political subdivision shall comply  
14 with the requirements of—

15 “(A) subsections (a) through (g) of section  
16 7;

17 “(B) section 8(a) (except that the income  
18 of a household may be determined under a  
19 State program funded under part A of title IV  
20 of the Social Security Act (42 U.S.C. 601 et  
21 seq.));

22 “(C) subsection (b) and (d) of section 8;

23 “(D) subsections (a), (c), (d), and (n) of  
24 section 11;

1           “(E) paragraphs (8), (12), (16), (18),  
2           (20), (24), and (25) of section 11(e);

3           “(F) section 11(e)(10) (or a comparable  
4           requirement established by the State under a  
5           State program funded under part A of title IV  
6           of the Social Security Act (42 U.S.C. 601 et  
7           seq.)); and

8           “(G) section 16.

9           “(4) LIMITATION ON ELIGIBILITY.—Notwith-  
10          standing any other provision of this section, a house-  
11          hold may not receive benefits under this section as  
12          a result of the eligibility of the household under a  
13          State program funded under part A of title IV of the  
14          Social Security Act (42 U.S.C. 601 et seq.), unless  
15          the Secretary determines that any household with in-  
16          come above 130 percent of the poverty guidelines is  
17          not eligible for the program.”.

18          (b) STATE PLAN PROVISIONS.—Section 11(e) of the  
19          Act (7 U.S.C. 2020(e)), as amended by sections 1020(b),  
20          1028(b), and 1044, is amended by adding at the end the  
21          following:

22                 “(25) if a State elects to carry out a Simplified  
23          Food Stamp Program under section 26, the plans of  
24          the State agency for operating the program, includ-  
25          ing—

1           “(A) the rules and procedures to be fol-  
2           lowed by the State agency to determine food  
3           stamp benefits;

4           “(B) how the State agency will address the  
5           needs of households that experience high shelter  
6           costs in relation to the incomes of the house-  
7           holds; and

8           “(C) a description of the method by which  
9           the State agency will carry out a quality control  
10          system under section 16(e).”.

11       (c) CONFORMING AMENDMENTS.—

12           (1) Section 8 of the Act (7 U.S.C. 2017), as  
13       amended by section 1039, is amended—

14           (A) by striking subsection (e); and

15           (B) by redesignating subsection (f) as sub-  
16       section (e).

17           (2) Section 17 of the Act (7 U.S.C. 2026) is  
18       amended—

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

20           (B) by redesignating subsections (j)  
21       through (l) as subsections (i) through (k), re-  
22       spectively.

1 **SEC. 1063. STATE FOOD ASSISTANCE BLOCK GRANT.**

2 (a) IN GENERAL.—The Food Stamp Act of 1977 (7  
3 U.S.C. 2011 et seq.), as amended by section 1062, is  
4 amended by adding at the end the following:

5 **“SEC. 27. STATE FOOD ASSISTANCE BLOCK GRANT.**

6 “(a) DEFINITIONS.—In this section:

7 “(1) FOOD ASSISTANCE.—The term ‘food as-  
8 sistance’ means assistance that may be used only to  
9 obtain food, as defined in section 3(g).

10 “(2) STATE.—The term ‘State’ means each of  
11 the 50 States, the District of Columbia, Guam, and  
12 the Virgin Islands of the United States.

13 “(b) ESTABLISHMENT.—The Secretary shall estab-  
14 lish a program to make grants to States in accordance  
15 with this section to provide—

16 “(1) food assistance to needy individuals and  
17 families residing in the State; and

18 “(2) funds for administrative costs incurred in  
19 providing the assistance.

20 “(c) ELECTION.—

21 “(1) IN GENERAL.—A State may annually elect  
22 to participate in the program established under sub-  
23 section (b) if the State—

24 “(A) has fully implemented an electronic  
25 benefit transfer system that operates in the en-  
26 tire State;

1           “(B) has a payment error rate under sec-  
2           tion 16(c) that is not more than 6 percent as  
3           announced most recently by the Secretary; or

4           “(C) has a payment error rate in excess of  
5           6 percent and agrees to contribute non-Federal  
6           funds for the fiscal year of the grant, for bene-  
7           fits and administration of the State’s food as-  
8           sistance program, the amount determined under  
9           paragraph (2).

10          “(2) STATE MANDATORY CONTRIBUTIONS.—

11           “(A) IN GENERAL.—In the case of a State  
12           that elects to participate in the program under  
13           paragraph (1)(C), the State shall agree to con-  
14           tribute, for a fiscal year, an amount equal to—

15                   “(i) the benefits issued in the State;  
16                   multiplied by

17                   “(ii) the payment error rate of the  
18                   State; minus

19                   “(B)(i) the benefits issued in the State;  
20                   multiplied by

21                   “(ii) 6 percent.

22           “(B) DETERMINATION.—Notwithstanding  
23           sections 13 and 14, the calculation of the con-  
24           tribution shall be based solely on the determina-  
25           tion of the Secretary of the payment error rate.



1           “(C) DATA.—For purposes of implement-  
2           ing subparagraph (A) for a fiscal year, the Sec-  
3           retary shall use the data for the most recent  
4           fiscal year available.

5           “(3) ELECTION LIMITATION.—

6           “(A) RE-ENTERING FOOD STAMP PRO-  
7           GRAM.—A State that elects to participate in the  
8           program under paragraph (1) may in a subse-  
9           quent year decline to elect to participate in the  
10          program and instead participate in the food  
11          stamp program in accordance with the other  
12          sections of this Act.

13          “(B) LIMITATION.—Subsequent to re-en-  
14          tering the food stamp program under subpara-  
15          graph (A), the State shall only be eligible to  
16          participate in the food stamp program in ac-  
17          cordance with the other sections of this Act and  
18          shall not be eligible to elect to participate in the  
19          program established under subsection (b).

20          “(4) PROGRAM EXCLUSIVE.—

21          “(A) IN GENERAL.—A State that is par-  
22          ticipating in the program established under sub-  
23          section (b) shall not be subject to, or receive  
24          any benefit under, this Act except as provided  
25          in this section.

1           “(B) CONTRACT WITH FEDERAL GOVERN-  
2           MENT.—Nothing in this section shall prohibit a  
3           State from contracting with the Federal Gov-  
4           ernment for the provision of services or mate-  
5           rials necessary to carry out a program under  
6           this section.

7           “(d) LEAD AGENCY.—A State desiring to receive a  
8           grant under this section shall designate, in an application  
9           submitted to the Secretary under subsection (e)(1), an ap-  
10          propriate State agency responsible for the administration  
11          of the program under this section as the lead agency.

12          “(e) APPLICATION AND PLAN.—

13                 “(1) APPLICATION.—To be eligible to receive  
14                 assistance under this section, a State shall prepare  
15                 and submit to the Secretary an application at such  
16                 time, in such manner, and containing such informa-  
17                 tion as the Secretary shall by regulation require, in-  
18                 cluding—

19                         “(A) an assurance that the State will com-  
20                         ply with the requirements of this section;

21                         “(B) a State plan that meets the require-  
22                         ments of paragraph (3); and

23                         “(C) an assurance that the State will com-  
24                         ply with the requirements of the State plan  
25                         under paragraph (3).

1           “(2) ANNUAL PLAN.—The State plan contained  
2           in the application under paragraph (1) shall be sub-  
3           mitted for approval annually.

4           “(3) REQUIREMENTS OF PLAN.—

5           “(A) LEAD AGENCY.—The State plan shall  
6           identify the lead agency.

7           “(B) USE OF BLOCK GRANT FUNDS.—The  
8           State plan shall provide that the State shall use  
9           the amounts provided to the State for each fis-  
10          cal year under this section—

11           “(i) to provide food assistance to  
12           needy individuals and families residing in  
13           the State, other than residents of institu-  
14           tions who are ineligible for food stamps  
15           under section 3(i); and

16           “(ii) to pay administrative costs in-  
17           curred in providing the assistance.

18           “(C) GROUPS SERVED.—The State plan  
19           shall describe how and to what extent the pro-  
20           gram will serve specific groups of individuals  
21           and families and how the treatment will differ  
22           from treatment under the food stamp program  
23           under the other sections of this Act of the indi-  
24           viduals and families, including—

25           “(i) elderly individuals and families;

1                   “(ii) migrants or seasonal farm-  
2 workers;

3                   “(iii) homeless individuals and fami-  
4 lies;

5                   “(iv) individuals and families who live  
6 in institutions eligible under section 3(i);

7                   “(v) individuals and families with  
8 earnings; and

9                   “(vi) members of Indian tribes or trib-  
10 al organizations.

11                  “(D) ASSISTANCE FOR ENTIRE STATE.—

12                  The State plan shall provide that benefits under  
13 this section shall be available throughout the  
14 entire State.

15                  “(E) NOTICE AND HEARINGS.—The State

16 plan shall provide that an individual or family  
17 who applies for, or receives, assistance under  
18 this section shall be provided with notice of, and  
19 an opportunity for a hearing on, any action  
20 under this section that adversely affects the in-  
21 dividual or family.

22                  “(F) ASSESSMENT OF NEEDS.—The State

23 plan shall assess the food and nutrition needs  
24 of needy persons residing in the State.

1           “(G) ELIGIBILITY STANDARDS.—The State  
2 plan shall describe the income, resource, and  
3 other eligibility standards that are established  
4 for the receipt of assistance under this section.

5           “(H) DISQUALIFICATION OF FLEEING FEL-  
6 ONS.—The State plan shall provide for the dis-  
7 qualification of any individual who would be  
8 disqualified from participating in the food  
9 stamp program under section 6(k).

10           “(I) RECEIVING BENEFITS IN MORE THAN  
11 1 JURISDICTION.—The State plan shall estab-  
12 lish a system for the exchange of information  
13 with other States to verify the identity and re-  
14 ceipt of benefits by recipients.

15           “(J) PRIVACY.—The State plan shall pro-  
16 vide for safeguarding and restricting the use  
17 and disclosure of information about any individ-  
18 ual or family receiving assistance under this  
19 section.

20           “(K) OTHER INFORMATION.—The State  
21 plan shall contain such other information as  
22 may be required by the Secretary.

23           “(4) APPROVAL OF APPLICATION AND PLAN.—  
24 The Secretary shall approve an application and

1 State plan that satisfies the requirements of this  
2 section.

3 “(f) NO INDIVIDUAL OR FAMILY ENTITLEMENT TO  
4 ASSISTANCE.—Nothing in this section—

5 “(1) entitles any individual or family to assist-  
6 ance under this section; or

7 “(2) limits the right of a State to impose addi-  
8 tional limitations or conditions on assistance under  
9 this section.

10 “(g) BENEFITS FOR ALIENS.—

11 “(1) ELIGIBILITY.—No individual who is an  
12 alien shall be eligible to receive benefits under a  
13 State plan approved under subsection (e)(4) if the  
14 individual is not eligible to participate in the food  
15 stamp program due to the alien status of the indi-  
16 vidual.

17 “(2) INCOME.—The State plan shall provide  
18 that the income of an alien shall be determined in  
19 accordance with section 5(i).

20 “(h) EMPLOYMENT AND TRAINING.—

21 “(1) WORK REQUIREMENTS.—No individual or  
22 household shall be eligible to receive benefits under  
23 a State plan funded under this section if the individ-  
24 ual or household is not eligible to participate in the

1 food stamp program under subsection (d) or (o) of  
2 section 6.

3 “(2) WORK PROGRAMS.—Each State shall im-  
4 plement an employment and training program in ac-  
5 cordance with the terms and conditions of section  
6 6(d)(4) for individuals under the program and shall  
7 be eligible to receive funding under section 16(h).

8 “(i) ENFORCEMENT.—

9 “(1) REVIEW OF COMPLIANCE WITH STATE  
10 PLAN.—The Secretary shall review and monitor  
11 State compliance with this section and the State  
12 plan approved under subsection (e)(4).

13 “(2) NONCOMPLIANCE.—

14 “(A) IN GENERAL.—If the Secretary, after  
15 reasonable notice to a State and opportunity for  
16 a hearing, finds that—

17 “(i) there has been a failure by the  
18 State to comply substantially with any pro-  
19 vision or requirement set forth in the State  
20 plan approved under subsection (e)(4); or

21 “(ii) in the operation of any program  
22 or activity for which assistance is provided  
23 under this section, there is a failure by the  
24 State to comply substantially with any pro-  
25 vision of this section;

1 the Secretary shall notify the State of the find-  
2 ing and that no further grants will be made to  
3 the State under this section (or, in the case of  
4 noncompliance in the operation of a program or  
5 activity, that no further grants to the State will  
6 be made with respect to the program or activ-  
7 ity) until the Secretary is satisfied that there  
8 is no longer any failure to comply or that the  
9 noncompliance will be promptly corrected.

10 “(B) OTHER PENALTIES.—In the case of a  
11 finding of noncompliance made pursuant to  
12 subparagraph (A), the Secretary may, in addi-  
13 tion to, or in lieu of, imposing the penalties de-  
14 scribed in subparagraph (A), impose other ap-  
15 propriate penalties, including recoupment of  
16 money improperly expended for purposes pro-  
17 hibited or not authorized by this section and  
18 disqualification from the receipt of financial as-  
19 sistance under this section.

20 “(C) NOTICE.—The notice required under  
21 subparagraph (A) shall include a specific identi-  
22 fication of any additional penalty being imposed  
23 under subparagraph (B).

24 “(3) ISSUANCE OF REGULATIONS.—The Sec-  
25 retary shall establish by regulation procedures for—



1           “(A) receiving, processing, and determin-  
2           ing the validity of complaints made to the Sec-  
3           retary concerning any failure of a State to com-  
4           ply with the State plan or any requirement of  
5           this section; and

6           “(B) imposing penalties under this section.

7           “(j) GRANT.—

8           “(1) IN GENERAL.—For each fiscal year, the  
9           Secretary shall pay to a State that has an applica-  
10          tion approved by the Secretary under subsection  
11          (e)(4) an amount that is equal to the grant of the  
12          State under subsection (m) for the fiscal year.

13          “(2) METHOD OF GRANT.—The Secretary shall  
14          make a grant to a State for a fiscal year under this  
15          section by issuing 1 or more letters of credit for the  
16          fiscal year, with necessary adjustments on account  
17          of overpayments or underpayments, as determined  
18          by the Secretary.

19          “(3) SPENDING OF GRANTS BY STATE.—

20          “(A) IN GENERAL.—Except as provided in  
21          subparagraph (B), a grant to a State deter-  
22          mined under subsection (m)(1) for a fiscal year  
23          may be expended by the State only in the fiscal  
24          year.

1           “(B) CARRYOVER.—The State may reserve  
2           up to 10 percent of a grant determined under  
3           subsection (m)(1) for a fiscal year to provide  
4           assistance under this section in subsequent fis-  
5           cal years, except that the reserved funds may  
6           not exceed 30 percent of the total grant re-  
7           ceived under this section for a fiscal year.

8           “(4) FOOD ASSISTANCE AND ADMINISTRATIVE  
9           EXPENDITURES.—In each fiscal year, not more than  
10          6 percent of the Federal and State funds required  
11          to be expended by a State under this section shall  
12          be used for administrative expenses.

13          “(5) PROVISION OF FOOD ASSISTANCE.—A  
14          State may provide food assistance under this section  
15          in any manner determined appropriate by the State,  
16          such as electronic benefit transfer limited to food  
17          purchases, coupons limited to food purchases, or di-  
18          rect provision of commodities.

19          “(k) QUALITY CONTROL.—Each State participating  
20          in the program established under this section shall main-  
21          tain a system in accordance with, and shall be subject to  
22          section 16(c), including sanctions and eligibility for incen-  
23          tive payment under section 16(c), adjusted for State spe-  
24          cific characteristics under regulations issued by the Sec-  
25          retary.

1       “(1) NONDISCRIMINATION.—

2               “(1) IN GENERAL.—The Secretary shall not  
3 provide financial assistance for any program,  
4 project, or activity under this section if any person  
5 with responsibilities for the operation of the pro-  
6 gram, project, or activity discriminates with respect  
7 to the program, project, or activity because of race,  
8 religion, color, national origin, sex, or disability.

9               “(2) ENFORCEMENT.—The powers, remedies,  
10 and procedures set forth in title VI of the Civil  
11 Rights Act of 1964 (42 U.S.C. 2000d et seq.) may  
12 be used by the Secretary to enforce paragraph (1).

13       “(m) GRANT CALCULATION.—

14               “(1) STATE GRANT.—

15                       “(A) IN GENERAL.—Except as provided in  
16 subparagraph (B), from the amounts made  
17 available under section 18 for each fiscal year,  
18 the Secretary shall provide a grant to each  
19 State participating in the program established  
20 under this section an amount that is equal to  
21 the sum of—

22                               “(i) the greater of, as determined by  
23 the Secretary—

24                                       “(I) the total dollar value of all  
25 benefits issued under the food stamp

1 program established under this Act by  
2 the State during fiscal year 1994; or

3 “(II) the average per fiscal year  
4 of the total dollar value of all benefits  
5 issued under the food stamp program  
6 by the State during each of fiscal  
7 years 1992 through 1994; and

8 “(ii) the greater of, as determined by  
9 the Secretary—

10 “(I) the total amount received by  
11 the State for administrative costs  
12 under section 16(a) (not including any  
13 adjustment under section 16(c)) for  
14 fiscal year 1994; or

15 “(II) the average per fiscal year  
16 of the total amount received by the  
17 State for administrative costs under  
18 section 16(a) (not including any ad-  
19 justment under section 16(c)) for each  
20 of fiscal years 1992 through 1994.

21 “(B) INSUFFICIENT FUNDS.—If the Sec-  
22 retary finds that the total amount of grants to  
23 which States would otherwise be entitled for a  
24 fiscal year under subparagraph (A) will exceed  
25 the amount of funds that will be made available

1 to provide the grants for the fiscal year, the  
2 Secretary shall reduce the grants made to  
3 States under this subsection, on a pro rata  
4 basis, to the extent necessary.

5 “(2) REDUCTION.—The Secretary shall reduce  
6 the grant of a State by the amount a State has  
7 agreed to contribute under subsection (c)(1)(C).”.

8 (b) EMPLOYMENT AND TRAINING FUNDING.—Sec-  
9 tion 16(h) of the Act (7 U.S.C. 2025(a)), as amended by  
10 section 1027(d)(2), is amended by adding at the end the  
11 following:

12 “(6) BLOCK GRANT STATES.—Each State elect-  
13 ing to operate a program under section 27 shall—

14 “(A) receive the greater of—

15 “(i) the total dollar value of the funds  
16 received under paragraph (1) by the State  
17 during fiscal year 1994; or

18 “(ii) the average per fiscal year of the  
19 total dollar value of all funds received  
20 under paragraph (1) by the State during  
21 each of fiscal years 1992 through 1994;  
22 and

23 “(B) be eligible to receive funds under  
24 paragraph (2), within the limitations in section  
25 6(d)(4)(K).”.

1 (c) RESEARCH ON OPTIONAL STATE FOOD ASSIST-  
2 ANCE BLOCK GRANT.—Section 17 of the Act (7 U.S.C.  
3 2026), as amended by section 1062(c)(2), is amended by  
4 adding at the end the following:

5 “(1) RESEARCH ON OPTIONAL STATE FOOD ASSIST-  
6 ANCE BLOCK GRANT.—The Secretary may conduct re-  
7 search on the effects and costs of a State program carried  
8 out under section 27.”.

9 **SEC. 1064. A STUDY OF THE USE OF FOOD STAMPS TO PUR-**  
10 **CHASE VITAMINS AND MINERALS.**

11 The Secretary of Agriculture shall, in consultation  
12 with the National Academy of Sciences and the Center for  
13 Disease Control and Prevention, conduct a study of the  
14 use of food stamps to purchase vitamins and minerals.  
15 The study shall include an analysis of scientific findings  
16 on the efficacy of and need for vitamins and minerals, in-  
17 cluding the adequacy of vitamin and mineral intake in low  
18 income populations, as shown by existing research and  
19 surveys, and the potential value of nutritional supplements  
20 in filling nutrient gaps that may exist in the population  
21 as a whole or in vulnerable subgroups in the U.S. popu-  
22 lation; the impact of nutritional improvements (including  
23 vitamin or mineral supplementation) on health status and  
24 health care costs for women of childbearing age, pregnant  
25 or lactating women, and the elderly; the cost of vitamin

1 and mineral supplements commercially available; the pur-  
2 chasing habits of low income populations with regard to  
3 vitamins and minerals; the impact on the food purchases  
4 of low income households; and the economic impact on ag-  
5 ricultural commodities. The Secretary shall report the re-  
6 sults of the study to the Committee on Agriculture of the  
7 U.S. House of Representatives not later than December  
8 15, 1996.”.

9 **SEC. 1065. INVESTIGATIONS.**

10 Section 12(a) of the Food Stamp Act of 1977 (7  
11 U.S.C. 2021(a)) is amended by adding at the end the fol-  
12 lowing:

13 “Regulations issued pursuant to this Act shall provide cri-  
14 teria for the finding of violations and the suspension or  
15 disqualification of a retail food store or wholesale food con-  
16 cern on the basis of evidence which may include, but is  
17 not limited to, facts established through on-site investiga-  
18 tions, inconsistent redemption data or evidence obtained  
19 through transaction reports under electronic benefit trans-  
20 fer systems.”.

21 **SEC. 1066. FOOD STAMP ELIGIBILITY.**

22 Section 6(f) of the Food Stamp Act of 1977 (7  
23 U.S.C. 2015(f)) is amended by striking the third sentence  
24 and inserting the following:

1 “The State agency shall, at its option, consider either all  
2 income and financial resources of the individual rendered  
3 ineligible to participate in the food stamp program under  
4 this subsection, or such income, less a pro rata share, and  
5 the financial resources of the ineligible individual, to deter-  
6 mine the eligibility and the value of the allotment of the  
7 household of which such individual is a member.”.

8 **SEC. 1067. REPORT BY THE SECRETARY.**

9       The Secretary of Agriculture may report to the Com-  
10 mittee on Agriculture of the House of Representatives, not  
11 later than January 1, 2000, on the effect of the food  
12 stamp reforms in the Welfare and Medicaid Reform Act  
13 of 1996 and the ability of State and local governments  
14 to deal with people in poverty. The report must answer  
15 the question: “Did people become more personally respon-  
16 sible and were work opportunities provided such that pov-  
17 erty in America is better managed?”.

18 **SEC. 1068. DEFICIT REDUCTION.**

19       It is the sense of the Committee on Agriculture of  
20 the House of Representatives that reductions in outlays  
21 resulting from this title shall not be taken into account  
22 for purposes of section 552 of the Balanced Budget and  
23 Emergency Deficit Control Act of 1985.



1 as through automated teller machines, or  
2 point-of-sale terminals; and

3 “(ii) does not include employment-re-  
4 lated payments, including salaries and pen-  
5 sion, retirement, or unemployment benefits  
6 established by Federal, State, or local gov-  
7 ernments.”.

8 **TITLE II—COMMITTEE ON**  
9 **COMMERCE**

10 **TABLE OF CONTENTS OF TITLE**

Subtitle A—Restructuring Medicaid

Sec. 2001. Short title of subtitle.

Sec. 2002. Finding; goals for medicaid restructuring.

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“Sec. 1500. Purpose; State plans.

“PART A—ELIGIBILITY AND BENEFITS

“Sec. 1501. Guaranteed eligibility and benefits.

“Sec. 1502. Other provisions relating to eligibility and benefits.

“Sec. 1503. Limitations on premiums and cost-sharing.

“Sec. 1504. Description of process for developing capitation payment rates.

“Sec. 1505. Preventing spousal impoverishment.

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“PART B—PAYMENTS TO STATES

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“PART C—ESTABLISHMENT AND AMENDMENT OF STATE PLANS

“Sec. 1521. Description of strategic objectives and performance goals.

“Sec. 1522. Annual reports.

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“Sec. 1524. Description of process for State plan development.

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“Sec. 1526. Submittal and approval of State plans.

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“Sec. 1528. Process for State withdrawal from program.

- “Sec. 1529. Sanctions for noncompliance.
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“PART D—PROGRAM INTEGRITY AND QUALITY

- “Sec. 1551. Use of audits to achieve fiscal integrity.
- “Sec. 1552. Fraud prevention program.
- “Sec. 1553. Information concerning sanctions taken by State licensing authorities against health care practitioners and providers.
- “Sec. 1554. State fraud control units.
- “Sec. 1555. Recoveries from third parties and others.
- “Sec. 1556. Assignment of rights of payment.
- “Sec. 1557. Quality assurance requirements for nursing facilities.
- “Sec. 1558. Other provisions promoting program integrity.

“PART E—GENERAL PROVISIONS

- “Sec. 1571. Definitions.
- “Sec. 1572. Treatment of territories.
- “Sec. 1573. Description of treatment of Indian Health Service facilities.
- “Sec. 1574. Application of certain general provisions.
- “Sec. 1575. Optional master drug rebate agreements.
- Sec. 2004. State election; termination of current program; and transition.
- Sec. 2005. Integration demonstration project.

Subtitle B—Other Provisions

PART 1—INVOLVEMENT OF COMMERCE COMMITTEE IN FEDERAL GOVERNMENT POSITION REDUCTIONS

- Sec. 2101. Involvement of Commerce Committee in Federal government position reductions.

PART 2—RESTRICTING PUBLIC BENEFITS FOR ALIENS

SUBPART A—ELIGIBILITY FOR FEDERAL BENEFITS

- Sec. 2211. Aliens who are not qualified aliens ineligible for Federal public benefits.
- Sec. 2212. Limited eligibility of qualified aliens for medical assistance.
- Sec. 2213. Five-year limited eligibility of qualified aliens for Federal means-tested public benefit.
- Sec. 2214. Notification.

SUBPART B—GENERAL PROVISIONS

- Sec. 2221. Definitions.
- Sec. 2222. Verification of eligibility for Federal public benefits.

PART 3—ENERGY ASSISTANCE

- Sec. 2131. Energy assistance.

1                   **Subtitle A—Restructuring**  
2                                   **Medicaid**

3   **SEC. 2001. SHORT TITLE OF SUBTITLE.**

4           This subtitle may be cited as the “Medicaid Restruc-  
5   turing Act of 1996”.

6   **SEC. 2002. FINDING; GOALS FOR MEDICAID RESTRUCTUR-**  
7                                   **ING.**

8           (a) **FINDING.**—The Congress finds that the National  
9   Governors’ Association on February 6, 1996, adopted  
10   unanimously and on a bipartisan basis goals to guide the  
11   restructuring of the medicaid program.

12          (b) **GOALS FOR RESTRUCTURING.**—The following are  
13   the 4 primary goals so adopted:

14               (1) The basic health care needs of the nation’s  
15   most vulnerable populations must be guaranteed.

16               (2) The growth in health care expenditures  
17   must be brought under control.

18               (3) States must have maximum flexibility in the  
19   design and implementation of cost-effective systems  
20   of care.

21               (4) States must be protected from unantici-  
22   pated program costs resulting from economic fluc-  
23   tuations in the business cycle, changing demo-  
24   graphics, and natural disasters.

1 **SEC. 2003. RESTRUCTURING THE MEDICAID PROGRAM.**

2 The Social Security Act is amended by inserting after  
3 title XIV the following new title:

4 **“TITLE XV—PROGRAM OF MEDICAL ASSIST-**  
5 **ANCE FOR LOW-INCOME INDIVIDUALS AND**  
6 **FAMILIES**

**“TABLE OF CONTENTS OF TITLE**

**“Sec. 1500. Purpose; State plans.**

**“PART A—ELIGIBILITY AND BENEFITS**

- “Sec. 1501. Guaranteed eligibility and benefits.**
- “Sec. 1502. Other provisions relating to eligibility and benefits.**
- “Sec. 1503. Limitations on premiums and cost-sharing.**
- “Sec. 1504. Description of process for developing capitation payment rates.**
- “Sec. 1505. Preventing spousal impoverishment.**
- “Sec. 1506. Preventing family impoverishment.**
- “Sec. 1507. State flexibility.**
- “Sec. 1508. Private rights of action.**

**“PART B—PAYMENTS TO STATES**

- “Sec. 1511. Allotment of funds among States.**
- “Sec. 1512. Payments to States.**
- “Sec. 1513. Limitation on use of funds; disallowance.**

**“PART C—ESTABLISHMENT AND AMENDMENT OF STATE PLANS**

- “Sec. 1521. Description of strategic objectives and performance goals.**
- “Sec. 1522. Annual reports.**
- “Sec. 1523. Periodic, independent evaluations.**
- “Sec. 1524. Description of process for State plan development.**
- “Sec. 1525. Consultation in State plan development.**
- “Sec. 1526. Submittal and approval of State plans.**
- “Sec. 1527. Submittal and approval of plan amendments.**
- “Sec. 1528. Process for State withdrawal from program.**
- “Sec. 1529. Sanctions for noncompliance.**
- “Sec. 1530. Secretarial authority.**

**“PART D—PROGRAM INTEGRITY AND QUALITY**

- “Sec. 1551. Use of audits to achieve fiscal integrity.**
- “Sec. 1552. Fraud prevention program.**
- “Sec. 1553. Information concerning sanctions taken by State licensing authorities against health care practitioners and providers.**
- “Sec. 1554. State fraud control units.**
- “Sec. 1555. Recoveries from third parties and others.**
- “Sec. 1556. Assignment of rights of payment.**
- “Sec. 1557. Quality assurance requirements for nursing facilities.**

“Sec. 1558. Other provisions promoting program integrity.

“PART E—GENERAL PROVISIONS

“Sec. 1571. Definitions.

“Sec. 1572. Treatment of territories.

“Sec. 1573. Description of treatment of Indian Health Service facilities.

“Sec. 1574. Application of certain general provisions.

“Sec. 1575. Optional master drug rebate agreements.

1 **“SEC. 1500. PURPOSE; STATE PLANS.**

2       “(a) **PURPOSE.**—The purpose of this title is to pro-  
3 vide funds to States to enable them to provide medical  
4 assistance to low-income individuals and families in a  
5 more effective, efficient, and responsive manner.

6       “(b) **STATE PLAN REQUIRED.**—A State is not eligible  
7 for payment under section 1512 unless the State has sub-  
8 mitted to the Secretary under part C a plan (in this title  
9 referred to as a ‘State plan’) that—

10               “(1) sets forth how the State intends to use the  
11 funds provided under this title to provide medical as-  
12 sistance to needy individuals and families consistent  
13 with the provisions of this title, and

14               “(2) is approved under such part.

15       “(c) **CONTINUED APPROVAL.**—An approved State  
16 plan shall continue in effect unless and until—

17               “(1) the State amends the plan under section  
18 1527,

19               “(2) the State terminates participation under  
20 this title under section 1528, or

1           “(3) the Secretary finds substantial noncompli-  
2           ance of the plan with the requirements of this title  
3           under section 1529.

4           “(d) STATE ENTITLEMENT.—This title constitutes  
5           budget authority in advance of appropriations Acts and  
6           represents the obligation of the Federal Government to  
7           provide for the payment to States of amounts provided  
8           under part B.

9           “(e) EFFECTIVE DATE.—No State is eligible for pay-  
10          ments under section 1512 for any calendar quarter begin-  
11          ning before October 1, 1996.

12           “PART A—ELIGIBILITY AND BENEFITS

13          “SEC. 1501. GUARANTEED ELIGIBILITY AND BENEFITS.

14           “(a) GUARANTEED COVERAGE AND BENEFITS FOR  
15          CERTAIN POPULATIONS.—

16           “(1) IN GENERAL.—Each State plan shall pro-  
17          vide for making medical assistance available for ben-  
18          efits in the guaranteed benefit package (as defined  
19          in paragraph (2)) to individuals within each of the  
20          following categories:

21           “(A) POOR PREGNANT WOMEN.—Pregnant  
22          women with family income below 133 percent of  
23          the poverty line.

1           “(B) CHILDREN UNDER 6.—Children  
2           under 6 years of age whose family income does  
3           not exceed 133 percent of the poverty line.

4           “(C) CHILDREN 6 TO 19.—Children born  
5           after September 30, 1983, who are over 5 years  
6           of age, but under 19 years of age, whose family  
7           income does not exceed 100 percent of the pov-  
8           erty line.

9           “(D) DISABLED INDIVIDUALS.—As elected  
10          by the State under paragraph (3), either—

11           “(i) disabled individuals (as defined  
12           by the State) who meet the income and re-  
13           source standards established under the  
14           plan, or

15           “(ii) individuals who are under 65  
16           years of age, who are disabled (as deter-  
17           mined under section 1614(a)(3)), and who,  
18           using the methodology provided for deter-  
19           mining eligibility for payment of supple-  
20           mental security income benefits under title  
21           XVI, meet the income and resource stand-  
22           ards for payment of such benefits.

23           “(E) POOR ELDERLY INDIVIDUALS.—Sub-  
24           ject to paragraph (4), elderly individuals who,  
25           using the methodology provided for determining

1 eligibility for payment of supplemental security  
2 income benefits under title XVI, meet the in-  
3 come and resource standards for payment of  
4 such benefits.

5 “(F) CHILDREN RECEIVING FOSTER CARE  
6 OR ADOPTION ASSISTANCE.—Subject to para-  
7 graph (5), children who meet the requirements  
8 for receipt of foster care maintenance payments  
9 or adoption assistance under title IV.

10 “(G) CERTAIN LOW-INCOME FAMILIES.—  
11 Subject to paragraph (6), individuals and mem-  
12 bers of families who meet current AFDC in-  
13 come and resource standards (as defined in  
14 paragraph (6)(C)) in the State, determined  
15 using the methodology for determining eligi-  
16 bility for aid under the State plan under part  
17 A or part E of title IV (as in effect as of May  
18 1, 1996).

19 “(2) GUARANTEED BENEFITS PACKAGE.—In  
20 this title, the term ‘guaranteed benefit package’  
21 means benefits (in an amount, duration, and scope  
22 specified under the State plan) for at least the fol-  
23 lowing categories of services:

24 “(A) Inpatient and outpatient hospital  
25 services.



1                   “(B) Physicians’ surgical and medical serv-  
2                   ices.

3                   “(C) Laboratory and x-ray services.

4                   “(D) Nursing facility services.

5                   “(E) Home health care.

6                   “(F) Federally-qualified health center serv-  
7                   ices and rural health clinic services.

8                   “(G) Immunizations for children (in ac-  
9                   cordance with a schedule for immunizations es-  
10                  tablished by the Health Department of the  
11                  State in consultation with the State agency re-  
12                  sponsible for the administration of the plan).

13                  “(H) Prepregnancy family planning serv-  
14                  ices and supplies (as specified by the State).

15                  “(I) Prenatal care.

16                  “(J) Physician assistance services, pedi-  
17                  atric and family nurse practitioner services and  
18                  nurse midwife services.

19                  “(K) EPSDT services (as defined in sec-  
20                  tion 1571(e)) for individuals who are under the  
21                  age of 21.

22                  A State may establish criteria, including utilization  
23                  review, and cost effectiveness of alternative covered  
24                  services, for purposes of specifying the amount, du-

1       ration, and scope of benefits provided under the  
2       State plan.

3               “(3) STATE ELECTION OF DISABLED INDIVID-  
4       UALS TO BE GUARANTEED COVERAGE.—

5               “(A) IN GENERAL.—Each State shall  
6       specify in its State plan, before the beginning of  
7       each Federal fiscal year, whether to guarantee  
8       coverage of disabled individuals under the plan  
9       under the option described in paragraph  
10       (1)(D)(i) or under the option described in para-  
11       graph (1)(D)(ii). An election under this para-  
12       graph shall continue in effect for the subse-  
13       quent fiscal year unless the election is changed  
14       before the beginning of the fiscal year.

15               “(B) CONSEQUENCES OF ELECTION.—

16               “(i) STATE FLEXIBLE DEFINITION OP-  
17       TION.—If a State elects the option de-  
18       scribed in paragraph (1)(D)(i) for a fiscal  
19       year—

20               “(I) the State plan must provide  
21       under section 1502(c) for a set aside  
22       of funds for disabled individuals for  
23       the fiscal year, and

24               “(II) disabled individuals are not  
25       taken into account in determining a

1 State supplemental umbrella allotment  
2 under section 1511(g).

3 “(ii) SSI DEFINITION OPTION.—If a  
4 State elects the option described in para-  
5 graph (1)(D)(ii) for a fiscal year—

6 “(I) section 1502(c) shall not  
7 apply for the fiscal year, and

8 “(II) the State is eligible for an  
9 increase under section 1511(g) in its  
10 outlay allotment for the fiscal year  
11 based on an increase in the number of  
12 guaranteed and optional disabled indi-  
13 viduals covered under the plan.

14 “(4) CONTINUATION OF SPECIAL ELIGIBILITY  
15 STANDARDS FOR SECTION 209(b) STATES.—

16 “(A) IN GENERAL.—A section 209(b)  
17 State (as defined in subparagraph (B)) may  
18 elect to treat any reference in paragraph (1)(E)  
19 to ‘elderly individuals who meet the income and  
20 resource standards for the payment of supple-  
21 mental security income benefits under title  
22 XVI’ as a reference to ‘elderly individuals who  
23 meet the standards described in the first sen-  
24 tence of section 1902(f) (as in effect on the day  
25 before the date of the enactment of this title)’.

1           “(B) SECTION 209(b) STATE DEFINED.—

2           In subparagraph (A), the term ‘section 209(b)  
3           State’ means a State to which section 1902(f)  
4           applied as of the day before the date of the en-  
5           actment of this title.

6           “(5) OPTION FOR APPLICATION OF CURRENT  
7           REQUIREMENTS FOR CERTAIN CHILDREN.—A State  
8           may elect to apply paragraph (1)(F) by treating any  
9           reference to ‘requirements for receipt of foster care  
10          maintenance payments or adoption assistance under  
11          title IV’ as a reference to ‘requirements for receipt  
12          of foster care maintenance payments or adoption as-  
13          sistance as in effect under its State plan under part  
14          E of title IV as of the date of the enactment of this  
15          title’.

16          “(6) SPECIAL RULES FOR LOW-INCOME FAMI-  
17          LIES.—

18                 “(A) OPTIONAL USE OF LOWER NATIONAL  
19                 AVERAGE STANDARDS.—In the case of a State  
20                 in which the current AFDC income and re-  
21                 source standards are above the national average  
22                 of the current AFDC income and resource  
23                 standards for the 50 States and the District of  
24                 Columbia, as determined and published by the  
25                 Secretary, in applying paragraph (1)(G), the

1 State may elect to substitute such national av-  
2 erage income and resource standards for the  
3 current AFDC income and resource standards  
4 in that State.

5 “(B) OPTIONAL ELIGIBILITY BASED ON  
6 LINK TO OTHER ASSISTANCE.—

7 “(i) IN GENERAL.—Subject to clause  
8 (ii), in the case of a State which maintains  
9 a link between eligibility for aid or assist-  
10 ance under one or more parts of title IV  
11 and eligibility for medical assistance under  
12 this title, in applying paragraph (1)(G),  
13 the State may elect to treat any reference  
14 in such paragraph to ‘individuals and  
15 members of families who meet current  
16 AFDC income and resource standards in  
17 the State’ as a reference to ‘members of  
18 families who are receiving assistance under  
19 a State plan under part A or E of title  
20 IV’.

21 “(ii) LIMITATION ON ELECTION.—A  
22 State may only make the election described  
23 in clause (i) if, and so long as, the State  
24 demonstrates to the satisfaction of the Sec-  
25 retary that the such election does not re-

1           sult in Federal expenditures under this  
2           title (taking into account any supplemental  
3           amounts provided pursuant to section  
4           1511(g)) that are greater than the Federal  
5           expenditures that would have been made  
6           under this title if the State had not made  
7           such election.

8           “(C) CURRENT AFDC INCOME AND RE-  
9           SOURCE STANDARDS DEFINED.—In this sub-  
10          section, the term ‘current AFDC income and  
11          resource standards’ means, with respect to a  
12          State, the income and resource standards for  
13          the payment of assistance under the State plan  
14          under part A or E of title IV (as in effect as  
15          of May 1, 1996).

16          “(D) MEDICAL ASSISTANCE REQUIRED TO  
17          BE PROVIDED FOR 1 YEAR FOR FAMILIES BE-  
18          COMING INELIGIBLE FOR FAMILY ASSISTANCE  
19          DUE TO INCREASED EARNINGS FROM EMPLOY-  
20          MENT OR COLLECTION OF CHILD SUPPORT.—A  
21          State plan shall provide that if any family be-  
22          comes ineligible to receive assistance under the  
23          State program funded under part A of title IV  
24          as a result of increased earnings from employ-  
25          ment or as a result of the collection or in-

1           creased collection of child or spousal support, or  
2           a combination thereof, having received such as-  
3           sistance in at least 3 of the 6 months imme-  
4           diately preceding the month in which such ineli-  
5           gibility begins, the family shall be eligible for  
6           medical assistance under the State plan during  
7           the immediately succeeding 12-month period for  
8           so long as family income is less than the pov-  
9           erty line, and that the family will be appro-  
10          priately notified of such eligibility.

11           “(7) METHODOLOGY.—Family income shall be  
12          determined for purposes of subparagraphs (A)  
13          through (C) of paragraph (1) in the same manner  
14          (and using the same methodology) as income was  
15          determined under the State medicaid plan under sec-  
16          tion 1902(l) (as in effect as of May 1, 1996).

17           “(b) GUARANTEED COVERAGE OF MEDICARE PRE-  
18          MIUMS AND COST-SHARING FOR CERTAIN MEDICARE  
19          BENEFICIARIES.—

20           “(1) GUARANTEED ELIGIBILITY.—Each State  
21          plan shall provide—

22                   “(A) for making medical assistance avail-  
23                   able for required medicare cost-sharing (as de-  
24                   fined in paragraph (2)) for qualified medicare  
25                   beneficiaries described in paragraph (3);

1           “(B) for making medical assistance avail-  
2           able for payment of medicare premiums under  
3           section 1818A for qualified disabled and work-  
4           ing individuals described in paragraph (4); and

5           “(C) for making medical assistance avail-  
6           able for payment of medicare premiums under  
7           section 1839 for individuals who would be quali-  
8           fied medicare beneficiaries described in para-  
9           graph (3) but for the fact that their income ex-  
10          ceeds 100 percent, but is less than 120 percent,  
11          of the poverty line for a family of the size in-  
12          volved.

13          “(2) REQUIRED MEDICARE COST-SHARING DE-  
14          FINED.—

15                 “(A) IN GENERAL.—In this subsection, the  
16                 term ‘required medicare cost-sharing’ means,  
17                 with respect to an individual, costs incurred for  
18                 medicare cost-sharing described in paragraphs  
19                 (1) through (4) of section 1571(c) (and, at the  
20                 option of a State, section 1571(c)(5)) without  
21                 regard to whether the costs incurred were for  
22                 items and services for which medical assistance  
23                 is otherwise available under the plan.

24                 “(B) LIMITATION ON OBLIGATION FOR  
25                 CERTAIN COST-SHARING ASSISTANCE.—In the



1 case of medical assistance furnished under this  
2 title for medicare cost-sharing described in  
3 paragraph (2), (3), or (4) of section 1571(c) re-  
4 lating to the furnishing of a service or item to  
5 a medicare beneficiary, nothing in this title  
6 shall be construed as preventing a State plan—

7 “(i) from limiting the assistance to  
8 the amount (if any) by which (I) the  
9 amount that is otherwise payable under  
10 the plan for the item or service for eligible  
11 individuals who are not such medicare  
12 beneficiaries (or, if payments for such  
13 items or services are made on a capitated  
14 basis, an amount reasonably related or de-  
15 rived from such capitated payment  
16 amount), exceeds (II) the amount of pay-  
17 ment (if any) made under title XVIII with  
18 respect to the service or item, and

19 “(ii) if the amount described in sub-  
20 clause (II) of clause (i) exceeds the amount  
21 described in subclause (I) of such clause,  
22 from treating the amount paid under title  
23 XVIII as payment in full and not requiring  
24 or providing for any additional medical as-  
25 sistance under this subsection.

1           “(3) QUALIFIED MEDICARE BENEFICIARY DE-  
2           FINED.—In this subsection, the term ‘qualified med-  
3           icare beneficiary’ means an individual—

4                   “(A) who is entitled to hospital insurance  
5                   benefits under part A of title XVIII (including  
6                   an individual entitled to such benefits pursuant  
7                   to an enrollment under section 1818, but not  
8                   including an individual entitled to such benefits  
9                   only pursuant to an enrollment under section  
10                  1818A),

11                  “(B) whose income (as determined under  
12                  section 1612 for purposes of the supplemental  
13                  security income program, except as provided in  
14                  paragraph (5)) does not exceed 100 percent of  
15                  the poverty line applicable to a family of the  
16                  size involved, and

17                  “(C) whose resources (as determined under  
18                  section 1613 for purposes of the supplemental  
19                  security income program) do not exceed twice  
20                  the maximum amount of resources that an indi-  
21                  vidual may have and obtain benefits under that  
22                  program.

23           “(4) QUALIFIED DISABLED AND WORKING INDI-  
24           VIDUAL DEFINED.—In this subsection, the term

1 'qualified disabled and working individual' means an  
2 individual—

3 “(A) who is entitled to enroll for hospital  
4 insurance benefits under part A of title XVIII  
5 under section 1818A;

6 “(B) whose income (as determined under  
7 section 1612 for purposes of the supplemental  
8 security income program) does not exceed 200  
9 percent of the poverty line applicable to a fam-  
10 ily of the size involved;

11 “(C) whose resources (as determined under  
12 section 1613 for purposes of the supplemental  
13 security income program) do not exceed twice  
14 the maximum amount of resources that an indi-  
15 vidual or a couple (in the case of an individual  
16 with a spouse) may have and obtain benefits for  
17 supplemental security income benefits under  
18 title XVI; and

19 “(D) who is not otherwise eligible for med-  
20 ical assistance under this title.

21 “(5) INCOME DETERMINATIONS.—

22 “(A) IN GENERAL.—In determining under  
23 this subsection the income of an individual who  
24 is entitled to monthly insurance benefits under  
25 title II for a transition month (as defined in

1           subparagraph (B)) in a year, such income shall  
2           not include any amounts attributable to an in-  
3           crease in the level of monthly insurance benefits  
4           payable under such title which have occurred  
5           pursuant to section 215(i) for benefits payable  
6           for months beginning with December of the  
7           previous year.

8           “(B) TRANSITION MONTH DEFINED.—For  
9           purposes of subparagraph (A), the term ‘transi-  
10          tion month’ means each month in a year  
11          through the month following the month in  
12          which the annual revision of the poverty line is  
13          published.

14 **“SEC. 1502. OTHER PROVISIONS RELATING TO ELIGIBILITY**  
15 **AND BENEFITS.**

16          “(a) OPTIONAL ELIGIBILITY GROUPS FOR WHICH  
17 UMBRELLA SUPPLEMENTAL FUNDING IS AVAILABLE.—  
18 In addition to the guaranteed coverage categories de-  
19 scribed in section 1501(a)(1), the following are population  
20 groups with respect to which supplemental allotments may  
21 be made under section 1511(g), but only if (for the indi-  
22 vidual involved) medical assistance is made available under  
23 the State plan for the guaranteed benefit package (as de-  
24 fined in section 1501(a)(2)):

1           “(1) CERTAIN DISABLED INDIVIDUALS.—Indi-  
2           viduals (not described in section 1501(a)(1)(D)(ii))  
3           who are disabled (as determined under section  
4           1614(a)(3)), covered under the State plan, and meet  
5           the eligibility standards for coverage under the State  
6           medicaid plan under title XIX (as in effect as of  
7           May 1, 1996).

8           “(2) CERTAIN ELDERLY INDIVIDUALS.—Elderly  
9           individuals (not described in section 1501(a)(1)(E))  
10          who are covered under the State plan and who meet  
11          the eligibility standards for coverage under the State  
12          medicaid plan under title XIX (as in effect as of  
13          May 1, 1996) other than solely on the basis of being  
14          an individual described in section 1902(a)(10)(E).

15 Eligibility under paragraphs (1) and (2) shall be deter-  
16 mined using the methodologies that are not more restric-  
17 tive than the methodologies used under the State medicaid  
18 plan as in effect as of May 1, 1996.

19          “(b) OTHER PROVISIONS RELATING TO GENERAL  
20 ELIGIBILITY AND BENEFITS.—

21                 “(1) GENERAL DESCRIPTION.—Each State plan  
22                 shall include a description (consistent with this title)  
23                 of the following:

24                         “(A) ELIGIBILITY GUIDELINES FOR THE  
25                         NON-GUARANTEED, NON-UMBRELLA POPU-

1 LATION.—The general eligibility guidelines of  
2 the plan for eligible low-income individuals who  
3 are not covered under subsection (a) or (b) of  
4 section 1501 or under subsection (a) of this  
5 section.

6 “(B) SCOPE OF ASSISTANCE.—The  
7 amount, duration, and scope of health care  
8 services and items covered under the plan, in-  
9 cluding differences among different eligible pop-  
10 ulation groups.

11 “(C) DELIVERY METHOD.—The State’s  
12 approach to delivery of medical assistance, in-  
13 cluding a general description of—

14 “(i) the use (or intended use) of  
15 vouchers, fee-for-service, or managed care  
16 arrangements (such as capitated health  
17 care plans, case management, and case co-  
18 ordination); and

19 “(ii) utilization control systems.

20 “(D) FEE-FOR-SERVICE BENEFITS.—To  
21 the extent that medical assistance is furnished  
22 on a fee-for-service basis—

23 “(i) how the State determines the  
24 qualifications of health care providers eligi-  
25 ble to provide such assistance; and

1                   “(ii) how the State determines rates  
2                   of reimbursement for providing such as-  
3                   sistance.

4                   “(E) COST-SHARING.—Beneficiary cost-  
5                   sharing (if any), including variations in such  
6                   cost-sharing by population group or type of  
7                   service and financial responsibilities of parents  
8                   of recipients who are children and the spouses  
9                   of recipients.

10                  “(F) UTILIZATION INCENTIVES.—Incen-  
11                  tives or requirements (if any) to encourage the  
12                  appropriate utilization of services.

13                  “(G) SUPPORT FOR CERTAIN HOS-  
14                  PITALS.—

15                         “(i) IN GENERAL.—With respect to  
16                         hospitals described in clause (ii) located in  
17                         the State, a description of the extent to  
18                         which provisions are made for expenditures  
19                         for items and services furnished by such  
20                         hospitals and covered under the State plan.

21                         “(ii) HOSPITALS DESCRIBED.—A hos-  
22                         pital described in this clause is a short-  
23                         term acute care general hospital or a chil-  
24                         dren’s hospital, the low-income utilization  
25                         rate of which exceeds the lesser of—

1           “(I) 1 standard deviation above  
2           the mean low-income utilization rate  
3           for hospitals receiving payments under  
4           a State plan in the State in which  
5           such hospital is located, or

6           “(II) 1¼ standard deviations  
7           above the mean low-income utilization  
8           rate for hospitals receiving such pay-  
9           ments in the 50 States and the Dis-  
10          trict of Columbia.

11          “(iii)   LOW-INCOME    UTILIZATION  
12          RATE.—For purposes of clause (ii), the  
13          term ‘low-income utilization rate’ means,  
14          for a hospital, a fraction (expressed as a  
15          percentage), the numerator of which is the  
16          hospital’s number of patient days attrib-  
17          utable to patients who (for such days) were  
18          eligible for medical assistance under a  
19          State plan or were uninsured in a period,  
20          and the denominator of which is the total  
21          number of the hospital’s patient days in  
22          that period.

23          “(iv)   PATIENT DAYS.—For purposes  
24          of clause (iii), the term ‘patient day’ in-  
25          cludes each day in which—



1                   “(I) an individual, including a  
2                   newborn, is an inpatient in the hos-  
3                   pital, whether or not the individual is  
4                   in a specialized ward and whether or  
5                   not the individual remains in the hos-  
6                   pital for lack of suitable placement  
7                   elsewhere; or

8                   “(II) an individual makes one or  
9                   more outpatient visits to the hospital.

10                   “(2) CONDITIONS FOR GUARANTEES AND RELA-  
11                   TION OF GUARANTEES TO FINANCING.—The guaran-  
12                   tees of States required under subsections (a) and (b)  
13                   of section 1501 and subsection (d) of this section  
14                   are subject to the limitations on payment to the  
15                   States provided under section 1511 (including the  
16                   provisions of subsection (g), relating to supplemental  
17                   umbrella allotments). In submitting a plan under  
18                   this title, a State voluntarily agrees to accept pay-  
19                   ment amounts provided under such section as full  
20                   payment from the Federal Government in return for  
21                   providing for the benefits (including the guaranteed  
22                   benefit package) under this title.

23                   “(3) SECONDARY PAYMENT.—Nothing in this  
24                   section shall be construed as preventing a State  
25                   from denying benefits to an individual to the extent

1 such benefits are available to the individual under  
2 the medicare program under title XVIII or under  
3 another public or private health care insurance pro-  
4 gram.

5 “(4) RESIDENCY REQUIREMENT.—In the case  
6 of an individual who—

7 “(A) is described in section 1501(a)(1),

8 “(B) changed residence from another State  
9 to the State, and

10 “(C) has resided in the State for less than  
11 180 days,

12 the State may limit the benefits provided to such in-  
13 dividual in the guaranteed benefits package under  
14 paragraph (2) of section 1501(a) to the amount, du-  
15 ration, and scope of benefits available under the  
16 State plan of the individual’s previous State of resi-  
17 dence.

18 “(c) SET-ASIDE OF FUNDS FOR THE LOW-INCOME  
19 DISABLED.—

20 “(1) IN GENERAL.—In the case of a State that  
21 has elected the option described in section  
22 1501(a)(1)(D)(i) for a fiscal year, the State plan  
23 shall provide that the percentage of funds expended  
24 under the plan for medical assistance for eligible  
25 low-income individuals who are not elderly individ-

1 uals and who are eligible for such assistance on the  
2 basis of a disability, including being blind, for the  
3 fiscal year is not less than the minimum low-income-  
4 disabled percentage specified in paragraph (2) of the  
5 total funds expended under the plan for medical as-  
6 sistance for the fiscal year.

7 “(2) MINIMUM LOW-INCOME-DISABLED PER-  
8 CENTAGE.—The minimum low-income-disabled per-  
9 centage specified in this paragraph for a State is  
10 equal to 90 percent of the percentage of the expendi-  
11 tures under title XIX for medical assistance in the  
12 State during Federal fiscal year 1995 which was at-  
13 tributable to expenditures for medical assistance for  
14 benefits furnished to individuals whose coverage (at  
15 such time) was on a basis directly related to disabil-  
16 ity status, including being blind.

17 “(3) COMPUTATIONS.—States shall calculate  
18 the minimum percentage under paragraph (2) in a  
19 reasonable manner consistent with reports submitted  
20 to the Secretary for the fiscal years involved and  
21 medical assistance attributable to the exception pro-  
22 vided under section 1903(v)(2) shall not be consid-  
23 ered to be expenditures for medical assistance.

24 “(d) TRANSITIONAL PAYMENT FOR FEDERALLY-  
25 QUALIFIED HEALTH CENTER SERVICES AND RURAL

1 must be made under such subparagraph for any  
2 subsequent period.

3 **“SEC. 1503. LIMITATIONS ON PREMIUMS AND COST-SHAR-**  
4 **ING.**

5 **“(a) LIMITATION ON PREMIUMS.—**

6 **“(1) NONE FOR GUARANTEED POPULATION.—**

7 The State plan shall not impose any enrollment fee,  
8 premium, or similar charge for eligible individuals  
9 described in subsection (a) or (b) of section 1501 or  
10 section 1502(a).

11 **“(2) INCOME-RELATED FOR OTHER POPU-**  
12 **LATIONS.—**The State plan may impose an enroll-  
13 ment fee, premium, or similar charge for eligible in-  
14 dividuals not described in paragraph (1) if it is re-  
15 lated to the individual’s income (and does not exceed  
16 2 percent of the individual’s gross income).

17 **“(b) LIMITATION ON COST-SHARING.—**Subject to  
18 subsection (c)—

19 **“(1) GUARANTEED POPULATIONS.—**With re-  
20 spect to individuals covered under subsection (a) or  
21 (b) of section 1501 or section 1502, the State may  
22 not impose any cost-sharing with respect to items  
23 and services unless the amount is nominal in  
24 amount. For purposes of this paragraph, an amount

1 is nominal if it does not exceed 6 percent of the  
2 amount otherwise payable, or, if greater, 50 cents.

3 “(2) OTHER POPULATIONS.—With respect to  
4 individuals not described in paragraph (1), the State  
5 may not impose any cost-sharing with respect to  
6 items and services unless such cost sharing is pursu-  
7 ant to a public cost-sharing schedule and such cost-  
8 sharing is not in excess of the average, nominal cost-  
9 sharing imposed in the State for health plans offered  
10 by health maintenance organizations (and similar or-  
11 ganizations) for the same or similar items and serv-  
12 ices, as determined by the State insurance commis-  
13 sioner.

14 “(c) CERTAIN COST-SHARING PERMITTED.—

15 “(1) IN GENERAL.—Subject to paragraph (2), a  
16 State may—

17 “(A) impose additional cost-sharing to dis-  
18 courage the inappropriate use of emergency  
19 medical services delivered through a hospital  
20 emergency room, a medical transportation pro-  
21 vider, or otherwise;

22 “(B) impose additional cost-sharing dif-  
23 ferentially in order to encourage the use of pri-  
24 mary and preventive care and discourage un-  
25 necessary or less economical care; and

1           “(C) from imposing additional cost-sharing  
2           based on the failure to participate in employ-  
3           ment training programs, drug or alcohol abuse  
4           treatment, counseling programs, or other pro-  
5           grams promoting personal responsibility.

6           “(2) LIMITATION.—The additional cost-sharing  
7           imposed under paragraph (1) may not result—

8                   “(A) in the case of an individual described  
9                   in subsection (b)(1), in aggregate cost-sharing  
10                  that exceeds the maximum amount of cost-shar-  
11                  ing that may be imposed under subsection  
12                  (b)(2) (determined without regard to this sub-  
13                  section); or

14                   “(B) in the case of an individual described  
15                   in subsection (b)(2), in aggregate cost-sharing  
16                  that exceeds twice the maximum amount of  
17                  cost-sharing that may be imposed under such  
18                  subsection (determined without regard to this  
19                  subsection).

20           “(d) PROHIBITION ON BALANCE BILLING.—An indi-  
21           vidual eligible for benefits for items and services under the  
22           State plan who is furnished such an items or service by  
23           a provider under the plan may not be billed by the provider  
24           for such item or service, other than such amount of cost-  
25           sharing as is permitted with this section.

1 services, including at least inpatient hospital services  
2 and physicians' services.

3 **"SEC. 1505. PREVENTING SPOUSAL IMPOVERISHMENT.**

4 "(a) SPECIAL TREATMENT FOR INSTITUTIONALIZED  
5 SPOUSES.—

6 "(1) SUPERSEDES OTHER PROVISIONS.—In de-  
7 termining the eligibility for medical assistance of an  
8 institutionalized spouse (as defined in subsection  
9 (h)(1)), the provisions of this section supersede any  
10 other provision of this title which is inconsistent  
11 with them.

12 "(2) DOES NOT AFFECT CERTAIN DETERMINA-  
13 TIONS.—Except as this section specifically provides,  
14 this section does not apply to—

15 "(A) the determination of what constitutes  
16 income or resources, or

17 "(B) the methodology and standards for  
18 determining and evaluating income and re-  
19 sources.

20 "(3) NO APPLICATION IN COMMONWEALTHS  
21 AND TERRITORIES.—This section shall only apply to  
22 a State that is one of the 50 States or the District  
23 of Columbia.

24 "(b) RULES FOR TREATMENT OF INCOME.—

1           “(1) SEPARATE TREATMENT OF INCOME.—Dur-  
2           ing any month in which an institutionalized spouse  
3           is in the institution, except as provided in paragraph  
4           (2), no income of the community spouse shall be  
5           deemed available to the institutionalized spouse.

6           “(2) CONTRIBUTION OF INCOME.—In determin-  
7           ing the income of an institutionalized spouse or com-  
8           munity spouse for purposes of the post-eligibility in-  
9           come determination described in subsection (d), ex-  
10          cept as otherwise provided in this section and re-  
11          gardless of any State laws relating to community  
12          property or the division of marital property, the fol-  
13          lowing rules apply:

14               “(A) NON-TRUST PROPERTY.—Subject to  
15               subparagraphs (C) and (D), in the case of in-  
16               come not from a trust, unless the instrument  
17               providing the income otherwise specifically pro-  
18               vides—

19                       “(i) if payment of income is made  
20                       solely in the name of the institutionalized  
21                       spouse or the community spouse, the in-  
22                       come shall be considered available only to  
23                       that respective spouse,

24                       “(ii) if payment of income is made in  
25                       the names of the institutionalized spouse



1 and the community spouse,  $\frac{1}{2}$  of the in-  
2 come shall be considered available to each  
3 of them, and

4 “(iii) if payment of income is made in  
5 the names of the institutionalized spouse  
6 or the community spouse, or both, and to  
7 another person or persons, the income  
8 shall be considered available to each spouse  
9 in proportion to the spouse’s interest (or,  
10 if payment is made with respect to both  
11 spouses and no such interest is specified,  
12  $\frac{1}{2}$  of the joint interest shall be considered  
13 available to each spouse).

14 “(B) TRUST PROPERTY.—In the case of a  
15 trust—

16 “(i) except as provided in clause (ii),  
17 income shall be attributed in accordance  
18 with the provisions of this title; and

19 “(ii) income shall be considered avail-  
20 able to each spouse as provided in the  
21 trust, or, in the absence of a specific provi-  
22 sion in the trust—

23 “(I) if payment of income is  
24 made solely to the institutionalized  
25 spouse or the community spouse, the

1 income shall be considered available  
2 only to that respective spouse,

3 “(II) if payment of income is  
4 made to both the institutionalized  
5 spouse and the community spouse,  $\frac{1}{2}$   
6 of the income shall be considered  
7 available to each of them, and

8 “(III) if payment of income is  
9 made to the institutionalized spouse  
10 or the community spouse, or both,  
11 and to another person or persons, the  
12 income shall be considered available to  
13 each spouse in proportion to the  
14 spouse’s interest (or, if payment is  
15 made with respect to both spouses  
16 and no such interest is specified,  $\frac{1}{2}$  of  
17 the joint interest shall be considered  
18 available to each spouse).

19 “(C) PROPERTY WITH NO INSTRUMENT.—

20 In the case of income not from a trust in which  
21 there is no instrument establishing ownership,  
22 subject to subparagraph (D),  $\frac{1}{2}$  of the income  
23 shall be considered to be available to the insti-  
24 tutionalized spouse and  $\frac{1}{2}$  to the community  
25 spouse.

1           “(D) REBUTTING OWNERSHIP.—The rules  
2           of subparagraphs (A) and (C) are superseded to  
3           the extent that an institutionalized spouse can  
4           establish, by a preponderance of the evidence,  
5           that the ownership interests in income are other  
6           than as provided under such subparagraphs.

7           “(c) RULES FOR TREATMENT OF RESOURCES.—

8           “(1) COMPUTATION OF SPOUSAL SHARE AT  
9           TIME OF INSTITUTIONALIZATION.—

10           “(A) TOTAL JOINT RESOURCES.—There  
11           shall be computed (as of the beginning of the  
12           first continuous period of institutionalization of  
13           the institutionalized spouse)—

14                   “(i) the total value of the resources to  
15                   the extent either the institutionalized  
16                   spouse or the community spouse has an  
17                   ownership interest, and

18                   “(ii) a spousal share which is equal to  
19                    $\frac{1}{2}$  of such total value.

20           “(B) ASSESSMENT.—At the request of an  
21           institutionalized spouse or community spouse,  
22           at the beginning of the first continuous period  
23           of institutionalization of the institutionalized  
24           spouse and upon the receipt of relevant docu-  
25           mentation of resources, the State shall promptly

1 assess and document the total value described  
2 in subparagraph (A)(i) and shall provide a copy  
3 of such assessment and documentation to each  
4 spouse and shall retain a copy of the assess-  
5 ment for use under this section. If the request  
6 is not part of an application for medical assist-  
7 ance under this title, the State may, at its op-  
8 tion as a condition of providing the assessment,  
9 require payment of a fee not exceeding the rea-  
10 sonable expenses of providing and documenting  
11 the assessment. At the time of providing the  
12 copy of the assessment, the State shall include  
13 a notice indicating that the spouse will have a  
14 right to a fair hearing under subsection (e)(2).

15 “(2) **ATTRIBUTION OF RESOURCES AT TIME OF**  
16 **INITIAL ELIGIBILITY DETERMINATION.**—In deter-  
17 mining the resources of an institutionalized spouse  
18 at the time of application for medical assistance  
19 under this title, regardless of any State laws relating  
20 to community property or the division of marital  
21 property—

22 “(A) except as provided in subparagraph  
23 (B), all the resources held by either the institu-  
24 tionalized spouse, community spouse, or both,

1 shall be considered to be available to the insti-  
2 tutionalized spouse, and

3 “(B) resources shall be considered to be  
4 available to an institutionalized spouse, but only  
5 to the extent that the amount of such resources  
6 exceeds the amount computed under subsection  
7 (f)(2)(A) (as of the time of application for med-  
8 ical assistance).

9 “(3) ASSIGNMENT OF SUPPORT RIGHTS.—The  
10 institutionalized spouse shall not be ineligible by rea-  
11 son of resources determined under paragraph (2) to  
12 be available for the cost of care where—

13 “(A) the institutionalized spouse has as-  
14 signed to the State any rights to support from  
15 the community spouse,

16 “(B) the institutionalized spouse lacks the  
17 ability to execute an assignment due to physical  
18 or mental impairment but the State has the  
19 right to bring a support proceeding against a  
20 community spouse without such assignment, or

21 “(C) the State determines that denial of  
22 eligibility would work an undue hardship.

23 “(4) SEPARATE TREATMENT OF RESOURCES  
24 AFTER ELIGIBILITY FOR MEDICAL ASSISTANCE ES-  
25 TABLISHED.—During the continuous period in which

1 an institutionalized spouse is in an institution and  
2 after the month in which an institutionalized spouse  
3 is determined to be eligible for medical assistance  
4 under this title, no resources of the community  
5 spouse shall be deemed available to the institutional-  
6 ized spouse.

7 “(5) RESOURCES DEFINED.—In this section,  
8 the term ‘resources’ does not include—

9 “(A) resources excluded under subsection  
10 (a) or (d) of section 1613, and

11 “(B) resources that would be excluded  
12 under section 1613(a)(2)(A) but for the limita-  
13 tion on total value described in such section.

14 “(d) PROTECTING INCOME FOR COMMUNITY  
15 SPOUSE.—

16 “(1) ALLOWANCES TO BE OFFSET FROM IN-  
17 COME OF INSTITUTIONALIZED SPOUSE.—After an  
18 institutionalized spouse is determined or redeter-  
19 mined to be eligible for medical assistance, in deter-  
20 mining the amount of the spouse’s income that is to  
21 be applied monthly to payment for the costs of care  
22 in the institution, there shall be deducted from the  
23 spouse’s monthly income the following amounts in  
24 the following order:

1           “(A) A personal needs allowance (described  
2           in paragraph (2)(A)), in an amount not less  
3           than the amount specified in paragraph (2)(C).

4           “(B) A community spouse monthly income  
5           allowance (as defined in paragraph (3)), but  
6           only to the extent income of the institutional-  
7           ized spouse is made available to (or for the ben-  
8           efit of) the community spouse.

9           “(C) A family allowance, for each family  
10          member, equal to at least  $\frac{1}{3}$  of the amount by  
11          which the amount described in paragraph  
12          (4)(A)(i) exceeds the amount of the monthly in-  
13          come of that family member.

14          “(D) Amounts for incurred expenses for  
15          medical or remedial care for the institutional-  
16          ized spouse as provided under paragraph (6).

17          In subparagraph (C), the term ‘family member’ only  
18          includes minor or dependent children, dependent  
19          parents, or dependent siblings of the institutional-  
20          ized or community spouse who are residing with the  
21          community spouse.

22          “(2) PERSONAL NEEDS ALLOWANCE.—

23                 “(A) IN GENERAL.—The State plan must  
24                 provide that, in the case of an institutionalized  
25                 individual or couple described in subparagraph

1 (B), in determining the amount of the individ-  
2 ual's or couple's income to be applied monthly  
3 to payment for the cost of care in an institu-  
4 tion, there shall be deducted from the monthly  
5 income (in addition to other allowances other-  
6 wise provided under the plan) a monthly per-  
7 sonal needs allowance—

8 “(i) which is reasonable in amount for  
9 clothing and other personal needs of the  
10 individual (or couple) while in an institu-  
11 tion, and

12 “(ii) which is not less (and may be  
13 greater) than the minimum monthly per-  
14 sonal needs allowance described in sub-  
15 paragraph (C).

16 “(B) INSTITUTIONALIZED INDIVIDUAL OR  
17 COUPLE DEFINED.—In this paragraph, the  
18 term ‘institutionalized individual or couple’  
19 means an individual or married couple—

20 “(i) who is an inpatient (or who are  
21 inpatients) in a medical institution or  
22 nursing facility for which payments are  
23 made under this title throughout a month,  
24 and



1           “(ii) who is or are determined to be  
2           eligible for medical assistance under the  
3           State plan.

4           “(C) MINIMUM ALLOWANCE.—The mini-  
5           mum monthly personal needs allowance de-  
6           scribed in this subparagraph is \$40 for an insti-  
7           tutionalized individual and \$80 for an institu-  
8           tionalized couple (if both are aged, blind, or dis-  
9           abled, and their incomes are considered avail-  
10          able to each other in determining eligibility).

11          “(3) COMMUNITY SPOUSE MONTHLY INCOME  
12          ALLOWANCE DEFINED.—

13           “(A) IN GENERAL.—In this section (except  
14           as provided in subparagraph (B)), the commu-  
15           nity spouse monthly income allowance for a  
16           community spouse is an amount by which—

17           “(i) except as provided in subsection  
18           (e), the minimum monthly maintenance  
19           needs allowance (established under and in  
20           accordance with paragraph (4)) for the  
21           spouse, exceeds

22           “(ii) the amount of monthly income  
23           otherwise available to the community  
24           spouse (determined without regard to such  
25           an allowance).

1           “(B) COURT ORDERED SUPPORT.—If a  
2 court has entered an order against an institu-  
3 tionalized spouse for monthly income for the  
4 support of the community spouse, the commu-  
5 nity spouse monthly income allowance for the  
6 spouse shall be not less than the amount of the  
7 monthly income so ordered.

8           “(4) ESTABLISHMENT OF MINIMUM MONTHLY  
9 MAINTENANCE NEEDS ALLOWANCE.—

10           “(A) IN GENERAL.—Each State shall es-  
11 tablish a minimum monthly maintenance needs  
12 allowance for each community spouse which,  
13 subject to subparagraph (B), is equal to or ex-  
14 ceeds—

15           “(i) 150 percent of  $\frac{1}{12}$  of the poverty  
16 line applicable to a family unit of 2 mem-  
17 bers, plus

18           “(ii) an excess shelter allowance (as  
19 defined in paragraph (4)).

20           A revision of the poverty line referred to in  
21 clause (i) shall apply to medical assistance fur-  
22 nished during and after the second calendar  
23 quarter that begins after the date of publication  
24 of the revision.

1           “(B) CAP ON MINIMUM MONTHLY MAINTENANCE NEEDS ALLOWANCE.—The minimum  
2           monthly maintenance needs allowance estab-  
3           lished under subparagraph (A) may not exceed  
4           \$1,500 (subject to adjustment under sub-  
5           sections (e) and (g)).

7           “(5) EXCESS SHELTER ALLOWANCE DE-  
8           FINED.—In paragraph (4)(A)(ii), the term ‘excess  
9           shelter allowance’ means, for a community spouse,  
10          the amount by which the sum of—

11                 “(A) the spouse’s expenses for rent or  
12                 mortgage payment (including principal and in-  
13                 terest), taxes and insurance and, in the case of  
14                 a condominium or cooperative, required mainte-  
15                 nance charge, for the community spouse’s prin-  
16                 cipal residence, and

17                 “(B) the standard utility allowance (used  
18                 by the State under section 5(e) of the Food  
19                 Stamp Act of 1977) or, if the State does not  
20                 use such an allowance, the spouse’s actual util-  
21                 ity expenses,

22                 exceeds 30 percent of the amount described in para-  
23                 graph (4)(A)(i), except that, in the case of a con-  
24                 dominium or cooperative, for which a maintenance  
25                 charge is included under subparagraph (A), any al-

1 lowance under subparagraph (B) shall be reduced to  
2 the extent the maintenance charge includes utility  
3 expenses.

4 “(6) TREATMENT OF INCURRED EXPENSES.—  
5 With respect to the post-eligibility treatment of in-  
6 come under this section, there shall be disregarded  
7 reparation payments made by the Federal Republic  
8 of Germany and, there shall be taken into account  
9 amounts for incurred expenses for medical or reme-  
10 dical care that are not subject to payment by a third  
11 party, including—

12 “(A) medicare and other health insurance  
13 premiums, deductibles, or coinsurance, and

14 “(B) necessary medical or remedial care  
15 recognized under State law but not covered  
16 under the State plan under this title, subject  
17 to reasonable limits the State may establish on  
18 the amount of these expenses.

19 “(e) NOTICE AND FAIR HEARING.—

20 “(1) NOTICE.—Upon—

21 “(A) a determination of eligibility for med-  
22 ical assistance of an institutionalized spouse, or

23 “(B) a request by either the institutional-  
24 ized spouse, or the community spouse, or a rep-  
25 resentative acting on behalf of either spouse,

1 each State shall notify both spouses (in the case de-  
2 scribed in subparagraph (A)) or the spouse making  
3 the request (in the case described in subparagraph  
4 (B)) of the amount of the community spouse month-  
5 ly income allowance (described in subsection  
6 (d)(1)(B)), of the amount of any family allowances  
7 (described in subsection (d)(1)(C)), of the method  
8 for computing the amount of the community spouse  
9 resources allowance permitted under subsection (f),  
10 and of the spouse's right to a fair hearing under the  
11 State plan respecting ownership or availability of in-  
12 come or resources, and the determination of the  
13 community spouse monthly income or resource al-  
14 lowance.

15 “(2) FAIR HEARING.—

16 “(A) IN GENERAL.—If either the institu-  
17 tionalized spouse or the community spouse is  
18 dissatisfied with a determination of—

19 “(i) the community spouse monthly  
20 income allowance;

21 “(ii) the amount of monthly income  
22 otherwise available to the community  
23 spouse (as applied under subsection  
24 (d)(3)(A)(ii));

1           “(iii) the computation of the spousal  
2           share of resources under subsection (c)(1);

3           “(iv) the attribution of resources  
4           under subsection (c)(2); or

5           “(v) the determination of the commu-  
6           nity spouse resource allowance (as defined  
7           in subsection (f)(2));

8           such spouse is entitled to a fair hearing under  
9           the State plan with respect to such determina-  
10          tion if an application for benefits under this  
11          title has been made on behalf of the institu-  
12          tionalized spouse. Any such hearing respecting  
13          the determination of the community spouse re-  
14          source allowance shall be held within 30 days of  
15          the date of the request for the hearing.

16           “(B) REVISION OF MINIMUM MONTHLY  
17          MAINTENANCE NEEDS ALLOWANCE.—If either  
18          such spouse establishes that the community  
19          spouse needs income, above the level otherwise  
20          provided by the minimum monthly maintenance  
21          needs allowance, due to exceptional cir-  
22          cumstances resulting in significant financial du-  
23          ress, there shall be substituted, for the mini-  
24          mum monthly maintenance needs allowance in

1 subsection (d)(3)(A)(i), an amount adequate to  
2 provide such additional income as is necessary.

3 “(C) REVISION OF COMMUNITY SPOUSE  
4 RESOURCE ALLOWANCE.—If either such spouse  
5 establishes that the community spouse resource  
6 allowance (in relation to the amount of income  
7 generated by such an allowance) is inadequate  
8 to raise the community spouse’s income to the  
9 minimum monthly maintenance needs allow-  
10 ance, there shall be substituted, for the commu-  
11 nity spouse resource allowance under subsection  
12 (f)(2), an amount adequate to provide such a  
13 minimum monthly maintenance needs allow-  
14 ance.

15 “(f) PERMITTING TRANSFER OF RESOURCES TO  
16 COMMUNITY SPOUSE.—

17 “(1) IN GENERAL.—An institutionalized spouse  
18 may, without regard to any other provision of the  
19 State plan to the contrary, transfer an amount equal  
20 to the community spouse resource allowance (as de-  
21 fined in paragraph (2)), but only to the extent the  
22 resources of the institutionalized spouse are trans-  
23 ferred to, or for the sole benefit of, the community  
24 spouse. The transfer under the preceding sentence  
25 shall be made as soon as practicable after the date

1 of the initial determination of eligibility, taking into  
2 account such time as may be necessary to obtain a  
3 court order under paragraph (3).

4 “(2) COMMUNITY SPOUSE RESOURCE ALLOW-  
5 ANCE DEFINED.—In paragraph (1), the ‘community  
6 spouse resource allowance’ for a community spouse  
7 is an amount (if any) by which—

8 “(A) the greatest of—

9 “(i) \$12,000 (subject to adjustment  
10 under subsection (g)), or, if greater (but  
11 not to exceed the amount specified in  
12 clause (ii)(II)) an amount specified under  
13 the State plan,

14 “(ii) the lesser of (I) the spousal  
15 share computed under subsection (c)(1), or  
16 (II) \$60,000 (subject to adjustment under  
17 subsection (g)),

18 “(iii) the amount established under  
19 subsection (e)(2), or

20 “(iv) the amount transferred under a  
21 court order under paragraph (3);

22 exceeds

23 “(B) the amount of the resources other-  
24 wise available to the community spouse (deter-  
25 mined without regard to such an allowance).



1           “(3) TRANSFERS UNDER COURT ORDERS.—If a  
2           court has entered an order against an institutional-  
3           ized spouse for the support of the community  
4           spouse, any provisions under the plan relating to  
5           transfers or disposals of assets for less than fair  
6           market value shall not apply to amounts of resources  
7           transferred pursuant to such order for the support  
8           of the spouse or a family member (as defined in sub-  
9           section (d)(1)).

10          “(g) INDEXING DOLLAR AMOUNTS.—For services  
11          furnished during a calendar year after 1989, the dollar  
12          amounts specified in subsections (d)(3)(C), (f)(2)(A)(i),  
13          and (f)(2)(A)(ii)(II) shall be increased by the same per-  
14          centage as the percentage increase in the consumer price  
15          index for all urban consumers (all items; U.S. city aver-  
16          age) between September 1988 and the September before  
17          the calendar year involved.

18          “(h) DEFINITIONS.—In this section:

19                 “(1) INSTITUTIONALIZED SPOUSE.—The term  
20                 ‘institutionalized spouse’ means an individual—

21                         “(A)(i) who is in a medical institution or  
22                         nursing facility, or

23                         “(ii) at the option of the State (I) who  
24                         would be eligible under the State plan under  
25                         this title if such individual was in a medical in-

1           stitution, (II) with respect to whom there has  
2           been a determination that but for the provision  
3           of home or community-based services such indi-  
4           vidual would require the level of care provided  
5           in a hospital, nursing facility or intermediate  
6           care facility for the mentally retarded the cost  
7           of which could be reimbursed under the plan,  
8           and (III) who will receive home or community-  
9           based services pursuant the plan; and

10                   “(B) who is married to a spouse who is not  
11                   in a medical institution or nursing facility;

12           but does not include any such individual who is not  
13           likely to meet the requirements of subparagraph (A)  
14           for at least 30 consecutive days.

15                   “(2) COMMUNITY SPOUSE.—The term ‘commu-  
16                   nity spouse’ means the spouse of an institutionalized  
17                   spouse.

18   **“SEC. 1506. PREVENTING FAMILY IMPOVERISHMENT.**

19                   “(a) RESPONSIBILITIES FOR LONG-TERM AND INSTI-  
20           TUTIONAL CARE GENERALLY.—A State plan may not—

21                   “(1) require an adult child or any other individ-  
22                   ual (other than the applicant or recipient of services  
23                   or the spouse of such an applicant or recipient) to  
24                   contribute to the cost of covered nursing facility

1 services, other long-term care services, and hospital  
2 and other institutional services under the plan; and

3 “(2) take into account with respect to such  
4 services the financial responsibility of any individual  
5 for any applicant or recipient of assistance under the  
6 plan unless such applicant or recipient is such indi-  
7 vidual’s spouse or such individual’s child who is  
8 under age 21 or (with respect to States eligible to  
9 participate in the State program established under  
10 title XVI), is blind or permanently and totally dis-  
11 abled, or is blind or disabled as defined in section  
12 1614 (with respect to States which are not eligible  
13 to participate in such program).

14 “(b) LIMITATIONS ON LIENS.—

15 “(1) IN GENERAL.—No lien may be imposed  
16 against the property of any individual prior to the  
17 individual’s death on account of medical assistance  
18 paid or to be paid on the individual’s behalf under  
19 a State plan, except—

20 “(A) pursuant to the judgment of a court  
21 on account of benefits incorrectly paid on behalf  
22 of such individual; or

23 “(B) in the case of the real property of an  
24 individual—

1           “(i) who is an inpatient in a nursing  
2           facility, intermediate care facility for the  
3           mentally retarded, or other medical institu-  
4           tion, if such individual is required, as a  
5           condition of receiving services in such insti-  
6           tution under the plan, to spend for costs of  
7           medical care all but a minimal amount of  
8           the individual’s income required for per-  
9           sonal needs, and

10           “(ii) with respect to whom the State  
11           determines, after notice and opportunity  
12           for a hearing (in accordance with proce-  
13           dures established by the State), that the  
14           individual cannot reasonably be expected to  
15           be discharged from the medical institution  
16           and to return home,

17           except as provided in paragraph (2).

18           “(2) EXCEPTION.—No lien may be imposed  
19           under paragraph (1)(B) on such individual’s home  
20           if—

21           “(A) the spouse of such individual,

22           “(B) such individual’s child who is under  
23           age 21, or (with respect to States eligible to  
24           participate in the State program established  
25           under title XVI) is blind or permanently and to-

1           tally disabled, or (with respect to States which  
2           are not eligible to participate in such program)  
3           is blind or disabled as defined in section 1614,  
4           or

5                   “(C) a sibling of such individual (who has  
6           an equity interest in such home and who was  
7           residing in such individual’s home for a period  
8           of at least one year immediately before the date  
9           of the individual’s admission to the medical in-  
10          stitution),  
11          is lawfully residing in such home.

12                   “(3) DISSOLUTION UPON RETURN HOME.—Any  
13          lien imposed with respect to an individual pursuant  
14          to paragraph (1)(B) shall dissolve upon that individ-  
15          ual’s discharge from the medical institution and re-  
16          turn home.

17          **“SEC. 1507. STATE FLEXIBILITY.**

18                   “(a) STATE FLEXIBILITY IN BENEFITS, GEOGRAPHI-  
19          CAL COVERAGE AREA, AND SELECTION OF PROVIDERS.—  
20          The State under its State plan may—

21                   “(1) specify those items and services for which  
22          medical assistance is provided (consistent with guar-  
23          antees under subsections (a) and (b) of section  
24          1501), the providers which may provide such items  
25          and services, and the amount and frequency of pro-

1           “(iv) DETERMINATION OF FEDERAL  
2           SPENDING PER RESIDENT-IN-POVERTY  
3           RATE.—For purposes of clause (iii), the  
4           ‘Federal spending per resident-in-poverty  
5           rate’ for a State for a fiscal year is equal  
6           to—

7                   “(I) the State’s outlay allotment  
8                   under this subsection for the previous  
9                   fiscal year (determined without regard  
10                  to paragraph (4)), divided by

11                   “(II) the average annual number  
12                   of residents of the State in poverty  
13                   (as defined in subsection (d)(2)) with  
14                   respect to the fiscal year.

15           “(C) SPECIAL RULE.—

16                   “(i) IN GENERAL.—Notwithstanding  
17                   the preceding subparagraphs of this para-  
18                   graph, the State base outlay allotment  
19                   for—

20                   “(I) Louisiana, subject to sub-  
21                   clause (II), for each of the fiscal years  
22                   1997 through 2000, is  
23                   \$2,622,000,000,

24                   “(II) Louisiana for fiscal year  
25                   1997 only, as otherwise determined,

1 shall be increased by \$37,048,207,  
2 and

3 “(III) Nevada for each of fiscal  
4 years 1997, 1998, and 1999, as other-  
5 wise determined, shall be increased by  
6 \$90,000,000.

7 “(ii) EXCEPTION.—A State described  
8 in subclause (I) of clause (i) may apply to  
9 the Secretary for use of the State base out-  
10 lay allotment otherwise determined under  
11 this subsection for any fiscal year, if such  
12 State notifies the Secretary not later than  
13 March 1 preceding such fiscal year that  
14 such State will be able to expend sufficient  
15 State funds in such fiscal year to qualify  
16 for such allotment.

17 “(iii) TREATMENT OF INCREASE AS  
18 SUPPLEMENTAL ALLOTMENT.—Any in-  
19 crease in an outlay allotment under clause  
20 (i)(II) or (i)(III) shall not be taken into ac-  
21 count for purposes of determining—

22 “(I) the adjustment factor under  
23 paragraph (2) for fiscal year 1997,

1                   “(II) any State base outlay allot-  
2                   ment for a fiscal year after fiscal year  
3                   1997,

4                   “(III) the base pool amount for a  
5                   fiscal year after fiscal year 1997, or

6                   “(IV) determination of the na-  
7                   tional growth percentage for any fiscal  
8                   year.

9                   “(4) ELECTION OF ALTERNATIVE GROWTH  
10                  FORMULA.—

11                   “(A) ELECTION.—In order to reduce vari-  
12                   ations in increases in outlay allotments over  
13                   time, any of the 50 States or the District of Co-  
14                   lumbia may elect (by notice provided to the Sec-  
15                   retary by not later than April 1, 1997) to adopt  
16                   an alternative growth rate formula under this  
17                   paragraph for the determination of the State’s  
18                   base outlay allotment in fiscal year 1997 and  
19                   for the increase in the amount of such allot-  
20                   ment in subsequent fiscal years.

21                   “(B) FORMULA.—The alternative growth  
22                   formula under this paragraph may be any for-  
23                   mula under which a portion of the State base  
24                   outlay allotment for fiscal year 1997 under  
25                   paragraph (1) is deferred and applied to in-



1           crease the amount of its base outlay allotment  
2           for one or more subsequent fiscal years, so long  
3           as the total amount of such increases for all  
4           such subsequent fiscal years does not exceed the  
5           amount of the base outlay allotment deferred  
6           from fiscal year 1997.

7           “(5) COMMONWEALTHS AND TERRITORIES.—

8                   “(A) IN GENERAL.—The base outlay allot-  
9                   ment for each of the Commonwealths and Ter-  
10                   ritories for a fiscal year is the maximum  
11                   amount that could have been certified under  
12                   section 1108(c) (as in effect on the day before  
13                   the date of the enactment of this title) with re-  
14                   spect to the Commonwealth or Territory for the  
15                   fiscal year with respect to title XIX, if the na-  
16                   tional growth percentage (as determined under  
17                   subsection (b)(2)) for the fiscal year had been  
18                   substituted (beginning with fiscal year 1997)  
19                   for the percentage increase referred to in sec-  
20                   tion 1108(c)(1)(B) (as so in effect).

21                   “(B) DISREGARD OF ROUNDING REQUIRE-  
22                   MENTS.—For purposes of subparagraph (A),  
23                   the rounding requirements under section  
24                   1108(c) shall not apply.

1           “(C) LIMITATION ON TOTAL AMOUNT FOR  
2           FISCAL YEAR 1996.—Notwithstanding the provi-  
3           sions of subparagraph (A), the total amount of  
4           the base outlay allotments for the Common-  
5           wealths and Territories for fiscal year 1996  
6           may not exceed \$139,950,000.

7           “(d) STATE AGGREGATE EXPENDITURE NEED DE-  
8           TERMINED.—

9           “(1) IN GENERAL.—For purposes of subsection  
10          (c), the ‘State aggregate expenditure need’ for a  
11          State or the District of Columbia for a fiscal year  
12          is equal to the product of the following 4 factors:

13               “(A) PROGRAM NEED.—The program need  
14               for the State for the fiscal year, as determined  
15               under paragraph (2).

16               “(B) HEALTH CARE COST INDEX.—The  
17               health care cost index for the State (as deter-  
18               mined under paragraph (3)) for the most recent  
19               fiscal year for which data are available.

20               “(C) PROJECTED INFLATION.—The CPI  
21               increase factor for the fiscal year (as defined in  
22               subsection (g)(4)(C)).

23               “(D) NATIONAL AVERAGE SPENDING PER  
24               RESIDENT IN POVERTY.—The national average

1 spending per resident in poverty (as determined  
2 under paragraph (4)).

3 “(2) PROGRAM NEED.—

4 “(A) IN GENERAL.—In this subsection and  
5 subject to subparagraph (D), the ‘program  
6 need’ of a State for a fiscal year is equal to the  
7 sum, for each of the population groups de-  
8 scribed in subparagraph (B), of the product de-  
9 scribed in subparagraph (C) for that population  
10 group.

11 “(B) POPULATION GROUPS DESCRIBED.—  
12 The population groups described in this sub-  
13 paragraph are as follows:

14 “(i) INDIVIDUALS BETWEEN 60 AND  
15 85.—Individuals who are least 60, but less  
16 than 85, years of age.

17 “(ii) INDIVIDUALS 85 OR OLDER.—In-  
18 dividuals who are 85 years of age or older.

19 “(iii) DISABLED INDIVIDUALS.—Indi-  
20 viduals who are eligible for medical assist-  
21 ance because such individuals are blind or  
22 disabled and are not described in clause (i)  
23 or (ii).

24 “(iv) CHILDREN.—Individuals de-  
25 scribed in subsection (g)(2)(B).

1           “(v) OTHER INDIVIDUALS.—Individ-  
2           uals not described in a previous clause of  
3           this subparagraph.

4           “(C) PRODUCT DESCRIBED.—The product  
5           described in this subparagraph, with respect to  
6           a population group for a fiscal year for a State  
7           (or District), is the product of the following 2  
8           factors for that group, year, and State (or Dis-  
9           trict):

10           “(i) WEIGHTING FACTOR REFLECTING  
11           RELATIVE NEED FOR THE GROUP.—For all  
12           States, the national average per recipient  
13           expenditures under this title in the 50  
14           States and the District of Columbia for in-  
15           dividuals in such group, as determined  
16           under subparagraph (E), divided by the  
17           national average of such averages for all  
18           such groups (weighted by the number of  
19           recipients in each group).

20           “(ii) NUMBER OF NEEDY IN GROUP.—  
21           The product of—

22           “(I) for all groups, the average  
23           annual number of residents in poverty  
24           in such State or District (based on  
25           data made generally available by the

1 Bureau of the Census from the Cur-  
2 rent Population Survey) for the most  
3 recent 3-calendar-year period (ending  
4 before the fiscal year) for which such  
5 data are available; and

6 “(II) the proportion, of all indi-  
7 viduals who received medical assist-  
8 ance under this title in such State or  
9 District, that were individuals in such  
10 group.

11 In clause (ii)(II), the term ‘resident in pov-  
12 erty’ means an individual whose family in-  
13 come does not exceed the poverty threshold  
14 (as such terms are defined by the Office of  
15 Management and Budget and are generally  
16 interpreted and applied by the Bureau of  
17 the Census for the year involved).

18 “(D) FLOORS AND CEILINGS ON PROGRAM  
19 NEED.—

20 “(i) IN GENERAL.—In no case shall  
21 the value of the program need for a State  
22 for a fiscal year be less than 90 percent,  
23 or be more than 115 percent, of the pro-  
24 gram need based on national averages (de-

1           terminated under clause (ii)) for that State  
2           for the fiscal year.

3           “(ii) PROGRAM NEED BASED ON NA-  
4           TIONAL AVERAGES.—For purposes of  
5           clause (i), the ‘program need based on na-  
6           tional average’ for a fiscal year is equal to  
7           the sum of the product (for each of the  
8           population groups) of the following 3 fac-  
9           tors (for that group, year, and State or  
10          District):

11           “(I) WEIGHTING FACTOR FOR  
12           GROUP.—The weighting factor for the  
13           group (described in subparagraph  
14           (C)(i)).

15           “(II) TOTAL NUMBER OF NEEDY  
16           IN STATE.—For all groups, the aver-  
17           age annual number of residents in  
18           poverty in such State or District (as  
19           defined in subparagraph (C)(ii)(I)).

20           “(III) NATIONAL PROPORTION  
21           OF NEEDY IN GROUP.—The propor-  
22           tion, of all individuals who received  
23           medical assistance under this title in  
24           all of the States and the District in all

1                   such groups, that were individuals in  
2                   such group.

3                   “(E) DETERMINATION OF NATIONAL  
4                   AVERAGES AND PROPORTIONS.—The national  
5                   averages per recipient and the proportions re-  
6                   ferred to in subparagraph (C)(ii) and (C)(iii),  
7                   respectively, shall be determined by the Sec-  
8                   retary using the most recent data available.

9                   “(F) EXPENDITURE DEFINED.—For pur-  
10                  poses of this paragraph, the term ‘expenditure’  
11                  means medical vendor payments by basis of eli-  
12                  gibility as reported by HCFA Form 2082.

13                  “(3) HEALTH CARE COST INDEX.—

14                  “(A) IN GENERAL.—In this section, the  
15                  ‘health care cost index’ for a State or the Dis-  
16                  trict of Columbia for a fiscal year is the sum  
17                  of—

18                         “(i) 0.15, and

19                         “(ii) 0.85 multiplied by the ratio of  
20                         (I) the annual average wages for hospital  
21                         employees in such State or District for the  
22                         fiscal year (as determined under subpara-  
23                         graph (B)), to (II) the annual average  
24                         wages for hospital employees in the 50  
25                         States and the District of Columbia for

1       ment population group described in paragraph (2),  
2       of the product of the following:

3               “(A) EXCESS NUMBER OF INDIVIDUALS.—

4               The excess number of individuals (if any, deter-  
5               mined under paragraph (3)) for State and the  
6               fiscal year who are in the population group.

7               “(B) APPLICABLE PER BENEFICIARY  
8               AMOUNT.—The applicable per beneficiary  
9               amount (determined under paragraph (4)) for  
10              the State and fiscal year for the population  
11              group.               •

12              “(C) FMAP.—The old Federal medical as-  
13              sistance percentage (as defined in section  
14              1512(d)) for the State and fiscal year.

15              “(2) SUPPLEMENTAL ALLOTMENT POPULATION  
16              GROUP.—In this subsection, each of the following  
17              shall be considered to be a separate ‘supplemental  
18              allotment population group’:

19              “(A) POOR PREGNANT WOMEN.—Individ-  
20              uals described in section 1501(a)(1)(A).

21              “(B) POOR CHILDREN.—Individuals (not  
22              described in subparagraph (C))—

23                      “(i) described in subparagraph (B) or  
24                      (C) of section 1501(a)(1), or



1                   “(ii) described in subparagraph (F) or  
2                   (G) of section 1501(a)(1) who are under  
3                   21 years of age and who are not pregnant  
4                   women.

5                   “(C) POOR DISABLED INDIVIDUALS.—Only  
6                   in the case of a State that has elected the op-  
7                   tion (of guaranteeing coverage of disabled indi-  
8                   viduals) described in section 1501(a)(1)(D)(ii)  
9                   for the fiscal year (and, in the case of a fiscal  
10                  year after fiscal year 1997, for the previous fis-  
11                  cal year), individuals—

12                  “(i) who are described in such section;  
13                  or

14                  “(ii) who are described in section  
15                  1502(a) under paragraph (1) of that sec-  
16                  tion.

17                  “(D) POOR ELDERLY INDIVIDUALS.—Indi-  
18                  viduals who are—

19                  “(i)        described        in        section  
20                  1501(a)(1)(E); or

21                  “(ii) described in section 1502(a)  
22                  under paragraph (2) of that section.

23                  “(E)    QUALIFIED    MEDICARE    BENE-  
24                  FICIARIES.—Individuals described in section

1 1501(b)(1)(A) who are not described in sub-  
2 paragraph (D).

3 “(F) QUALIFIED DISABLED AND WORKING  
4 INDIVIDUALS.—Individuals described in section  
5 1501(b)(1)(B) who are not described in sub-  
6 paragraph (D).

7 “(G) CERTAIN OTHER MEDICARE BENE-  
8 FICIARIES.—Individuals described in section  
9 1501(b)(1)(C) who are not described in sub-  
10 paragraph (D).

11 “(H) OTHER POOR ADULTS.—Individuals  
12 described in section 1501(a)(1)(G) who are not  
13 within a population group described in a pre-  
14 vious subparagraph.

15 “(3) EXCESS NUMBER OF INDIVIDUALS.—

16 “(A) IN GENERAL.—In this subsection, the  
17 ‘excess number of individuals’, for a State for  
18 a fiscal year with respect to a supplemental al-  
19 lotment population group, is equal to the  
20 amount (if any) by which—

21 “(i) the number of full-year equivalent  
22 individuals in the population group for the  
23 State and fiscal year, exceeds

24 “(ii) the anticipated number of such  
25 individuals (as determined under subpara-

1 (other than paragraphs (1) and (5) of  
2 such section) for fiscal year 1995, and

3 “(II) the ratio described in clause  
4 (iv) for the population group.

5 “(iv) **RATIO DESCRIBED.**—The ratio  
6 described in this clause for a group is the  
7 ratio of—

8 “(I) the total amount of expendi-  
9 tures described in clause (ii) for the  
10 group, to

11 “(II) the total amount of expend-  
12 itures described in such clause for all  
13 individuals under the State plan  
14 under title XIX in the base fiscal  
15 year.

16 “(C) **CPI INCREASE FACTOR.**—In subpara-  
17 graph (A), the ‘CPI increase factor’ for a fiscal  
18 year is the percentage by which—

19 “(i) the Secretary’s estimate of the  
20 average value of the consumer price index  
21 for all urban consumers (all items, U.S.  
22 city average) for months in the fiscal year,  
23 exceeds

24 “(ii) the average value of such index  
25 for months in the previous fiscal year.

1           “(D) SPECIAL RULES FOR CERTAIN MEDI-  
2           CARE BENEFICIARIES.—

3           “(i) QUALIFIED DISABLED AND  
4           WORKING INDIVIDUALS.—In the case of  
5           the supplemental allotment population  
6           group described in paragraph (2)(F), the  
7           ‘applicable per beneficiary amount’, for all  
8           States for a fiscal year is the sum of the  
9           medicare premiums applied under section  
10          1818A for months in the fiscal year.

11          “(ii) OTHER MEDICARE BENE-  
12          FICIARIES.—In the case of the supple-  
13          mental allotment population group de-  
14          scribed in paragraph (2)(G), the ‘applica-  
15          ble per beneficiary amount’, for all States  
16          for a fiscal year is the sum of the medicare  
17          premiums applied under section 1839 for  
18          months in the fiscal year.

19          “(5) CONDITIONS FOR ACCESS TO UMBRELLA  
20          SUPPLEMENTAL ALLOTMENT.—

21          “(A) IN GENERAL.—A State may receive a  
22          supplemental umbrella allotment under this  
23          subsection for a fiscal year only if the following  
24          conditions are met:

1           “(B) TREATMENT AS OVERPAYMENTS.—  
2 Expenditures for which payments were made to  
3 the State under subsection (a) shall be treated  
4 as an overpayment to the extent that the State  
5 or local agency administering such plan has  
6 been reimbursed for such expenditures by a  
7 third party pursuant to the provisions of its  
8 plan in compliance with section 1555.

9           “(C) RECOVERY OF OVERPAYMENTS.—For  
10 purposes of this subsection, when an overpay-  
11 ment is discovered, which was made by a State  
12 to a person or other entity, the State shall have  
13 a period of 60 days in which to recover or at-  
14 tempt to recover such overpayment before ad-  
15 justment is made in the Federal payment to  
16 such State on account of such overpayment.  
17 Except as otherwise provided in subparagraph  
18 (D), the adjustment in the Federal payment  
19 shall be made at the end of the 60 days, wheth-  
20 er or not recovery was made.

21           “(D) NO ADJUSTMENT FOR  
22 UNCOLLECTABLES.—In any case where the  
23 State is unable to recover a debt which rep-  
24 represents an overpayment (or any portion thereof)  
25 made to a person or other entity on account of

1           such debt having been discharged in bankruptcy  
2           or otherwise being uncollectable, no adjustment  
3           shall be made in the Federal payment to such  
4           State on account of such overpayment (or por-  
5           tion thereof).

6           “(3) FEDERAL SHARE OF RECOVERIES.—The  
7           pro rata share to which the United States is equi-  
8           tably entitled, as determined by the Secretary, of the  
9           net amount recovered during any quarter by the  
10          State or any political subdivision thereof with re-  
11          spect to medical assistance furnished under the  
12          State plan shall be considered an overpayment to be  
13          adjusted under this subsection.

14          “(4) TIMING OF OBLIGATION OF FUNDS.—  
15          Upon the making of any estimate by the Secretary  
16          under this subsection, any appropriations available  
17          for payments under this section shall be deemed ob-  
18          ligated.

19          “(5) DISALLOWANCES.—In any case in which  
20          the Secretary estimates that there has been an over-  
21          payment under this section to a State on the basis  
22          of a claim by such State that has been disallowed by  
23          the Secretary under section 1116(d) or in the case  
24          described in paragraph (6)(C), and such State dis-  
25          putes such disallowance or an adjustment under

1 under this title pursuant to section 1128,  
2 1128A, 1156, or 1842(j)(2), or

3 “(B) under the medical direction or on the  
4 prescription of a physician who was so excluded,  
5 if the provider of the services knew or had rea-  
6 son to know of the exclusion.

7 “(2) EXCEPTION FOR EMERGENCY SERVICES.—  
8 Paragraph (1) shall not apply to emergency items or  
9 services, not including hospital emergency room serv-  
10 ices.

11 “(c) LIMITATIONS ON PAYMENTS FOR MEDICALLY-  
12 RELATED SERVICES AND ADMINISTRATIVE EXPENSES.—

13 “(1) IN GENERAL.—No Federal financial assist-  
14 ance is available for expenditures under the State  
15 plan for—

16 “(A) medically-related services for a quar-  
17 ter to the extent such expenditures exceed 5  
18 percent of the total expenditures under the plan  
19 for the quarter, or

20 “(B) total administrative expenses (other  
21 than expenses described in paragraph (2) dur-  
22 ing the first 8 quarters in which the plan is in  
23 effect under this title) for quarters in a fiscal  
24 year to the extent such expenditures exceed the

1           sum of \$20,000,000 plus 10 percent of the total  
2           expenditures under the plan for the year.

3           “(2) ADMINISTRATIVE EXPENSES NOT SUBJECT  
4           TO LIMITATION.—The administrative expenses re-  
5           ferred to in this paragraph are expenditures under  
6           the State plan for the following activities:

7                   “(A) Quality assurance.

8                   “(B) The development and operation of the  
9                   certification program for nursing facilities and  
10                  intermediate care facilities for the mentally re-  
11                  tarded under section 1557.

12                  “(C) Utilization review activities, including  
13                  medical activities and activities of peer review  
14                  organizations.

15                  “(D) Inspection and oversight of providers  
16                  and capitated health care organizations.

17                  “(E) Anti-fraud activities.

18                  “(F) Independent evaluations.

19                  “(G) Activities required to meet reporting  
20                  requirements under this title.

21           “(d) TREATMENT OF THIRD PARTY LIABILITY.—No  
22           payment shall be made to a State under this part for ex-  
23           penditures for medical assistance provided for an individ-  
24           ual under its State plan to the extent that a private in-  
25           surer (as defined by the Secretary by regulation and in-



1 cluding a group health plan (as defined in section 607(1)  
2 of the Employee Retirement Income Security Act of  
3 1974), a service benefit plan, and a health maintenance  
4 organization) would have been obligated to provide such  
5 assistance but for a provision of its insurance contract  
6 which has the effect of limiting or excluding such obliga-  
7 tion because the individual is eligible for or is provided  
8 medical assistance under the plan.

9       “(e) SECONDARY PAYER PROVISIONS.—Except as  
10 otherwise provided by law, no payment shall be made to  
11 a State under this part for expenditures for medical assist-  
12 ance provided for an individual under its State plan to  
13 the extent that payment has been made or can reasonably  
14 be expected to be made promptly (as determined in accord-  
15 ance with regulations) under any other federally operated  
16 or financed health care insurance program, other than an  
17 insurance program operated or financed by the Indian  
18 Health Service, as identified by the Secretary. For pur-  
19 poses of this subsection, rules similar to the rules for over-  
20 payments under section 1512(b) shall apply.

21       “(f) LIMITATION ON PAYMENTS FOR SERVICES TO  
22 NONLAWFUL ALIENS.—

23               “(1) IN GENERAL.—Notwithstanding the pre-  
24 ceding provisions of this section, except as provided  
25 in paragraph (2), no payment may be made to a

1 State under this part for medical assistance fur-  
2 nished to an alien who is not lawfully admitted for  
3 permanent residence or otherwise permanently resid-  
4 ing in the United States under color of law.

5 “(2) EXCEPTION.—Payment may be made  
6 under this section for care and services that are fur-  
7 nished to an alien described in paragraph (1) only  
8 if—

9 “(A) such care and services are necessary  
10 for the treatment of an emergency medical con-  
11 dition of the alien (or, at the option of the  
12 State, for prenatal care),

13 “(B) such alien otherwise meets the eligi-  
14 bility requirements for medical assistance under  
15 the State plan (other than a requirement of the  
16 receipt of aid or assistance under title IV, sup-  
17 plemental security income benefits under title  
18 XVI, or a State supplementary payment), and

19 “(C) such care and services are not related  
20 to an organ transplant procedure.

21 “(3) EMERGENCY MEDICAL CONDITION DE-  
22 FINED.—For purposes of this subsection, the term  
23 ‘emergency medical condition’ means a medical con-  
24 dition (including emergency labor and delivery)  
25 manifesting itself by acute symptoms of sufficient

1 severity (including severe pain) such that the ab-  
2 sence of immediate medical attention could reason-  
3 ably be expected to result in—

4 “(A) placing the patient’s health in serious  
5 jeopardy,

6 “(B) serious impairment to bodily func-  
7 tions, or

8 “(C) serious dysfunction of any bodily  
9 organ or part.

10 “(g) LIMITATION ON PAYMENT FOR CERTAIN OUT-  
11 PATIENT PRESCRIPTION DRUGS.—

12 “(1) IN GENERAL.—No payment may be made  
13 to a State under this part for medical assistance for  
14 covered outpatient drugs (as defined in section  
15 1575(i)(2)) of a manufacturer provided under the  
16 State plan unless the manufacturer (as defined in  
17 section 1575(i)(4)) of the drug—

18 “(A) has entered into a master rebate  
19 agreement with the Secretary under section  
20 1575,

21 “(B) is otherwise complying with the provi-  
22 sions of such section,

23 “(C) subject to paragraph (4), is comply-  
24 ing with the provisions of section 8126 of title  
25 38, United States Code, including the require-

1           number and percentage of persons who re-  
2           ceived such a type of service or item dur-  
3           ing the period covered by the report.

4           “(ii) Summary of health care utiliza-  
5           tion data reported to the State by  
6           capitated health care organizations.

7           “(B) SUBSEQUENT SUMMARIES.—For re-  
8           ports for each succeeding fiscal year, summary  
9           statistics on the utilization of health care serv-  
10          ices under the State plan.

11          “(3) ACHIEVEMENT OF PERFORMANCE  
12          GOALS.—With respect to each performance goal es-  
13          tablished under section 1521 and applicable to the  
14          year involved—

15                 “(A) a brief description of the goal;

16                 “(B) a description of the methods to be  
17                 used to measure the attainment of such goal;

18                 “(C) data on the actual performance with  
19                 respect to the goal;

20                 “(D) a review of the extent to which the  
21                 goal was achieved, based on such data; and

22                 “(E) if a performance goal has not been  
23                 met—

24                         “(i) why the goal was not met, and

1                   “(ii) actions to be taken in response  
2                   to such performance, including adjust-  
3                   ments in performance goals or program ac-  
4                   tivities for subsequent years.

5                   “(4) PROGRAM EVALUATIONS.—A summary of  
6                   the findings of evaluations under section 1523 com-  
7                   pleted during the fiscal year covered by the report.

8                   “(5) FRAUD AND ABUSE AND QUALITY CON-  
9                   TROL ACTIVITIES.—A general description of the  
10                  State’s activities under part D to detect and deter  
11                  fraud and abuse and to assure quality of services  
12                  provided under the program.

13                  “(6) PLAN ADMINISTRATION.—

14                  “(A) A description of the administrative  
15                  roles and responsibilities of entities in the State  
16                  responsible for administration of this title.

17                  “(B) Organizational charts for each entity  
18                  in the State primarily responsible for activities  
19                  under this title.

20                  “(C) A brief description of each interstate  
21                  compact (if any) the State has entered into  
22                  with other States with respect to activities  
23                  under this title.

1           “(D) General citations to the State stat-  
2           utes and administrative rules governing the  
3           State’s activities under this title.

4           “(c) DESCRIPTION OF CATEGORIES.—In this section:

5           “(1) GENERAL CATEGORIES OF ELIGIBLE INDI-  
6           VIDUALS.—Each of the following is a general cat-  
7           egory of eligible individuals:

8           “(A) Pregnant women.

9           “(B) Children.

10           “(C) Blind or disabled adults who are not  
11           elderly individuals.

12           “(D) Elderly individuals.

13           “(E) Other adults.

14           “(2) CATEGORIES OF HEALTH CARE ITEMS AND  
15           SERVICES.—The health care items and services de-  
16           scribed in each paragraph of section 1571(a) shall  
17           be considered a separate category of health care  
18           items and services.

19           **“SEC. 1523. PERIODIC, INDEPENDENT EVALUATIONS.**

20           “(a) IN GENERAL.—During fiscal year 1999 and  
21           every third fiscal year thereafter, each State shall provide  
22           for an evaluation of the operation of its State plan under  
23           this title.

24           “(b) INDEPENDENT.—Each such evaluation with re-  
25           spect to an activity under the State plan shall be con-

1 ducted by an entity that is neither responsible under State  
2 law for the submission of the State plan (or part thereof)  
3 nor responsible for administering (or supervising the ad-  
4 ministration of) the activity. If consistent with the pre-  
5 vious sentence, such an entity may be a college or univer-  
6 sity, a State agency, a legislative branch agency in a State,  
7 or an independent contractor.

8 “(c) RESEARCH DESIGN.—Each such evaluation  
9 shall be conducted in accordance with a research design  
10 that is based on generally accepted models of survey de-  
11 sign and sampling and statistical analysis.

12 **“SEC. 1524. DESCRIPTION OF PROCESS FOR STATE PLAN**  
13 **DEVELOPMENT.**

14 “Each State plan shall include a description of the  
15 process under which the plan shall be developed and imple-  
16 mented in the State (consistent with section 1525).

17 **“SEC. 1525. CONSULTATION IN STATE PLAN DEVELOPMENT.**

18 “(a) PUBLIC NOTICE PROCESS.—Before submitting  
19 a State plan or a plan amendment described in subsection  
20 (c) to the Secretary under this part, a State shall pro-  
21 vide—

22 “(1) public notice respecting the submittal of  
23 the proposed plan or amendment, including a gen-  
24 eral description of the plan or amendment,

1 administrative and judicial review is pending under  
2 subsection (e) or (f).

3 “(3) RESTORATION OF FUNDS.—Any funds  
4 withheld under this subsection under an order shall  
5 be immediately restored to a State—

6 “(A) to the extent and at the time the  
7 order is—

8 “(i) modified or withdrawn by the  
9 Secretary upon reconsideration,

10 “(ii) modified or reversed by an ad-  
11 ministrative law judge, or

12 “(iii) set aside (in whole or in part) by  
13 an appellate court; or

14 “(B) when the Secretary determines that  
15 the deficiency which was the basis for the order  
16 is corrected;

17 “(C) when the Secretary determines that  
18 violation which was the basis for the order is  
19 resolved or the amendment which was the basis  
20 for the order is withdrawn; or

21 “(D) at any time upon the initiative of the  
22 Secretary.

23 “(h) INDIVIDUAL COMPLAINT PROCESS.—The Sec-  
24 retary shall provide for a process under which an individ-  
25 ual may notify the Secretary concerning a State’s failure



1 to provide medical assistance as required under the State  
2 plan or otherwise comply with the requirements of this  
3 title or such plan, including any failure to comply with  
4 a requirement of subsection (a) or (b) of section 1501.  
5 If the Secretary finds that there is a pattern of complaints  
6 with respect to a State or that a particular failure or find-  
7 ing of noncompliance is egregious, the Secretary shall no-  
8 tify the chief executive officer of the State of such finding  
9 and shall notify the Congress if the State fails to respond  
10 to such notification within a reasonable period of time.

11 **“SEC. 1530. SECRETARIAL AUTHORITY.**

12       “(a) NEGOTIATED AGREEMENT AND DISPUTE RESO-  
13 LUTION.—

14           “(1) NEGOTIATIONS.—Nothing in this part  
15 shall be construed as preventing the Secretary and  
16 a State from at any time negotiating a satisfactory  
17 resolution to any dispute concerning the approval of  
18 a State plan (or amendments to a State plan) or the  
19 compliance of a State plan (including its administra-  
20 tion) with requirements of this title.

21           “(2) COOPERATION.—The Secretary shall act in  
22 a cooperative manner with the States in carrying out  
23 this title. In the event of a dispute between a State  
24 and the Secretary, the Secretary shall, whenever  
25 practicable, engage in informal dispute resolution ac-

1           “(1) IN GENERAL.—With respect to the ac-  
2           counting and expenditure of funds under this title,  
3           each State shall adopt and maintain such fiscal con-  
4           trols, accounting procedures, and data processing  
5           safeguards as the State deems reasonably necessary  
6           to assure the fiscal integrity of the State’s activities  
7           under this title.

8           “(2) CONSISTENCY WITH GENERALLY ACCEPT-  
9           ED ACCOUNTING PRINCIPLES.—Such controls and  
10          procedures shall be generally consistent with gen-  
11          erally accepted accounting principles as recognized  
12          by the Governmental Accounting Standards Board  
13          or the Comptroller General.

14          “(c) AUDITS OF PROVIDERS.—Each State plan shall  
15          provide that the records of any entity providing items or  
16          services for which payment may be made under the plan  
17          may be audited as necessary to ensure that proper pay-  
18          ments are made under the plan.

19          **“SEC. 1552. FRAUD PREVENTION PROGRAM.**

20          “(a) ESTABLISHMENT.—Each State plan shall pro-  
21          vide for the establishment and maintenance of an effective  
22          program for the detection and prevention of fraud and  
23          abuse by beneficiaries, providers, and others in connection  
24          with the operation of the program.

1       “(b) PROGRAM REQUIREMENTS.—The program es-  
2       tablished pursuant to subsection (a) shall include at least  
3       the following requirements:

4               “(1) DISCLOSURE OF INFORMATION.—Any dis-  
5       closing entity (as defined in section 1124(a)) receiv-  
6       ing payments under the State plan shall comply with  
7       the requirements of section 1124.

8               “(2) SUPPLY OF INFORMATION.—An entity  
9       (other than an individual practitioner or a group of  
10       practitioners) that furnishes, or arranges for the fur-  
11       nishing of, an item or service under the State plan  
12       shall supply upon request specifically addressed to  
13       the entity by the Secretary or the State agency the  
14       information described in section 1128(b)(9).

15               “(3) EXCLUSION.—

16                       “(A) IN GENERAL.—The State plan shall  
17       exclude any specified individual or entity from  
18       participation in the plan for the period specified  
19       by the Secretary when required by the Sec-  
20       retary to do so pursuant to section 1128 or sec-  
21       tion 1128A, and provide that no payment may  
22       be made under the plan with respect to any  
23       item or service furnished by such individual or  
24       entity during such period.

1           “(B) AUTHORITY.—In addition to any  
2           other authority, a State may exclude any indi-  
3           vidual or entity for purposes of participating  
4           under the State plan for any reason for which  
5           the Secretary could exclude the individual or  
6           entity from participation in a program under  
7           title XVIII or under section 1128, 1128A, or  
8           1866(b)(2).

9           “(4) NOTICE.—The State plan shall provide  
10          that whenever a provider of services or any other  
11          person is terminated, suspended, or otherwise sanc-  
12          tioned or prohibited from participating under the  
13          plan, the State agency responsible for administering  
14          the plan shall promptly notify the Secretary and, in  
15          the case of a physician, the State medical licensing  
16          board of such action.

17          “(5) ACCESS TO INFORMATION.—The State  
18          plan shall provide that the State will provide infor-  
19          mation and access to certain information respecting  
20          sanctions taken against health care practitioners and  
21          providers by State licensing authorities in accord-  
22          ance with section 1553.

1 **“SEC. 1554. STATE FRAUD CONTROL UNITS.**

2       “(a) **IN GENERAL.**—Each State plan shall provide for  
3 a State fraud control unit described in subsection (b) that  
4 effectively carries out the functions and requirements de-  
5 scribed in such subsection, unless the State demonstrates  
6 to the satisfaction of the Secretary that the effective oper-  
7 ation of such a unit in the State would not be cost-effective  
8 because minimal fraud exists in connection with the provi-  
9 sion of covered services to eligible individuals under the  
10 plan, and that beneficiaries under the plan will be pro-  
11 tected from abuse and neglect in connection with the pro-  
12 vision of medical assistance under the plan without the  
13 existence of such a unit.

14       “(b) **UNITS DESCRIBED.**—For purposes of this sec-  
15 tion, the term ‘State fraud control unit’ means a single  
16 identifiable entity of the State government which meets  
17 the following requirements:

18               “(1) **ORGANIZATION.**—The entity—

19                       “(A) is a unit of the office of the State At-  
20 torney General or of another department of  
21 State government which possesses statewide au-  
22 thority to prosecute individuals for criminal vio-  
23 lations;

24                       “(B) is in a State the constitution of which  
25 does not provide for the criminal prosecution of

1 individuals by a statewide authority and has  
2 formal procedures that—

3 “(i) assure its referral of suspected  
4 criminal violations relating to the program  
5 under this title to the appropriate author-  
6 ity or authorities in the State for prosecu-  
7 tion, and

8 “(ii) assure its assistance of, and co-  
9 ordination with, such authority or authori-  
10 ties in such prosecutions; or

11 “(C) has a formal working relationship  
12 with the office of the State Attorney General  
13 and has formal procedures (including proce-  
14 dures for its referral of suspected criminal vio-  
15 lations to such office) which provide effective  
16 coordination of activities between the entity and  
17 such office with respect to the detection, inves-  
18 tigation, and prosecution of suspected criminal  
19 violations relating to the program under this  
20 title.

21 “(2) INDEPENDENCE.—The entity is separate  
22 and distinct from any State agency that has prin-  
23 cipal responsibilities for administering or supervising  
24 the administration of the State plan.

1           “(3) FUNCTION.—The entity’s function is con-  
2           ducting a statewide program for the investigation  
3           and prosecution of violations of all applicable State  
4           laws regarding any and all aspects of fraud in con-  
5           nection with any aspect of the provision of medical  
6           assistance and the activities of providers of such as-  
7           sistance under the State plan.

8           “(4) REVIEW OF COMPLAINTS.—The entity has  
9           procedures for reviewing complaints of the abuse  
10          and neglect of patients of health care facilities which  
11          receive payments under the State plan under this  
12          title, and, where appropriate, for acting upon such  
13          complaints under the criminal laws of the State or  
14          for referring them to other State agencies for action.

15          “(5) OVERPAYMENTS.—

16                 “(A) IN GENERAL.—The entity provides  
17                 for the collection, or referral for collection to a  
18                 single State agency, of overpayments that are  
19                 made under the State plan to health care pro-  
20                 viders and that are discovered by the entity in  
21                 carrying out its activities.

22                 “(B) TREATMENT OF CERTAIN OVERPAY-  
23                 MENTS.—If an overpayment is the direct result  
24                 of the failure of the provider (or the provider’s  
25                 billing agent) to adhere to a change in the

1 State's billing instructions, the entity may re-  
2 cover the overpayment only if the entity dem-  
3 onstrates that the provider (or the provider's  
4 billing agent) received prior written or elec-  
5 tronic notice of the change in the billing in-  
6 structions before the submission of the claims  
7 on which the overpayment is based.

8 “(6) PERSONNEL.—The entity employs such  
9 auditors, attorneys, investigators, and other nec-  
10 essary personnel and is organized in such a manner  
11 as is necessary to promote the effective and efficient  
12 conduct of the entity's activities.

13 **“SEC. 1555. RECOVERIES FROM THIRD PARTIES AND OTH-**  
14 **ERS.**

15 “(a) THIRD PARTY LIABILITY.—Each State plan  
16 shall provide for reasonable steps—

17 “(1) to ascertain the legal liability of third par-  
18 ties to pay for care and services available under the  
19 plan, including the collection of sufficient informa-  
20 tion to enable States to pursue claims against third  
21 parties, and

22 “(2) to seek reimbursement for medical assist-  
23 ance provided to the extent legal liability is estab-  
24 lished where the amount expected to be recovered ex-  
25 ceeds the costs of the recovery.



1 the individual's behalf, from taking into account that the  
2 individual is eligible for or is provided medical assistance  
3 under a State plan for any State.

4       “(d) ACQUISITION OF RIGHTS OF BENEFICIARIES.—

5 To the extent that payment has been made under a State  
6 plan in any case where a third party has a legal liability  
7 to make payment for such assistance, the State shall have  
8 in effect laws under which, to the extent that payment  
9 has been made under the plan for health care items or  
10 services furnished to an individual, the State is considered  
11 to have acquired the rights of such individual to payment  
12 by any other party for such health care items or services.

13       “(e) ASSIGNMENT OF MEDICAL SUPPORT RIGHTS.—

14 The State plan shall provide for mandatory assignment  
15 of rights of payment for medical support and other medi-  
16 cal care owed to recipients in accordance with section  
17 1556.

18       “(f) REQUIRED LAWS RELATING TO MEDICAL CHILD  
19 SUPPORT.—

20               “(1) IN GENERAL.—Each State with a State  
21 plan under this title shall have in effect the following  
22 laws:

23                       “(A) A law that prohibits an insurer from  
24 denying enrollment of a child under the health

1 coverage of the child's parent on the ground  
2 that—

3 “(i) the child was born out of wedlock,

4 “(ii) the child is not claimed as a de-  
5 pendent on the parent's Federal income  
6 tax return, or

7 “(iii) the child does not reside with  
8 the parent or in the insurer's service area.

9 “(B) In any case in which a parent is re-  
10 quired by a court or administrative order to  
11 provide health coverage for a child and the par-  
12 ent is eligible for family health coverage  
13 through an insurer, a law that requires such in-  
14 surer—

15 “(i) to permit such parent to enroll  
16 under such family coverage any such child  
17 who is otherwise eligible for such coverage  
18 (without regard to any enrollment season  
19 restrictions);

20 “(ii) if such a parent is enrolled but  
21 fails to make application to obtain cov-  
22 erage of such child, to enroll such child  
23 under such family coverage upon applica-  
24 tion by the child's other parent or by the

1 State agency administering the program  
2 under this title or part D of title IV; and

3 “(iii) not to disenroll, or eliminate  
4 coverage of, such a child unless the insurer  
5 is provided satisfactory written evidence  
6 that—

7 “(I) such court or administrative  
8 order is no longer in effect, or

9 “(II) the child is or will be en-  
10 rolled in comparable health coverage  
11 through another insurer which will  
12 take effect not later than the effective  
13 date of such disenrollment.

14 “(C) In any case in which a parent is re-  
15 quired by a court or administrative order to  
16 provide health coverage for a child and the par-  
17 ent is eligible for family health coverage  
18 through an employer doing business in the  
19 State, a law that requires such employer—

20 “(i) to permit such parent to enroll  
21 under such family coverage any such child  
22 who is otherwise eligible for such coverage  
23 (without regard to any enrollment season  
24 restrictions);

1           “(ii) if such a parent is enrolled but  
2 fails to make application to obtain cov-  
3 erage of such child, to enroll such child  
4 under such family coverage upon applica-  
5 tion by the child’s other parent or by the  
6 State agency administering the program  
7 under this title or part D of title IV; and

8           “(iii) not to disenroll (or eliminate  
9 coverage of) any such child unless—

10           “(I) the employer is provided sat-  
11 isfactory written evidence that such  
12 court or administrative order is no  
13 longer in effect, or the child is or will  
14 be enrolled in comparable health cov-  
15 erage which will take effect not later  
16 than the effective date of such  
17 disenrollment, or

18           “(II) the employer has eliminated  
19 family health coverage for all of its  
20 employees; and

21           “(iv) to withhold from such employ-  
22 ee’s compensation the employee’s share (if  
23 any) of premiums for health coverage (ex-  
24 cept that the amount so withheld may not  
25 exceed the maximum amount permitted to

1           be withheld under section 303(b) of the  
2           Consumer Credit Protection Act), and to  
3           pay such share of premiums to the insurer,  
4           except that the Secretary may provide by  
5           regulation for appropriate circumstances  
6           under which an employer may withhold  
7           less than such employee's share of such  
8           premiums.

9           “(D) A law that prohibits an insurer from  
10          imposing requirements on a State agency,  
11          which has been assigned the rights of an indi-  
12          vidual eligible for medical assistance under this  
13          title and covered for health benefits from the  
14          insurer, that are different from requirements  
15          applicable to an agent or assignee of any other  
16          individual so covered.

17          “(E) A law that requires an insurer, in  
18          any case in which a child has health coverage  
19          through the insurer of a noncustodial parent—

20                 “(i) to provide such information to the  
21                 custodial parent as may be necessary for  
22                 the child to obtain benefits through such  
23                 coverage,

24                 “(ii) to permit the custodial parent  
25                 (or provider, with the custodial parent's

1 approval) to submit claims for covered  
2 services without the approval of the non-  
3 custodial parent, and

4 “(iii) to make payment on claims sub-  
5 mitted in accordance with clause (ii) di-  
6 rectly to such custodial parent, the pro-  
7 vider, or the State agency.

8 “(F) A law that permits the State agency  
9 under this title to garnish the wages, salary, or  
10 other employment income of, and requires with-  
11 holding amounts from State tax refunds to, any  
12 person who—

13 “(i) is required by court or adminis-  
14 trative order to provide coverage of the  
15 costs of health services to a child who is el-  
16 igible for medical assistance under this  
17 title,

18 “(ii) has received payment from a  
19 third party for the costs of such services to  
20 such child, but

21 “(iii) has not used such payments to  
22 reimburse, as appropriate, either the other  
23 parent or guardian of such child or the  
24 provider of such services,

1 to the extent necessary to reimburse the State  
2 agency for expenditures for such costs under its  
3 plan under this title, but any claims for current  
4 or past-due child support shall take priority  
5 over any such claims for the costs of such serv-  
6 ices.

7 “(2) DEFINITION.—For purposes of this sub-  
8 section, the term ‘insurer’ includes a group health  
9 plan, as defined in section 607(1) of the Employee  
10 Retirement Income Security Act of 1974, a health  
11 maintenance organization, and an entity offering a  
12 service benefit plan.

13 “(g) ESTATE RECOVERIES AND LIENS PER-  
14 MITTED.—A State may take such actions as it considers  
15 appropriate to adjust or recover from the individual or the  
16 individual’s estate any amounts paid as medical assistance  
17 to or on behalf of the individual under the State plan, in-  
18 cluding through the imposition of liens against the prop-  
19 erty or estate of the individual to the extent consistent  
20 with section 1506.

21 **“SEC. 1556. ASSIGNMENT OF RIGHTS OF PAYMENT.**

22 “(a) IN GENERAL.—For the purpose of assisting in  
23 the collection of medical support payments and other pay-  
24 ments for medical care owed to recipients of medical as-  
25 sistance under the State plan, each State plan shall—

1           “(1) provide that, as a condition of eligibility  
2 for medical assistance under the plan to an individ-  
3 ual who has the legal capacity to execute an assign-  
4 ment for himself, the individual is required—

5           “(A) to assign the State any rights, of the  
6 individual or of any other person who is eligible  
7 for medical assistance under the plan and on  
8 whose behalf the individual has the legal au-  
9 thority to execute an assignment of such rights,  
10 to support (specified as support for the purpose  
11 of medical care by a court or administrative  
12 order) and to payment for medical care from  
13 any third party,

14           “(B) to cooperate with the State (i) in es-  
15 tablishing the paternity of such person (referred  
16 to in subparagraph (A)) if the person is a child  
17 born out of wedlock, and (ii) in obtaining sup-  
18 port and payments (described in subparagraph  
19 (A)) for himself and for such person, unless (in  
20 either case) the individual is a pregnant woman  
21 or the individual is found to have good cause  
22 for refusing to cooperate as determined by the  
23 State, and

24           “(C) to cooperate with the State in identi-  
25 fying, and providing information to assist the



1 State in pursuing, any third party who may be  
2 liable to pay for care and services available  
3 under the plan, unless such individual has good  
4 cause for refusing to cooperate as determined  
5 by the State; and

6 “(2) provide for entering into cooperative ar-  
7 rangements, including financial arrangements, with  
8 any appropriate agency of any State (including, with  
9 respect to the enforcement and collection of rights of  
10 payment for medical care by or through a parent,  
11 with a State’s agency established or designated  
12 under section 454(3)) and with appropriate courts  
13 and law enforcement officials, to assist the agency or  
14 agencies administering the plan with respect to—

15 “(A) the enforcement and collection of  
16 rights to support or payment assigned under  
17 this section, and

18 “(B) any other matters of common con-  
19 cern.

20 “(b) USE OF AMOUNTS COLLECTED.—Such part of  
21 any amount collected by the State under an assignment  
22 made under the provisions of this section shall be retained  
23 by the State as is necessary to reimburse it for medical  
24 assistance payments made on behalf of an individual with  
25 respect to whom such assignment was executed (with ap-

1 appropriate reimbursement of the Federal Government to  
2 the extent of its participation in the financing of such  
3 medical assistance), and the remainder of such amount  
4 collected shall be paid to such individual.

5 **“SEC. 1557. QUALITY ASSURANCE REQUIREMENTS FOR**  
6 **NURSING FACILITIES.**

7 “(a) **NURSING FACILITY DEFINED.**—In this title, the  
8 term ‘nursing facility’ means an institution (or a distinct  
9 part of an institution) which—

10 “(1) is primarily engaged in providing to resi-  
11 dents—

12 “(A) skilled nursing care and related serv-  
13 ices for residents who require medical or nurs-  
14 ing care,

15 “(B) rehabilitation services for the reha-  
16 bilitation of injured, disabled, or sick persons,  
17 or

18 “(C) on a regular basis, health-related care  
19 and services to individuals who because of their  
20 mental or physical condition require care and  
21 services (above the level of room and board)  
22 which can be made available to them only  
23 through institutional facilities,

24 and is not primarily for the care and treatment of  
25 mental diseases;

1           “(9) SHARING OF INFORMATION.—Notwith-  
2 standing any other provision of law, all information  
3 concerning nursing facilities required by this section  
4 to be filed with the Secretary or a State agency shall  
5 be made available by such facilities to Federal or  
6 State employees for purposes consistent with the ef-  
7 fective administration of programs established under  
8 this title and title XVIII, including investigations by  
9 State fraud control units.

10          “(i) CONSTRUCTION.—Where requirements or obliga-  
11 tions under this section are identical to those provided  
12 under section 1819 of this Act, the fulfillment of those  
13 requirements or obligations under section 1819 shall be  
14 considered to be the fulfillment of the corresponding re-  
15 quirements or obligations under this section.

16 **“SEC. 1558. OTHER PROVISIONS PROMOTING PROGRAM IN-**  
17 **TEGRITY.**

18          “(a) PUBLIC ACCESS TO SURVEY RESULTS.—Each  
19 State plan shall provide that upon completion of a survey  
20 of any health care facility or organization by a State agen-  
21 cy to carry out the plan, the agency shall make public in  
22 readily available form and place the pertinent findings of  
23 the survey relating to the compliance of the facility or or-  
24 ganization with requirements of law.

1       “(b) RECORD KEEPING.—Each State plan shall pro-  
2 vide for agreements with persons or institutions providing  
3 services under the plan under which the person or institu-  
4 tion agrees—

5           “(1) to keep such records, including ledgers,  
6 books, and original evidence of costs, as are nec-  
7 essary to fully disclose the extent of the services pro-  
8 vided to individuals receiving assistance under the  
9 plan, and

10          “(2) to furnish the State agency with such in-  
11 formation regarding any payments claimed by such  
12 person or institution for providing services under the  
13 plan, as the State agency may from time to time re-  
14 quest.

15       “(c) QUALITY ASSURANCE.—Each State plan shall  
16 provide a program to assure the quality of services pro-  
17 vided under the plan, including such services provided to  
18 individuals with chronic mental or physical illness.

19           “PART E—GENERAL PROVISIONS

20       “SEC. 1571. DEFINITIONS.

21       “(a) MEDICAL ASSISTANCE.—For purposes of this  
22 title, the term ‘medical assistance’ means payment of part  
23 or all of the cost of any of the following, or assistance  
24 in the purchase, in whole or in part, of health benefit cov-  
25 erage that includes any of the following, for eligible low-

1 income individuals (as defined in subsection (b)) as speci-  
2 fied under the State plan:

3 “(1) Inpatient hospital services.

4 “(2) Outpatient hospital services.

5 “(3) Physician services.

6 “(4) Surgical services.

7 “(5) Clinic services and other ambulatory  
8 health care services.

9 “(6) Nursing facility services.

10 “(7) Intermediate care facility services for the  
11 mentally retarded.

12 “(8) Prescription drugs and biologicals and the  
13 administration of such drugs and biologicals, only if  
14 such drugs and biologicals are not furnished for the  
15 purpose of causing, or assisting in causing, the  
16 death, suicide, euthanasia, or mercy killing of a per-  
17 son.

18 “(9) Over-the-counter medications.

19 “(10) Laboratory and radiological services.

20 “(11) Prepregnancy family planning services  
21 and supplies.

22 “(12) Inpatient mental health services, includ-  
23 ing services furnished in a State-operated mental  
24 hospital and including residential or other 24-hour  
25 therapeutically planned structured services.

1           “(13) Outpatient mental health services, includ-  
2           ing services furnished in a State-operated mental  
3           hospital and including community-based services.

4           “(14) Durable medical equipment and other  
5           medically-related or remedial devices (such as pros-  
6           thetic devices, implants, eyeglasses, hearing aids,  
7           dental devices, and adaptive devices).

8           “(15) Disposable medical supplies.

9           “(16) Home and community-based health care  
10          services and related supportive services (such as  
11          home health nursing services, home health aide serv-  
12          ices, personal care, assistance with activities of daily  
13          living, chore services, day care services, respite care  
14          services, training for family members, and minor  
15          modifications to the home).

16          “(17) Community supported living arrange-  
17          ments, assisted living arrangements, and transitional  
18          living arrangements in the community.

19          “(18) Nursing care services (such as nurse  
20          practitioner services, nurse midwife services, ad-  
21          vanced practice nurse services, private duty nursing  
22          care, pediatric nurse services, and respiratory care  
23          services) in a home, school, or other setting.

1           “(19) Abortion only if necessary to save the life  
2 of the mother or if the pregnancy is the result of an  
3 act of rape or incest.

4           “(20) Dental services.

5           “(21) Inpatient substance abuse treatment  
6 services and residential substance abuse treatment  
7 services.

8           “(22) Outpatient substance abuse treatment  
9 services.

10          “(23) Case management services.

11          “(24) Care coordination services.

12          “(25) Physical therapy, occupational therapy,  
13 and services for individuals with speech, hearing,  
14 and language disorders.

15          “(26) Hospice care.

16          “(27) Any other medical, diagnostic, screening,  
17 preventive, restorative, remedial, therapeutic, or re-  
18 habilitative services (whether in a facility, home,  
19 school, or other setting) if recognized by State law  
20 and only if the service is—

21                 “(A) prescribed by or furnished by a physi-  
22 cian or other licensed or registered practitioner  
23 within the scope of practice as defined by State  
24 law,

1           “(B) performed under the general super-  
2 vision or at the direction of a physician, or

3           “(C) furnished by a health care facility  
4 that is operated by a State or local government  
5 or is licensed under State law and operating  
6 within the scope of the license.

7           “(28) Premiums for private health care insur-  
8 ance coverage, including private long-term care in-  
9 surance coverage.

10           “(29) Medical transportation.

11           “(30) Medicare cost-sharing (as defined in sub-  
12 section (c)).

13           “(31) Enabling services (such as transpor-  
14 tation, translation, and outreach services) only if de-  
15 signed to increase the accessibility of primary and  
16 preventive health care services for eligible low-in-  
17 come individuals.

18           “(32) Federally-qualified health center services  
19 (as defined in subsection (f)(2)(A)).

20           “(33) Rural health clinic services (as defined in  
21 subsection (f)(1)).

22           “(34) Physician assistant services.

23           “(35) Any other health care services or items  
24 specified by the Secretary and not excluded under  
25 this section.



1           “(b) ELIGIBLE LOW-INCOME INDIVIDUAL.—

2                   “(1) STATE PLAN ELIGIBILITY STANDARDS.—

3                           “(A) IN GENERAL.—The term ‘eligible low-  
4 income individual’ means an individual—

5                                   “(i) who has been determined eligible  
6 by the State for medical assistance under  
7 the State plan and is not an inmate of a  
8 public institution (except as a patient in a  
9 State psychiatric hospital), and

10                                   “(ii) whose family income (as deter-  
11 mined under the plan) does not exceed a  
12 percentage (specified in the State plan and  
13 not to exceed 275 percent) of the poverty  
14 line for a family of the size involved.

15                           “(B) CONTINUATION OF KATIE BECKETT  
16 ELIGIBILITY.—At the option of a State, sub-  
17 paragraph (A)(ii) shall not apply in the case of  
18 an individual who—

19                                   “(i) is 18 years of age or younger and  
20 qualifies as a disabled individual under sec-  
21 tion 1614(a); and

22                                   “(ii) with respect to whom there has  
23 been a determination by the State that—

24   “(I) the individual requires a  
25 level of care provided in a hospital,

1 nursing facility, or intermediate care  
2 facility for the mentally retarded; and

3 “(II) it is appropriate to provide  
4 such care for the individual outside  
5 such an institution.

6 “(2) AMOUNT OF INCOME.—In determining the  
7 amount of income under paragraph (1)(B), a State  
8 may exclude costs incurred for medical care or other  
9 types of remedial care recognized by the State.

10 “(3) COMPUTATION OF INCOME FOR CERTAIN  
11 CHILDREN.—In determining the amount of family  
12 income under paragraph (1)(B) in the case of a  
13 child described in section 1501(a)(1)(F), the State  
14 shall only count the income of the child and not that  
15 of the family in which the child is placed.

16 “(c) MEDICARE COST-SHARING.—For purposes of  
17 this title, the term ‘medicare cost-sharing’ means any of  
18 the following:

19 “(1)(A) Premiums under section 1839.

20 “(B) Premiums under section 1818 or 1818A.

21 “(2) Coinsurance under title XVIII (including  
22 coinsurance described in section 1813).

23 “(3) Deductibles established under title XVIII  
24 (including those described in sections 1813 and  
25 1833(b)).

1           “(4) The difference between the amount that is  
2           paid under section 1833(a) and the amount that  
3           would be paid under such section if any reference to  
4           ‘80 percent’ therein were deemed a reference to ‘100  
5           percent’.

6           “(5) Premiums for enrollment of an individual  
7           with an eligible organization under section 1876.

8           “(d) ADDITIONAL DEFINITIONS.—For purposes of  
9           this title:

10           “(1) CHILD.—The term ‘child’ means an indi-  
11           vidual under 19 years of age.

12           “(2) ELDERLY INDIVIDUAL.—The term ‘elderly  
13           individual’ means an individual who has attained re-  
14           tirement age, as defined under section 216(l)(1).

15           “(3) POVERTY LINE DEFINED.—The term ‘pov-  
16           erty line’ has the meaning given such term in section  
17           673(2) of the Community Services Block Grant Act  
18           (42 U.S.C. 9902(2)), including any revision required  
19           by such section.

20           “(4) PREGNANT WOMAN.—The term ‘pregnant  
21           woman’ includes a woman during the 60-day period  
22           beginning on the last day of the pregnancy.

23           “(e) EPSDT SERVICES.—In this title, the term  
24           ‘EPSDT services’ means the following items and services:

25           “(1) Screening services—

1 “(A) which are provided—  
2 “(i) at intervals which meet reason-  
3 able standards of medical and dental prac-  
4 tice, as determined by the State after con-  
5 sultation with recognized medical and den-  
6 tal organizations involved in child health  
7 care and, with respect to immunizations  
8 under section 1501(a)(2)(G) in accordance  
9 with the schedule referred to in such sec-  
10 tion for pediatric vaccines, and  
11 “(ii) at such other intervals, indicated  
12 as medically necessary, to determine the  
13 existence of certain physical or mental ill-  
14 nesses or conditions; and  
15 “(B) which shall at a minimum include—  
16 “(i) a comprehensive health and devel-  
17 opmental history (including assessment of  
18 both physical and mental health develop-  
19 ment),  
20 “(ii) a comprehensive unclothed phys-  
21 ical exam,  
22 “(iii) appropriate immunizations (ac-  
23 cording to the schedule referred to in sec-  
24 tion 1501(a)(2)(G) for pediatric vaccines)  
25 according to age and health history,

1                   “(iv) laboratory tests (including lead  
2                   blood level assessment appropriate for age  
3                   and risk factors), and

4                   “(v) health education (including antic-  
5                   ipatory guidance).

6                   “(2) Vision services—

7                   “(A) which are provided—

8                   “(i) at intervals which meet reason-  
9                   able standards of medical practice, as de-  
10                  termined by the State after consultation  
11                  with recognized medical organizations in-  
12                  volved in child health care, and

13                  “(ii) at such other intervals, indicated  
14                  as medically necessary, to determine the  
15                  existence of a suspected illness or condi-  
16                  tion; and

17                  “(B) which shall at a minimum include di-  
18                  agnosis and treatment for defects in vision, in-  
19                  cluding eyeglasses.

20                  “(3) Dental services—

21                  “(A) which are provided—

22                  “(i) at intervals which meet reason-  
23                  able standards of dental practice, as deter-  
24                  mined by the State after consultation with

1 recognized dental organizations involved in  
2 child health care, and

3 “(ii) at such other intervals, indicated  
4 as medically necessary, to determine the  
5 existence of a suspected illness or condi-  
6 tion; and

7 “(B) which shall at a minimum include re-  
8 lief of pain and infections, restoration of teeth,  
9 and maintenance of dental health.

10 “(4) Hearing services—

11 “(A) which are provided—

12 “(i) at intervals which meet reason-  
13 able standards of medical practice, as de-  
14 termined by the State after consultation  
15 with recognized medical organizations in-  
16 volved in child health care, and

17 “(ii) at such other intervals, indicated  
18 as medically necessary, to determine the  
19 existence of a suspected illness or condi-  
20 tion; and

21 “(B) which shall at a minimum include di-  
22 agnosis and treatment for defects in hearing,  
23 including hearing aids.

24 “(f) CENTER AND CLINIC SERVICES.—In this title:

1           “(1) RURAL HEALTH CLINIC RELATED DEFINI-  
2           TIONS.—The terms ‘rural health clinic services’ and  
3           ‘rural health clinic’ have the meanings given such  
4           terms in section 1861(aa), except that (A) clause (ii)  
5           of section 1861(aa)(2) shall not apply to such terms,  
6           and (B) the physician arrangement required under  
7           section 1861(aa)(2)(B) shall only apply with respect  
8           to rural health clinic services and, with respect to  
9           other ambulatory care services, the physician ar-  
10          rangement required shall be only such as may be re-  
11          quired under the State plan for those services.

12           “(2) FEDERALLY-QUALIFIED HEALTH CENTER  
13          RELATED DEFINITIONS.—

14           “(A) SERVICES.—The term ‘Federally-  
15          qualified health center services’ means services  
16          of the type described in subparagraphs (A)  
17          through (C) of section 1861(aa)(1), and any  
18          other ambulatory care services which are other-  
19          wise included in the State plan, when furnished  
20          to an individual as a patient of a Federally-  
21          qualified health center and, for this purpose,  
22          any reference to a rural health clinic or a physi-  
23          cian described in section 1861(aa)(2)(B) is  
24          deemed a reference to a Federally-qualified

1 onstration projects conducted under this section. Such  
2 quality standards shall include reporting requirements  
3 which contain the following:

4 (1) A description of the demonstration project.

5 (2) An analysis of beneficiary satisfaction under  
6 such project.

7 (3) An analysis of the quality of the services de-  
8 livered under the project.

9 (4) A description of the savings to the medicare  
10 and title XV programs as a result of the demonstra-  
11 tion project.

## 12 **Subtitle B—Other Provisions**

### 13 **PART 1—INVOLVEMENT OF COMMERCE COMMIT-** 14 **TEE IN FEDERAL GOVERNMENT POSITION** 15 **REDUCTIONS**

#### 16 **SEC. 2101. INVOLVEMENT OF COMMERCE COMMITTEE IN** 17 **FEDERAL GOVERNMENT POSITION REDUC-** 18 **TIONS.**

19 In any provision of law that provides for consultation  
20 with (or a report to) a relevant committee of Congress  
21 respecting reductions in Federal Government positions, a  
22 reference to the Committee on Commerce of the House  
23 of Representatives shall be deemed to have been made in  
24 relation to matters within the jurisdiction of such Commit-  
25 tee.



1     **PART 2—RESTRICTING PUBLIC BENEFITS FOR**  
2   **ALIENS**

3             **Subpart A—Eligibility for Federal Benefits**

4     **SEC. 2211. ALIENS WHO ARE NOT QUALIFIED ALIENS INELI-**  
5   **GIBLE FOR FEDERAL PUBLIC BENEFITS.**

6             (a) **IN GENERAL.**—Notwithstanding any other provi-  
7     sion of law and except as provided in subsection (b), an  
8     alien who is not a qualified alien (as defined in section  
9     2221) is not eligible for any Federal public benefit (as de-  
10    fined in subsection (c)).

11            (b) **EXCEPTIONS.**—Subsection (a) shall not apply  
12    with respect to the following Federal public benefits:

13                (1) Emergency medical services under title XIX  
14     or XV of the Social Security Act.

15                (2)(A) Public health assistance for immuniza-  
16     tions.

17                (B) Public health assistance for testing and  
18     treatment of a serious communicable disease if the  
19     Secretary of Health and Human Services determines  
20     that it is necessary to prevent the spread of such  
21     disease.

22            (c) **FEDERAL PUBLIC BENEFIT DEFINED.**—

23                (1) Except as provided in paragraph (2), for  
24     purposes of this part, the term “Federal public ben-  
25     efit” means—

1 (A) any grant, contract, loan, professional  
2 license, or commercial license provided by an  
3 agency of the United States or by appropriated  
4 funds of the United States; and

5 (B) any retirement, welfare, health, dis-  
6 ability, or any other similar benefit for which  
7 payments or assistance are provided to an indi-  
8 vidual, household, or family eligibility unit by  
9 an agency of the United States or by appro-  
10 priated funds of the United States,

11 but only if such grant, contract, loan, or license  
12 under subparagraph (A) or program providing bene-  
13 fits under subparagraph (B) is under the jurisdic-  
14 tion of the Committee on Commerce of the House of  
15 Representatives.

16 (2) Such term shall not apply—

17 (A) to any contract, professional license, or  
18 commercial license for a nonimmigrant whose  
19 visa for entry is related to such employment in  
20 the United States; or

21 (B) with respect to benefits for an alien  
22 who as a work authorized nonimmigrant or as  
23 an alien lawfully admitted for permanent resi-  
24 dence under the Immigration and Nationality  
25 Act qualified for such benefits and for whom

1           the United States under reciprocal treaty agree-  
2           ments is required to pay benefits, as determined  
3           by the Attorney General, after consultation with  
4           the Secretary of State.

5 **SEC. 2212. LIMITED ELIGIBILITY OF QUALIFIED ALIENS**  
6                                   **FOR MEDICAL ASSISTANCE.**

7           (a) **IN GENERAL.**—Notwithstanding any other provi-  
8           sion of law and except as provided in section 2213 and  
9           subsection (b), a State is authorized to determine the eligi-  
10          bility of an alien who is a qualified alien (as defined in  
11          section 2221) for the program of medical assistance under  
12          titles XV and XIX of the Social Security Act.

13          (b) **EXCEPTIONS.**—Qualified aliens under this sub-  
14          section shall be eligible for benefits under such program:

15                   (1) **TIME-LIMITED EXCEPTION FOR REFUGEES**  
16                   **AND ASYLEES.**—

17                   (A) An alien who is admitted to the United  
18                   States as a refugee under section 207 of the  
19                   Immigration and Nationality Act until 5 years  
20                   after the date of an alien's entry into the Unit-  
21                   ed States.

22                   (B) An alien who is granted asylum under  
23                   section 208 of such Act until 5 years after the  
24                   date of such grant of asylum.

1           (C) An alien whose deportation is being  
2 withheld under section 243(h) of such Act until  
3 5 years after such withholding.

4           (2) CERTAIN PERMANENT RESIDENT ALIENS.—

5       An alien who—

6           (A) is lawfully admitted to the United  
7 States for permanent residence under the Im-  
8 migration and Nationality Act; and

9           (B)(i) has worked 40 qualifying quarters  
10 of coverage as defined under title II of the So-  
11 cial Security Act or can be credited with such  
12 qualifying quarters as provided under sub-  
13 section (c), and (ii) did not receive any Federal  
14 means-tested public benefit (as defined in sec-  
15 tion 2213(e)) during any such quarter.

16           (3) VETERAN AND ACTIVE DUTY EXCEPTION.—

17       An alien who is lawfully residing in any State and  
18 is—

19           (A) a veteran (as defined in section 101 of  
20 title 38, United States Code) with a discharge  
21 characterized as an honorable discharge and not  
22 on account of alienage,

23           (B) on active duty (other than active duty  
24 for training) in the Armed Forces of the United  
25 States, or

1           (C) the spouse or unmarried dependent  
2           child of an individual described in subparagraph  
3           (A) or (B).

4           (4) TRANSITION FOR THOSE CURRENTLY RE-  
5           CEIVING BENEFITS.—An alien who on the date of  
6           the enactment of this Act is lawfully residing in any  
7           State and is receiving benefits under such program  
8           on the date of the enactment of this Act shall con-  
9           tinue to be eligible to receive such benefits until Jan-  
10          uary 1, 1997.

11          (c) QUALIFYING QUARTERS.—For purposes of this  
12          section, in determining the number of qualifying quarters  
13          of coverage under title II of the Social Security Act an  
14          alien shall be credited with—

15               (1) all of the qualifying quarters of coverage as  
16               defined under title II of the Social Security Act  
17               worked by a parent of such alien while the alien was  
18               under age 18 if the parent did not receive any Fed-  
19               eral means-tested public benefit (as defined by the  
20               Secretary and including the medicaid program) dur-  
21               ing any such quarter, and

22               (2) all of the qualifying quarters worked by a  
23               spouse of such alien during their marriage if the  
24               spouse did not receive any Federal means-tested  
25               public benefit (as so defined) during any such quar-

1       ter and the alien remains married to such spouse or  
2       such spouse is deceased.

3   **SEC. 2213. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED**  
4                   **ALIENS FOR FEDERAL MEANS-TESTED PUB-**  
5                   **LIC BENEFIT.**

6       (a) **IN GENERAL.**—Notwithstanding any other provi-  
7       sion of law and except as provided in subsection (b), an  
8       alien who is a qualified alien (as defined in section 2221)  
9       and who enters the United States on or after the date  
10      of the enactment of this Act is not eligible for any Federal  
11      means-tested public benefit (as defined in subsection (c))  
12      for a period of five years beginning on the date of the  
13      alien’s entry into the United States with a status within  
14      the meaning of the term “qualified alien”.

15      (b) **EXCEPTIONS.**—The limitation under subsection  
16      (a) shall not apply to the following aliens:

17              (1) **EXCEPTION FOR REFUGEES AND**  
18              **ASYLEES.**—

19                      (A) An alien who is admitted to the United  
20                      States as a refugee under section 207 of the  
21                      Immigration and Nationality Act.

22                      (B) An alien who is granted asylum under  
23                      section 208 of such Act.

24                      (C) An alien whose deportation is being  
25                      withheld under section 243(h) of such Act.

1 (2) VETERAN AND ACTIVE DUTY EXCEPTION.—

2 An alien who is lawfully residing in any State and

3 is—

4 (A) a veteran (as defined in section 101 of  
5 title 38, United States Code) with a discharge  
6 characterized as an honorable discharge and not  
7 on account of alienage,

8 (B) on active duty (other than active duty  
9 for training) in the Armed Forces of the United  
10 States, or

11 (C) the spouse or unmarried dependent  
12 child of an individual described in subparagraph  
13 (A) or (B).

14 (c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DE-  
15 FINED.—

16 (1) Except as provided in paragraph (2), for  
17 purposes of this part, the term “Federal means-test-  
18 ed public benefit” means a Federal public benefit  
19 described in section 2211(c) in which the eligibility  
20 of an individual, household, or family eligibility unit  
21 for benefits, or the amount of such benefits, or both  
22 are determined on the basis of income, resources, or  
23 financial need of the individual, household, or unit.

24 (2) Such term does not include the following:

1 (A) Emergency medical services under title  
2 XV or XIX of the Social Security Act.

3 (B)(i) Public health assistance for immuni-  
4 zations.

5 (ii) Public health assistance for testing and  
6 treatment of a serious communicable disease if  
7 the Secretary of Health and Human Services  
8 determines that it is necessary to prevent the  
9 spread of such disease.

10 **SEC. 2214. NOTIFICATION.**

11 Each Federal agency that administers a program to  
12 which section 2211, 2212, or 2213 applies shall, directly  
13 or through the States, post information and provide gen-  
14 eral notification to the public and to program recipients  
15 of the changes regarding eligibility for any such program  
16 pursuant to this subpart.

17 **Subpart B—General Provisions**

18 **SEC. 2221. DEFINITIONS.**

19 (a) **IN GENERAL.**—Except as otherwise provided in  
20 this part, the terms used in this part have the same mean-  
21 ing given such terms in section 101(a) of the Immigration  
22 and Nationality Act.

23 (b) **QUALIFIED ALIEN.**—For purposes of this part,  
24 the term “qualified alien” means an alien who, at the time



1 the alien applies for, receives, or attempts to receive a  
2 Federal public benefit, is—

3 (1) an alien who is lawfully admitted for perma-  
4 nent residence under the Immigration and National-  
5 ity Act,

6 (2) an alien who is granted asylum under sec-  
7 tion 208 of such Act,

8 (3) a refugee who is admitted to the United  
9 States under section 207 of such Act,

10 (4) an alien who is paroled into the United  
11 States under section 212(d)(5) of such Act for a pe-  
12 riod of at least 1 year,

13 (5) an alien whose deportation is being withheld  
14 under section 243(h) of such Act, or

15 (6) an alien who is granted conditional entry  
16 pursuant to section 203(a)(7) of such Act as in ef-  
17 fect prior to April 1, 1980.

18 **SEC. 2222. VERIFICATION OF ELIGIBILITY FOR FEDERAL**  
19 **PUBLIC BENEFITS.**

20 (a) **IN GENERAL.**—Not later than 18 months after  
21 the date of the enactment of this Act, the Attorney Gen-  
22 eral of the United States, after consultation with the Sec-  
23 retary of Health and Human Services, shall promulgate  
24 regulations requiring verification that a person applying  
25 for a Federal public benefit (as defined in section

1 2211(c)), to which the limitation under section 2211 ap-  
2 plies, is a qualified alien and is eligible to receive such  
3 benefit. Such regulations shall, to the extent feasible, re-  
4 quire that information requested and exchanged be similar  
5 in form and manner to information requested and ex-  
6 changed under section 1137 of the Social Security Act.

7 (b) STATE COMPLIANCE.—Not later than 24 months  
8 after the date the regulations described in subsection (a)  
9 are adopted, a State that administers a program that pro-  
10 vides a Federal public benefit shall have in effect a ver-  
11 ification system that complies with the regulations.

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

### 15 **PART 3—ENERGY ASSISTANCE**

#### 16 **SEC. 2131. ENERGY ASSISTANCE.**

17 Section 2605(f) of the Low-Income Home Energy As-  
18 sistance Act of 1981 (42 U.S.C. 8624(f)) is amended—

19 (1) by striking “(f)(1) Notwithstanding” and  
20 inserting “(f) Notwithstanding”; and

21 (2) by striking paragraph (2).

- Sec. 4403. Five-year limited eligibility of qualified aliens for Federal means-tested public benefit.
- Sec. 4404. Notification and information reporting.

CHAPTER 2—ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS PROGRAMS

- Sec. 4411. Aliens who are not qualified aliens or nonimmigrants ineligible for State and local public benefits.
- Sec. 4412. State authority to limit eligibility of qualified aliens for State public benefits.

CHAPTER 3—ATTRIBUTION OF INCOME AND AFFIDAVITS OF SUPPORT

- Sec. 4421. Federal attribution of sponsor's income and resources to alien.
- Sec. 4422. Authority for States to provide for attribution of sponsors income and resources to the alien with respect to State programs.
- Sec. 4423. Requirements for sponsor's affidavit of support.
- Sec. 4424. Cosignature of alien student loans.

CHAPTER 4—GENERAL PROVISIONS

- Sec. 4431. Definitions.
- Sec. 4432. Verification of eligibility for Federal public benefits.
- Sec. 4433. Statutory construction.
- Sec. 4434. Communication between State and local government agencies and the Immigration and Naturalization Service.
- Sec. 4435. Qualifying quarters.

CHAPTER 5—CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING

- Sec. 4441. Conforming amendments relating to assisted housing.

CHAPTER 6—EARNED INCOME CREDIT DENIED TO UNAUTHORIZED EMPLOYEES

- Sec. 4451. Earned income credit denied to individuals not authorized to be employed in the United States.

Subtitle E—Reform of Public Housing

- Sec. 4601. Fraud under means-tested welfare and public assistance programs.

Subtitle F—Child Protection Block Grant Programs and Foster Care, Adoption Assistance, and Independent Living Programs

CHAPTER 1—CHILD PROTECTION BLOCK GRANT PROGRAM AND FOSTER CARE, ADOPTION ASSISTANCE, AND INDEPENDENT LIVING PROGRAMS

SUBCHAPTER A—BLOCK GRANTS TO STATES FOR THE PROTECTION OF CHILDREN

- Sec. 4701. Establishment of program.
- Sec. 4702. Conforming amendments.

SUBCHAPTER B—FOSTER CARE, ADOPTION ASSISTANCE, AND INDEPENDENT LIVING PROGRAMS

- Sec. 4711. Conforming amendments to part E of title IV.

## SUBCHAPTER C—MISCELLANEOUS

- Sec. 4721. Secretarial submission of legislative proposal for technical and conforming amendments.
- Sec. 4722. Sense of the Congress regarding timely adoption of children.
- Sec. 4723. Effective date; transition rules.

## CHAPTER 2—CHILD AND FAMILY SERVICES BLOCK GRANT

- Sec. 4751. Child and family services block grant.
- Sec. 4752. Reauthorizations.
- Sec. 4753. Repeals.

## Subtitle G—Child Care

- Sec. 4801. Short title and references.
- Sec. 4802. Goals.
- Sec. 4803. Authorization of appropriations and entitlement authority.
- Sec. 4804. Lead agency.
- Sec. 4805. Application and plan.
- Sec. 4806. Limitation on State allotments.
- Sec. 4807. Activities to improve the quality of child care.
- Sec. 4808. Repeal of early childhood development and before- and after-school care requirement.
- Sec. 4809. Administration and enforcement.
- Sec. 4810. Payments.
- Sec. 4811. Annual report and audits.
- Sec. 4812. Report by the Secretary.
- Sec. 4813. Allotments.
- Sec. 4814. Definitions.
- Sec. 4815. Repeals.
- Sec. 4816. Effective date.

## Subtitle H—Miscellaneous

- Sec. 4901. Appropriation by State legislatures.
- Sec. 4902. Sanctioning for testing positive for controlled substances.
- Sec. 4903. Reduction in block grants to States for social services.
- Sec. 4904. Rules relating to denial of earned income credit on basis of disqualified income.
- Sec. 4905. Modification of adjusted gross income definition for earned income credit.
- Sec. 4906. Modification of earned income credit amount and phaseout.

1 **Subtitle A—Block Grants for Tem-**  
 2 **porary Assistance for Needy**  
 3 **Families**

4 **SEC. 4101. FINDINGS.**

5 The Congress makes the following findings:

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

3           (2) Marriage is an essential institution of a suc-  
4 cessful society which promotes the interests of chil-  
5 dren.

6           (3) Promotion of responsible fatherhood and  
7 motherhood is integral to successful child rearing  
8 and the well-being of children.

9           (4) In 1992, only 54 percent of single-parent  
10 families with children had a child support order es-  
11 tablished and, of that 54 percent, only about one-  
12 half received the full amount due. Of the cases en-  
13 forced through the public child support enforcement  
14 system, only 18 percent of the caseload has a collec-  
15 tion.

16           (5) The number of individuals receiving aid to  
17 families with dependent children (in this section re-  
18 ferred to as "AFDC") has more than tripled since  
19 1965. More than two-thirds of these recipients are  
20 children. Eighty-nine percent of children receiving  
21 AFDC benefits now live in homes in which no father  
22 is present.

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

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

1 (II) was 6,200,000 in 1970;  
2 (III) was 7,400,000 in 1980; and  
3 (IV) was 9,300,000 in 1992.

4 (ii) While the number of children receiving  
5 AFDC benefits increased nearly threefold be-  
6 tween 1965 and 1992, the total number of chil-  
7 dren in the United States aged 0 to 18 has de-  
8 clined by 5.5 percent.

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

13 (C) The increase in the number of children  
14 receiving public assistance is closely related to  
15 the increase in births to unmarried women. Be-  
16 tween 1970 and 1991, the percentage of live  
17 births to unmarried women increased nearly  
18 threefold, from 10.7 percent to 29.5 percent.

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

21 (A) It is estimated that the rate of non-  
22 marital teen pregnancy rose 23 percent from 54  
23 pregnancies per 1,000 unmarried teenagers in  
24 1976 to 66.7 pregnancies in 1991. The overall  
25 rate of nonmarital pregnancy rose 14 percent

1 from 90.8 pregnancies per 1,000 unmarried  
2 women in 1980 to 103 in both 1991 and 1992.  
3 In contrast, the overall pregnancy rate for mar-  
4 ried couples decreased 7.3 percent between  
5 1980 and 1991, from 126.9 pregnancies per  
6 1,000 married women in 1980 to 117.6 preg-  
7 nancies in 1991.

8 (B) The total of all out-of-wedlock births  
9 between 1970 and 1991 has risen from 10.7  
10 percent to 29.5 percent and if the current trend  
11 continues, 50 percent of all births by the year  
12 2015 will be out-of-wedlock.

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

16 (A) Young women 17 and under who give  
17 birth outside of marriage are more likely to go  
18 on public assistance and to spend more years  
19 on welfare once enrolled. These combined ef-  
20 fects of “younger and longer” increase total  
21 AFDC costs per household by 25 percent to 30  
22 percent for 17-year-olds.

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

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

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

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

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

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

23                (A) Only 9 percent of married-couple fami-  
24                lies with children under 18 years of age have  
25                income below the national poverty level. In con-



1           trast, 46 percent of female-headed households  
2           with children under 18 years of age are below  
3           the national poverty level.

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

8           (C) Children born into families receiving  
9           welfare assistance are 3 times more likely to be  
10          on welfare when they reach adulthood than chil-  
11          dren not born into families receiving welfare.

12          (D) Mothers under 20 years of age are at  
13          the greatest risk of bearing low-birth-weight ba-  
14          bies.

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

17          (F) Young women who have children be-  
18          fore finishing high school are more likely to re-  
19          ceive welfare assistance for a longer period of  
20          time.

21          (G) Between 1985 and 1990, the public  
22          cost of births to teenage mothers under the aid  
23          to families with dependent children program,  
24          the food stamp program, and the medicaid pro-  
25          gram has been estimated at \$120,000,000,000.

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

4           (I) Children of teenage single parents have  
5           lower cognitive scores, lower educational aspira-  
6           tions, and a greater likelihood of becoming teen-  
7           age parents themselves.

8           (J) Children of single-parent homes are 3  
9           times more likely to fail and repeat a year in  
10          grade school than are children from intact 2-  
11          parent families.

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

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

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

1           (9) Therefore, in light of this demonstration of  
2           the crisis in our Nation, it is the sense of the Con-  
3           gress that prevention of out-of-wedlock pregnancy  
4           and reduction in out-of-wedlock birth are very im-  
5           portant Government interests and the policy con-  
6           tained in part A of title IV of the Social Security  
7           Act (as amended by section 4103(a) of this Act) is  
8           intended to address the crisis.

9   **SEC. 4102. REFERENCE TO SOCIAL SECURITY ACT.**

10          Except as otherwise specifically provided, wherever in  
11          this subtitle an amendment is expressed in terms of an  
12          amendment to or repeal of a section or other provision,  
13          the reference shall be considered to be made to that sec-  
14          tion or other provision of the Social Security Act.

15   **SEC. 4103. BLOCK GRANTS TO STATES.**

16          (a) **IN GENERAL.**—Part A of title IV (42 U.S.C. 601  
17          et seq.) is amended—

18                 (1) by striking all that precedes section 418 (as  
19                 added by section 4803(b)(2) of this Act) and insert-  
20                 ing the following:

1       **“PART A—BLOCK GRANTS TO STATES FOR**  
2       **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

3       **“SEC. 401. PURPOSE.**

4       “(a) IN GENERAL.—The purpose of this part is to  
5 increase the flexibility of States in operating a program  
6 designed to—

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

10              “(2) end the dependence of needy parents on  
11 government benefits by promoting job preparation,  
12 work, and marriage;

13              “(3) prevent and reduce the incidence of out-of-  
14 wedlock pregnancies and establish annual numerical  
15 goals for preventing and reducing the incidence of  
16 these pregnancies; and

17              “(4) encourage the formation and maintenance  
18 of two-parent families.

19       “(b) NO INDIVIDUAL ENTITLEMENT.—This part  
20 shall not be interpreted to entitle any individual or family  
21 to assistance under any State program funded under this  
22 part.

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

24       “(a) IN GENERAL.—As used in this part, the term  
25 ‘eligible State’ means, with respect to a fiscal year, a State  
26 that, during the 2-year period immediately preceding the

1 fiscal year, has submitted to the Secretary a plan that the  
2 Secretary has found includes the following:

3           “(1) OUTLINE OF FAMILY ASSISTANCE PRO-  
4           GRAM.—

5           “(A) GENERAL PROVISIONS.—A written  
6           document that outlines how the State intends to  
7           do the following:

8                   “(i) Conduct a program, designed to  
9                   serve all political subdivisions in the State  
10                  (not necessarily in a uniform manner),  
11                  that provides assistance to needy families  
12                  with (or expecting) children and provides  
13                  parents with job preparation, work, and  
14                  support services to enable them to leave  
15                  the program and become self-sufficient.

16                   “(ii) Require a parent or caretaker re-  
17                   ceiving assistance under the program to  
18                   engage in work (as defined by the State)  
19                   once the State determines the parent or  
20                   caretaker is ready to engage in work, or  
21                   once the parent or caretaker has received  
22                   assistance under the program for 24  
23                   months (whether or not consecutive),  
24                   whichever is earlier.

1           “(iii) Ensure that parents and care-  
2           takers receiving assistance under the pro-  
3           gram engage in work activities in accord-  
4           ance with section 407.

5           “(iv) Take such reasonable steps as  
6           the State deems necessary to restrict the  
7           use and disclosure of information about in-  
8           dividuals and families receiving assistance  
9           under the program attributable to funds  
10          provided by the Federal Government.

11          “(v) Establish goals and take action  
12          (including provision of education and coun-  
13          seling (including abstinence-based pro-  
14          grams) and pre-pregnancy health services)  
15          to prevent and reduce the incidence of out-  
16          of-wedlock pregnancies, with special em-  
17          phasis on teenage pregnancies, and estab-  
18          lish numerical goals for reducing the ille-  
19          gitimacy ratio of the State (as defined in  
20          section 403(a)(2)(B)) for calendar years  
21          1996 through 2005.

22          “(B) SPECIAL PROVISIONS.—

23                 “(i) The document shall indicate  
24                 whether the State intends to treat families  
25                 moving into the State from another State

1 differently than other families under the  
2 program, and if so, how the State intends  
3 to treat such families under the program.

4 “(ii) The document shall indicate  
5 whether the State intends to provide as-  
6 sistance under the program to individuals  
7 who are not citizens of the United States,  
8 and if so, shall include an overview of such  
9 assistance.

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

18 “(2) CERTIFICATION THAT THE STATE WILL  
19 OPERATE A CHILD SUPPORT ENFORCEMENT PRO-  
20 GRAM.--A certification by the chief executive officer  
21 of the State that, during the fiscal year, the State  
22 will operate a child support enforcement program  
23 under the State plan approved under part D.

24 “(3) CERTIFICATION THAT THE STATE WILL  
25 OPERATE A CHILD PROTECTION PROGRAM.—A cer-

1       tification by the chief executive officer of the State  
2       that, during the fiscal year, the State will operate a  
3       child protection program under the State plan ap-  
4       proved under part B.

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

12           “(A) have been consulted regarding the  
13      plan and design of welfare services in the State  
14      so that services are provided in a manner ap-  
15      propriate to local populations; and

16           “(B) have had at least 45 days to submit  
17      comments on the plan and the design of such  
18      services.

19           “(5) CERTIFICATION THAT THE STATE WILL  
20      PROVIDE INDIANS WITH EQUITABLE ACCESS TO AS-  
21      SISTANCE.—A certification by the chief executive of-  
22      ficer of the State that, during the fiscal year, the  
23      State will provide each Indian who is a member of  
24      an Indian tribe in the State that does not have a  
25      tribal family assistance plan approved under section



1 412 with equitable access to assistance under the  
2 State program funded under this part attributable  
3 to funds provided by the Federal Government.

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

8 **“SEC. 403. GRANTS TO STATES.**

9 “(a) GRANTS.—

10 “(1) FAMILY ASSISTANCE GRANT.—

11 “(A) IN GENERAL.—Each eligible State  
12 shall be entitled to receive from the Secretary,  
13 for each of fiscal years 1996, 1997, 1998,  
14 1999, 2000, and 2001 a grant in an amount  
15 equal to the State family assistance grant.

16 “(B) STATE FAMILY ASSISTANCE GRANT  
17 DEFINED.—As used in this part, the term  
18 ‘State family assistance grant’ means the great-  
19 est of—

20 “(i)  $\frac{1}{3}$  of the total amount required  
21 to be paid to the State under former sec-  
22 tion 403 (as in effect on September 30,  
23 1995) for fiscal years 1992, 1993, and  
24 1994 (other than with respect to amounts  
25 expended by the State for child care under

1 subsection (g) or (i) of former section 402  
2 (as so in effect));

3 “(ii)(I) the total amount required to  
4 be paid to the State under former section  
5 403 for fiscal year 1994 (other than with  
6 respect to amounts expended by the State  
7 for child care under subsection (g) or (i) of  
8 former section 402 (as so in effect)); plus

9 “(II) an amount equal to 85 percent  
10 of the amount (if any) by which the total  
11 amount required to be paid to the State  
12 under former section 403(a)(5) for emer-  
13 gency assistance for fiscal year 1995 ex-  
14 ceeds the total amount required to be paid  
15 to the State under former section  
16 403(a)(5) for fiscal year 1994, if, during  
17 fiscal year 1994 or 1995, the Secretary ap-  
18 proved under former section 402 an  
19 amendment to the former State plan to  
20 allow the provision of emergency assistance  
21 in the context of family preservation; or

22 “(iii)  $\frac{4}{3}$  of the total amount required  
23 to be paid to the State under former sec-  
24 tion 403 (as in effect on September 30,  
25 1995) for the 1st 3 quarters of fiscal year

1 1995 (other than with respect to amounts  
2 expended by the State under the State  
3 plan approved under part F' (as so in ef-  
4 fect) or for child care under subsection (g)  
5 or (i) of former section 402 (as so in ef-  
6 fect)), plus the total amount required to be  
7 paid to the State for fiscal year 1995  
8 under former section 403(1) (as so in ef-  
9 fect).

10 “(C) TOTAL AMOUNT REQUIRED TO BE  
11 PAID TO THE STATE UNDER FORMER SECTION  
12 403 DEFINED.—As used in this part, the term  
13 ‘total amount required to be paid to the State  
14 under former section 403’ means, with respect  
15 to a fiscal year—

16 “(i) in the case of a State to which  
17 section 1108 does not apply, the sum of—

18 “(I) the Federal share of mainte-  
19 nance assistance expenditures for the  
20 fiscal year, before reduction pursuant  
21 to subparagraph (B) or (C) of section  
22 403(b)(2) (as in effect on September  
23 30, 1995), as reported by the State on  
24 ACF Form 231;

1           “(II) the Federal share of admin-  
2           istrative expenditures (including ad-  
3           ministrative expenditures for the de-  
4           velopment of management information  
5           systems) for the fiscal year, as re-  
6           ported by the State on ACF Form  
7           231;

8           “(III) the Federal share of emer-  
9           gency assistance expenditures for the  
10          fiscal year, as reported by the State  
11          on ACF Form 231;

12          “(IV) the Federal share of ex-  
13          penditures for the fiscal year with re-  
14          spect to child care pursuant to sub-  
15          sections (g) and (i) of former section  
16          402 (as in effect on September 30,  
17          1995), as reported by the State on  
18          ACF Form 231; and

19          “(V) the aggregate amount re-  
20          quired to be paid to the State for the  
21          fiscal year with respect to the State  
22          program operated under part F (as in  
23          effect on September 30, 1995), as de-  
24          termined by the Secretary, including  
25          additional obligations or reductions in

1 obligations made after the close of the  
2 fiscal year; and

3 “(ii) in the case of a State to which  
4 section 1108 applies, the lesser of—

5 “(I) the sum described in clause  
6 (i); or

7 “(II) the total amount certified  
8 by the Secretary under former section  
9 403 (as in effect during the fiscal  
10 year) with respect to the territory.

11 “(D) INFORMATION TO BE USED IN DE-  
12 TERMINING AMOUNTS.—

13 “(i) FOR FISCAL YEARS 1992 AND  
14 1993.—

15 “(I) In determining the amounts  
16 described in subclauses (I) through  
17 (IV) of subparagraph (C)(i) for any  
18 State for each of fiscal years 1992  
19 and 1993, the Secretary shall use in-  
20 formation available as of April 28,  
21 1995.

22 “(II) In determining the amount  
23 described in subparagraph (C)(i)(V)  
24 for any State for each of fiscal years  
25 1992 and 1993, the Secretary shall

1 use information available as of Janu-  
2 ary 6, 1995.

3 “(ii) FOR FISCAL YEAR 1994.—In de-  
4 termining the amounts described in sub-  
5 paragraph (C)(i) for any State for fiscal  
6 year 1994, the Secretary shall use informa-  
7 tion available as of April 28, 1995.

8 “(iii) FOR FISCAL YEAR 1995.—

9 “(I) In determining the amount  
10 described in subparagraph (B)(ii)(II)  
11 for any State for fiscal year 1995, the  
12 Secretary shall use the information  
13 which was reported by the States and  
14 estimates made by the States with re-  
15 spect to emergency assistance expend-  
16 itures and was available as of August  
17 11, 1995.

18 “(II) In determining the amounts  
19 described in subclauses (I) through  
20 (III) of subparagraph (C)(i) for any  
21 State for fiscal year 1995, the Sec-  
22 retary shall use information available  
23 as of October 2, 1995.

24 “(III) In determining the amount  
25 described in subparagraph (C)(i)(IV)

1 for any State for fiscal year 1995, the  
2 Secretary shall use information avail-  
3 able as of February 28, 1996.

4 “(IV) In determining the amount  
5 described in subparagraph (C)(i)(V)  
6 for any State for fiscal year 1995, the  
7 Secretary shall use information avail-  
8 able as of October 5, 1995.

9 “(E) APPROPRIATION.—Out of any money  
10 in the Treasury of the United States not other-  
11 wise appropriated, there are appropriated for  
12 fiscal years 1996, 1997, 1998, 1999, 2000, and  
13 2001 such sums as are necessary for grants  
14 under this paragraph.

15 “(2) GRANT TO REWARD STATES THAT REDUCE  
16 OUT-OF-WEDLOCK BIRTHS.—

17 “(A) IN GENERAL.—Each eligible State  
18 shall be entitled to receive from the Secretary  
19 for fiscal year 1998 or any succeeding fiscal  
20 year, a grant in an amount equal to the State  
21 family assistance grant multiplied by—

22 “(i) 5 percent if—

23 “(I) the illegitimacy ratio of the  
24 State for the fiscal year is at least 1  
25 percentage point lower than the ille-

1                   gitimacy ratio of the State for fiscal  
2                   year 1995; and

3                   “(II) the rate of induced preg-  
4                   nancy terminations in the State for  
5                   the fiscal year is less than the rate of  
6                   induced pregnancy terminations in the  
7                   State for fiscal year 1995; or

8                   “(ii) 10 percent if—

9                   “(I) the illegitimacy ratio of the  
10                  State for the fiscal year is at least 2  
11                  percentage points lower than the ille-  
12                  gitimacy ratio of the State for fiscal  
13                  year 1995; and

14                  “(II) the rate of induced preg-  
15                  nancy terminations in the State for  
16                  the fiscal year is less than the rate of  
17                  induced pregnancy terminations in the  
18                  State for fiscal year 1995.

19                  “(B) ILLEGITIMACY RATIO.—As used in  
20                  this paragraph, the term ‘illegitimacy ratio’  
21                  means, with respect to a State and a fiscal  
22                  year—

23                  “(i) the number of out-of-wedlock  
24                  births that occurred in the State during



1 the most recent fiscal year for which such  
2 information is available; divided by

3 “(ii) the number of births that oc-  
4 curred in the State during the most recent  
5 fiscal year for which such information is  
6 available.

7 “(C) DISREGARD OF CHANGES IN DATA  
8 DUE TO CHANGED REPORTING METHODS.—For  
9 purposes of subparagraph (A), the Secretary  
10 shall disregard—

11 “(i) any difference between the illegit-  
12 imacy ratio of a State for a fiscal year and  
13 the illegitimacy ratio of the State for fiscal  
14 year 1995 which is attributable to a  
15 change in State methods of reporting data  
16 used to calculate the illegitimacy ratio; and

17 “(ii) any difference between the rate  
18 of induced pregnancy terminations in a  
19 State for a fiscal year and such rate for  
20 fiscal year 1995 which is attributable to a  
21 change in State methods of reporting data  
22 used to calculate such rate.

23 “(D) APPROPRIATION.—Out of any money  
24 in the Treasury of the United States not other-  
25 wise appropriated, there are appropriated for

1           fiscal year 1998 and for each succeeding fiscal  
2           year such sums as are necessary for grants  
3           under this paragraph.

4           “(3) SUPPLEMENTAL GRANT FOR POPULATION  
5           INCREASES IN CERTAIN STATES.—

6                     “(A) IN GENERAL.—Each qualifying State  
7           shall, subject to subparagraph (F), be entitled  
8           to receive from the Secretary—

9                             “(i) for fiscal year 1997 a grant in an  
10                            amount equal to 2.5 percent of the total  
11                            amount required to be paid to the State  
12                            under former section 403 (as in effect dur-  
13                            ing fiscal year 1994) for fiscal year 1994;  
14                            and

15                           “(ii) for each of fiscal years 1998,  
16                            1999, and 2000, a grant in an amount  
17                            equal to the sum of—

18                                     “(I) the amount (if any) required  
19                                    to be paid to the State under this  
20                                    paragraph for the immediately preced-  
21                                    ing fiscal year; and

22                                     “(II) 2.5 percent of the sum of—

23   “(aa) the total amount re-  
24    quired to be paid to the State  
25    under former section 403 (as in

1 effect during fiscal year 1994)  
2 for fiscal year 1994; and

3 “(bb) the amount (if any)  
4 required to be paid to the State  
5 under this paragraph for the fis-  
6 cal year preceding the fiscal year  
7 for which the grant is to be  
8 made.

9 “(B) PRESERVATION OF GRANT WITHOUT  
10 INCREASES FOR STATES FAILING TO REMAIN  
11 QUALIFYING STATES.—Each State that is not a  
12 qualifying State for a fiscal year specified in  
13 subparagraph (A)(ii) but was a qualifying State  
14 for a prior fiscal year shall, subject to subpara-  
15 graph (F), be entitled to receive from the Sec-  
16 retary for the specified fiscal year, a grant in  
17 an amount equal to the amount required to be  
18 paid to the State under this paragraph for the  
19 most recent fiscal year for which the State was  
20 a qualifying State.

21 “(C) QUALIFYING STATE.—

22 “(i) IN GENERAL.—For purposes of  
23 this paragraph, a State is a qualifying  
24 State for a fiscal year if—

1           “(I) the level of welfare spending  
2           per poor person by the State for the  
3           immediately preceding fiscal year is  
4           less than the national average level of  
5           State welfare spending per poor per-  
6           son for such preceding fiscal year; and

7           “(II) the population growth rate  
8           of the State (as determined by the  
9           Bureau of the Census) for the most  
10          recent fiscal year for which informa-  
11          tion is available exceeds the average  
12          population growth rate for all States  
13          (as so determined) for such most re-  
14          cent fiscal year.

15          “(ii) STATE MUST QUALIFY IN FISCAL  
16          YEAR 1997.—Notwithstanding clause (i), a  
17          State shall not be a qualifying State for  
18          any fiscal year after 1997 by reason of  
19          clause (i) if the State is not a qualifying  
20          State for fiscal year 1997 by reason of  
21          clause (i).

22          “(iii) CERTAIN STATES DEEMED  
23          QUALIFYING STATES.—For purposes of  
24          this paragraph, a State is deemed to be a

1 qualifying State for fiscal years 1997,  
2 1998, 1999, and 2000 if—

3 “(I) the level of welfare spending  
4 per poor person by the State for fiscal  
5 year 1996 is less than 35 percent of  
6 the national average level of State  
7 welfare spending per poor person for  
8 fiscal year 1996; or

9 “(II) the population of the State  
10 increased by more than 10 percent  
11 from April 1, 1990 to July 1, 1994,  
12 according to the population estimates  
13 in publication CB94–204 of the Bu-  
14 reau of the Census.

15 “(D) DEFINITIONS.—As used in this para-  
16 graph:

17 “(i) LEVEL OF WELFARE SPENDING  
18 PER POOR PERSON.—The term ‘level of  
19 State welfare spending per poor person’  
20 means, with respect to a State and a fiscal  
21 year—

22 “(I) the sum of—

23 “(aa) the total amount re-  
24 quired to be paid to the State  
25 under former section 403 (as in

1 effect during fiscal year 1994)  
2 for fiscal year 1994; and

3 “(bb) the amount (if any)  
4 paid to the State under this  
5 paragraph for the immediately  
6 preceding fiscal year; divided by

7 “(II) the number of individuals,  
8 according to the 1990 decennial cen-  
9 sus, who were residents of the State  
10 and whose income was below the pov-  
11 erty line.

12 “(ii) NATIONAL AVERAGE LEVEL OF  
13 STATE WELFARE SPENDING PER POOR  
14 PERSON.—The term ‘national average level  
15 of State welfare spending per poor person’  
16 means, with respect to a fiscal year, an  
17 amount equal to—

18 “(I) the total amount required to  
19 be paid to the States under former  
20 section 403 (as in effect during fiscal  
21 year 1994) for fiscal year 1994; di-  
22 vided by

23 “(II) the number of individuals,  
24 according to the 1990 decennial cen-  
25 sus, who were residents of any State

1 and whose income was below the pov-  
2 erty line.

3 “(iii) STATE.—The term ‘State’  
4 means each of the 50 States of the United  
5 States and the District of Columbia.

6 “(E) APPROPRIATION.—Out of any money  
7 in the Treasury of the United States not other-  
8 wise appropriated, there are appropriated for  
9 fiscal years 1997, 1998, 1999, and 2000 such  
10 sums as are necessary for grants under this  
11 paragraph, in a total amount not to exceed  
12 \$800,000,000.

13 “(F) GRANTS REDUCED PRO RATA IF IN-  
14 SUFFICIENT APPROPRIATIONS.—If the amount  
15 appropriated pursuant to this paragraph for a  
16 fiscal year is less than the total amount of pay-  
17 ments otherwise required to be made under this  
18 paragraph for the fiscal year, then the amount  
19 otherwise payable to any State for the fiscal  
20 year under this paragraph shall be reduced by  
21 a percentage equal to the amount so appro-  
22 priated divided by such total amount.

23 “(G) BUDGET SCORING.—Notwithstanding  
24 section 257(b)(2) of the Balanced Budget and  
25 Emergency Deficit Control Act of 1985, the

1 baseline shall assume that no grant shall be  
2 made under this paragraph after fiscal year  
3 2000.

4 “(4) BONUS TO REWARD HIGH PERFORMANCE  
5 STATES.—

6 “(A) IN GENERAL.—The Secretary shall  
7 make a grant pursuant to this paragraph to  
8 each State for each bonus year for which the  
9 State is a high performing State.

10 “(B) AMOUNT OF GRANT.—

11 “(i) IN GENERAL.—Subject to clause  
12 (ii) of this subparagraph, the Secretary  
13 shall determine the amount of the grant  
14 payable under this paragraph to a high  
15 performing State for a bonus year, which  
16 shall be based on the score assigned to the  
17 State under subparagraph (D)(i) for the  
18 fiscal year that immediately precedes the  
19 bonus year.

20 “(ii) LIMITATION.—The amount pay-  
21 able to a State under this paragraph for a  
22 bonus year shall not exceed 5 percent of  
23 the State family assistance grant.

24 “(C) FORMULA FOR MEASURING STATE  
25 PERFORMANCE.—Not later than 1 year after



1 the date of the enactment of the Personal Re-  
2 sponsibility and Work Opportunity Act of 1996,  
3 the Secretary, in consultation with the National  
4 Governors' Association and the American Pub-  
5 lic Welfare Association, shall develop a formula  
6 for measuring State performance in operating  
7 the State program funded under this part so as  
8 to achieve the goals set forth in section 401(a).

9 “(D) SCORING OF STATE PERFORMANCE;  
10 SETTING OF PERFORMANCE THRESHOLDS.—

11 For each bonus year, the Secretary shall—

12 “(i) use the formula developed under  
13 subparagraph (C) to assign a score to each  
14 eligible State for the fiscal year that imme-  
15 diately precedes the bonus year; and

16 “(ii) prescribe a performance thresh-  
17 old in such a manner so as to ensure  
18 that—

19 “(I) the average annual total  
20 amount of grants to be made under  
21 this paragraph for each bonus year  
22 equals \$200,000,000; and

23 “(II) the total amount of grants  
24 to be made under this paragraph for

1                   all       bonus       years       equals  
2                   \$1,000,000,000.

3                   “(E) DEFINITIONS.—As used in this para-  
4                   graph:

5                   “(i) BONUS YEAR.—The term ‘bonus  
6                   year’ means fiscal years 1999, 2000, 2001,  
7                   2002, and 2003.

8                   “(ii) HIGH PERFORMING STATE.—The  
9                   term ‘high performing State’ means, with  
10                  respect a bonus year, an eligible State  
11                  whose score assigned pursuant to subpara-  
12                  graph (D)(i) for the fiscal year imme-  
13                  diately preceding the bonus year equals or  
14                  exceeds the performance threshold pre-  
15                  scribed under subparagraph (D)(ii) for  
16                  such preceding fiscal year.

17                  “(F) APPROPRIATION.—Out of any money  
18                  in the Treasury of the United States not other-  
19                  wise appropriated, there are appropriated for  
20                  fiscal years 1999 through 2003 \$1,000,000,000  
21                  for grants under this paragraph.

22                  “(b) CONTINGENCY FUND.—

23                  “(1) ESTABLISHMENT.—There is hereby estab-  
24                  lished in the Treasury of the United States a fund  
25                  which shall be known as the ‘Contingency Fund for

1 State Welfare Programs' (in this section referred to  
2 as the 'Fund').

3 “(2) DEPOSITS INTO FUND.—Out of any money  
4 in the Treasury of the United States not otherwise  
5 appropriated, there are appropriated for fiscal years  
6 1997, 1998, 1999, 2000, and 2001 such sums as are  
7 necessary for payment to the Fund in a total  
8 amount not to exceed \$2,000,000,000.

9 “(3) GRANTS.—

10 “(A) PROVISIONAL PAYMENTS.—If an eli-  
11 gible State submits to the Secretary a request  
12 for funds under this paragraph during an eligi-  
13 ble month, the Secretary shall, subject to this  
14 paragraph, pay to the State, from amounts ap-  
15 propriated pursuant to paragraph (2), an  
16 amount equal to the amount of funds so re-  
17 quested.

18 “(B) PAYMENT PRIORITY.—The Secretary  
19 shall make payments under subparagraph (A)  
20 in the order in which the Secretary receives re-  
21 quests for such payments.

22 “(C) LIMITATIONS.—

23 “(i) MONTHLY PAYMENT TO A  
24 STATE.—The total amount paid to a single  
25 State under subparagraph (A) during a

1 month shall not exceed  $\frac{1}{12}$  of 20 percent  
2 of the State family assistance grant.

3 “(ii) PAYMENTS TO ALL STATES.—

4 The total amount paid to all States under  
5 subparagraph (A) during fiscal years 1997  
6 through 2001 shall not exceed the total  
7 amount appropriated pursuant to para-  
8 graph (2).

9 “(4) ANNUAL RECONCILIATION.—Notwithstand-  
10 ing paragraph (3), at the end of each fiscal year,  
11 each State shall remit to the Secretary an amount  
12 equal to the amount (if any) by which the total  
13 amount paid to the State under paragraph (3) dur-  
14 ing the fiscal year exceeds—

15 “(A) the Federal medical assistance per-  
16 centage for the State for the fiscal year (as de-  
17 fined in section 1905(b), as in effect on Sep-  
18 tember 30, 1995) of the amount (if any) by  
19 which the expenditures under the State pro-  
20 gram funded under this part for the fiscal year  
21 exceed historic State expenditures (as defined in  
22 section 409(a)(7)(B)(iii)); multiplied by

23 “(B)  $\frac{1}{12}$  times the number of months dur-  
24 ing the fiscal year for which the Secretary

1 makes a payment to the State under this sub-  
2 section.

3 “(5) ELIGIBLE MONTH.—As used in paragraph  
4 (3)(A), the term ‘eligible month’ means, with respect  
5 to a State, a month in the 2-month period that be-  
6 gins with any month for which the State is a needy  
7 State.

8 “(6) NEEDY STATE.—For purposes of para-  
9 graph (5), a State is a needy State for a month if—

10 “(A) the average rate of—

11 “(i) total unemployment in such State  
12 (seasonally adjusted) for the period con-  
13 sisting of the most recent 3 months for  
14 which data for all States are published  
15 equals or exceeds 6.5 percent; and

16 “(ii) total unemployment in such  
17 State (seasonally adjusted) for the 3-  
18 month period equals or exceeds 110 per-  
19 cent of such average rate for either (or  
20 both) of the corresponding 3-month periods  
21 ending in the 2 preceding calendar years;  
22 or

23 “(B) as determined by the Secretary of  
24 Agriculture (in the discretion of the Secretary  
25 of Agriculture), the monthly average number of

1 individuals (as of the last day of each month)  
2 participating in the food stamp program in the  
3 State in the then most recently concluded 3-  
4 month period for which data are available ex-  
5 ceeds by not less than 10 percent the lesser  
6 of—

7 “(i) the monthly average number of  
8 individuals (as of the last day of each  
9 month) in the State that would have par-  
10 ticipated in the food stamp program in the  
11 corresponding 3-month period in fiscal  
12 year 1994 if the amendments made by  
13 subtitles D and J of the Personal Respon-  
14 sibility and Work Opportunity Act of 1996  
15 had been in effect throughout fiscal year  
16 1994; or

17 “(ii) the monthly average number of  
18 individuals (as of the last day of each  
19 month) in the State that would have par-  
20 ticipated in the food stamp program in the  
21 corresponding 3-month period in fiscal  
22 year 1995 if the amendments made by  
23 subtitles D and J of the Personal Respon-  
24 sibility and Work Opportunity Act of 1996

1           had been in effect throughout fiscal year  
2           1995.

3           “(7) OTHER TERMS DEFINED.—As used in this  
4 subsection:

5           “(A) STATE.—The term ‘State’ means  
6 each of the 50 States of the United States and  
7 the District of Columbia.

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

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

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

18 **“SEC. 404. USE OF GRANTS.**

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

22           “(1) in any manner that is reasonably cal-  
23 culated to accomplish the purpose of this part, in-  
24 cluding to provide low income households with as-

1       sistance in meeting home heating and cooling costs;  
2       or

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

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

8           “(1) LIMITATION.—A State to which a grant is  
9       made under section 403 shall not expend more than  
10      15 percent of the grant for administrative purposes.

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

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

22      “(d) AUTHORITY TO USE PORTION OF GRANT FOR  
23      OTHER PURPOSES.—

24          “(1) IN GENERAL.—A State may use not more  
25      than 30 percent of the amount of the grant made to



1 the State under section 403 for a fiscal year to carry  
2 out a State program pursuant to any or all of the  
3 following provisions of law:

4 “(A) Part B or E of this title.

5 “(B) Title XX of this Act.

6 “(C) The Child Care and Development  
7 Block Grant Act of 1990.

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

16 “(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS  
17 FOR ASSISTANCE.—A State may reserve amounts paid to  
18 the State under this part for any fiscal year for the pur-  
19 pose of providing, without fiscal year limitation, assistance  
20 under the State program funded under this part.

21 “(f) AUTHORITY TO OPERATE EMPLOYMENT PLACE-  
22 MENT PROGRAM.—A State to which a grant is made under  
23 section 403 may use the grant to make payments (or pro-  
24 vide job placement vouchers) to State-approved public and  
25 private job placement agencies that provide employment

1 placement services to individuals who receive assistance  
2 under the State program funded under this part.

3       “(g) IMPLEMENTATION OF ELECTRONIC BENEFIT  
4 TRANSFER SYSTEM.—A State to which a grant is made  
5 under section 403 is encouraged to implement an elec-  
6 tronic benefit transfer system for providing assistance  
7 under the State program funded under this part, and may  
8 use the grant for such purpose.

9       **“SEC. 405. ADMINISTRATIVE PROVISIONS.**

10       “(a) QUARTERLY.—The Secretary shall pay each  
11 grant payable to a State under section 403 in quarterly  
12 installments.

13       “(b) NOTIFICATION.—Not later than 3 months before  
14 the payment of any such quarterly installment to a State,  
15 the Secretary shall notify the State of the amount of any  
16 reduction determined under section 412(a)(1)(B) with re-  
17 spect to the State.

18       “(c) COMPUTATION AND CERTIFICATION OF PAY-  
19 MENTS TO STATES.—

20               “(1) COMPUTATION.—The Secretary shall esti-  
21 mate the amount to be paid to each eligible State for  
22 each quarter under this part, such estimate to be  
23 based on a report filed by the State containing an  
24 estimate by the State of the total sum to be ex-  
25 pended by the State in the quarter under the State

1 program funded under this part and such other in-  
2 formation as the Secretary may find necessary.

3 “(2) CERTIFICATION.—The Secretary of Health  
4 and Human Services shall certify to the Secretary of  
5 the Treasury the amount estimated under paragraph  
6 (1) with respect to a State, reduced or increased to  
7 the extent of any overpayment or underpayment  
8 which the Secretary of Health and Human Services  
9 determines was made under this part to the State  
10 for any prior quarter and with respect to which ad-  
11 justment has not been made under this paragraph.

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

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

21 “(1) IN GENERAL.—Upon receiving notice from  
22 the Secretary of Health and Human Services that a  
23 State agency administering a program funded under  
24 this part has notified the Secretary that a named  
25 individual has been overpaid under the State pro-

1       gram funded under this part, the Secretary of the  
2       Treasury shall determine whether any amounts as  
3       refunds of Federal taxes paid are payable to such  
4       individual, regardless of whether the individual filed  
5       a tax return as a married or unmarried individual.  
6       If the Secretary of the Treasury finds that any such  
7       amount is so payable, the Secretary shall withhold  
8       from such refunds an amount equal to the overpay-  
9       ment sought to be collected by the State and pay  
10      such amount to the State agency.

11           “(2) REGULATIONS.—The Secretary of the  
12      Treasury shall issue regulations, after review by the  
13      Secretary of Health and Human services, that pro-  
14      vide—

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

18                           “(i) who are no longer receiving as-  
19                           sistance under the State program funded  
20                           under this part;

21                           “(ii) with respect to whom the State  
22                           has already taken appropriate action under  
23                           State law against the income or resources  
24                           of the individuals or families involved to

1 collect the past-due legally enforceable  
2 debt; and

3 “(iii) to whom the State agency has  
4 given notice of its intent to request with-  
5 holding by the Secretary of the Treasury  
6 from the income tax refunds of such indi-  
7 viduals;

8 “(B) that the Secretary of the Treasury  
9 will give a timely and appropriate notice to any  
10 other person filing a joint return with the indi-  
11 vidual whose refund is subject to withholding  
12 under paragraph (1); and

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

20 **“SEC. 406. FEDERAL LOANS FOR STATE WELFARE PRO-**  
21 **GRAMS.**

22 “(a) LOAN AUTHORITY.—

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

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

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

11          “(c) USE OF LOAN.—A State shall use a loan made  
12          to the State under this section only for any purpose for  
13          which grant amounts received by the State under section  
14          403(a) may be used, including—

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

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

20          “(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO  
21          A STATE.—The cumulative dollar amount of all loans  
22          made to a State under this section during fiscal years  
23          1997 through 2001 shall not exceed 10 percent of the  
24          State family assistance grant.

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

4       “(f) APPROPRIATION.—Out of any money in the  
 5       Treasury of the United States not otherwise appropriated,  
 6       there are appropriated such sums as may be necessary for  
 7       the cost of loans under this section.

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

9       “(a) PARTICIPATION RATE REQUIREMENTS.—

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

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

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

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

1       “(b) CALCULATION OF PARTICIPATION RATES.—

2               “(1) ALL FAMILIES.—

3                       “(A) AVERAGE MONTHLY RATE.—For pur-  
4                       poses of subsection (a)(1), the participation  
5                       rate for all families of a State for a fiscal year  
6                       is the average of the participation rates for all  
7                       families of the State for each month in the fis-  
8                       cal year.

9                       “(B) MONTHLY PARTICIPATION RATES.—

10                      The participation rate of a State for all families  
11                      of the State for a month, expressed as a per-  
12                      centage, is—

13                               “(i) the number of families receiving  
14                               assistance under the State program funded  
15                               under this part that include an adult who  
16                               is engaged in work for the month; divided  
17                               by

18                               “(ii) the amount by which—

19                                       “(I) the number of families re-  
20                                       ceiving such assistance during the  
21                                       month that include an adult receiving  
22                                       such assistance; exceeds



1           “(II) the number of families re-  
2           ceiving such assistance that are sub-  
3           ject in such month to a penalty de-  
4           scribed in subsection (e)(1) but have  
5           not been subject to such penalty for  
6           more than 3 months within the pre-  
7           ceding 12-month period (whether or  
8           not consecutive).

9           “(2) 2-PARENT FAMILIES.—

10           “(A) AVERAGE MONTHLY RATE.—For pur-  
11           poses of subsection (a)(2), the participation  
12           rate for 2-parent families of a State for a fiscal  
13           year is the average of the participation rates for  
14           2-parent families of the State for each month in  
15           the fiscal year.

16           “(B) MONTHLY PARTICIPATION RATES.—  
17           The participation rate of a State for 2-parent  
18           families of the State for a month shall be cal-  
19           culated by use of the formula set forth in para-  
20           graph (1)(B), except that in the formula the  
21           term ‘number of 2-parent families’ shall be sub-  
22           stituted for the term ‘number of families’ each  
23           place such latter term appears.

1           “(3) PRO RATA REDUCTION OF PARTICIPATION  
2 RATE DUE TO CASELOAD REDUCTIONS NOT RE-  
3 QUIRED BY FEDERAL LAW.—

4           “(A) IN GENERAL.—The Secretary shall  
5 prescribe regulations for reducing the minimum  
6 participation rate otherwise required by this  
7 section for a fiscal year by the number of per-  
8 centage points equal to the number of percent-  
9 age points (if any) by which—

10           “(i) the average monthly number of  
11 families receiving assistance during the fis-  
12 cal year under the State program funded  
13 under this part is less than, and

14           “(ii) the average monthly number of  
15 families that received aid under the State  
16 plan approved under part A (as in effect  
17 on September 30, 1995) during fiscal year  
18 1995.

19           The minimum participation rate shall not be re-  
20 duced to the extent that the Secretary deter-  
21 mines that the reduction in the number of fami-  
22 lies receiving such assistance is required by  
23 Federal law.

24           “(B) ELIGIBILITY CHANGES NOT COUNT-  
25 ED.—The regulations described in subpara-

1 graph (A) shall not take into account families  
2 that are diverted from a State program funded  
3 under this part as a result of differences in eli-  
4 gibility criteria under a State program funded  
5 under this part and eligibility criteria under the  
6 State program operated under the State plan  
7 approved under part A (as such plan and such  
8 part were in effect on September 30, 1995).  
9 Such regulations shall place the burden on the  
10 Secretary to prove that such families were di-  
11 verted as a direct result of differences in such  
12 eligibility criteria.

13 “(4) STATE OPTION TO INCLUDE INDIVIDUALS  
14 RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY  
15 ASSISTANCE PLAN.—For purposes of paragraphs  
16 (1)(B) and (2)(B), a State may, at its option, in-  
17 clude families receiving assistance under a tribal  
18 family assistance plan approved under section 412.

19 “(5) STATE OPTION FOR PARTICIPATION RE-  
20 QUIREMENT EXEMPTIONS.—For any fiscal year, a  
21 State may, at its option, not require an individual  
22 who is a single custodial parent caring for a child  
23 who has not attained 12 months of age to engage in  
24 work and may disregard such an individual in deter-  
25 mining the participation rates under subsection (a).

1       “(c) ENGAGED IN WORK.—

2               “(1) ALL FAMILIES.—For purposes of sub-  
 3       section (b)(1)(B)(i), a recipient is engaged in work  
 4       for a month in a fiscal year if the recipient is par-  
 5       ticipating in work activities for at least the minimum  
 6       average number of hours per week specified in the  
 7       following table during the month, not fewer than 20  
 8       hours per week of which are attributable to an activ-  
 9       ity described in paragraph (1), (2), (3), (4), (5), (6),  
 10       (7), or (8) of subsection (d):

<b>“If the month is in fiscal year:</b>	<b>The minimum average number of hours per week is:</b>
1996 .....	20
1997 .....	20
1998 .....	20
1999 or thereafter .....	25.

11               “(2) 2-PARENT FAMILIES.—For purposes of  
 12       subsection (b)(2)(B)(i), an adult is engaged in work  
 13       for a month in a fiscal year if the adult is making  
 14       progress in work activities for at least 35 hours per  
 15       week during the month, not fewer than 30 hours per  
 16       week of which are attributable to an activity de-  
 17       scribed in paragraph (1), (2), (3), (4), (5), (6), (7),  
 18       or (8) of subsection (d).

19               “(3) LIMITATION ON NUMBER OF WEEKS FOR  
 20       WHICH JOB SEARCH COUNTS AS WORK.—Notwith-  
 21       standing paragraphs (1) and (2), an individual shall  
 22       not be considered to be engaged in work by virtue

1 of participation in an activity described in subsection  
2 (d)(6), after the individual has participated in such  
3 an activity for 12 weeks in a fiscal year. An individ-  
4 ual shall be considered to be participating in such an  
5 activity for a week if the individual participates in  
6 such an activity at any time during the week.

7 “(4) LIMITATION ON VOCATIONAL EDUCATION  
8 ACTIVITIES COUNTED AS WORK.—For purposes of  
9 determining monthly participation rates under para-  
10 graphs (1)(B)(i) and (2)(B)(i) of subsection (b), not  
11 more than 20 percent of adults in all families and  
12 in 2-parent families determined to be engaged in  
13 work in the State for a month may meet the work  
14 activity requirement through participation in voca-  
15 tional educational training.

16 “(5) SINGLE PARENT WITH CHILD UNDER AGE  
17 6 DEEMED TO BE MEETING WORK PARTICIPATION  
18 REQUIREMENTS IF PARENT IS ENGAGED IN WORK  
19 FOR 20 HOURS PER WEEK.—For purposes of deter-  
20 mining monthly participation rates under subsection  
21 (b)(1)(B)(i), a recipient in a 1-parent family who is  
22 the parent of a child who has not attained 6 years  
23 of age is deemed to be engaged in work for a month  
24 if the recipient is engaged in work for an average of  
25 at least 20 hours per week during the month.

1           “(6) TEEN HEAD OF HOUSEHOLD WHO MAIN-  
2           TAINS SATISFACTORY SCHOOL ATTENDANCE  
3           DEEMED TO BE MEETING WORK PARTICIPATION RE-  
4           QUIREMENTS.—For purposes of determining month-  
5           ly participation rates under subsection (b)(1)(B)(i),  
6           a recipient who is a single head of household and  
7           has not attained 20 years of age is deemed to be en-  
8           gaged in work for a month in a fiscal year if the re-  
9           cipient—

10           “(A) maintains satisfactory attendance at  
11           secondary school or the equivalent during the  
12           month; or

13           “(B) participates in education directly re-  
14           lated to employment for at least the minimum  
15           average number of hours per week specified in  
16           the table set forth in paragraph (1).

17           “(d) WORK ACTIVITIES DEFINED.—As used in this  
18           section, the term ‘work activities’ means—

19           “(1) unsubsidized employment;

20           “(2) subsidized private sector employment;

21           “(3) subsidized public sector employment;

22           “(4) work experience (including work associated  
23           with the refurbishing of publicly assisted housing) if  
24           sufficient private sector employment is not available;

25           “(5) on-the-job training;

1 “(6) job search and job readiness assistance;

2 “(7) community service programs;

3 “(8) vocational educational training (not to ex-  
4 ceed 12 months with respect to any individual);

5 “(9) job skills training directly related to em-  
6 ployment;

7 “(10) education directly related to employment,  
8 in the case of a recipient who has not attained 20  
9 years of age, and has not received a high school di-  
10 ploma or a certificate of high school equivalency; and

11 “(11) satisfactory attendance at secondary  
12 school, in the case of a recipient who—

13 “(A) has not completed secondary school;

14 and

15 “(B) is a dependent child, or a head of  
16 household who has not attained 20 years of age.

17 “(e) PENALTIES AGAINST INDIVIDUALS.—

18 “(1) IN GENERAL.—Except as provided in para-  
19 graph (2), if an adult in a family receiving assist-  
20 ance under the State program funded under this  
21 part refuses to engage in work required in accord-  
22 ance with this section, the State shall—

23 “(A) reduce the amount of assistance oth-  
24 erwise payable to the family pro rata (or more,  
25 at the option of the State) with respect to any

1 period during a month in which the adult so re-  
2 fuses; or

3 “(B) terminate such assistance,  
4 subject to such good cause and other exceptions as  
5 the State may establish.

6 “(2) EXCEPTION.—Notwithstanding paragraph  
7 (1), a State may not reduce or terminate assistance  
8 under the State program funded under this part  
9 based on a refusal of an adult to work if the adult  
10 is a single custodial parent caring for a child who  
11 has not attained 6 years of age, and the adult proves  
12 that the adult has a demonstrated inability (as de-  
13 termined by the State) to obtain needed child care,  
14 for 1 or more of the following reasons:

15 “(A) Unavailability of appropriate child  
16 care within a reasonable distance from the indi-  
17 vidual’s home or work site.

18 “(B) Unavailability or unsuitability of in-  
19 formal child care by a relative or under other  
20 arrangements.

21 “(C) Unavailability of appropriate and af-  
22 fordable formal child care arrangements.

23 “(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

24 “(1) IN GENERAL.—Subject to paragraph (2),  
25 an adult in a family receiving assistance under a



1 State program funded under this part attributable to  
2 funds provided by the Federal Government may fill  
3 a vacant employment position in order to engage in  
4 a work activity described in subsection (d).

5 “(2) NO FILLING OF CERTAIN VACANCIES.—No  
6 adult in a work activity described in subsection (d)  
7 which is funded, in whole or in part, by funds pro-  
8 vided by the Federal Government shall be employed  
9 or assigned—

10 “(A) when any other individual is on layoff  
11 from the same or any substantially equivalent  
12 job; or

13 “(B) if the employer has terminated the  
14 employment of any regular employee or other-  
15 wise caused an involuntary reduction of its  
16 workforce in order to fill the vacancy so created  
17 with an adult described in paragraph (1).

18 “(3) NO PREEMPTION.—Nothing in this sub-  
19 section shall preempt or supersede any provision of  
20 State or local law that provides greater protection  
21 for employees from displacement.

22 “(g) SENSE OF THE CONGRESS.—It is the sense of  
23 the Congress that in complying with this section, each  
24 State that operates a program funded under this part is  
25 encouraged to assign the highest priority to requiring

1 adults in 2-parent families and adults in single-parent  
2 families that include older preschool or school-age children  
3 to be engaged in work activities.

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

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

13       “(a) IN GENERAL.—

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

19                       “(A) a minor child who resides with a cus-  
20 todial parent or other adult caretaker relative of  
21 the child; or

22                       “(B) a pregnant individual.

23               “(2) NO ADDITIONAL CASH ASSISTANCE FOR  
24 CHILDREN BORN TO FAMILIES RECEIVING ASSIST-  
25 ANCE.—

1           “(A) GENERAL RULE.—A State to which a  
2 grant is made under section 403 shall not use  
3 any part of the grant to provide cash benefits  
4 for a minor child who is born to—

5           “(i) a recipient of assistance under  
6 the program operated under this part; or

7           “(ii) a person who received such as-  
8 sistance at any time during the 10-month  
9 period ending with the birth of the child.

10          “(B) EXCEPTION FOR CHILDREN BORN  
11 INTO FAMILIES WITH NO OTHER CHILDREN.—  
12 Subparagraph (A) shall not apply to a minor  
13 child who is born into a family that does not in-  
14 clude any other children.

15          “(C) EXCEPTION FOR VOUCHERS.—Sub-  
16 paragraph (A) shall not apply to vouchers  
17 which are provided in lieu of cash benefits and  
18 which may be used only to pay for particular  
19 goods and services specified by the State as  
20 suitable for the care of the child involved.

21          “(D) EXCEPTION FOR RAPE OR INCEST.—  
22 Subparagraph (A) shall not apply with respect  
23 to a child who is born as a result of rape or in-  
24 cest.

1           “(E) STATE ELECTION TO OPT OUT.—Sub-  
2           paragraph (A) shall not apply to a State if  
3           State law specifically exempts the State pro-  
4           gram funded under this part from the applica-  
5           tion of subparagraph (A).

6           “(F) SUBSTITUTION OF FAMILY CAPS IN  
7           EFFECT UNDER WAIVERS.—Subparagraph (A)  
8           shall not apply to a State—

9                   “(i) if, as of the date of the enactment  
10                  of this part, there is in effect a waiver ap-  
11                  proved by the Secretary under section  
12                  1115 which permits the State to deny aid  
13                  under the State plan approved under part  
14                  A of this title (as in effect without regard  
15                  to the amendments made by subtitle A of  
16                  the Personal Responsibility and Work Op-  
17                  portunity Act of 1996) to a family by rea-  
18                  son of the birth of a child to a family  
19                  member otherwise eligible for such aid; and

20                   “(ii) for so long as the State contin-  
21                  ues to implement such policy under the  
22                  State program funded under this part,  
23                  under rules prescribed by the State.

24           “(3) REDUCTION OR ELIMINATION OF ASSIST-  
25           ANCE FOR NONCOOPERATION IN ESTABLISHING PA-

1       TERNITY OR OBTAINING CHILD SUPPORT.—If the  
2       agency responsible for administering the State plan  
3       approved under part D determines that an individual  
4       is not cooperating with the State in establishing pa-  
5       ternity or in establishing, modifying, or enforcing a  
6       support order with respect to a child of the individ-  
7       ual, and the individual does not qualify for any good  
8       cause or other exception established by the State  
9       pursuant to section 454(29), then the State—

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

15               “(B) may deny the family any assistance  
16               under the State program.

17               “(4) NO ASSISTANCE FOR FAMILIES NOT AS-  
18       SIGNING CERTAIN SUPPORT RIGHTS TO THE  
19       STATE.—

20               “(A) IN GENERAL.—A State to which a  
21               grant is made under section 403 shall require,  
22               as a condition of providing assistance to a fam-  
23               ily under the State program funded under this  
24               part, that a member of the family assign to the  
25               State any rights the family member may have

1 (on behalf of the family member or of any other  
2 person for whom the family member has applied  
3 for or is receiving such assistance) to support  
4 from any other person, not exceeding the total  
5 amount of assistance so provided to the family,  
6 which accrue (or have accrued) before the date  
7 the family leaves the program, which assign-  
8 ment, on and after the date the family leaves  
9 the program, shall not apply with respect to any  
10 support (other than support collected pursuant  
11 to section 464) which accrued before the family  
12 received such assistance and which the State  
13 has not collected by—

14 “(i) September 30, 2000, if the as-  
15 signment is executed on or after October 1,  
16 1997, and before October 1, 2000; or

17 “(ii) the date the family leaves the  
18 program, if the assignment is executed on  
19 or after October 1, 2000.

20 “(B) LIMITATION.—A State to which a  
21 grant is made under section 403 shall not re-  
22 quire, as a condition of providing assistance to  
23 any family under the State program funded  
24 under this part, that a member of the family  
25 assign to the State any rights to support de-

1           scribed in subparagraph (A) which accrue after  
2           the date the family leaves the program.

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

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

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

18           “(6) NO ASSISTANCE FOR TEENAGE PARENTS  
19           NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

20                 “(A) IN GENERAL.—

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

1 in clause (ii) of this subparagraph if the  
2 individual and the minor child referred to  
3 in clause (ii)(II) do not reside in a place of  
4 residence maintained by a parent, legal  
5 guardian, or other adult relative of the in-  
6 dividual as such parent's, guardian's, or  
7 adult relative's own home.

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

12 “(I) has not attained 18 years of  
13 age; and

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

16 “(B) EXCEPTION.—

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



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

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

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

1           “(II) no living parent, legal  
2 guardian, or other appropriate adult  
3 relative, who would otherwise meet  
4 applicable State criteria to act as the  
5 individual’s legal guardian, of such in-  
6 dividual allows the individual to live in  
7 the home of such parent, guardian, or  
8 relative;

9           “(III) the State agency deter-  
10 mines that—

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

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

1                   “(IV) the State agency otherwise  
2                   determines that it is in the best inter-  
3                   est of the minor child to waive the re-  
4                   quirement of subparagraph (A) with  
5                   respect to the individual or the minor  
6                   child.

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

18                  “(7) NO MEDICAL SERVICES.—

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

23                  “(B) EXCEPTION FOR FAMILY PLANNING  
24                  SERVICES.—As used in subparagraph (A), the

1 term 'medical services' does not include family  
2 planning services.

3 “(8) NO ASSISTANCE FOR MORE THAN 5  
4 YEARS.—

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

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

24 “(i) a minor child; and

1           “(ii) not the head of a household or  
2 married to the head of a household.

3           “(C) HARDSHIP EXCEPTION.—

4           “(i) IN GENERAL.—The State may ex-  
5 empt a family from the application of sub-  
6 paragraph (A) by reason of hardship or if  
7 the family includes an individual who has  
8 been battered or subjected to extreme cru-  
9 elty.

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

18           “(iii) BATTERED OR SUBJECT TO EX-  
19 TREME CRUELTY DEFINED.—For purposes  
20 of clause (i), an individual has been bat-  
21 tered or subjected to extreme cruelty if the  
22 individual has been subjected to—

23           “(I) physical acts that resulted  
24 in, or threatened to result in, physical  
25 injury to the individual;

1 “(II) sexual abuse;

2 “(III) sexual activity involving a  
3 dependent child;

4 “(IV) being forced as the care-  
5 taker relative of a dependent child to  
6 engage in nonconsensual sexual acts  
7 or activities;

8 “(V) threats of, or attempts at,  
9 physical or sexual abuse;

10 “(VI) mental abuse; or

11 “(VII) neglect or deprivation of  
12 medical care.

13 “(D) RULE OF INTERPRETATION.—Sub-  
14 paragraph (A) shall not be interpreted to re-  
15 quire any State to provide assistance to any in-  
16 dividual for any period of time under the State  
17 program funded under this part.

18 “(9) DENIAL OF ASSISTANCE FOR 10 YEARS TO  
19 A PERSON FOUND TO HAVE FRAUDULENTLY MIS-  
20 REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-  
21 SISTANCE IN 2 OR MORE STATES.—A State to which  
22 a grant is made under section 403 shall not use any  
23 part of the grant to provide cash assistance to an in-  
24 dividual during the 10-year period that begins on  
25 the date the individual is convicted in Federal or

1 State court of having made a fraudulent statement  
2 or representation with respect to the place of resi-  
3 dence of the individual in order to receive assistance  
4 simultaneously from 2 or more States under pro-  
5 grams that are funded under this title, title XV or  
6 XIX, or the Food Stamp Act of 1977, or benefits in  
7 2 or more States under the supplemental security in-  
8 come program under title XVI. The preceding sen-  
9 tence shall not apply with respect to a conviction of  
10 an individual, for any month beginning after the  
11 President of the United States grants a pardon with  
12 respect to the conduct which was the subject of the  
13 conviction.

14 “(10) DENIAL OF ASSISTANCE FOR FUGITIVE  
15 FELONS AND PROBATION AND PAROLE VIOLA-  
16 TORS.—

17 “(A) IN GENERAL.—A State to which a  
18 grant is made under section 403 shall not use  
19 any part of the grant to provide assistance to  
20 any individual who is—

21 “(i) fleeing to avoid prosecution, or  
22 custody or confinement after conviction,  
23 under the laws of the place from which the  
24 individual flees, for a crime, or an attempt  
25 to commit a crime, which is a felony under

1           the laws of the place from which the indi-  
2           vidual flees, or which, in the case of the  
3           State of New Jersey, is a high mis-  
4           demeanor under the laws of such State; or

5           “(ii) violating a condition of probation  
6           or parole imposed under Federal or State  
7           law.

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

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



1 name of the recipient and notifies the agency  
2 that—

3 “(i) the recipient—

4 “(I) is described in subparagraph  
5 (A); or

6 “(II) has information that is nec-  
7 essary for the officer to conduct the  
8 official duties of the officer; and

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

11 “(11) DENIAL OF ASSISTANCE FOR MINOR  
12 CHILDREN WHO ARE ABSENT FROM THE HOME FOR  
13 A SIGNIFICANT PERIOD.—

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

1           “(B) STATE AUTHORITY TO ESTABLISH  
2           GOOD CAUSE EXCEPTIONS.—The State may es-  
3           tablish such good cause exceptions to subpara-  
4           graph (A) as the State considers appropriate if  
5           such exceptions are provided for in the State  
6           plan submitted pursuant to section 402.

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

23          “(12) INCOME SECURITY PAYMENTS NOT TO BE  
24          DISREGARDED IN DETERMINING THE AMOUNT OF  
25          ASSISTANCE TO BE PROVIDED TO A FAMILY.—If a

1 State to which a grant is made under section 403  
2 uses any part of the grant to provide assistance for  
3 any individual who is receiving benefits, or on behalf  
4 of whom benefits are paid, under a State plan for  
5 old-age assistance approved under section 2, under  
6 section 202, 205(j)(1), 223, or 228, under a State  
7 program funded under part E that provides cash  
8 payments for foster care, or under the supplemental  
9 security income program under title XVI, then the  
10 State may disregard the payment in determining the  
11 amount of assistance to be provided under the State  
12 program funded under this part, from funds pro-  
13 vided by the Federal Government, to the family of  
14 which the individual is a member.

15 “(13) MEDICAL ASSISTANCE REQUIRED TO BE  
16 PROVIDED FOR 1 YEAR FOR FAMILIES BECOMING IN-  
17 ELIGIBLE FOR ASSISTANCE UNDER THIS PART DUE  
18 TO INCREASED EARNINGS FROM EMPLOYMENT OR  
19 COLLECTION OF CHILD SUPPORT.—A State to which  
20 a grant is made under section 403 shall take such  
21 action as may be necessary to ensure that, if any  
22 family becomes ineligible to receive assistance under  
23 the State program funded under this part as a re-  
24 sult of increased earnings from employment or as a  
25 result of the collection or increased collection of child

1 or spousal support, or a combination thereof, having  
2 received such assistance in at least 3 of the 6  
3 months immediately preceding the month in which  
4 such ineligibility begins, the family shall be eligible  
5 for medical assistance under the State's plan ap-  
6 proved under title XIX (or, if applicable, title XV)  
7 during the immediately succeeding 12-month period  
8 for so long as family income (as defined by the  
9 State), excluding any refund of Federal income taxes  
10 made by reason of section 32 of the Internal Reve-  
11 nue Code of 1986 (relating to earned income tax  
12 credit) and any payment made by an employer under  
13 section 3507 of such Code (relating to advance pay-  
14 ment of earned income credit), is less than the pov-  
15 erty line, and that the family will be appropriately  
16 notified of such eligibility.

17 “(14) MEDICAL ASSISTANCE REQUIRED TO BE  
18 PROVIDED FOR ALL RECIPIENTS OF ASSISTANCE  
19 UNDER THIS PART.—A State to which a grant is  
20 made under section 403 shall take such action as  
21 may be necessary to ensure that each recipient of as-  
22 sistance under the State program funded under this  
23 part is eligible for medical assistance under the  
24 State's plan approved under title XIX (or, if applica-  
25 ble, title XV) to the extent that the health care costs

1 of the recipient are not covered by other health in-  
2 surance.

3 “(b) ALIENS.—For special rules relating to the treat-  
4 ment of aliens, see section 4402 of the Personal Respon-  
5 sibility and Work Opportunity Act of 1996.

6 **“SEC. 409. PENALTIES.**

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

8 “(1) USE OF GRANT IN VIOLATION OF THIS  
9 PART.—

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

19 “(B) ENHANCED PENALTY FOR INTEN-  
20 TIONAL VIOLATIONS.—If the State does not  
21 prove to the satisfaction of the Secretary that  
22 the State did not intend to use the amount in  
23 violation of this part, the Secretary shall fur-  
24 ther reduce the grant payable to the State  
25 under section 403(a)(1) for the immediately

1 succeeding fiscal year quarter by an amount  
2 equal to 5 percent of the State family assist-  
3 ance grant.

4 “(2) FAILURE TO SUBMIT REQUIRED RE-  
5 PORT.—

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

15 “(B) RESCISSION OF PENALTY.—The Sec-  
16 retary shall rescind a penalty imposed on a  
17 State under subparagraph (A) with respect to a  
18 report if the State submits the report before the  
19 end of the fiscal quarter that immediately suc-  
20 ceeds the fiscal quarter for which the report  
21 was required.

22 “(3) FAILURE TO SATISFY MINIMUM PARTICIPA-  
23 TION RATES.—

24 “(A) IN GENERAL.—If the Secretary deter-  
25 mines that a State to which a grant is made

1 under section 403 for a fiscal year has failed to  
2 comply with section 407(a) for the fiscal year,  
3 the Secretary shall reduce the grant payable to  
4 the State under section 403(a)(1) for the imme-  
5 diately succeeding fiscal year by an amount  
6 equal to not more than 5 percent of the State  
7 family assistance grant.

8 “(B) PENALTY BASED ON SEVERITY OF  
9 FAILURE.—The Secretary shall impose reduc-  
10 tions under subparagraph (A) based on the de-  
11 gree of noncompliance.

12 “(4) FAILURE TO PARTICIPATE IN THE INCOME  
13 AND ELIGIBILITY VERIFICATION SYSTEM.—If the  
14 Secretary determines that a State program funded  
15 under this part is not participating during a fiscal  
16 year in the income and eligibility verification system  
17 required by section 1137, the Secretary shall reduce  
18 the grant payable to the State under section  
19 403(a)(1) for the immediately succeeding fiscal year  
20 by an amount equal to not more than 2 percent of  
21 the State family assistance grant.

22 “(5) FAILURE TO COMPLY WITH PATERNITY ES-  
23 TABLISHMENT AND CHILD SUPPORT ENFORCEMENT  
24 REQUIREMENTS UNDER PART D.—Notwithstanding  
25 any other provision of this Act, if the Secretary de-

1 termines that the State agency that administers a  
2 program funded under this part does not enforce the  
3 penalties requested by the agency administering part  
4 D against recipients of assistance under the State  
5 program who fail to cooperate in establishing pater-  
6 nity or in establishing, modifying, or enforcing a  
7 child support order in accordance with such part and  
8 who do not qualify for any good cause or other ex-  
9 ception established by the State under section  
10 454(29), the Secretary shall reduce the grant pay-  
11 able to the State under section 403(a)(1) for the im-  
12 mediately succeeding fiscal year (without regard to  
13 this section) by not more than 5 percent.

14 “(6) FAILURE TO TIMELY REPAY A FEDERAL  
15 LOAN FUND FOR STATE WELFARE PROGRAMS.—If  
16 the Secretary determines that a State has failed to  
17 repay any amount borrowed from the Federal Loan  
18 Fund for State Welfare Programs established under  
19 section 406 within the period of maturity applicable  
20 to the loan, plus any interest owed on the loan, the  
21 Secretary shall reduce the grant payable to the State  
22 under section 403(a)(1) for the immediately succeed-  
23 ing fiscal year quarter (without regard to this sec-  
24 tion) by the outstanding loan amount, plus the inter-  
25 est owed on the outstanding amount. The Secretary



1 shall not forgive any outstanding loan amount or in-  
2 terest owed on the outstanding amount.

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

5 “(A) IN GENERAL.—The Secretary shall  
6 reduce the grant payable to the State under  
7 section 403(a)(1) for fiscal year 1998, 1999,  
8 2000, 2001, or 2002 by the amount (if any) by  
9 which qualified State expenditures for the then  
10 immediately preceding fiscal year are less than  
11 the applicable percentage of historic State ex-  
12 penditures with respect to such preceding fiscal  
13 year.

14 “(B) DEFINITIONS.—As used in this para-  
15 graph:

16 “(i) QUALIFIED STATE EXPENDI-  
17 TURES.—

18 “(I) IN GENERAL.—The term  
19 ‘qualified State expenditures’ means,  
20 with respect to a State and a fiscal  
21 year, the total expenditures by the  
22 State during the fiscal year, under all  
23 State programs, for any of the follow-  
24 ing with respect to eligible families:

25 “(aa) Cash assistance.

1                   “(bb) Child care assistance.

2                   “(cc) Educational activities  
3 designed to increase self-suffi-  
4 ciency, job training, and work,  
5 excluding any expenditure for  
6 public education in the State ex-  
7 cept expenditures which involve  
8 the provision of services or assist-  
9 ance to a member of an eligible  
10 family which is not generally  
11 available to persons who are not  
12 members of an eligible family.

13                   “(dd) Administrative costs  
14 in connection with the matters  
15 described in items (aa), (bb),  
16 (cc), and (ee), but only to the ex-  
17 tent that such costs do not ex-  
18 ceed 15 percent of the total  
19 amount of qualified State ex-  
20 penditures for the fiscal year.

21                   “(ee) Any other use of funds  
22 allowable under section  
23 404(a)(1).

24                   “(II) EXCLUSION OF TRANSFERS  
25 FROM OTHER STATE AND LOCAL PRO-

1 GRAMS.—Such term does not include  
2 expenditures under any State or local  
3 program during a fiscal year, except  
4 to the extent that—

5 “(aa) the expenditures ex-  
6 ceed the amount expended under  
7 the State or local program in the  
8 fiscal year most recently ending  
9 before the date of the enactment  
10 of this part; or

11 “(bb) the State is entitled to  
12 a payment under former section  
13 403 (as in effect immediately be-  
14 fore such date of enactment) with  
15 respect to the expenditures.

16 “(III) ELIGIBLE FAMILIES.—As  
17 used in subclause (I), the term ‘eligi-  
18 ble families’ means families eligible  
19 for assistance under the State pro-  
20 gram funded under this part, and  
21 families that would be eligible for such  
22 assistance but for the application of  
23 section 408(a)(8) of this Act or sec-  
24 tion 4402 of the Personal Responsibil-

1                   ity and Work Opportunity Act of  
2                   1996.

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

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

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

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

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

1 subsection (g) or (i) of section  
2 402 (as in effect during fiscal  
3 year 1994); bears to

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

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

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

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

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

24 “(III) any State funds which are  
25 used to match Federal funds or are

1                   expended as a condition of receiving  
2                   Federal funds under Federal pro-  
3                   grams other than under this part.

4                   “(C) APPLICABLE PERCENTAGE REDUCED  
5                   FOR HIGH PERFORMANCE STATES.—

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

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

1           the performance threshold prescribed  
2           under clause (i) for such preceding fiscal  
3           year, subject to clause (iii).

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

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

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

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

3                   “(ii) not less than 2 nor more than 3  
4                   percent, if the finding is the second con-  
5                   secutive such finding made as a result of  
6                   such a review; or

7                   “(iii) not less than 3 nor more than 5  
8                   percent, if the finding is the third or a  
9                   subsequent consecutive such finding made  
10                  as a result of such a review.

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

22                  “(9) FAILURE OF STATE RECEIVING AMOUNTS  
23                  FROM CONTINGENCY FUND TO MAINTAIN 100 PER-  
24                  CENT OF HISTORIC EFFORT.—If, at the end of any  
25                  fiscal year during which amounts from the Contin-



1 agency Fund for State Welfare Programs have been  
2 paid to a State, the Secretary finds that the expendi-  
3 tures under the State program funded under this  
4 part for the fiscal year are less than 100 percent of  
5 historic State expenditures (as defined in paragraph  
6 (8)(B)(iii) of this subsection), the Secretary shall re-  
7 duce the grant payable to the State under section  
8 403(a)(1) for the immediately succeeding fiscal year  
9 by the total of the amounts so paid to the State.

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

18 “(11) FAILURE TO PROVIDE MEDICAL ASSIST-  
19 ANCE TO FAMILIES BECOMING INELIGIBLE FOR AS-  
20 SISTANCE UNDER THIS PART DUE TO INCREASED  
21 EARNINGS FROM EMPLOYMENT OR COLLECTION OF  
22 CHILD SUPPORT.—

23 “(A) IN GENERAL.—If the Secretary deter-  
24 mines that a State program funded under this  
25 part is not in compliance with section

1           408(a)(13) for a quarter, the Secretary shall re-  
2           duce the grant payable to the State under sec-  
3           tion 403(a)(1) for the immediately succeeding  
4           fiscal year by an amount equal to not more  
5           than 5 percent of the State family assistance  
6           grant.

7           “(B) PENALTY BASED ON SEVERITY OF  
8           FAILURE.—The Secretary shall impose reduc-  
9           tions under subparagraph (A) based on the de-  
10          gree of noncompliance.

11          “(b) REASONABLE CAUSE EXCEPTION.—

12           “(1) IN GENERAL.—The Secretary may not im-  
13          pose a penalty on a State under subsection (a) with  
14          respect to a requirement if the Secretary determines  
15          that the State has reasonable cause for failing to  
16          comply with the requirement.

17           “(2) EXCEPTION.—Paragraph (1) of this sub-  
18          section shall not apply to any penalty under para-  
19          graph (7), (8), or (11) of subsection (a).

20          “(c) CORRECTIVE COMPLIANCE PLAN.—

21           “(1) IN GENERAL.—

22           “(A) NOTIFICATION OF VIOLATION.—Be-  
23          fore imposing a penalty against a State under  
24          subsection (a) with respect to a violation of this  
25          part, the Secretary shall notify the State of the

1 violation and allow the State the opportunity to  
2 enter into a corrective compliance plan in ac-  
3 cordance with this subsection which outlines  
4 how the State will correct the violation and how  
5 the State will insure continuing compliance with  
6 this part.

7 “(B) 60-DAY PERIOD TO PROPOSE A COR-  
8 RECTIVE COMPLIANCE PLAN.—During the 60-  
9 day period that begins on the date the State re-  
10 ceives a notice provided under subparagraph  
11 (A) with respect to a violation, the State may  
12 submit to the Federal Government a corrective  
13 compliance plan to correct the violation.

14 “(C) CONSULTATION ABOUT MODIFICA-  
15 TIONS.—During the 60-day period that begins  
16 with the date the Secretary receives a corrective  
17 compliance plan submitted by a State in accord-  
18 ance with subparagraph (B), the Secretary may  
19 consult with the State on modifications to the  
20 plan.

21 “(D) ACCEPTANCE OF PLAN.— A correc-  
22 tive compliance plan submitted by a State in ac-  
23 cordance with subparagraph (B) is deemed to  
24 be accepted by the Secretary if the Secretary  
25 does not accept or reject the plan during 60-day

1 period that begins on the date the plan is sub-  
2 mitted.

3 “(2) EFFECT OF CORRECTING VIOLATION.—  
4 The Secretary may not impose any penalty under  
5 subsection (a) with respect to any violation covered  
6 by a State corrective compliance plan accepted by  
7 the Secretary if the State corrects the violation pur-  
8 suant to the plan.

9 “(3) EFFECT OF FAILING TO CORRECT VIOLA-  
10 TION.—The Secretary shall assess some or all of a  
11 penalty imposed on a State under subsection (a)  
12 with respect to a violation if the State does not, in  
13 a timely manner, correct the violation pursuant to a  
14 State corrective compliance plan accepted by the  
15 Secretary.

16 “(4) INAPPLICABILITY TO FAILURE TO TIMELY  
17 REPAY A FEDERAL LOAN FUND FOR A STATE WEL-  
18 FARE PROGRAM.—This subsection shall not apply to  
19 the imposition of a penalty against a State under  
20 subsection (a)(6).

21 “(d) LIMITATION ON AMOUNT OF PENALTY.—

22 “(1) IN GENERAL.—In imposing the penalties  
23 described in subsection (a), the Secretary shall not  
24 reduce any quarterly payment to a State by more  
25 than 25 percent.

1           “(2) CARRYFORWARD OF UNRECOVERED PEN-  
2           ALTIES.—To the extent that paragraph (1) of this  
3           subsection prevents the Secretary from recovering  
4           during a fiscal year the full amount of penalties im-  
5           posed on a State under subsection (a) of this section  
6           for a prior fiscal year, the Secretary shall apply any  
7           remaining amount of such penalties to the grant  
8           payable to the State under section 403(a)(1) for the  
9           immediately succeeding fiscal year.

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

11           “(a) IN GENERAL.—Within 5 days after the date the  
12           Secretary takes any adverse action under this part with  
13           respect to a State, the Secretary shall notify the chief ex-  
14           ecutive officer of the State of the adverse action, including  
15           any action with respect to the State plan submitted under  
16           section 402 or the imposition of a penalty under section  
17           409.

18           “(b) ADMINISTRATIVE REVIEW.—

19           “(1) IN GENERAL.—Within 60 days after the  
20           date a State receives notice under subsection (a) of  
21           an adverse action, the State may appeal the action,  
22           in whole or in part, to the Departmental Appeals  
23           Board established in the Department of Health and  
24           Human Services (in this section referred to as the  
25           ‘Board’) by filing an appeal with the Board.

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

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

14           “(1) IN GENERAL.—Within 90 days after the  
15 date of a final decision by the Board under this sec-  
16 tion with respect to an adverse action taken against  
17 a State, the State may obtain judicial review of the  
18 final decision (and the findings incorporated into the  
19 final decision) by filing an action in—

20                   “(A) the district court of the United States  
21 for the judicial district in which the principal or  
22 headquarters office of the State agency is lo-  
23 cated; or

24                   “(B) the United States District Court for  
25 the District of Columbia.

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

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

11           “(a) QUARTERLY REPORTS BY STATES.—

12           “(1) GENERAL REPORTING REQUIREMENT.—

13           “(A) CONTENTS OF REPORT.—Each eligi-  
14           ble State shall collect on a monthly basis, and  
15           report to the Secretary on a quarterly basis, the  
16           following disaggregated case record information  
17           on the families receiving assistance under the  
18           State program funded under this part:

19                   “(i) The county of residence of the  
20                   family.

21                   “(ii) Whether a child receiving such  
22                   assistance or an adult in the family is dis-  
23                   abled.

24                   “(iii) The ages of the members of  
25                   such families.

1                   “(iv) The number of individuals in the  
2 family, and the relation of each family  
3 member to the youngest child in the fam-  
4 ily.

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

7                   “(vi) The marital status of the adults  
8 in the family, including whether such  
9 adults have never married, are widowed, or  
10 are divorced.

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

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

15                   “(ix) Whether the family received sub-  
16 sidized housing, medical assistance under  
17 the State plan under title XV or the State  
18 plan approved under title XIX, food  
19 stamps, or subsidized child care, and if the  
20 latter 2, the amount received.

21                   “(x) The number of months that the  
22 family has received each type of assistance  
23 under the program.



1                   “(xi) If the adults participated in, and  
2                   the number of hours per week of participa-  
3                   tion in, the following activities:

4                   “(I) Education.

5                   “(II) Subsidized private sector  
6                   employment.

7                   “(III) Unsubsidized employment.

8                   “(IV) Public sector employment,  
9                   work experience, or community serv-  
10                  ice.

11                  “(V) Job search.

12                  “(VI) Job skills training or on-  
13                  the-job training.

14                  “(VII) Vocational education.

15                  “(xii) Information necessary to cal-  
16                  culate participation rates under section  
17                  407.

18                  “(xiii) The type and amount of assist-  
19                  ance received under the program, including  
20                  the amount of and reason for any reduc-  
21                  tion of assistance (including sanctions).

22                  “(xiv) Any amount of unearned in-  
23                  come received by any member of the fam-  
24                  ily.

1           “(xv) The citizenship of the members  
2 of the family.

3           “(xvi) From a sample of closed cases,  
4 whether the family left the program, and if  
5 so, whether the family left due to—

6                   “(I) employment;

7                   “(II) marriage;

8                   “(III) the prohibition set forth in  
9 section 408(a)(8);

10                   “(IV) sanction; or

11                   “(V) State policy.

12           “(B) USE OF ESTIMATES.—

13                   “(i) AUTHORITY.—A State may com-  
14 ply with subparagraph (A) by submitting  
15 an estimate which is obtained through the  
16 use of scientifically acceptable sampling  
17 methods approved by the Secretary.

18                   “(ii) SAMPLING AND OTHER METH-  
19 ODS.—The Secretary shall provide the  
20 States with such case sampling plans and  
21 data collection procedures as the Secretary  
22 deems necessary to produce statistically  
23 valid estimates of the performance of State  
24 programs funded under this part. The Sec-  
25 retary may develop and implement proce-

1                   dures for verifying the quality of data sub-  
2                   mitted by the States.

3                   “(2) REPORT ON USE OF FEDERAL FUNDS TO  
4                   COVER ADMINISTRATIVE COSTS AND OVERHEAD.—  
5                   The report required by paragraph (1) for a fiscal  
6                   quarter shall include a statement of the percentage  
7                   of the funds paid to the State under this part for  
8                   the quarter that are used to cover administrative  
9                   costs or overhead.

10                  “(3) REPORT ON STATE EXPENDITURES ON  
11                  PROGRAMS FOR NEEDY FAMILIES.—The report re-  
12                  quired by paragraph (1) for a fiscal quarter shall in-  
13                  clude a statement of the total amount expended by  
14                  the State during the quarter on programs for needy  
15                  families.

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

22                  “(5) REPORT ON TRANSITIONAL SERVICES.—  
23                  The report required by paragraph (1) for a fiscal  
24                  quarter shall include the total amount expended by  
25                  the State during the quarter to provide transitional

1 services to a family that has ceased to receive assist-  
2 ance under this part because of employment, along  
3 with a description of such services.

4 “(6) REGULATIONS.—The Secretary shall pre-  
5 scribe such regulations as may be necessary to de-  
6 fine the data elements with respect to which reports  
7 are required by this subsection.

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

13 “(1) whether the States are meeting—

14 “(A) the participation rates described in  
15 section 407(a); and

16 “(B) the objectives of—

17 “(i) increasing employment and earn-  
18 ings of needy families, and child support  
19 collections; and

20 “(ii) decreasing out-of-wedlock preg-  
21 nancies and child poverty;

22 “(2) the demographic and financial characteris-  
23 tics of families applying for assistance, families re-  
24 ceiving assistance, and families that become ineli-  
25 gible to receive assistance;

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

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

5 **“SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY IN-**  
6 **DIAN TRIBES.**

7           “(a) GRANTS FOR INDIAN TRIBES.—

8           “(1) TRIBAL FAMILY ASSISTANCE GRANT.—

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

21                   “(B) AMOUNT DETERMINED.—

22                           “(i) IN GENERAL.—The amount de-  
23 termined under this subparagraph is an  
24 amount equal to the total amount of the  
25 Federal payments to a State or States

1 under section 403 (as in effect during such  
2 fiscal year) for fiscal year 1994 attrib-  
3 utable to expenditures (other than child  
4 care expenditures) by the State or States  
5 under parts A and F (as so in effect) for  
6 fiscal year 1994 for Indian families resid-  
7 ing in the service area or areas identified  
8 by the Indian tribe pursuant to subsection  
9 (b)(1)(C) of this section.

10 “(ii) USE OF STATE SUBMITTED  
11 DATA.—

12 “(I) IN GENERAL.—The Sec-  
13 retary shall use State submitted data  
14 to make each determination under  
15 clause (i).

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

1                   tion before making such determina-  
2                   tion.

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

5                   “(A) IN GENERAL.—The Secretary shall  
6                   pay to each eligible Indian tribe for each of fis-  
7                   cal years 1996, 1997, 1998, 1999, 2000, and  
8                   2001 a grant in an amount equal to the amount  
9                   received by the Indian tribe in fiscal year 1994  
10                  under section 482(i) (as in effect during fiscal  
11                  year 1994).

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

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

24                  “(D) APPROPRIATION.—Out of any money  
25                  in the Treasury of the United States not other-

1 wise appropriated, there are appropriated  
2 \$7,638,474 for each fiscal year specified in sub-  
3 paragraph (A) for grants under subparagraph  
4 (A).

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

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

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

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

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

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

24 “(E) identifies the employment opportuni-  
25 ties in or near the service area or areas of the



1 Indian tribe and the manner in which the In-  
2 dian tribe will cooperate and participate in en-  
3 hancing such opportunities for recipients of as-  
4 sistance under the plan consistent with any ap-  
5 plicable State standards; and

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

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

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

20 “(c) MINIMUM WORK PARTICIPATION REQUIRE-  
21 MENTS AND TIME LIMITS.—The Secretary, with the par-  
22 ticipation of Indian tribes, shall establish for each Indian  
23 tribe receiving a grant under this section minimum work  
24 participation requirements, appropriate time limits for re-

1 ceipt of welfare-related services under the grant, and pen-  
2 alties against individuals—

3 “(1) consistent with the purposes of this sec-  
4 tion;

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

7 “(3) similar to comparable provisions in section  
8 407(d).

9 “(d) EMERGENCY ASSISTANCE.—Nothing in this sec-  
10 tion shall preclude an Indian tribe from seeking emergency  
11 assistance from any Federal loan program or emergency  
12 fund.

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

16 “(1) generally accepted accounting principles;  
17 and

18 “(2) the requirements of the Indian Self-Deter-  
19 mination and Education Assistance Act (25 U.S.C.  
20 450 et seq.).

21 “(f) PENALTIES.—

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

1           “(2) Section 409(a)(3) shall apply to an Indian  
2           tribe with an approved tribal assistance plan by sub-  
3           stituting ‘meet minimum work participation require-  
4           ments established under section 412(c)’ for ‘comply  
5           with section 407(a)’.

6           “(g) DATA COLLECTION AND REPORTING.—Section  
7           411 shall apply to an Indian tribe with an approved tribal  
8           family assistance plan.

9           “(h) SPECIAL RULE FOR INDIAN TRIBES IN ALAS-  
10          KA.—

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

23           “(2) WAIVER.—An Indian tribe described in  
24           paragraph (1) may apply to the appropriate State

1 authority to receive a waiver of the requirement of  
2 paragraph (1).

3 **“SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**  
4 **IES.**

5 “(a) RESEARCH.—The Secretary shall conduct re-  
6 search on the benefits, effects, and costs of operating dif-  
7 ferent State programs funded under this part, including  
8 time limits relating to eligibility for assistance. The re-  
9 search shall include studies on the effects of different pro-  
10 grams and the operation of such programs on welfare de-  
11 pendency, illegitimacy, teen pregnancy, employment rates,  
12 child well-being, and any other area the Secretary deems  
13 appropriate. The Secretary shall also conduct research on  
14 the costs and benefits of State activities under section  
15 409.

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

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

1       ance to carry out the approaches developed pursuant  
2       to this paragraph.

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

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

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

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

1 States under this subsection, the Secretary shall  
2 take into account the average number of minor chil-  
3 dren living at home in families in the State that  
4 have incomes below the poverty line and the amount  
5 of funding provided each State for such families.

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

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

18 “(1) ANNUAL RANKING OF STATES.—

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

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

1           “(I) the total number of out-of-  
2           wedlock births in families receiving as-  
3           sistance under the State program  
4           under this part in the State for the  
5           most recent fiscal year for which in-  
6           formation is available; over

7           “(II) the total number of births  
8           in families receiving assistance under  
9           the State program under this part in  
10          the State for such year.

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

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

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

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

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

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

11          “(g) REPORT ON CIRCUMSTANCES OF CERTAIN  
12 CHILDREN AND FAMILIES.—

13           “(1) IN GENERAL.—Beginning 3 years after the  
14          date of the enactment of this Act, the Secretary of  
15          Health and Human Services shall prepare and sub-  
16          mit to the Committees on Ways and Means and on  
17          Economic and Educational Opportunities of the  
18          House of Representatives and to the Committees on  
19          Finance and on Labor and Resources of the Senate  
20          annual reports that examine in detail the matters  
21          described in paragraph (2) with respect to each of  
22          the following groups for the period after such enact-  
23          ment:

24                   “(A) Individuals who were children in fam-  
25                   ilies that have become ineligible for assistance



1 under a State program funded under this part  
2 by reason of having reached a time limit on the  
3 provision of such assistance.

4 “(B) Families that include a child who is  
5 ineligible for assistance under a State program  
6 funded under this part by reason of section  
7 408(a)(2).

8 “(C) Children born after such date of en-  
9 actment to parents who, at the time of such  
10 birth, had not attained 20 years of age.

11 “(D) Individuals who, after such date of  
12 enactment, became parents before attaining 20  
13 years of age.

14 “(2) MATTERS DESCRIBED.—The matters de-  
15 scribed in this paragraph are the following:

16 “(A) The percentage of each group that  
17 has dropped out of secondary school (or the  
18 equivalent), and the percentage of each group  
19 at each level of educational attainment.

20 “(B) The percentage of each group that is  
21 employed.

22 “(C) The percentage of each group that  
23 has been convicted of a crime or has been adju-  
24 dicated as a delinquent.

1           “(D) The rate at which the members of  
2           each group are born, or have children, out-of-  
3           wedlock, and the percentage of each group that  
4           is married.

5           “(E) The percentage of each group that  
6           continues to participate in State programs  
7           funded under this part.

8           “(F) The percentage of each group that  
9           has health insurance provided by a private en-  
10          tity (broken down by whether the insurance is  
11          provided through an employer or otherwise), the  
12          percentage that has health insurance provided  
13          by an agency of government, and the percent-  
14          age that does not have health insurance.

15          “(G) The average income of the families of  
16          the members of each group.

17          “(H) Such other matters as the Secretary  
18          deems appropriate.

19          “(h) FUNDING OF STUDIES AND DEMONSTRA-  
20          TIONS.—

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

1           “(A) the cost of conducting the research  
2 described in subsection (a);

3           “(B) the cost of developing and evaluating  
4 innovative approaches for reducing welfare de-  
5 pendency and increasing the well-being of minor  
6 children under subsection (b);

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

9           “(D) an amount determined by the Sec-  
10 retary to be necessary to operate and evaluate  
11 demonstration projects, relating to this part,  
12 that are in effect or approved under section  
13 1115 as of September 30, 1995, and are contin-  
14 ued after such date.

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

17           “(A) 50 percent shall be allocated for the  
18 purposes described in subparagraphs (A) and  
19 (B) of paragraph (1), and

20           “(B) 50 percent shall be allocated for the  
21 purposes described in subparagraphs (C) and  
22 (D) of paragraph (1).

23           “(3) DEMONSTRATIONS OF INNOVATIVE STRAT-  
24 EGIES.—The Secretary may implement and evaluate

1 demonstrations of innovative and promising strate-  
2 gies which—

3 “(A) provide one-time capital funds to es-  
4 tablish, expand, or replicate programs;

5 “(B) test performance-based grant-to-loan  
6 financing in which programs meeting perform-  
7 ance targets receive grants while programs not  
8 meeting such targets repay funding on a pro-  
9 rated basis; and

10 “(C) test strategies in multiple States and  
11 types of communities.

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

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

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

7 **“SEC. 415. WAIVERS.**

8       “(a) CONTINUATION OF WAIVERS.—

9           “(1) WAIVERS IN EFFECT ON DATE OF ENACT-  
10       MENT OF WELFARE REFORM.—Except as provided  
11       in paragraph (3), if any waiver granted to a State  
12       under section 1115 or otherwise which relates to the  
13       provision of assistance under a State plan under this  
14       part (as in effect on September 30, 1995) is in ef-  
15       fect as of the date of the enactment of the Personal  
16       Responsibility and Work Opportunity Act of 1996,  
17       the amendments made by such Act (other than by  
18       section 4103(d) of such Act) shall not apply with re-  
19       spect to the State before the expiration (determined  
20       without regard to any extensions) of the waiver to  
21       the extent such amendments are inconsistent with  
22       the waiver.

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

1       which relates to the provision of assistance under a  
2       State plan under this part (as in effect on Septem-  
3       ber 30, 1995) is submitted to the Secretary before  
4       the date of the enactment of the Personal Respon-  
5       sibility and Work Opportunity Act of 1996 and ap-  
6       proved by the Secretary on or before July 1, 1997,  
7       and the State demonstrates to the satisfaction of the  
8       Secretary that the waiver will not result in Federal  
9       expenditures under title IV of this Act (as in effect  
10      without regard to the amendments made by the Per-  
11      sonal Responsibility and Work Opportunity Act of  
12      1996) that are greater than would occur in the ab-  
13      sence of the waiver, the amendments made by the  
14      Personal Responsibility and Work Opportunity Act  
15      of 1996 (other than by section 4103(d) of such Act)  
16      shall not apply with respect to the State before the  
17      expiration (determined without regard to any exten-  
18      sions) of the waiver to the extent the amendments  
19      made by the Personal Responsibility and Work Op-  
20      portunity Act of 1996 are inconsistent with the  
21      waiver.

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

1 under section 403 for the fiscal year, in lieu of any  
2 other payment provided for in the waiver.

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

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

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

12 “(3) HOLD HARMLESS PROVISION.—

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

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

1       “(c) SECRETARIAL ENCOURAGEMENT OF CURRENT  
2 WAIVERS.—The Secretary shall encourage any State oper-  
3 ating a waiver described in subsection (a) to continue the  
4 waiver and to evaluate, using random sampling and other  
5 characteristics of accepted scientific evaluations, the result  
6 or effect of the waiver.

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

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

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

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

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

23               (2) by inserting after such section 418 the fol-  
24       lowing:



1 **“SEC. 419. DEFINITIONS.**

2 “As used in this part:

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

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

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

8 “(B) has not attained 19 years of age and  
9 is a full-time student in a secondary school (or  
10 in the equivalent level of vocational or technical  
11 training).

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

15 “(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGA-  
16 NIZATION.—

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

23 “(B) SPECIAL RULE FOR INDIAN TRIBES  
24 IN ALASKA.—The term ‘Indian tribe’ means,  
25 with respect to the State of Alaska, only the  
26 Metlakatla Indian Community of the Annette

1 Islands Reserve and the following Alaska Native  
2 regional nonprofit corporations:

3 “(i) Arctic Slope Native Association.

4 “(ii) Kawerak, Inc.

5 “(iii) Maniilaq Association.

6 “(iv) Association of Village Council  
7 Presidents.

8 “(v) Tanana Chiefs Conference.

9 “(vi) Cook Inlet Tribal Council.

10 “(vii) Bristol Bay Native Association.

11 “(viii) Aleutian and Pribilof Island  
12 Association.

13 “(ix) Chugachmuit.

14 “(x) Tlingit Haida Central Council.

15 “(xi) Kodiak Area Native Association.

16 “(xii) Copper River Native Associa-  
17 tion.

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

23 (b) GRANTS TO OUTLYING AREAS.—Section 1108  
24 (42 U.S.C. 1308) is amended—

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

3 (2) by striking all that precedes subsection (c)  
4 and inserting the following:

5 **“SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE**  
6 **VIRGIN ISLANDS, GUAM, AND AMERICAN**  
7 **SAMOA; LIMITATION ON TOTAL PAYMENTS.**

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

16 “(b) **ENTITLEMENT TO MATCHING GRANT.**—

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

21 “(A) the total expenditures of the territory  
22 during the fiscal year under the territory pro-  
23 grams funded under parts A, B, and E of title  
24 IV; exceeds

25 “(B) the sum of—

1           “(i) the total amount required to be  
2           paid to the territory (other than with re-  
3           spect to child care) under former section  
4           403 (as in effect on September 30, 1995)  
5           for fiscal year 1995, which shall be deter-  
6           mined by applying subparagraphs (C) and  
7           (D) of section 403(a)(1) to the territory;

8           “(ii) the total amount required to be  
9           paid to the territory under former section  
10          434 (as so in effect) for fiscal year 1995;  
11          and

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

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

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

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

1           “(2) CEILING AMOUNT.—The term ‘ceiling  
2 amount’ means, with respect to a territory and a fis-  
3 cal year, the mandatory ceiling amount with respect  
4 to the territory plus the discretionary ceiling amount  
5 with respect to the territory, reduced for the fiscal  
6 year in accordance with subsection (f).

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

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

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

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

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

16           “(4) DISCRETIONARY CEILING AMOUNT.—The  
17 term ‘discretionary ceiling amount’ means, with re-  
18 spect to a territory and a fiscal year, the total  
19 amount appropriated pursuant to subsection (d)(3)  
20 for the fiscal year for payment to the territory.

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

1           “(A) does not include expenditures during  
2           the fiscal year from amounts made available by  
3           the Federal Government; and

4           “(B) when used with respect to fiscal year  
5           1995, also does not include—

6                   “(i) expenditures during fiscal year  
7                   1995 under subsection (g) or (i) of section  
8                   402 (as in effect on September 30, 1995);  
9                   or

10                   “(ii) any expenditures during fiscal  
11                   year 1995 for which the territory (but for  
12                   section 1108, as in effect on September 30,  
13                   1995) would have received reimbursement  
14                   from the Federal Government.

15           “(d) DISCRETIONARY GRANTS.—

16                   “(1) IN GENERAL.—The Secretary shall make a  
17                   grant to each territory for any fiscal year in the  
18                   amount appropriated pursuant to paragraph (3) for  
19                   the fiscal year for payment to the territory.

20                   “(2) USE OF GRANT.—Any territory to which a  
21                   grant is made under paragraph (1) may expend the  
22                   amount under any program operated or funded  
23                   under any provision of law specified in subsection  
24                   (a).

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

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

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

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

10                   “(D) \$190,000 for payment to American  
11           Samoa.

12           “(e) AUTHORITY TO TRANSFER FUNDS AMONG PRO-  
13           GRAMS.—Notwithstanding any other provision of this Act,  
14           any territory to which an amount is paid under any provi-  
15           sion of law specified in subsection (a) may use part or  
16           all of the amount to carry out any program operated by  
17           the territory, or funded, under any other such provision  
18           of law.

19           “(f) MAINTENANCE OF EFFORT.—The ceiling  
20           amount with respect to a territory shall be reduced for  
21           a fiscal year by an amount equal to the amount (if any)  
22           by which—

23                   “(1) the total amount expended by the territory  
24           under all programs of the territory operated pursu-  
25           ant to the provisions of law specified in subsection

1 (a) (as such provisions were in effect for fiscal year  
2 1995) for fiscal year 1995; exceeds

3 “(2) the total amount expended by the territory  
4 under all programs of the territory that are funded  
5 under the provisions of law specified in subsection  
6 (a) for the fiscal year that immediately precedes the  
7 fiscal year referred to in the matter preceding para-  
8 graph (1).”; and

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

10 (c) REPEAL OF PROVISIONS REQUIRING REDUCTION  
11 OF MEDICAID PAYMENTS TO STATES THAT REDUCE  
12 WELFARE PAYMENT LEVELS.—

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

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

17 (d) ELIMINATION OF CHILD CARE PROGRAMS  
18 UNDER THE SOCIAL SECURITY ACT.—

19 (1) AFDC AND TRANSITIONAL CHILD CARE  
20 PROGRAMS.—Section 402 (42 U.S.C. 602) is amend-  
21 ed by striking subsection (g).

22 (2) AT-RISK CHILD CARE PROGRAM.—

23 (A) AUTHORIZATION.—Section 402 (42  
24 U.S.C. 602) is amended by striking subsection  
25 (i).





1           (B) Any other program established or  
2           modified under subtitle A, B, or F of this title,  
3           that—

4                   (i) permits contracts with organiza-  
5                   tions; or

6                   (ii) permits certificates, vouchers, or  
7                   other forms of disbursement to be provided  
8                   to beneficiaries, as a means of providing  
9                   assistance.

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

19       (c) NONDISCRIMINATION AGAINST RELIGIOUS ORGA-  
20 NIZATIONS.—In the event a State exercises its authority  
21 under subsection (a), religious organizations are eligible,  
22 on the same basis as any other private organization, as  
23 contractors to provide assistance, or to accept certificates,  
24 vouchers, or other forms of disbursement, under any pro-  
25 gram described in subsection (a)(2) so long as the pro-

1 grams are implemented consistent with the Establishment  
2 Clause of the United States Constitution. Except as pro-  
3 vided in subsection (k), neither the Federal Government  
4 nor a State receiving funds under such programs shall dis-  
5 criminate against an organization which is or applies to  
6 be a contractor to provide assistance, or which accepts cer-  
7 tificates, vouchers, or other forms of disbursement, on the  
8 basis that the organization has a religious character.

9 (d) RELIGIOUS CHARACTER AND FREEDOM.—

10 (1) RELIGIOUS ORGANIZATIONS.—A religious  
11 organization with a contract described in subsection  
12 (a)(1)(A), or which accepts certificates, vouchers, or  
13 other forms of disbursement under subsection  
14 (a)(1)(B), shall retain its independence from Fed-  
15 eral, State, and local governments, including such  
16 organization's control over the definition, develop-  
17 ment, practice, and expression of its religious beliefs.

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

21 (A) alter its form of internal governance;

22 or

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

24 or other symbols;

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

5 (e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

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

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

23 (f) EMPLOYMENT PRACTICES.—A religious organiza-  
24 tion's exemption provided under section 702 of the Civil  
25 Rights Act of 1964 (42 U.S.C. 2000e-1a) regarding em-

1 ployment practices shall not be affected by its participa-  
2 tion in, or receipt of funds from, programs described in  
3 subsection (a)(2).

4 (g) NONDISCRIMINATION AGAINST BENE-  
5 FICIARIES.—Except as otherwise provided in law, a reli-  
6 gious organization shall not discriminate against an indi-  
7 vidual in regard to rendering assistance funded under any  
8 program described in subsection (a)(2) on the basis of reli-  
9 gion, a religious belief, or refusal to actively participate  
10 in a religious practice.

11 (h) FISCAL ACCOUNTABILITY.—

12 (1) IN GENERAL.—Except as provided in para-  
13 graph (2), any religious organization contracting to  
14 provide assistance funded under any program de-  
15 scribed in subsection (a)(2) shall be subject to the  
16 same regulations as other contractors to account in  
17 accord with generally accepted auditing principles  
18 for the use of such funds provided under such pro-  
19 grams.

20 (2) LIMITED AUDIT.—If such organization seg-  
21 regates Federal funds provided under such programs  
22 into separate accounts, then only the financial as-  
23 sistance provided with such funds shall be subject to  
24 audit.

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

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

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

15 **SEC. 4105. CENSUS DATA ON GRANDPARENTS AS PRIMARY**  
16 **CAREGIVERS FOR THEIR GRANDCHILDREN.**

17 (a) IN GENERAL.—Not later than 90 days after the  
18 date of the enactment of this Act, the Secretary of Com-  
19 merce, in carrying out section 141 of title 13, United  
20 States Code, shall expand the data collection efforts of the  
21 Bureau of the Census (in this section referred to as the  
22 “Bureau”) to enable the Bureau to collect statistically sig-  
23 nificant data, in connection with its decennial census and  
24 its mid-decade census, concerning the growing trend of

1 grandparents who are the primary caregivers for their  
2 grandchildren.

3 (b) EXPANDED CENSUS QUESTION.—In carrying out  
4 subsection (a), the Secretary of Commerce shall expand  
5 the Bureau's census question that details households  
6 which include both grandparents and their grandchildren.  
7 The expanded question shall be formulated to distinguish  
8 between the following households:

9 (1) A household in which a grandparent tempo-  
10 rarily provides a home for a grandchild for a period  
11 of weeks or months during periods of parental dis-  
12 tress.

13 (2) A household in which a grandparent pro-  
14 vides a home for a grandchild and serves as the pri-  
15 mary caregiver for the grandchild.

16 **SEC. 4106. REPORT ON DATA PROCESSING.**

17 (a) IN GENERAL.—Within 6 months after the date  
18 of the enactment of this Act, the Secretary of Health and  
19 Human Services shall prepare and submit to the Congress  
20 a report on—

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

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

3           (A) tracking participants in public pro-  
4       grams over time; and

5           (B) checking case records of the States to  
6       determine whether individuals are participating  
7       in public programs of 2 or more States.

8       (b) **PREFERRED CONTENTS.**—The report required by  
9       subsection (a) should include—

10           (1) a plan for building on the automated data  
11       processing systems of the States to establish a sys-  
12       tem with the capabilities described in subsection  
13       (a)(2); and

14           (2) an estimate of the amount of time required  
15       to establish such a system and of the cost of estab-  
16       lishing such a system.

17 **SEC. 4107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.**

18       (a) **STUDY.**—The Secretary shall, in cooperation with  
19       the States, study and analyze outcomes measures for eval-  
20       uating the success of the States in moving individuals out  
21       of the welfare system through employment as an alter-  
22       native to the minimum participation rates described in  
23       section 407 of the Social Security Act. The study shall  
24       include a determination as to whether such alternative  
25       outcomes measures should be applied on a national or a



1 State-by-State basis and a preliminary assessment of the  
2 effects of section 409(a)(7)(C) of such Act.

3 (b) REPORT.—Not later than September 30, 1998,  
4 the Secretary shall submit to the Committee on Finance  
5 of the Senate and the Committee on Ways and Means of  
6 the House of Representatives a report containing the find-  
7 ings of the study required by subsection (a).

8 **SEC. 4108. CONFORMING AMENDMENTS TO THE SOCIAL SE-**  
9 **CURITY ACT.**

10 (a) AMENDMENTS TO TITLE II.—

11 (1) Section 205(c)(2)(C)(vi) (42 U.S.C.  
12 405(c)(2)(C)(vi)), as so redesignated by section  
13 321(a)(9)(B) of the Social Security Independence  
14 and Program Improvements Act of 1994, is amend-  
15 ed—

16 (A) by inserting “an agency administering  
17 a program funded under part A of title IV or”  
18 before “an agency operating”; and

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

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

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

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

4           (2) Section 452(a)(10)(C) (42 U.S.C.  
5 652(a)(10)(C)) is amended—

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

9                 (B) by striking “such aid” and inserting  
10 “such assistance”; and

11                 (C) by striking “under section 402(a)(26)  
12 or” and inserting “pursuant to section  
13 408(a)(4) or under section”.

14           (3) Section 452(a)(10)(F) (42 U.S.C.  
15 652(a)(10)(F)) is amended—

16                 (A) by striking “aid under a State plan ap-  
17 proved” and inserting “assistance under a State  
18 program funded”; and

19                 (B) by striking “in accordance with the  
20 standards referred to in section  
21 402(a)(26)(B)(ii)” and inserting “by the  
22 State”.

23           (4) Section 452(b) (42 U.S.C. 652(b)) is  
24 amended in the first sentence by striking “aid under  
25 the State plan approved under part A” and inserting

1 “assistance under the State program funded under  
2 part A”.

3 (5) Section 452(d)(3)(B)(i) (42 U.S.C.  
4 652(d)(3)(B)(i)) is amended by striking “1115(e)”  
5 and inserting “1115(b)”.

6 (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.  
7 652(g)(2)(A)(ii)(I)) is amended by striking “aid is  
8 being paid under the State’s plan approved under  
9 part A or E” and inserting “assistance is being pro-  
10 vided under the State program funded under part  
11 A”.

12 (7) Section 452(g)(2)(A) (42 U.S.C.  
13 652(g)(2)(A)) is amended in the matter following  
14 clause (iii) by striking “aid was being paid under the  
15 State’s plan approved under part A or E” and in-  
16 sserting “assistance was being provided under the  
17 State program funded under part A”.

18 (8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is  
19 amended in the matter following subparagraph  
20 (B)—

21 (A) by striking “who is a dependent child”  
22 and inserting “with respect to whom assistance  
23 is being provided under the State program  
24 funded under part A”;

1 (B) by inserting “by the State” after  
2 “found”; and

3 (C) by striking “to have good cause for re-  
4 fusing to cooperate under section 402(a)(26)”  
5 and inserting “to qualify for a good cause or  
6 other exception to cooperation pursuant to sec-  
7 tion 454(29)”.

8 (9) Section 452(h) (42 U.S.C. 652(h)) is  
9 amended by striking “under section 402(a)(26)” and  
10 inserting “pursuant to section 408(a)(4)”.

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

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

17 (A) by striking “under section 402(a)(26)”  
18 and inserting “pursuant to section 408(a)(4)”;  
19 and

20 (B) by striking “; except that this para-  
21 graph shall not apply to such payments for any  
22 month following the first month in which the  
23 amount collected is sufficient to make such  
24 family ineligible for assistance under the State

1 plan approved under part A,” and inserting a  
2 comma.

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

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

9 (14) Section 466(a)(3)(B) (42 U.S.C.  
10 666(a)(3)(B)) is amended by striking “402(a)(26)”  
11 and inserting “408(a)(3)”.

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

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

17 (A) by striking “aid under plans approved”  
18 and inserting “assistance under State programs  
19 funded”; and

20 (B) by striking “such aid” and inserting  
21 “such assistance”.

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

24 (d) AMENDMENT TO TITLE X.—Section 1002(a)(7)  
25 (42 U.S.C. 1202(a)(7)) is amended by striking “aid to

1 families with dependent children under the State plan ap-  
2 proved under section 402 of this Act” and inserting “as-  
3 sistance under a State program funded under part A of  
4 title IV”.

5 (e) AMENDMENTS TO TITLE XI.—

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

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

10 (A) in subsection (a)(2)—

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

12 (ii) by striking “403,”;

13 (iii) by striking the period at the end  
14 and inserting “, and”; and

15 (iv) by adding at the end the following  
16 new subparagraph:

17 “(B) costs of such project which would not oth-  
18 erwise be a permissible use of funds under part A  
19 of title IV and which are not included as part of the  
20 costs of projects under section 1110, shall to the ex-  
21 tent and for the period prescribed by the Secretary,  
22 be regarded as a permissible use of funds under  
23 such part.”; and

1 (B) in subsection (c)(3), by striking “the  
2 program of aid to families with dependent chil-  
3 dren” and inserting “part A of such title”.

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

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

8 (B) in subsection (a)(3), by striking  
9 “404,”.

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

12 (A) by striking “403(a),”;

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

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

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

20 (A) by striking “or part A of title IV”; and

21 (B) by striking “403(a),”.

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

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

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

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

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

7           (B) in subsection (d)(1)(B)—

8           (i) by striking “In this subsection—”  
9 and all that follows through “(ii) in” and  
10 inserting “In this subsection, in”;

11           (ii) by redesignating subclauses (I),  
12 (II), and (III) as clauses (i), (ii), and (iii);  
13 and

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

16       (f) AMENDMENT TO TITLE XIV.—Section  
17 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking  
18 “aid to families with dependent children under the State  
19 plan approved under section 402 of this Act” and insert-  
20 ing “assistance under a State program funded under part  
21 A of title IV”.

22       (g) AMENDMENT TO TITLE XVI AS IN EFFECT WITH  
23 RESPECT TO THE TERRITORIES.—Section 1602(a)(11),  
24 as in effect without regard to the amendment made by  
25 section 301 of the Social Security Amendments of 1972



1 (42 U.S.C. 1382 note), is amended by striking “aid under  
2 the State plan approved” and inserting “assistance under  
3 a State program funded”.

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

8 (i) AMENDMENT TO TITLE XIX.—Section 1902(j)  
9 (42 U.S.C. 1396a(j)) is amended by striking “1108(c)”  
10 and inserting “1108(g)”.

11 **SEC. 4109. CONFORMING AMENDMENTS TO THE FOOD**  
12 **STAMP ACT OF 1977 AND RELATED PROVI-**  
13 **SIONS.**

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

16 (1) in the second sentence of subsection (a), by  
17 striking “plan approved” and all that follows  
18 through “title IV of the Social Security Act” and in-  
19 serting “program funded under part A of title IV of  
20 the Social Security Act (42 U.S.C. 601 et seq.)”;

21 (2) in subsection (d)—

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

1 (B) by striking paragraph (13) and redesi-  
2 gnating paragraphs (14), (15), and (16) as  
3 paragraphs (13), (14), and (15), respectively;

4 (3) in subsection (j), by striking “plan approved  
5 under part A of title IV of such Act (42 U.S.C. 601  
6 et seq.)” and inserting “program funded under part  
7 A of title IV of the Act (42 U.S.C. 601 et seq.)”;  
8 and

9 (4) by striking subsection (m).

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

12 (1) in subsection (c)(5), by striking “the State  
13 plan approved” and inserting “the State program  
14 funded”; and

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

18 (c) Section 16(g)(4) of such Act (7 U.S.C.  
19 2025(g)(4)) is amended by striking “State plans under the  
20 Aid to Families with Dependent Children Program under”  
21 and inserting “State programs funded under part A of”.

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

24 (1) in the first sentence of subsection (b)(1)(A),  
25 by striking “to aid to families with dependent chil-

1       dren under part A of title IV of the Social Security  
2       Act” and inserting “or are receiving assistance  
3       under a State program funded under part A of title  
4       IV of the Social Security Act (42 U.S.C. 601 et  
5       seq.)”; and

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

8       “(I) The Secretary may not grant a waiver under this  
9       paragraph on or after October 1, 1995. Any reference in  
10      this paragraph to a provision of title IV of the Social Secu-  
11      rity Act shall be deemed to be a reference to such provision  
12      as in effect on September 30, 1995.”;

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

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

18              (2) in subsection (b)—

19                      (A) in paragraph (1)—

20                              (i) by striking “(b)(1) A household”  
21                              and inserting “(b) A household”; and

22                              (ii) in subparagraph (B), by striking  
23                              “training program” and inserting “activ-  
24                              ity”;

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

1 (C) by redesignating subparagraphs (A)  
2 through (F) as paragraphs (1) through (6), re-  
3 spectively.

4 (f) Section 5(h)(1) of the Agriculture and Consumer  
5 Protection Act of 1973 (Public Law 93-186; 7 U.S.C.  
6 612c note) is amended by striking “the program for aid  
7 to families with dependent children” and inserting “the  
8 State program funded”.

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

11 (1) in subsection (b)—

12 (A) in paragraph (2)(C)(ii)(II)—

13 (i) by striking “program for aid to  
14 families with dependent children” and in-  
15 serting “State program funded”; and

16 (ii) by inserting before the period at  
17 the end the following: “that the Secretary  
18 determines complies with standards estab-  
19 lished by the Secretary that ensure that  
20 the standards under the State program are  
21 comparable to or more restrictive than  
22 those in effect on June 1, 1995”; and

23 (B) in paragraph (6)—

24 (i) in subparagraph (A)(ii)—

1 (I) by striking “an AFDC assist-  
2 ance unit (under the aid to families  
3 with dependent children program au-  
4 thorized” and inserting “a family  
5 (under the State program funded”;  
6 and

7 (II) by striking “, in a State”  
8 and all that follows through  
9 “9902(2)))” and inserting “that the  
10 Secretary determines complies with  
11 standards established by the Secretary  
12 that ensure that the standards under  
13 the State program are comparable to  
14 or more restrictive than those in effect  
15 on June 1, 1995”; and

16 (ii) in subparagraph (B), by striking  
17 “aid to families with dependent children”  
18 and inserting “assistance under the State  
19 program funded under part A of title IV of  
20 the Social Security Act (42 U.S.C. 601 et  
21 seq.) that the Secretary determines com-  
22 plies with standards established by the  
23 Secretary that ensure that the standards  
24 under the State program are comparable

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

3 (2) in subsection (d)(2)(C)—

4 (A) by striking “program for aid to fami-  
5 lies with dependent children” and inserting  
6 “State program funded”; and

7 (B) by inserting before the period at the  
8 end the following: “that the Secretary deter-  
9 mines complies with standards established by  
10 the Secretary that ensure that the standards  
11 under the State program are comparable to or  
12 more restrictive than those in effect on June 1,  
13 1995”.

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

17 (1) by striking “program for aid to families  
18 with dependent children established” and inserting  
19 “State program funded”; and

20 (2) by inserting before the semicolon the follow-  
21 ing: “that the Secretary determines complies with  
22 standards established by the Secretary that ensure  
23 that the standards under the State program are  
24 comparable to or more restrictive than those in ef-  
25 fect on June 1, 1995”.

1 **SEC. 4110. CONFORMING AMENDMENTS TO OTHER LAWS.**

2 (a) Subsection (b) of section 508 of the Unemploy-  
3 ment Compensation Amendments of 1976 (42 U.S.C.  
4 603a; Public Law 94-566; 90 Stat. 2689) is amended to  
5 read as follows:

6 “(b) PROVISION FOR REIMBURSEMENT OF EX-  
7 PENSES.—For purposes of section 455 of the Social Secu-  
8 rity Act, expenses incurred to reimburse State employment  
9 offices for furnishing information requested of such of-  
10 fices—

11 “(1) pursuant to the third sentence of section  
12 3(a) of the Act entitled ‘An Act to provide for the  
13 establishment of a national employment system and  
14 for cooperation with the States in the promotion of  
15 such system, and for other purposes’, approved June  
16 6, 1933 (29 U.S.C. 49b(a)), or

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

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

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

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

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

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

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

9 (g) Section 903 of the Stewart B. McKinney Home-  
10 less Assistance Amendments Act of 1988 (42 U.S.C.  
11 11381 note), relating to demonstration projects to reduce  
12 number of AFDC families in welfare hotels, is amended—

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

17 (2) in subsection (c), by striking “aid to fami-  
18 lies with dependent children in the State under a  
19 State plan approved” and inserting “assistance in  
20 the State under a State program funded”.

21 (h) The Higher Education Act of 1965 (20 U.S.C.  
22 1001 et seq.) is amended—

23 (1) in section 404C(c)(3) (20 U.S.C. 1070a-  
24 23(c)(3)), by striking “(Aid to Families with De-  
25 pendent Children)”; and



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

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

9           (1) in section 231(d)(3)(A)(ii) (20 U.S.C.  
10           2341(d)(3)(A)(ii)), by striking “The program for aid  
11           to dependent children” and inserting “The State  
12           program funded”;

13           (2) in section 232(b)(2)(B) (20 U.S.C.  
14           2341a(b)(2)(B)), by striking “the program for aid to  
15           families with dependent children” and inserting “the  
16           State program funded”; and

17           (3) in section 521(14)(B)(iii) (20 U.S.C.  
18           2471(14)(B)(iii)), by striking “the program for aid  
19           to families with dependent children” and inserting  
20           “the State program funded”.

21           (j) The Elementary and Secondary Education Act of  
22           1965 (20 U.S.C. 2701 et seq.) is amended—

23           (1) in section 1113(a)(5) (20 U.S.C.  
24           6313(a)(5)), by striking “Aid to Families with De-  
25           pendent Children program” and inserting “State

1 program funded under part A of title IV of the So-  
2 cial Security Act”;

3 (2) in section 1124(c)(5) (20 U.S.C.  
4 6333(c)(5)), by striking “the program of aid to fam-  
5 ilies with dependent children under a State plan ap-  
6 proved under” and inserting “a State program fund-  
7 ed under part A of”; and

8 (3) in section 5203(b)(2) (20 U.S.C.  
9 7233(b)(2))—

10 (A) in subparagraph (A)(xi), by striking  
11 “Aid to Families with Dependent Children ben-  
12 efits” and inserting “assistance under a State  
13 program funded under part A of title IV of the  
14 Social Security Act”; and

15 (B) in subparagraph (B)(viii), by striking  
16 “Aid to Families with Dependent Children” and  
17 inserting “assistance under the State program  
18 funded under part A of title IV of the Social  
19 Security Act”.

20 (k) The 4th proviso of chapter VII of title I of Public  
21 Law 99–88 (25 U.S.C. 13d–1) is amended to read as fol-  
22 lows: “*Provided further*, That general assistance payments  
23 made by the Bureau of Indian Affairs shall be made—

1           “(1) after April 29, 1985, and before October  
2           1, 1995, on the basis of Aid to Families with De-  
3           pendent Children (AFDC) standards of need; and

4           “(2) on and after October 1, 1995, on the basis  
5           of standards of need established under the State  
6           program funded under part A of title IV of the So-  
7           cial Security Act,

8           except that where a State ratably reduces its AFDC or  
9           State program payments, the Bureau shall reduce general  
10          assistance payments in such State by the same percentage  
11          as the State has reduced the AFDC or State program pay-  
12          ment.”.

13          (1) The Internal Revenue Code of 1986 (26 U.S.C.  
14          1 et seq.) is amended—

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

23                 (2) in section 3304(a)(16) (26 U.S.C.  
24                 3304(a)(16)), by striking “eligibility for aid or serv-  
25                 ices,” and all that follows through “children ap-

1 proved” and inserting “eligibility for assistance, or  
2 the amount of such assistance, under a State pro-  
3 gram funded”;

4 (3) in section 6103(l)(7)(D)(i) (26 U.S.C.  
5 6103(l)(7)(D)(i)), by striking “aid to families with  
6 dependent children provided under a State plan ap-  
7 proved” and inserting “a State program funded”;

8 (4) in section 6103(l)(10) (26 U.S.C.  
9 6103(l)(10))—

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

12 (B) by adding at the end of subparagraph  
13 (B) the following new sentence: “Any return in-  
14 formation disclosed with respect to section  
15 6402(e) shall only be disclosed to officers and  
16 employees of the State agency requesting such  
17 information.”;

18 (5) in section 6103(p)(4) (26 U.S.C.  
19 6103(p)(4)), in the matter preceding subparagraph  
20 (A)—

21 (A) by striking “(5), (10)” and inserting  
22 “(5)”;

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

1           (6) in section 6334(a)(11)(A) (26 U.S.C.  
2           6334(a)(11)(A)), by striking “(relating to aid to  
3           families with dependent children)”;

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

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

7                 (B) by redesignating subsections (e)  
8                 through (i) as subsections (f) through (j), re-  
9                 spectively; and

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

12           “(e) COLLECTION OF OVERPAYMENTS UNDER TITLE  
13 IV—A OF THE SOCIAL SECURITY ACT.—The amount of  
14 any overpayment to be refunded to the person making the  
15 overpayment shall be reduced (after reductions pursuant  
16 to subsections (c) and (d), but before a credit against fu-  
17 ture liability for an internal revenue tax) in accordance  
18 with section 405(e) of the Social Security Act (concerning  
19 recovery of overpayments to individuals under State plans  
20 approved under part A of title IV of such Act).”;

21           (8) in section 7523(b)(3)(C) (26 U.S.C.  
22           7523(b)(3)(C)), by striking “aid to families with de-  
23           pendent children” and inserting “assistance under a  
24           State program funded under part A of title IV of the  
25           Social Security Act”.

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

5 (n) The Job Training Partnership Act (29 U.S.C.  
6 1501 et seq.) is amended—

7 (1) in section 4(29)(A)(i) (29 U.S.C.  
8 1503(29)(A)(i)), by striking “(42 U.S.C. 601 et  
9 seq.)”;

10 (2) in section 106(b)(6)(C) (29 U.S.C.  
11 1516(b)(6)(C)), by striking “State aid to families  
12 with dependent children records,” and inserting  
13 “records collected under the State program funded  
14 under part A of title IV of the Social Security Act,”;

15 (3) in section 121(b)(2) (29 U.S.C.  
16 1531(b)(2))—

17 (A) by striking “the JOBS program” and  
18 inserting “the work activities required under  
19 title IV of the Social Security Act”; and

20 (B) by striking the second sentence;

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

22 (A) in paragraph (1)(E), by repealing  
23 clause (vi); and

24 (B) in paragraph (2)(D), by repealing  
25 clause (v);

1           (5) in section 203(b)(3) (29 U.S.C.  
2           1603(b)(3)), by striking “, including recipients  
3           under the JOBS program”;

4           (6) in subparagraphs (A) and (B) of section  
5           204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by  
6           striking “(such as the JOBS program)” each place  
7           it appears;

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

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

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

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

15           (B) in paragraphs (1)(B) and (2)(B) of  
16           subsection (c), by striking “the JOBS program  
17           or” each place it appears;

18           (9) in section 264 (29 U.S.C. 1644)—

19           (A) in subparagraphs (A) and (B) of sub-  
20           section (b)(1), by striking “(such as the JOBS  
21           program)” each place it appears; and

22           (B) in subparagraphs (A) and (B) of sub-  
23           section (d)(3), by striking “and the JOBS pro-  
24           gram” each place it appears;

1           (10) in section 265(b) (29 U.S.C. 1645(b)), by  
2 striking paragraph (6) and inserting the following:

3           “(6) the portion of title IV of the Social Secu-  
4 rity Act relating to work activities;”;

5           (11) in the second sentence of section 429(e)  
6 (29 U.S.C. 1699(e)), by striking “and shall be in an  
7 amount that does not exceed the maximum amount  
8 that may be provided by the State pursuant to sec-  
9 tion 402(g)(1)(C) of the Social Security Act (42  
10 U.S.C. 602(g)(1)(C))”;

11           (12) in section 454(c) (29 U.S.C. 1734(e)), by  
12 striking “JOBS and”;

13           (13) in section 455(b) (29 U.S.C. 1735(b)), by  
14 striking “the JOBS program,”;

15           (14) in section 501(1) (29 U.S.C. 1791(1)), by  
16 striking “aid to families with dependent children  
17 under part A of title IV of the Social Security Act  
18 (42 U.S.C. 601 et seq.)” and inserting “assistance  
19 under the State program funded under part A of  
20 title IV of the Social Security Act”;

21           (15) in section 506(1)(A) (29 U.S.C.  
22 1791e(1)(A)), by striking “aid to families with de-  
23 pendent children” and inserting “assistance under  
24 the State program funded”;



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

5           (17) in section 701(b)(2)(A) (29 U.S.C.  
6           1792(b)(2)(A))—

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

9                   (B) by striking clause (vi).

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

12                   “(iv) assistance under a State program funded  
13                   under part A of title IV of the Social Security Act;”.

14          (p) Section 2605(b)(2)(A)(i) of the Low-Income  
15 Home Energy Assistance Act of 1981 (42 U.S.C.  
16 8624(b)(2)(A)(i)) is amended to read as follows:

17                   “(i) assistance under the State pro-  
18                   gram funded under part A of title IV of  
19                   the Social Security Act;”.

20          (q) Section 303(f)(2) of the Family Support Act of  
21 1988 (42 U.S.C. 602 note) is amended—

22                   (1) by striking “(A)”; and

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

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

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

6           (2) in section 256 (2 U.S.C. 906)—

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

8                   (B) by redesignating subsection (l) as sub-  
9           section (k).

10          (s) The Immigration and Nationality Act (8 U.S.C.  
11 1101 et seq.) is amended—

12           (1) in section 210(f) (8 U.S.C. 1160(f)), by  
13           striking “aid under a State plan approved under”  
14           each place it appears and inserting “assistance  
15           under a State program funded under”;

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

17                   (A) in paragraph (1)(A)(i), by striking  
18           “program of aid to families with dependent chil-  
19           dren” and inserting “State program of assist-  
20           ance”; and

21                   (B) in paragraph (2)(B), by striking “aid  
22           to families with dependent children” and insert-  
23           ing “assistance under a State program funded  
24           under part A of title IV of the Social Security  
25           Act”; and

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

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

9       (u) Section 9 of the Act of April 19, 1950 (64 Stat.  
10 47, chapter 92; 25 U.S.C. 639) is repealed.

11       (v) Subparagraph (E) of section 213(d)(6) of the  
12 School-To-Work Opportunities Act of 1994 (20 U.S.C.  
13 6143(d)(6)) is amended to read as follows:

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

17       (w) Section 552a(a)(8)(B)(iv)(III) of title 5, United  
18 States Code, is amended by striking “section 464 or 1137  
19 of the Social Security Act” and inserting “section 404(e),  
20 464, or 1137 of the Social Security Act”.

21 **SEC. 4111. DEVELOPMENT OF PROTOTYPE OF COUNTER-**  
22 **FEIT-RESISTANT SOCIAL SECURITY CARD RE-**  
23 **QUIRED.**

24       (a) DEVELOPMENT.—

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

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

8                   (B) employ technologies that provide secu-  
9 rity features, such as magnetic stripes,  
10 holograms, and integrated circuits, and

11                  (C) be developed so as to provide individ-  
12 uals with reliable proof of citizenship or legal  
13 resident alien status.

14           (2) ASSISTANCE BY ATTORNEY GENERAL.—The  
15 Attorney General of the United States shall provide  
16 such information and assistance as the Commis-  
17 sioner deems necessary to enable the Commissioner  
18 to comply with this section.

19           (b) STUDY AND REPORT.—

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

24                  (2) ELEMENTS OF STUDY.—The study shall in-  
25 clude an evaluation of the cost and work load impli-

1       cations of issuing a counterfeit-resistant social secu-  
2       rity card for all individuals over a 3-, 5-, and 10-  
3       year period. The study shall also evaluate the fea-  
4       sibility and cost implications of imposing a user fee  
5       for replacement cards and cards issued to individ-  
6       uals who apply for such a card prior to the sched-  
7       uled 3-, 5-, and 10-year phase-in options.

8               (3) DISTRIBUTION OF REPORT.—The Commis-  
9       sioner shall submit copies of the report described in  
10       this subsection along with a facsimile of the proto-  
11       type card as described in subsection (a) to the Com-  
12       mittees on Ways and Means and Judiciary of the  
13       House of Representatives and the Committees on Fi-  
14       nance and Judiciary of the Senate within 1 year  
15       after the date of the enactment of this Act.

16 **SEC. 4112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

17       (a) IN GENERAL.—Whenever an organization that  
18       accepts Federal funds under this title or the amendments  
19       made by this title (other than funds provided under title  
20       IV, XVI, or XX of the Social Security Act) makes any  
21       communication that in any way intends to promote public  
22       support or opposition to any policy of a Federal, State,  
23       or local government through any broadcasting station,  
24       newspaper, magazine, outdoor advertising facility, direct  
25       mailing, or any other type of general public advertising,

1 such communication shall state the following: “This was  
2 prepared and paid for by an organization that accepts tax-  
3 payer dollars.”.

4 (b) FAILURE TO COMPLY.—If an organization makes  
5 any communication described in subsection (a) and fails  
6 to provide the statement required by that subsection, such  
7 organization shall be ineligible to receive Federal funds  
8 under this title or the amendments made by this title.

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

12 (d) EFFECTIVE DATES.—This section shall take ef-  
13 fect—

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

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

18 **SEC. 4113. MODIFICATIONS TO THE JOB OPPORTUNITIES**  
19 **FOR CERTAIN LOW-INCOME INDIVIDUALS**  
20 **PROGRAM.**

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

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

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

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

6           (4) in subsection (b)(3), by striking “aid to  
7 families with dependent children under part A of  
8 title IV of the Social Security Act” and inserting  
9 “assistance under the program funded part A of title  
10 IV of the Social Security Act of the State in which  
11 the individual resides”;

12           (5) in subsection (c)—

13           (A) in paragraph (1)(C), by striking “aid  
14 to families with dependent children under title  
15 IV of the Social Security Act” and inserting  
16 “assistance under a State program funded part  
17 A of title IV of the Social Security Act”;

18           (B) in paragraph (2), by striking “aid to  
19 families with dependent children under title IV  
20 of such Act” and inserting “assistance under a  
21 State program funded part A of title IV of the  
22 Social Security Act”;

23           (6) in subsection (d), by striking “job opportu-  
24 nities and basic skills training program (as provided  
25 for under title IV of the Social Security Act)” and

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

3 (7) by striking subsections (e) through (g) and  
4 inserting the following:

5 “(e) AUTHORIZATION OF APPROPRIATIONS.—For the  
6 purpose of conducting projects under this section, there  
7 is authorized to be appropriated an amount not to exceed  
8 \$25,000,000 for any fiscal year.”.

9 **SEC. 4114. SECRETARIAL SUBMISSION OF LEGISLATIVE**  
10 **PROPOSAL FOR TECHNICAL AND CONFORM-**  
11 **ING AMENDMENTS.**

12 Not later than 90 days after the date of the enact-  
13 ment of this Act, the Secretary of Health and Human  
14 Services and the Commissioner of Social Security, in con-  
15 sultation, as appropriate, with the heads of other Federal  
16 agencies, shall submit to the appropriate committees of  
17 Congress a legislative proposal proposing such technical  
18 and conforming amendments as are necessary to bring the  
19 law into conformity with the policy embodied in this sub-  
20 title.

21 **SEC. 4115. EFFECTIVE DATE; TRANSITION RULE.**

22 (a) **EFFECTIVE DATES.**—

23 (1) **IN GENERAL.**—Except as otherwise pro-  
24 vided in this subtitle, this subtitle and the amend-



1       ments made by this subtitle shall take effect on July  
2       1, 1997.

3           (2) DELAYED EFFECTIVE DATE FOR CERTAIN  
4       PROVISIONS.—Notwithstanding any other provision  
5       of this section, paragraphs (2), (3), (4), (5), (8), and  
6       (10) of section 409(a) and section 411(a) of the So-  
7       cial Security Act (as added by the amendments  
8       made by section 4103(a) of this Act) shall not take  
9       effect with respect to a State until, and shall apply  
10      only with respect to conduct that occurs on or after,  
11      the later of—

12                   (A) July 1, 1997; or

13                   (B) the date that is 6 months after the  
14      date the Secretary of Health and Human Serv-  
15      ices receives from the State a plan described in  
16      section 402(a) of the Social Security Act (as  
17      added by such amendment).

18           (3) ELIMINATION OF CHILD CARE PROGRAMS.—  
19      The amendments made by section 4103(d) shall take  
20      effect on October 1, 1996.

21           (4) DEFINITIONS APPLICABLE TO NEW CHILD  
22      CARE     ENTITLEMENT.—Sections     403(a)(1)(C),  
23      403(a)(1)(D), and 419(4) of the Social Security Act,  
24      as added by the amendments made by section

1       4103(a) of this Act, shall take effect on October 1,  
2       1996.

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

5           (1) STATE OPTION TO ACCELERATE EFFECTIVE  
6       DATE.—

7           (A) IN GENERAL.—If the Secretary of  
8       Health and Human Services receives from a  
9       State a plan described in section 402(a) of the  
10      Social Security Act (as added by the amend-  
11      ment made by section 4103(a)(1) of this Act),  
12      then—

13           (i) on and after the date of such re-  
14      ceipt—

15           (I) except as provided in clause  
16           (ii), this subtitle and the amendments  
17           made by this subtitle (other than by  
18           section 4103(d) of this Act) shall  
19           apply with respect to the State; and

20           (II) the State shall be considered  
21           an eligible State for purposes of part  
22           A of title IV of the Social Security  
23           Act (as in effect pursuant to the  
24           amendments made by such section  
25           4103(a)); and

1 (ii) during the period that begins on  
2 the date of such receipt and ends on June  
3 30, 1997, there shall remain in effect with  
4 respect to the State—

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

8 (II) all State reporting require-  
9 ments under parts A and F of title IV  
10 of the Social Security Act (as in effect  
11 on September 30, 1995), modified by  
12 the Secretary as appropriate, taking  
13 into account the State program under  
14 part A of title IV of the Social Secu-  
15 rity Act (as in effect pursuant to the  
16 amendments made by such section  
17 4103(a)).

18 (B) LIMITATIONS ON FEDERAL OBLIGA-  
19 TIONS.—

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

1           ceed an amount equal to the State family  
2           assistance grant.

3                   (ii) UNDER TEMPORARY FAMILY AS-  
4           SISTANCE     PROGRAM.—Notwithstanding  
5           section 403(a)(1) of the Social Security  
6           Act (as in effect pursuant to the amend-  
7           ments made by section 4103(a) of this  
8           Act), the total obligations of the Federal  
9           Government to a State under such section  
10          403(a)(1)—

11                   (I) for fiscal year 1996, shall be  
12          an amount equal to—

13                           (aa) the State family assist-  
14          ance grant; multiplied by

15                           (bb)  $\frac{1}{366}$  of the number of  
16          days during the period that be-  
17          gins on the date the Secretary of  
18          Health and Human Services first  
19          receives from the State a plan  
20          described in section 402(a) of the  
21          Social Security Act (as added by  
22          the amendment made by section  
23          4103(a)(1) of this Act) and ends  
24          on September 30, 1996; and

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

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

12 (bb) the State family assist-  
13 ance grant, multiplied by  $\frac{1}{365}$  of  
14 the number of days during the  
15 period that begins on October 1,  
16 1996, or the date the Secretary  
17 of Health and Human Services  
18 first receives from the State a  
19 plan described in section 402(a)  
20 of the Social Security Act (as  
21 added by the amendment made  
22 by section 4103(a)(1) of this  
23 Act), whichever is later, and ends  
24 on September 30, 1997.

1 (iii) CHILD CARE OBLIGATIONS EX-  
2 CLUDED IN DETERMINING FEDERAL AFDC  
3 OBLIGATIONS.—As used in this subpara-  
4 graph, the term “obligations of the Federal  
5 Government to the State under part A of  
6 title IV of the Social Security Act” does  
7 not include any obligation of the Federal  
8 Government with respect to child care ex-  
9 penditures by the State.

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

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

20 (ii) the termination of any entitlement  
21 of any individual or family to benefits or  
22 services under the State AFDC program.

23 (D) DEFINITIONS.—As used in this para-  
24 graph:

1 (i) STATE AFDC PROGRAM.—The term  
2 “State AFDC program” means the State  
3 program under parts A and F of title IV  
4 of the Social Security Act (as in effect on  
5 September 30, 1995).

6 (ii) STATE.—The term “State” means  
7 the 50 States and the District of Colum-  
8 bia.

9 (iii) STATE FAMILY ASSISTANCE  
10 GRANT.—The term “State family assist-  
11 ance grant” means the State family assist-  
12 ance grant (as defined in section  
13 403(a)(1)(B) of the Social Security Act, as  
14 added by the amendment made by section  
15 4103(a)(1) of this Act).

16 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—  
17 The amendments made by this subtitle shall not  
18 apply 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 subtitle under the provi-  
23 sions 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 SUBTITLE.—In closing out accounts, Fed-  
6 eral and State officials may use scientifically accept-  
7 able statistical sampling techniques. Claims made  
8 with respect to State expenditures under a State  
9 plan approved under part A of title IV of the Social  
10 Security Act (as in effect on September 30, 1995)  
11 with respect to assistance or services provided on or  
12 before September 30, 1995, shall be treated as  
13 claims with respect to expenditures during fiscal  
14 year 1995 for purposes of reimbursement even if  
15 payment was made by a State on or after October  
16 1, 1995. Each State shall complete the filing of all  
17 claims under the State plan (as so in effect) within  
18 2 years after the date of the enactment of this Act.  
19 The head of each Federal department shall—

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

24 (B) reimburse States for any payments  
25 made for assistance or services provided during



1 a prior fiscal year from funds for fiscal year  
2 1995, rather than from funds authorized by  
3 this subtitle.

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

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

12 (B) except as otherwise provided by law—

13 (i) continue to perform the functions  
14 of the Assistant Secretary for Family Sup-  
15 port under section 417 of the Social Secu-  
16 rity Act (as in effect before such effective  
17 date); and

18 (ii) have the powers and duties of the  
19 Assistant Secretary for Family Support  
20 under section 416 of the Social Security  
21 Act (as in effect pursuant to the amend-  
22 ment made by section 4103(a)(1) of this  
23 Act).

24 (c) TERMINATION OF ENTITLEMENT UNDER AFDC  
25 PROGRAM.—Effective October 1, 1996, no individual or

1 family shall be entitled to any benefits or services under  
2 any State plan approved under part A or F of title IV  
3 of the Social Security Act (as in effect on September 30,  
4 1995).

## 5 **Subtitle B—Supplemental Security** 6 **Income**

### 7 **SEC. 4200. REFERENCE TO SOCIAL SECURITY ACT.**

8 Except as otherwise specifically provided, wherever in  
9 this subtitle an amendment is expressed in terms of an  
10 amendment to or repeal of a section or other provision,  
11 the reference shall be considered to be made to that sec-  
12 tion or other provision of the Social Security Act.

### 13 **CHAPTER 1—ELIGIBILITY RESTRICTIONS**

#### 14 **SEC. 4201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-** 15 **VIDUALS FOUND TO HAVE FRAUDULENTLY** 16 **MISREPRESENTED RESIDENCE IN ORDER TO** 17 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR** 18 **MORE STATES.**

19 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.  
20 1382(e)), as amended by section 105(b)(4) of the Contract  
21 with America Advancement Act of 1996, is amended by  
22 redesignating paragraph (5) as paragraph (3) and by add-  
23 ing at the end the following new paragraph:

24 “(4)(A) No person shall be considered an eligible in-  
25 dividual or eligible spouse for purposes of this title during

1 the 10-year period that begins on the date the person is  
2 convicted in Federal or State court of having made a  
3 fraudulent statement or representation with respect to the  
4 place of residence of the person in order to receive assist-  
5 ance simultaneously from 2 or more States under pro-  
6 grams that are funded under title IV, title XV, title XIX,  
7 or the Food Stamp Act of 1977, or benefits in 2 or more  
8 States under the supplemental security income program  
9 under this title.

10 “(B) As soon as practicable after the conviction of  
11 a person in a Federal or State court as described in sub-  
12 paragraph (A), an official of such court shall notify the  
13 Commissioner of such conviction.”.

14 (b) EFFECTIVE DATE.—The amendment made by  
15 this section shall take effect on the date of the enactment  
16 of this Act.

17 **SEC. 4202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**  
18 **AND PROBATION AND PAROLE VIOLATORS.**

19 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.  
20 1382(e)), as amended by section 4201(a) of this Act, is  
21 amended by adding at the end the following new para-  
22 graph:

23 “(5) No person shall be considered an eligible individ-  
24 ual or eligible spouse for purposes of this title with respect  
25 to any month if during such month the person is—

1           “(A) fleeing to avoid prosecution, or custody or  
2 confinement after conviction, under the laws of the  
3 place from which the person flees, for a crime, or an  
4 attempt to commit a crime, which is a felony under  
5 the laws of the place from which the person flees, or  
6 which, in the case of the State of New Jersey, is a  
7 high misdemeanor under the laws of such State; or  
8           “(B) violating a condition of probation or pa-  
9 role imposed under Federal or State law.”.

10       (b) EXCHANGE OF INFORMATION.—Section 1611(e)  
11 (42 U.S.C. 1382(e)), as amended by section 4201(a) of  
12 this Act and subsection (a) of this section, is amended by  
13 adding at the end the following new paragraph:

14       “(6) Notwithstanding any other provision of law  
15 (other than section 6103 of the Internal Revenue Code  
16 of 1986), the Commissioner shall furnish any Federal,  
17 State, or local law enforcement officer, upon the written  
18 request of the officer, with the current address, Social Se-  
19 curity number, and photograph (if applicable) of any re-  
20 cipient of benefits under this title, if the officer furnishes  
21 the Commissioner with the name of the recipient, and  
22 other identifying information as reasonably required by  
23 the Commissioner to establish the unique identity of the  
24 recipient, and notifies the Commissioner that—

25           “(A) the recipient—

1           “(i) is described in subparagraph (A) or  
2           (B) of paragraph (5); or

3           “(ii) has information that is necessary for  
4           the officer to conduct the officer’s official du-  
5           ties; and

6           “(B) the location or apprehension of the recipi-  
7           ent is within the officer’s official duties.”.

8           (c) **EFFECTIVE DATE.**—The amendments made by  
9 this section shall take effect on the date of the enactment  
10 of this Act.

11 **SEC. 4203. TREATMENT OF PRISONERS.**

12           (a) **IMPLEMENTATION OF PROHIBITION AGAINST**  
13 **PAYMENT OF BENEFITS TO PRISONERS.**—

14           (1) **IN GENERAL.**—Section 1611(e)(1) (42  
15 U.S.C. 1382(e)(1)) is amended by adding at the end  
16 the following new subparagraph:

17           “(I)(i) The Commissioner shall enter into a contract,  
18 with any interested State or local institution referred to  
19 in subparagraph (A), under which—

20           “(I) the institution shall provide to the Com-  
21 missioner, on a monthly basis, the names, social se-  
22 curity account numbers, dates of birth, and such  
23 other identifying information concerning the inmates  
24 of the institution as the Commissioner may require  
25 for the purpose of carrying out paragraph (1); and

1           “(II) the Commissioner shall pay to any such  
2 institution, with respect to each inmate of the insti-  
3 tution who is eligible for a benefit under this title for  
4 the month preceding the first month throughout  
5 which such inmate is in such institution and be-  
6 comes ineligible for such benefit (or becomes eligible  
7 only for a benefit payable at a reduced rate) as a re-  
8 sult of the application of this paragraph, an amount  
9 not to exceed \$400 if the institution furnishes the  
10 information described in subclause (I) to the Com-  
11 missioner within 30 days after such individual be-  
12 comes an inmate of such institution, or an amount  
13 not to exceed \$200 if the institution furnishes such  
14 information after 30 days after such date but within  
15 90 days after such date.

16           “(ii) The provisions of section 552a of title 5, United  
17 States Code, shall not apply to any contract entered into  
18 under clause (i) or to information exchanged pursuant to  
19 such contract.”.

20           (2) CONFORMING OASDI AMENDMENTS.—Sec-  
21 tion 202(x)(3) (42 U.S.C. 402(x)(3)) is amended—

22                   (A) by inserting “(A)” after “(3)”; and

23                   (B) by adding at the end the following new  
24 subparagraph:

1       “(B)(i) The Commissioner shall enter into a contract,  
2 with any interested State or local institution described in  
3 clause (i) or (ii) of paragraph (1)(A) the primary purpose  
4 of which is to confine individuals as described in para-  
5 graph (1)(A), under which—

6           “(I) the institution shall provide to the Com-  
7 missioner, on a monthly basis, the names, social se-  
8 curity account numbers, dates of birth, and such  
9 other identifying information concerning the individ-  
10 uals confined in the institution as the Commissioner  
11 may require for the purpose of carrying out para-  
12 graph (1); and

13           “(II) the Commissioner shall pay to any such  
14 institution, with respect to each individual who is en-  
15 titled to a benefit under this title for the month pre-  
16 ceding the first month throughout which such indi-  
17 vidual is confined in such institution as described in  
18 paragraph (1)(A), an amount not to exceed \$400 if  
19 the institution furnishes the information described in  
20 subclause (I) to the Commissioner within 30 days  
21 after the date such individual’s confinement in such  
22 institution begins, or an amount not to exceed \$200  
23 if the institution furnishes such information after 30  
24 days after such date but within 90 days after such  
25 date.

1       “(ii) The provisions of section 552a of title 5, United  
2 States Code, shall not apply to any contract entered into  
3 under clause (i) or to information exchanged pursuant to  
4 such contract.”.

5       (b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A  
6 PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED  
7 SSI BENEFITS WHILE IN PRISON.—

8           (1) IN GENERAL.—Section 1611(e)(1) (42  
9 U.S.C. 1382(e)(1)), as amended by subsection (a)(1)  
10 of this section, is amended by adding at the end the  
11 following new subparagraph:

12       “(J) In any case in which the Commissioner of Social  
13 Security finds that a person has made a fraudulent state-  
14 ment or representation in order to obtain or to continue  
15 to receive benefits under this title while being an inmate  
16 in a penal institution, such person shall not be considered  
17 an eligible individual or eligible spouse for any month end-  
18 ing during the 10-year period beginning on the date on  
19 which such person ceases being such an inmate.”.

20           (2) EFFECTIVE DATE.—The amendment made  
21 by this subsection shall apply with respect to state-  
22 ments or representations made on or after the date  
23 of the enactment of this Act.



1 (c) ELIMINATION OF OASDI REQUIREMENT THAT  
2 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-  
3 PRISONMENT FOR MORE THAN 1 YEAR.—

4 (1) IN GENERAL.—Section 202(x)(1)(A) (42  
5 U.S.C. 402(x)(1)(A)) is amended—

6 (A) in the matter preceding clause (i), by  
7 striking “during” and inserting “throughout”;

8 (B) in clause (i), by striking “pursuant”  
9 and all that follows through “imposed”); and

10 (C) in clause (ii)(I), by striking “an of-  
11 fense punishable by imprisonment for more  
12 than 1 year” and inserting “a criminal of-  
13 fense”.

14 (2) EFFECTIVE DATE.—The amendments made  
15 by this subsection shall be effective with respect to  
16 benefits payable for months beginning more than  
17 180 days after the date of the enactment of this Act.

18 (d) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN  
19 THE COLLECTION OF INFORMATION RESPECTING PUBLIC  
20 INMATES.—

21 (1) STUDY.—The Commissioner of Social Secu-  
22 rity shall conduct a study of the desirability, feasibil-  
23 ity, and cost of—

24 (A) establishing a system under which  
25 Federal, State, and local courts would furnish

1 to the Commissioner such information respect-  
2 ing court orders by which individuals are con-  
3 fined in jails, prisons, or other public penal,  
4 correctional, or medical facilities as the Com-  
5 missioner may require for the purpose of carry-  
6 ing out sections 202(x) and 1611(e)(1) of the  
7 Social Security Act; and

8 (B) requiring that State and local jails,  
9 prisons, and other institutions that enter into  
10 contracts with the Commissioner under section  
11 202(x)(3)(B) or 1611(e)(1)(I) of the Social Se-  
12 curity Act furnish the information required by  
13 such contracts to the Commissioner by means  
14 of an electronic or other sophisticated data ex-  
15 change system.

16 (2) REPORT.—Not later than 1 year after the  
17 date of the enactment of this Act, the Commissioner  
18 of Social Security shall submit a report on the re-  
19 sults of the study conducted pursuant to this sub-  
20 section to the Committee on Finance of the Senate  
21 and the Committee on Ways and Means of the  
22 House of Representatives.

1 **SEC. 4204. EFFECTIVE DATE OF APPLICATION FOR BENE-**  
2 **FITS.**

3 (a) **IN GENERAL.**—Subparagraphs (A) and (B) of  
4 section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended  
5 to read as follows:

6 “(A) the first day of the month following the  
7 date such application is filed, or

8 “(B) the first day of the month following the  
9 date such individual becomes eligible for such bene-  
10 fits with respect to such application.”.

11 (b) **SPECIAL RULE RELATING TO EMERGENCY AD-**  
12 **VANCE PAYMENTS.**—Section 1631(a)(4)(A) (42 U.S.C.  
13 1383(a)(4)(A)) is amended—

14 (1) by inserting “for the month following the  
15 date the application is filed” after “is presumptively  
16 eligible for such benefits”; and

17 (2) by inserting “, which shall be repaid  
18 through proportionate reductions in such benefits  
19 over a period of not more than 6 months” before the  
20 semicolon.

21 (c) **CONFORMING AMENDMENTS.**—

22 (1) Section 1614(b) (42 U.S.C. 1382c(b)) is  
23 amended by striking “at the time the application or  
24 request is filed” and inserting “on the first day of  
25 the month following the date the application or re-  
26 quest is filed”.

1           (2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3))  
2           is amended by inserting “following the month” after  
3           “beginning with the month”.

4           (d) EFFECTIVE DATE.—

5           (1) IN GENERAL.—The amendments made by  
6           this section shall apply to applications for benefits  
7           under title XVI of the Social Security Act filed on  
8           or after the date of the enactment of this Act, with-  
9           out regard to whether regulations have been issued  
10          to implement such amendments.

11          (2) BENEFITS UNDER TITLE XVI.—For pur-  
12          poses of this subsection, the term “benefits under  
13          title XVI of the Social Security Act” includes sup-  
14          plementary payments pursuant to an agreement for  
15          Federal administration under section 1616(a) of the  
16          Social Security Act, and payments pursuant to an  
17          agreement entered into under section 212(b) of Pub-  
18          lic Law 93-66.

19           **CHAPTER 2—BENEFITS FOR DISABLED**  
20                           **CHILDREN**

21           **SEC. 4211. DEFINITION AND ELIGIBILITY RULES.**

22           (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-  
23          tion 1614(a)(3) (42 U.S.C. 1382e(a)(3)), as amended by  
24          section 105(b)(1) of the Contract with America Advance-  
25          ment Act of 1996, is amended—

1           (1) in subparagraph (A), by striking “An indi-  
2           vidual” and inserting “Except as provided in sub-  
3           paragraph (C), an individual”;

4           (2) in subparagraph (A), by striking “(or, in  
5           the case of an individual under the age of 18, if he  
6           suffers from any medically determinable physical or  
7           mental impairment of comparable severity)”;

8           (3) by redesignating subparagraphs (C) through  
9           (I) as subparagraphs (D) through (J), respectively;

10          (4) by inserting after subparagraph (B) the fol-  
11          lowing new subparagraph:

12          “(C)(i) An individual under the age of 18 shall be  
13          considered disabled for the purposes of this title if that  
14          individual has a medically determinable physical or mental  
15          impairment, which results in marked and severe functional  
16          limitations, and which can be expected to result in death  
17          or which has lasted or can be expected to last for a contin-  
18          uous period of not less than 12 months.

19          “(ii) The Commissioner shall ensure that the com-  
20          bined effects of all physical or mental impairments of an  
21          individual are taken into account in determining whether  
22          an individual is disabled in accordance with clause (i).

23          “(iii) The Commissioner shall ensure that the regula-  
24          tions prescribed under this subparagraph provide for the

1 evaluation of children who cannot be tested because of  
2 their young age.

3 “(iv) Notwithstanding the preceding provisions of  
4 this subparagraph, no individual under the age of 18 who  
5 engages in substantial gainful activity (determined in ac-  
6 cordance with regulations prescribed pursuant to subpara-  
7 graph (E)) may be considered to be disabled.”; and

8 (5) in subparagraph (F), as redesignated by  
9 paragraph (3), by striking “(D)” and inserting  
10 “(E)”.

11 (b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

12 (1) MODIFICATION TO MEDICAL CRITERIA FOR  
13 EVALUATION OF MENTAL AND EMOTIONAL DIS-  
14 ORDERS.—The Commissioner of Social Security  
15 shall modify sections 112.00C.2. and  
16 112.02B.2.c.(2) of appendix 1 to subpart P of part  
17 404 of title 20, Code of Federal Regulations, to  
18 eliminate references to maladaptive behavior in the  
19 domain of personal/behaviorial function.

20 (2) DISCONTINUANCE OF INDIVIDUALIZED  
21 FUNCTIONAL ASSESSMENT.—The Commissioner of  
22 Social Security shall discontinue the individualized  
23 functional assessment for children set forth in sec-  
24 tions 416.924d and 416.924e of title 20, Code of  
25 Federal Regulations.

1 (c) MEDICAL IMPROVEMENT REVIEW STANDARD AS  
2 IT APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—

3 Section 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended—

4 (1) by redesignating subclauses (I) and (II) of  
5 clauses (i) and (ii) of subparagraph (B) as items  
6 (aa) and (bb), respectively;

7 (2) by redesignating clauses (i) and (ii) of sub-  
8 paragraphs (A) and (B) as subclauses (I) and (II),  
9 respectively;

10 (3) by redesignating subparagraphs (A) through  
11 (C) as clauses (i) through (iii), respectively;

12 (4) by inserting before clause (i) (as redesign-  
13 nated by paragraph (3)) the following new subpara-  
14 graph:

15 “(A) in the case of an individual who is age 18  
16 or older—”;

17 (5) by inserting after and below subparagraph  
18 (A)(iii) (as so redesignated) the following new sub-  
19 paragraph:

20 “(B) in the case of an individual who is under  
21 the age of 18—

22 “(i) substantial evidence which dem-  
23 onstrates that there has been medical improve-  
24 ment in the individual’s impairment or com-  
25 bination of impairments, and that such impair-

1           ment or combination of impairments no longer  
2           results in marked and severe functional limita-  
3           tions; or

4           “(ii) substantial evidence which dem-  
5           onstrates that, as determined on the basis of  
6           new or improved diagnostic techniques or eval-  
7           uations, the individual’s impairment or com-  
8           bination of impairments, is not as disabling as  
9           it was considered to be at the time of the most  
10          recent prior decision that the individual was  
11          under a disability or continued to be under a  
12          disability, and such impairment or combination  
13          of impairments does not result in marked and  
14          severe functional limitations; or”;

15          (6) by redesignating subparagraph (D) as sub-  
16          paragraph (C) and by inserting in such subpara-  
17          graph “in the case of any individual,” before “sub-  
18          stantial evidence”; and

19          (7) in the first sentence following subparagraph  
20          (C) (as redesignated by paragraph (6)), by—

21                  (A) inserting “(i)” before “to restore”; and

22                  (B) inserting “, or (ii) in the case of an in-  
23                  dividual under the age of 18, to eliminate or  
24                  improve the individual’s impairment or com-  
25                  bination of impairments so that it no longer re-



1           sults in marked and severe functional limita-  
2           tions” immediately before the period.

3           (d) EFFECTIVE DATE, ETC.—

4           (1) EFFECTIVE DATE.—The provisions of, and  
5           amendments made by, this section shall apply to ap-  
6           plications for benefits under title XVI of the Social  
7           Security Act pending on, or filed on or after, the  
8           date of the enactment of this Act, without regard to  
9           whether regulations have been issued to implement  
10          such provisions and amendments.

11          (2) APPLICATION TO CURRENT RECIPIENTS.—

12           (A) ELIGIBILITY REDETERMINATIONS.—

13          During the period beginning on the date of the  
14          enactment of this Act and ending on the date  
15          which is 1 year after such date of enactment,  
16          the Commissioner of Social Security shall rede-  
17          termine the eligibility of any individual under  
18          age 18 who is eligible for supplemental security  
19          income benefits by reason of disability under  
20          title XVI of the Social Security Act as of the  
21          date of the enactment of this Act and whose eli-  
22          gibility for such benefits may terminate by rea-  
23          son of the provisions of, or amendments made  
24          by, this section. With respect to any redeter-  
25          mination 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 pro-  
20 visions of, and amendments made by, this sec-  
21 tion, and the redetermination under subpara-  
22 graph (A), shall only apply with respect to the  
23 benefits of an individual described in subpara-  
24 graph (A) for months beginning on or after the

1 date of the redetermination with respect to such  
2 individual.

3 (C) NOTICE.—Not later than January 1,  
4 1997, the Commissioner of Social Security shall  
5 notify an individual described in subparagraph  
6 (A) of the provisions of this paragraph.

7 (3) REPORT.—The Commissioner of Social Se-  
8 curity shall report to the Congress regarding the  
9 progress made in implementing the provisions of,  
10 and amendments made by, this section on child dis-  
11 ability evaluations not later than 180 days after the  
12 date of the enactment of this Act.

13 (4) REGULATIONS.—Notwithstanding any other  
14 provision of law, the Commissioner of Social Secu-  
15 rity shall submit for review to the committees of ju-  
16 risdiction in the Congress any final regulation per-  
17 taining to the eligibility of individuals under age 18  
18 for benefits under title XVI of the Social Security  
19 Act at least 45 days before the effective date of such  
20 regulation. The submission under this paragraph  
21 shall include supporting documentation providing a  
22 cost analysis, workload impact, and projections as to  
23 how the regulation will effect the future number of  
24 recipients under such title.

25 (5) APPROPRIATIONS.—

1           (A) IN GENERAL.—Out of any money in  
2           the Treasury not otherwise appropriated, there  
3           are authorized to be appropriated and are here-  
4           by appropriated, to remain available without  
5           fiscal year limitation, \$200,000,000 for fiscal  
6           year 1997, \$75,000,000 for fiscal year 1998,  
7           and \$25,000,000 for fiscal year 1999, for the  
8           Commissioner of Social Security to utilize only  
9           for continuing disability reviews and redeter-  
10          minations under title XVI of the Social Security  
11          Act, with reviews and redeterminations for indi-  
12          viduals affected by the provisions of subsection  
13          (b) given highest priority.

14          (B) ADDITIONAL FUNDS.—Amounts appro-  
15          priated under subparagraph (A) shall be in ad-  
16          dition to any funds otherwise appropriated for  
17          continuing disability reviews and redetermina-  
18          tions under title XVI of the Social Security Act.

19          (6) BENEFITS UNDER TITLE XVI.—For pur-  
20          poses of this subsection, the term “benefits under  
21          title XVI of the Social Security Act” includes sup-  
22          plementary payments pursuant to an agreement for  
23          Federal administration under section 1616(a) of the  
24          Social Security Act, and payments pursuant to an

1 agreement entered into under section 212(b) of Pub-  
2 lic Law 93-66.

3 **SEC. 4212. ELIGIBILITY REDETERMINATIONS AND CON-**  
4 **TINUING DISABILITY REVIEWS.**

5 (a) CONTINUING DISABILITY REVIEWS RELATING TO  
6 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.  
7 1382c(a)(3)(H)), as redesignated by section 4211(a)(3) of  
8 this Act, is amended—

9 (1) by inserting “(i)” after “(H)”; and

10 (2) by adding at the end the following new  
11 clause:

12 “(ii)(I) Not less frequently than once every 3 years,  
13 the Commissioner shall review in accordance with para-  
14 graph (4) the continued eligibility for benefits under this  
15 title of each individual who has not attained 18 years of  
16 age and is eligible for such benefits by reason of an im-  
17 pairment (or combination of impairments) which is likely  
18 to improve (or, at the option of the Commissioner, which  
19 is unlikely to improve).

20 “(II) A representative payee of a recipient whose case  
21 is reviewed under this clause shall present, at the time  
22 of review, evidence demonstrating that the recipient is,  
23 and has been, receiving treatment, to the extent consid-  
24 ered medically necessary and available, of the condition  
25 which was the basis for providing benefits under this title.

1       “(III) If the representative payee refuses to comply  
2 without good cause with the requirements of subclause  
3 (II), the Commissioner of Social Security shall, if the  
4 Commissioner determines it is in the best interest of the  
5 individual, promptly suspend payment of benefits to the  
6 representative payee, and provide for payment of benefits  
7 to an alternative representative payee of the individual or,  
8 if the interest of the individual under this title would be  
9 served thereby, to the individual.

10       “(IV) Subclause (II) shall not apply to the represent-  
11 ative payee of any individual with respect to whom the  
12 Commissioner determines such application would be inap-  
13 propriate or unnecessary. In making such determination,  
14 the Commissioner shall take into consideration the nature  
15 of the individual’s impairment (or combination of impair-  
16 ments). Section 1631(c) shall not apply to a finding by  
17 the Commissioner that the requirements of subclause (II)  
18 should not apply to an individual’s representative payee.”.

19       (b) DISABILITY ELIGIBILITY REDETERMINATIONS  
20 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS  
21 OF AGE.—

22           (1) IN GENERAL.—Section 1614(a)(3)(H) (42  
23 U.S.C. 1382c(a)(3)(H)), as amended by subsection  
24 (a) of this section, is amended by adding at the end  
25 the following new clause:

1           “(iii) If an individual is eligible for benefits under this  
2 title by reason of disability for the month preceding the  
3 month in which the individual attains the age of 18 years,  
4 the Commissioner shall redetermine such eligibility—

5           “(I) during the 1-year period beginning on the  
6 individual’s 18th birthday; and

7           “(II) by applying the criteria used in determin-  
8 ing the initial eligibility for applicants who are age  
9 18 or older.

10 With respect to a redetermination under this clause, para-  
11 graph (4) shall not apply and such redetermination shall  
12 be considered a substitute for a review or redetermination  
13 otherwise required under any other provision of this sub-  
14 paragraph during that 1-year period.”.

15           (2) CONFORMING REPEAL.—Section 207 of the  
16 Social Security Independence and Program Improve-  
17 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.  
18 1516) is hereby repealed.

19           (c) CONTINUING DISABILITY REVIEW REQUIRED FOR  
20 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)  
21 (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections  
22 (a) and (b) of this section, is amended by adding at the  
23 end the following new clause:

24           “(iv)(I) Not later than 12 months after the birth of  
25 an individual, the Commissioner shall review in accordance

1 with paragraph (4) the continuing eligibility for benefits  
2 under this title by reason of disability of such individual  
3 whose low birth weight is a contributing factor material  
4 to the Commissioner's determination that the individual  
5 is disabled.

6       “(II) A review under subclause (I) shall be considered  
7 a substitute for a review otherwise required under any  
8 other provision of this subparagraph during that 12-  
9 month period.

10       “(III) A representative payee of a recipient whose  
11 case is reviewed under this clause shall present, at the  
12 time of review, evidence demonstrating that the recipient  
13 is, and has been, receiving treatment, to the extent consid-  
14 ered medically necessary and available, of the condition  
15 which was the basis for providing benefits under this title.

16       “(IV) If the representative payee refuses to comply  
17 without good cause with the requirements of subclause  
18 (III), the Commissioner of Social Security shall, if the  
19 Commissioner determines it is in the best interest of the  
20 individual, promptly suspend payment of benefits to the  
21 representative payee, and provide for payment of benefits  
22 to an alternative representative payee of the individual or,  
23 if the interest of the individual under this title would be  
24 served thereby, to the individual.



1           “(V) Subclause (III) shall not apply to the represent-  
2     ative payee of any individual with respect to whom the  
3     Commissioner determines such application would be inap-  
4     propriate or unnecessary. In making such determination,  
5     the Commissioner shall take into consideration the nature  
6     of the individual’s impairment (or combination of impair-  
7     ments). Section 1631(c) shall not apply to a finding by  
8     the Commissioner that the requirements of subclause (III)  
9     should not apply to an individual’s representative payee.”.

10          (d) **EFFECTIVE DATE.**—The amendments made by  
11     this section shall apply to benefits for months beginning  
12     on or after the date of the enactment of this Act, without  
13     regard to whether regulations have been issued to imple-  
14     ment such amendments.

15     **SEC. 4213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

16          (a) **DISPOSAL OF RESOURCES FOR LESS THAN FAIR**  
17     **MARKET VALUE.**—

18                 (1) **IN GENERAL.**—Section 1613(c) (42 U.S.C.  
19     1382b(c)) is amended to read as follows:

20     “Disposal of Resources for Less Than Fair Market Value  
21                 “(c)(1)(A)(i) If an individual who has not attained  
22     18 years of age (or any person acting on such individual’s  
23     behalf) disposes of resources of the individual for less than  
24     fair market value on or after the look-back date specified  
25     in clause (ii)(I), the individual is ineligible for benefits

1 under this title for months during the period beginning  
2 on the date specified in clause (iii) and equal to the num-  
3 ber of months specified in clause (iv).

4 “(ii)(I) The look-back date specified in this subclause  
5 is a date that is 36 months before the date specified in  
6 subclause (II).

7 “(II) The date specified in this subclause is the date  
8 on which the individual applies for benefits under this title  
9 or, if later, the date on which the disposal of the individ-  
10 ual’s resources for less than fair market value occurs.

11 “(iii) The date specified in this clause is the first day  
12 of the first month that follows the month in which the  
13 individual’s resources were disposed of for less than fair  
14 market value and that does not occur in any other period  
15 of ineligibility under this paragraph.

16 “(iv) The number of months of ineligibility under this  
17 clause for an individual shall be equal to—

18 “(I) the total, cumulative uncompensated value  
19 of all the individual’s resources so disposed of on or  
20 after the look-back date specified in clause (ii)(I), di-  
21 vided by

22 “(II) the amount of the maximum monthly ben-  
23 efit payable under section 1611(b) to an eligible in-  
24 dividual for the month in which the date specified in  
25 clause (ii)(II) occurs.

1           “(B) An individual shall not be ineligible for benefits  
2 under this title by reason of subparagraph (A) if the Com-  
3 missioner determines that—

4           “(i) the individual intended to dispose of the re-  
5 sources at fair market value;

6           “(ii) the resources were transferred exclusively  
7 for a purpose other than to qualify for benefits  
8 under this title;

9           “(iii) all resources transferred for less than fair  
10 market value have been returned to the individual;  
11 or

12           “(iv) the denial of eligibility would work an  
13 undue hardship on the individual (as determined on  
14 the basis of criteria established by the Commissioner  
15 in regulations).

16           “(C) For purposes of this paragraph, in the case of  
17 a resource held by an individual in common with another  
18 person or persons in a joint tenancy, tenancy in common,  
19 or similar arrangement, the resource (or the affected por-  
20 tion of such resource) shall be considered to be disposed  
21 of by such individual when any action is taken, either by  
22 such individual or by any other person, that reduces or  
23 eliminates such individual’s ownership or control of such  
24 resource.

1       “(D)(i) Notwithstanding subparagraph (A), this sub-  
2 section shall not apply to a transfer of a resource to a  
3 trust if the portion of the trust attributable to such re-  
4 source is considered a resource available to the individual  
5 pursuant to subsection (e)(3) (or would be so considered,  
6 but for the application of subsection (e)(4)).

7       “(ii) In the case of a trust established by an individ-  
8 ual (within the meaning of subsection (e)(2)(A)), if from  
9 such portion of the trust (if any) that is considered a re-  
10 source available to the individual pursuant to subsection  
11 (e)(3) (or would be so considered but for the application  
12 of subsection (e)(2)) or the residue of such portion upon  
13 the termination of the trust—

14               “(I) there is made a payment other than to or  
15       for the benefit of the individual, or

16               “(II) no payment could under any circumstance  
17       be made to the individual,

18 then the payment described in subclause (I) or the fore-  
19 closure of payment described in subclause (II) shall be  
20 considered a disposal of resources by the individual subject  
21 to this subsection, as of the date of such payment or fore-  
22 closure, respectively.

23       “(2)(A) At the time an individual (and the individ-  
24 ual’s eligible spouse, if any) applies for benefits under this  
25 title, and at the time the eligibility of an individual (and

1 such spouse, if any) for such benefits is redetermined, the  
2 Commissioner of Social Security shall—

3           “(i) inform such individual of the provisions of  
4 paragraph (1) providing for a period of ineligibility  
5 for benefits under this title for individuals who make  
6 certain dispositions of resources for less than fair  
7 market value, and inform such individual that infor-  
8 mation obtained pursuant to clause (ii) will be made  
9 available to the State agency administering a State  
10 plan approved under title XV or XIX (as provided  
11 in subparagraph (B)); and

12           “(ii) obtain from such individual information  
13 which may be used in determining whether or not a  
14 period of ineligibility for such benefits would be re-  
15 quired by reason of paragraph (1).

16           “(B) The Commissioner of Social Security shall make  
17 the information obtained under subparagraph (A)(ii)  
18 available, on request, to any State agency administering  
19 a State plan approved under title XV or XIX.

20           “(3) For purposes of this subsection—

21           “(A) the term ‘trust’ includes any legal instru-  
22 ment or device that is similar to a trust; and

23           “(B) the term ‘benefits under this title’ includes  
24 supplementary payments pursuant to an agreement  
25 for Federal administration under section 1616(a),

1 and payments pursuant to an agreement entered  
2 into under section 212(b) of Public Law 93-66.”

3 (2) EFFECTIVE DATE.—The amendment made  
4 by this subsection shall be effective with respect to  
5 transfers that occur at least 90 days after the date  
6 of the enactment of this Act.

7 (b) TREATMENT OF ASSETS HELD IN TRUST.—

8 (1) TREATMENT AS RESOURCE.—Section 1613  
9 (42 U.S.C. 1382) is amended by adding at the end  
10 the following new subsection:

11 “Trusts

12 “(e)(1) In determining the resources of an individual  
13 who has not attained 18 years of age, the provisions of  
14 paragraph (3) shall apply to a trust established by such  
15 individual.

16 “(2)(A) For purposes of this subsection, an individual  
17 shall be considered to have established a trust if any assets  
18 of the individual were transferred to the trust.

19 “(B) In the case of an irrevocable trust to which the  
20 assets of an individual and the assets of any other person  
21 or persons were transferred, the provisions of this sub-  
22 section shall apply to the portion of the trust attributable  
23 to the assets of the individual.

24 “(C) This subsection shall apply without regard to—

1           “(i) the purposes for which the trust is estab-  
2           lished;

3           “(ii) whether the trustees have or exercise any  
4           discretion under the trust;

5           “(iii) any restrictions on when or whether dis-  
6           tributions may be made from the trust; or

7           “(iv) any restrictions on the use of distributions  
8           from the trust.

9           “(3)(A) In the case of a revocable trust, the corpus  
10          of the trust shall be considered a resource available to the  
11          individual.

12          “(B) In the case of an irrevocable trust, if there are  
13          any circumstances under which payment from the trust  
14          could be made to or for the benefit of the individual, the  
15          portion of the corpus from which payment to or for the  
16          benefit of the individual could be made shall be considered  
17          a resource available to the individual.

18          “(4) The Commissioner may waive the application of  
19          this subsection with respect to any individual if the Com-  
20          missioner determines, on the basis of criteria prescribed  
21          in regulations, that such application would work an undue  
22          hardship on such individual.

23          “(5) For purposes of this subsection—

24                 “(A) the term ‘trust’ includes any legal instru-  
25                 ment or device that is similar to a trust;

1           “(B) the term ‘corpus’ means all property and  
2 other interests held by the trust, including accumu-  
3 lated earnings and any other addition to such trust  
4 after its establishment (except that such term does  
5 not include any such earnings or addition in the  
6 month in which such earnings or addition is credited  
7 or otherwise transferred to the trust);

8           “(C) the term ‘asset’ includes any income or re-  
9 source of the individual, including—

10           “(i) any income otherwise excluded by sec-  
11 tion 1612(b);

12           “(ii) any resource otherwise excluded by  
13 this section; and

14           “(iii) any other payment or property that  
15 the individual is entitled to but does not receive  
16 or have access to because of action by—

17           “(I) such individual;

18           “(II) a person or entity (including a  
19 court) with legal authority to act in place  
20 of, or on behalf of, such individual; or

21           “(III) a person or entity (including a  
22 court) acting at the direction of, or upon  
23 the request of, such individual; and

24           “(D) the term ‘benefits under this title’ in-  
25 cludes supplementary payments pursuant to an



1 agreement for Federal administration under section  
2 1616(a), and payments pursuant to an agreement  
3 entered into under section 212(b) of Public Law 93-  
4 66.”.

5 (2) TREATMENT AS INCOME.—Section  
6 1612(a)(2) (42 U.S.C. 1382a(a)(2)) is amended—

7 (A) by striking “and” at the end of sub-  
8 paragraph (E);

9 (B) by striking the period at the end of  
10 subparagraph (F) and inserting “; and”; and

11 (C) by adding at the end the following new  
12 subparagraph:

13 “(G) any earnings of, and additions to, the  
14 corpus of a trust (as defined in section 1613(f))  
15 established by an individual (within the mean-  
16 ing of section 1613(e)(2)(A)) and of which such  
17 individual is a beneficiary (other than a trust to  
18 which section 1613(e)(4) applies), except that  
19 in the case of an irrevocable trust, there shall  
20 exist circumstances under which payment from  
21 such earnings or additions could be made to, or  
22 for the benefit of, such individual.”.

23 (3) EFFECTIVE DATE.—The amendments made  
24 by this subsection shall take effect on the date which  
25 is 90 days after the date of the enactment of this

1 Act, and shall apply to trusts established on or after  
2 such date.

3 (c) REQUIREMENT TO ESTABLISH ACCOUNT.—

4 (1) IN GENERAL.—Section 1631(a)(2) (42  
5 U.S.C. 1383(a)(2)) is amended—

6 (A) by redesignating subparagraphs (F)  
7 and (G) as subparagraphs (G) and (H), respec-  
8 tively; and

9 (B) by inserting after subparagraph (E)  
10 the following new subparagraph:

11 “(F)(i)(I) Each representative payee of an eligible in-  
12 dividual under the age of 18 who is eligible for the pay-  
13 ment of benefits described in subclause (II) shall establish  
14 on behalf of such individual an account in a financial insti-  
15 tution into which such benefits shall be paid, and shall  
16 thereafter maintain such account for use in accordance  
17 with clause (ii).

18 “(II) Benefits described in this subclause are past-  
19 due monthly benefits under this title (which, for purposes  
20 of this subclause, include State supplementary payments  
21 made by the Commissioner pursuant to an agreement  
22 under section 1616 or section 212(b) of Public Law 93-  
23 66) in an amount (after any withholding by the Commis-  
24 sioner for reimbursement to a State for interim assistance  
25 under subsection (g)) that exceeds the product of—

1           “(aa) 6, and

2           “(bb) the maximum monthly benefit payable  
3           under this title to an eligible individual.

4           “(ii)(I) A representative payee shall use funds in the  
5           account established under clause (i) to pay for allowable  
6           expenses described in subclause (II).

7           “(II) An allowable expense described in this subclause  
8           is an expense for—

9           “(aa) education or job skills training;

10          “(bb) personal needs assistance;

11          “(cc) special equipment;

12          “(dd) housing modification;

13          “(ee) medical treatment;

14          “(ff) therapy or rehabilitation; or

15          “(gg) any other item or service that the Com-  
16          missioner determines to be appropriate;

17          provided that such expense benefits such individual and,  
18          in the case of an expense described in item (bb), (cc), (dd),  
19          (ff), or (gg), is related to the impairment (or combination  
20          of impairments) of such individual.

21          “(III) The use of funds from an account established  
22          under clause (i) in any manner not authorized by this  
23          clause—

24                 “(aa) by a representative payee shall be consid-  
25                 ered a misapplication of benefits for all purposes of

1 this paragraph, and any representative payee who  
2 knowingly misapplies benefits from such an account  
3 shall be liable to the Commissioner in an amount  
4 equal to the total amount of such benefits; and

5 “(bb) by an eligible individual who is his or her  
6 own payee shall be considered a misapplication of  
7 benefits for all purposes of this paragraph and the  
8 total amount of such benefits so used shall be con-  
9 sidered to be the uncompensated value of a disposed  
10 resource and shall be subject to the provisions of  
11 section 1613(c).

12 “(IV) This clause shall continue to apply to funds in  
13 the account after the child has reached age 18, regardless  
14 of whether benefits are paid directly to the beneficiary or  
15 through a representative payee.

16 “(iii) The representative payee may deposit into the  
17 account established pursuant to clause (i)—

18 “(I) past-due benefits payable to the eligible in-  
19 dividual in an amount less than that specified in  
20 clause (i)(II), and

21 “(II) any other funds representing an under-  
22 payment under this title to such individual, provided  
23 that the amount of such underpayment is equal to  
24 or exceeds the maximum monthly benefit payable  
25 under this title to an eligible individual.

1       “(iv) The Commissioner of Social Security shall es-  
2       tablish a system for accountability monitoring whereby  
3       such representative payee shall report, at such time and  
4       in such manner as the Commissioner shall require, on ac-  
5       tivity respecting funds in the account established pursuant  
6       to clause (i).”.

7               (2) EXCLUSION FROM RESOURCES.—Section  
8       1613(a) (42 U.S.C. 1382b(a)) is amended—

9               (A) by striking “and” at the end of para-  
10       graph (10);

11              (B) by striking the period at the end of  
12       paragraph (11) and inserting “; and”; and

13              (C) by inserting after paragraph (11) the  
14       following new paragraph:

15              “(12) any account, including accrued interest or  
16       other earnings thereon, established and maintained  
17       in accordance with section 1631(a)(2)(F).”.

18              (3) EXCLUSION FROM INCOME.—Section  
19       1612(b) (42 U.S.C. 1382a(b)) is amended—

20              (A) by striking “and” at the end of para-  
21       graph (19);

22              (B) by striking the period at the end of  
23       paragraph (20) and inserting “; and”; and

24              (C) by adding at the end the following new  
25       paragraph:



1 **SEC. 4215. REGULATIONS.**

2       Within 3 months after the date of the enactment of  
3 this Act, the Commissioner of Social Security shall pre-  
4 scribe such regulations as may be necessary to implement  
5 the amendments made by this chapter.

6 **CHAPTER 3—ADDITIONAL ENFORCEMENT**  
7 **PROVISIONS**

8 **SEC. 4221. INSTALLMENT PAYMENT OF LARGE PAST-DUE**  
9 **SUPPLEMENTAL SECURITY INCOME BENE-**  
10 **FITS.**

11       (a) **IN GENERAL.**—Section 1631(a) (42 U.S.C. 1383)  
12 is amended by adding at the end the following new para-  
13 graph:

14       “(10)(A) If an individual is eligible for past-due  
15 monthly benefits under this title in an amount that (after  
16 any withholding for reimbursement to a State for interim  
17 assistance under subsection (g)) equals or exceeds the  
18 product of—

19               “(i) 12, and

20               “(ii) the maximum monthly benefit payable  
21       under this title to an eligible individual (or, if appro-  
22       priate, to an eligible individual and eligible spouse),  
23 then the payment of such past-due benefits (after any such  
24 reimbursement to a State) shall be made in installments  
25 as provided in subparagraph (B).

1       “(B)(i) The payment of past-due benefits subject to  
2 this subparagraph shall be made in not to exceed 3 install-  
3 ments that are made at 6-month intervals.

4       “(ii) Except as provided in clause (iii), the amount  
5 of each of the first and second installments may not exceed  
6 an amount equal to the product of clauses (i) and (ii) of  
7 subparagraph (A).

8       “(iii) In the case of an individual who has—

9           “(I) outstanding debt attributable to—

10               “(aa) food,

11               “(bb) clothing,

12               “(cc) shelter, or

13               “(dd) medically necessary services, supplies  
14           or equipment, or medicine; or

15           “(II) current expenses or expenses anticipated  
16           in the near term attributable to—

17               “(aa) medically necessary services, supplies  
18           or equipment, or medicine, or

19               “(bb) the purchase of a home, and

20 such debt or expenses are not subject to reimbursement  
21 by a public assistance program, the Secretary under title  
22 XVIII, a State plan approved under title XV or XIX, or  
23 any private entity legally liable to provide payment pursu-  
24 ant to an insurance policy, pre-paid plan, or other ar-  
25 rangement, the limitation specified in clause (ii) may be



1 exceeded by an amount equal to the total of such debt  
2 and expenses.

3 “(C) This paragraph shall not apply to any individual  
4 who, at the time of the Commissioner’s determination that  
5 such individual is eligible for the payment of past-due  
6 monthly benefits under this title—

7 “(i) is afflicted with a medically determinable  
8 impairment that is expected to result in death within  
9 12 months; or

10 “(ii) is ineligible for benefits under this title  
11 and the Commissioner determines that such individ-  
12 ual is likely to remain ineligible for the next 12  
13 months.

14 “(D) For purposes of this paragraph, the term ‘bene-  
15 fits under this title’ includes supplementary payments pur-  
16 suant to an agreement for Federal administration under  
17 section 1616(a), and payments pursuant to an agreement  
18 entered into under section 212(b) of Public Law 93–66.”.

19 (b) CONFORMING AMENDMENT.—Section 1631(a)(1)  
20 (42 U.S.C. 1383(a)(1)) is amended by inserting “(subject  
21 to paragraph (10))” immediately before “in such install-  
22 ments”.

23 (c) EFFECTIVE DATE.—

24 (1) IN GENERAL.—The amendments made by  
25 this section are effective with respect to past-due

1 benefits payable under title XVI of the Social Secu-  
2 rity Act after the third month following the month  
3 in which this Act is enacted.

4 (2) BENEFITS PAYABLE UNDER TITLE XVI.—  
5 For purposes of this subsection, the term “benefits  
6 payable under title XVI of the Social Security Act”  
7 includes supplementary payments pursuant to an  
8 agreement for Federal administration under section  
9 1616(a) of the Social Security Act, and payments  
10 pursuant to an agreement entered into under section  
11 212(b) of Public Law 93-66.

12 **SEC. 4222. RECOVERY OF SUPPLEMENTAL SECURITY IN-**  
13 **COME OVERPAYMENTS FROM SOCIAL SECU-**  
14 **RITY BENEFITS.**

15 (a) IN GENERAL.—Part A of title XI is amended by  
16 adding at the end the following new section:

17 “RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL  
18 SECURITY BENEFITS

19 “SEC. 1146. (a) IN GENERAL.—Whenever the Com-  
20 missioner of Social Security determines that more than  
21 the correct amount of any payment has been made to any  
22 person under the supplemental security income program  
23 authorized by title XVI, and the Commissioner is unable  
24 to make proper adjustment or recovery of the amount so  
25 incorrectly paid as provided in section 1631(b), the Com-  
26 missioner (notwithstanding section 207) may recover the

1 amount incorrectly paid by decreasing any amount which  
2 is payable under the Federal Old-Age and Survivors Insur-  
3 ance program or the Federal Disability Insurance pro-  
4 gram authorized by title II to that person or that person's  
5 estate.

6       “(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR  
7 AMOUNT.—Notwithstanding subsections (a) and (b) of  
8 section 1611, in any case in which the Commissioner takes  
9 action in accordance with subsection (a) to recover an  
10 overpayment from any person, neither that person, nor  
11 any individual whose eligibility or benefit amount is deter-  
12 mined by considering any part of that person's income,  
13 shall, as a result of such action—

14               “(1) become eligible under the program of sup-  
15 plemental security income benefits under title XVI,  
16 or

17               “(2) if such person or individual is already so  
18 eligible, become eligible for increased benefits there-  
19 under.

20       “(c) PROGRAM UNDER TITLE XVI.—For purposes of  
21 this section, the term ‘supplemental security income pro-  
22 gram authorized by title XVI’ includes supplementary pay-  
23 ments pursuant to an agreement for Federal administra-  
24 tion under section 1616(a), and payments pursuant to an

1 agreement entered into under section 212(b) of Public  
2 Law 93-66.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 204 (42 U.S.C. 404) is amended by  
5 adding at the end the following new subsection:

6 “(g) For payments which are adjusted or withheld  
7 to recover an overpayment of supplemental security in-  
8 come benefits paid under title XVI (including State sup-  
9 plementary payments which were paid under an agreement  
10 pursuant to section 1616(a) or section 212(b) of Public  
11 Law 93-66), see section 1146.”.

12 (2) Section 1631(b) is amended by adding at  
13 the end the following new paragraph:

14 “(5) For the recovery of overpayments of benefits  
15 under this title from benefits payable under title II, see  
16 section 1146.”.

17 (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall take effect on the date of the enactment  
19 of this Act and shall apply to overpayments outstanding  
20 on or after such date.

21 **SEC. 4223. REGULATIONS.**

22 Within 3 months after the date of the enactment of  
23 this Act, the Commissioner of Social Security shall pre-  
24 scribe such regulations as may be necessary to implement  
25 the amendments made by this chapter.

1     **CHAPTER 4—STATE SUPPLEMENTATION**  
2                                     **PROGRAMS**

3     **SEC. 4225. REPEAL OF MAINTENANCE OF EFFORT RE-**  
4                     **QUIREMENTS APPLICABLE TO OPTIONAL**  
5                     **STATE PROGRAMS FOR SUPPLEMENTATION**  
6                     **OF SSI BENEFITS.**

7             Section 1618 (42 U.S.C. 1382g) is hereby repealed.

8     **CHAPTER 5—STUDIES REGARDING SUP-**  
9                     **PLEMENTAL SECURITY INCOME PRO-**  
10                    **GRAM**

11     **SEC. 4231. ANNUAL REPORT ON THE SUPPLEMENTAL SECU-**  
12                     **RITY INCOME PROGRAM.**

13             Title XVI (42 U.S.C. 1381 et seq.), as amended by  
14 section 4201(c) of this Act, is amended by adding at the  
15 end the following new section:

16                     “ANNUAL REPORT ON PROGRAM

17             “SEC. 1637. (a) Not later than May 30 of each year,  
18 the Commissioner of Social Security shall prepare and de-  
19 liver a report annually to the President and the Congress  
20 regarding the program under this title, including—

21                     “(1) a comprehensive description of the pro-  
22             gram;

23                     “(2) historical and current data on allowances  
24             and denials, including number of applications and  
25             allowance rates for initial determinations, reconsid-  
26             eration determinations, administrative law judge

1 hearings, appeals council reviews, and Federal court  
2 decisions;

3 “(3) historical and current data on characteris-  
4 tics of recipients and program costs, by recipient  
5 group (aged, blind, disabled adults, and disabled  
6 children);

7 “(4) projections of future number of recipients  
8 and program costs, through at least 25 years;

9 “(5) number of redeterminations and continu-  
10 ing disability reviews, and the outcomes of such re-  
11 determinations and reviews;

12 “(6) data on the utilization of work incentives;

13 “(7) detailed information on administrative and  
14 other program operation costs;

15 “(8) summaries of relevant research undertaken  
16 by the Social Security Administration, or by other  
17 researchers;

18 “(9) State supplementation program operations;

19 “(10) a historical summary of statutory  
20 changes to this title; and

21 “(11) such other information as the Commis-  
22 sioner deems useful.

23 “(b) Each member of the Social Security Advisory  
24 Board shall be permitted to provide an individual report,  
25 or a joint report if agreed, of views of the program under

1 this title, to be included in the annual report required  
2 under this section.”.

3 **SEC. 4232. STUDY OF DISABILITY DETERMINATION PROC-**  
4 **ESS.**

5 (a) **IN GENERAL.**—Not later than 90 days after the  
6 date of the enactment of this Act, and from funds other-  
7 wise appropriated, the Commissioner of Social Security  
8 shall make arrangements with the National Academy of  
9 Sciences, or other independent entity, to conduct a study  
10 of the disability determination process under titles II and  
11 XVI of the Social Security Act. This study shall be under-  
12 taken in consultation with professionals representing ap-  
13 propriate disciplines.

14 (b) **STUDY COMPONENTS.**—The study described in  
15 subsection (a) shall include—

16 (1) an initial phase examining the appropriate-  
17 ness of, and making recommendations regarding—

18 (A) the definitions of disability in effect on  
19 the date of the enactment of this Act and the  
20 advantages and disadvantages of alternative  
21 definitions; and

22 (B) the operation of the disability deter-  
23 mination process, including the appropriate  
24 method of performing comprehensive assess-

1           ments of individuals under age 18 with physical  
2           and mental impairments;

3           (2) a second phase, which may be concurrent  
4           with the initial phase, examining the validity, reli-  
5           ability, and consistency with current scientific knowl-  
6           edge of the standards and individual listings in the  
7           Listing of Impairments set forth in appendix 1 of  
8           subpart P of part 404 of title 20, Code of Federal  
9           Regulations, and of related evaluation procedures as  
10          promulgated by the Commissioner of Social Security;  
11          and

12          (3) such other issues as the applicable entity  
13          considers appropriate.

14          (c) REPORTS AND REGULATIONS.—

15           (1) REPORTS.—The Commissioner of Social Se-  
16           curity shall request the applicable entity, to submit  
17           an interim report and a final report of the findings  
18           and recommendations resulting from the study de-  
19           scribed in this section to the President and the Con-  
20           gress not later than 18 months and 24 months, re-  
21           spectively, from the date of the contract for such  
22           study, and such additional reports as the Commis-  
23           sioner deems appropriate after consultation with the  
24           applicable entity.



1           (2) REGULATIONS.—The Commissioner of So-  
2           cial Security shall review both the interim and final  
3           reports, and shall issue regulations implementing  
4           any necessary changes following each report.

5 **SEC. 4233. STUDY BY GENERAL ACCOUNTING OFFICE.**

6           Not later than January 1, 1999, the Comptroller  
7           General of the United States shall study and report on—

8           (1) the impact of the amendments made by,  
9           and the provisions of, this subtitle on the supple-  
10          mental security income program under title XVI of  
11          the Social Security Act; and

12          (2) extra expenses incurred by families of chil-  
13          dren receiving benefits under such title that are not  
14          covered by other Federal, State, or local programs.

15 **CHAPTER 6—NATIONAL COMMISSION ON**  
16 **THE FUTURE OF DISABILITY**

17 **SEC. 4241. ESTABLISHMENT.**

18          There is established a commission to be known as the  
19          National Commission on the Future of Disability (referred  
20          to in this chapter as the “Commission”).

21 **SEC. 4242. DUTIES OF THE COMMISSION.**

22          (a) IN GENERAL.—The Commission shall develop  
23          and carry out a comprehensive study of all matters related  
24          to the nature, purpose, and adequacy of all Federal pro-  
25          grams serving individuals with disabilities. In particular,

1 the Commission shall study the disability insurance pro-  
2 gram under title II of the Social Security Act and the sup-  
3 plemental security income disability program under title  
4 XVI of such Act.

5 (b) MATTERS STUDIED.—The Commission shall pre-  
6 pare an inventory of Federal programs serving individuals  
7 with disabilities, and shall examine—

8 (1) trends and projections regarding the size  
9 and characteristics of the population of individuals  
10 with disabilities, and the implications of such analy-  
11 ses for program planning;

12 (2) the feasibility and design of performance  
13 standards for the Nation's disability programs;

14 (3) the adequacy of Federal efforts in rehabili-  
15 tation research and training, and opportunities to  
16 improve the lives of individuals with disabilities  
17 through all manners of scientific and engineering re-  
18 search; and

19 (4) the adequacy of policy research available to  
20 the Federal Government, and what actions might be  
21 undertaken to improve the quality and scope of such  
22 research.

23 (c) RECOMMENDATIONS.—The Commission shall  
24 submit to the appropriate committees of the Congress and

1 to the President recommendations and, as appropriate,  
2 proposals for legislation, regarding—

3 (1) which (if any) Federal disability programs  
4 should be eliminated or augmented;

5 (2) what new Federal disability programs (if  
6 any) should be established;

7 (3) the suitability of the organization and loca-  
8 tion of disability programs within the Federal Gov-  
9 ernment;

10 (4) other actions the Federal Government  
11 should take to prevent disabilities and disadvantages  
12 associated with disabilities; and

13 (5) such other matters as the Commission con-  
14 siders appropriate.

15 **SEC. 4243. MEMBERSHIP.**

16 (a) NUMBER AND APPOINTMENT.—

17 (1) IN GENERAL.—The Commission shall be  
18 composed of 15 members, of whom—

19 (A) five shall be appointed by the Presi-  
20 dent, of whom not more than 3 shall be of the  
21 same major political party;

22 (B) three shall be appointed by the Major-  
23 ity Leader of the Senate;

24 (C) two shall be appointed by the Minority  
25 Leader of the Senate;

1 (D) three shall be appointed by the Speak-  
2 er of the House of Representatives; and

3 (E) two shall be appointed by the Minority  
4 Leader of the House of Representatives.

5 (2) REPRESENTATION.—The Commission mem-  
6 bers shall be chosen based on their education, train-  
7 ing, or experience. In appointing individuals as  
8 members of the Commission, the President and the  
9 Majority and Minority Leaders of the Senate and  
10 the Speaker and Minority Leader of the House of  
11 Representatives shall seek to ensure that the mem-  
12 bership of the Commission reflects the general inter-  
13 ests of the business and taxpaying community and  
14 the diversity of individuals with disabilities in the  
15 United States.

16 (b) COMPTROLLER GENERAL.—The Comptroller  
17 General of the United States shall advise the Commission  
18 on the methodology and approach of the study of the Com-  
19 mission.

20 (c) TERM OF APPOINTMENT.—The members shall  
21 serve on the Commission for the life of the Commission.

22 (d) MEETINGS.—The Commission shall locate its  
23 headquarters in the District of Columbia, and shall meet  
24 at the call of the Chairperson, but not less than 4 times  
25 each year during the life of the Commission.

1           (e) QUORUM.—Ten members of the Commission shall  
2 constitute a quorum, but a lesser number may hold hear-  
3 ings.

4           (f) CHAIRPERSON AND VICE CHAIRPERSON.—Not  
5 later than 15 days after the members of the Commission  
6 are appointed, such members shall designate a Chair-  
7 person and Vice Chairperson from among the members of  
8 the Commission.

9           (g) CONTINUATION OF MEMBERSHIP.—If a member  
10 of the Commission becomes an officer or employee of any  
11 government after appointment to the Commission, the in-  
12 dividual may continue as a member until a successor mem-  
13 ber is appointed.

14           (h) VACANCIES.—A vacancy on the Commission shall  
15 be filled in the manner in which the original appointment  
16 was made not later than 30 days after the Commission  
17 is given notice of the vacancy.

18           (i) COMPENSATION.—Members of the Commission  
19 shall receive no additional pay, allowances, or benefits by  
20 reason of their service on the Commission.

21           (j) TRAVEL EXPENSES.—Each member of the Com-  
22 mission shall receive travel expenses, including per diem  
23 in lieu of subsistence, in accordance with sections 5702  
24 and 5703 of title 5, United States Code.

1 **SEC. 4244. STAFF AND SUPPORT SERVICES.**

2 (a) **DIRECTOR.**—

3 (1) **APPOINTMENT.**—Upon consultation with  
4 the members of the Commission, the Chairperson  
5 shall appoint a Director of the Commission.

6 (2) **COMPENSATION.**—The Director shall be  
7 paid the rate of basic pay for level V of the Execu-  
8 tive Schedule.

9 (b) **STAFF.**—With the approval of the Commission,  
10 the Director may appoint such personnel as the Director  
11 considers appropriate.

12 (c) **APPLICABILITY OF CIVIL SERVICE LAWS.**—The  
13 staff of the Commission shall be appointed without regard  
14 to the provisions of title 5, United States Code, governing  
15 appointments in the competitive service, and shall be paid  
16 without regard to the provisions of chapter 51 and sub-  
17 chapter III of chapter 53 of such title relating to classi-  
18 fication and General Schedule pay rates.

19 (d) **EXPERTS AND CONSULTANTS.**—With the ap-  
20 proval of the Commission, the Director may procure tem-  
21 porary and intermittent services under section 3109(b) of  
22 title 5, United States Code.

23 (e) **STAFF OF FEDERAL AGENCIES.**—Upon the re-  
24 quest of the Commission, the head of any Federal agency  
25 may detail, on a reimbursable basis, any of the personnel

1 of such agency to the Commission to assist in carrying  
2 out the duties of the Commission under this chapter.

3 (f) OTHER RESOURCES.—The Commission shall have  
4 reasonable access to materials, resources, statistical data,  
5 and other information from the Library of Congress and  
6 agencies and elected representatives of the executive and  
7 legislative branches of the Federal Government. The  
8 Chairperson of the Commission shall make requests for  
9 such access in writing when necessary.

10 (g) PHYSICAL FACILITIES.—The Administrator of  
11 the General Services Administration shall locate suitable  
12 office space for the operation of the Commission. The fa-  
13 cilities shall serve as the headquarters of the Commission  
14 and shall include all necessary equipment and incidentals  
15 required for proper functioning of the Commission.

16 **SEC. 4245. POWERS OF COMMISSION.**

17 (a) HEARINGS.—The Commission may conduct pub-  
18 lic hearings or forums at the discretion of the Commission,  
19 at any time and place the Commission is able to secure  
20 facilities and witnesses, for the purpose of carrying out  
21 the duties of the Commission under this chapter.

22 (b) DELEGATION OF AUTHORITY.—Any member or  
23 agent of the Commission may, if authorized by the Com-  
24 mission, take any action the Commission is authorized to  
25 take by this section.

1 (c) INFORMATION.—The Commission may secure di-  
2 rectly from any Federal agency information necessary to  
3 enable the Commission to carry out its duties under this  
4 chapter. Upon request of the Chairperson or Vice Chair-  
5 person of the Commission, the head of a Federal agency  
6 shall furnish the information to the Commission to the ex-  
7 tent permitted by law.

8 (d) GIFTS, BEQUESTS, AND DEVICES.—The Commis-  
9 sion may accept, use, and dispose of gifts, bequests, or  
10 devises of services or property, both real and personal, for  
11 the purpose of aiding or facilitating the work of the Com-  
12 mission. Gifts, bequests, or devises of money and proceeds  
13 from sales of other property received as gifts, bequests,  
14 or devises shall be deposited in the Treasury and shall be  
15 available for disbursement upon order of the Commission.

16 (e) MAILS.—The Commission may use the United  
17 States mails in the same manner and under the same con-  
18 ditions as other Federal agencies.

19 **SEC. 4246. REPORTS.**

20 (a) INTERIM REPORT.—Not later than 1 year prior  
21 to the date on which the Commission terminates pursuant  
22 to section 4247, the Commission shall submit an interim  
23 report to the President and to the Congress. The interim  
24 report shall contain a detailed statement of the findings  
25 and conclusions of the Commission, together with the



1 Commission's recommendations for legislative and admin-  
2 istrative action, based on the activities of the Commission.

3 (b) FINAL REPORT.—Not later than the date on  
4 which the Commission terminates, the Commission shall  
5 submit to the Congress and to the President a final report  
6 containing—

7 (1) a detailed statement of final findings, con-  
8 clusions, and recommendations; and

9 (2) an assessment of the extent to which rec-  
10 ommendations of the Commission included in the in-  
11 terim report under subsection (a) have been imple-  
12 mented.

13 (c) PRINTING AND PUBLIC DISTRIBUTION.—Upon  
14 receipt of each report of the Commission under this sec-  
15 tion, the President shall—

16 (1) order the report to be printed; and

17 (2) make the report available to the public upon  
18 request.

19 **SEC. 4247. TERMINATION.**

20 The Commission shall terminate on the date that is  
21 2 years after the date on which the members of the Com-  
22 mission have met and designated a Chairperson and Vice  
23 Chairperson.

1 **SEC. 4248. AUTHORIZATION OF APPROPRIATIONS.**

2 There are authorized to be appropriated such sums  
3 as are necessary to carry out the purposes of the Commis-  
4 sion.

5 **Subtitle C—Child Support**

6 **SEC. 4300. REFERENCE TO SOCIAL SECURITY ACT.**

7 Except as otherwise specifically provided, wherever in  
8 this subtitle an amendment is expressed in terms of an  
9 amendment to or repeal of a section or other provision,  
10 the reference shall be considered to be made to that sec-  
11 tion or other provision of the Social Security Act.

12 **CHAPTER 1—ELIGIBILITY FOR SERVICES;**

13 **DISTRIBUTION OF PAYMENTS**

14 **SEC. 4301. STATE OBLIGATION TO PROVIDE CHILD SUP-**  
15 **PORT ENFORCEMENT SERVICES.**

16 (a) STATE PLAN REQUIREMENTS.—Section 454 (42  
17 U.S.C. 654) is amended—

18 (1) by striking paragraph (4) and inserting the  
19 following new paragraph:

20 “(4) provide that the State will—

21 “(A) provide services relating to the estab-  
22 lishment of paternity or the establishment,  
23 modification, or enforcement of child support  
24 obligations, as appropriate, under the plan with  
25 respect to—

1           “(i) each child for whom (I) assist-  
2           ance is provided under the State program  
3           funded under part A of this title, (II) ben-  
4           efits or services for foster care mainte-  
5           nance are provided under the State pro-  
6           gram funded under part E of this title,  
7           (III) medical assistance is provided under  
8           the State plan under title XV, or (IV)  
9           medical assistance is provided under the  
10          State plan approved under title XIX, un-  
11          less, in accordance with paragraph (29),  
12          good cause or other exceptions exist;

13           “(ii) any other child, if an individual  
14          applies for such services with respect to  
15          the child; and

16           “(B) enforce any support obligation estab-  
17          lished with respect to—

18           “(i) a child with respect to whom the  
19          State provides services under the plan; or

20           “(ii) the custodial parent of such a  
21          child;” and

22          (2) in paragraph (6)—

23           (A) by striking “provide that” and insert-  
24          ing “provide that—”;

1 (B) by striking subparagraph (A) and in-  
2 serting the following new subparagraph:

3 “(A) services under the plan shall be made  
4 available to residents of other States on the  
5 same terms as to residents of the State submit-  
6 ting the plan;”;

7 (C) in subparagraph (B), by inserting “on  
8 individuals not receiving assistance under any  
9 State program funded under part A” after  
10 “such services shall be imposed”;

11 (D) in each of subparagraphs (B), (C),  
12 (D), and (E)—

13 (i) by indenting the subparagraph in  
14 the same manner as, and aligning the left  
15 margin of the subparagraph with the left  
16 margin of, the matter inserted by subpara-  
17 graph (B) of this paragraph; and

18 (ii) by striking the final comma and  
19 inserting a semicolon; and

20 (E) in subparagraph (E), by indenting  
21 each of clauses (i) and (ii) 2 additional ems.

22 (b) CONTINUATION OF SERVICES FOR FAMILIES  
23 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE  
24 PROGRAM FUNDED UNDER PART A.—Section 454 (42  
25 U.S.C. 654) is amended—

1           (1) by striking “and” at the end of paragraph  
2           (23);

3           (2) by striking the period at the end of para-  
4           graph (24) and inserting “; and”; and

5           (3) by adding after paragraph (24) the follow-  
6           ing new paragraph:

7           “(25) provide that if a family with respect to  
8           which services are provided under the plan ceases to  
9           receive assistance under the State program funded  
10          under part A, the State shall provide appropriate no-  
11          tice to the family and continue to provide such serv-  
12          ices, subject to the same conditions and on the same  
13          basis as in the case of other individuals to whom  
14          services are furnished under the plan, except that an  
15          application or other request to continue services  
16          shall not be required of such a family and paragraph  
17          (6)(B) shall not apply to the family.”.

18          (c) CONFORMING AMENDMENTS.—

19           (1) Section 452(b) (42 U.S.C. 652(b)) is  
20           amended by striking “454(6)” and inserting  
21           “454(4)”.

22           (2) Section 452(g)(2)(A) (42 U.S.C.  
23           652(g)(2)(A)) is amended by striking “454(6)” each  
24           place it appears and inserting “454(4)(A)(ii)”.

1           (3) Section 466(a)(3)(B) (42 U.S.C.  
2           666(a)(3)(B)) is amended by striking “in the case of  
3           overdue support which a State has agreed to collect  
4           under section 454(6)” and inserting “in any other  
5           case”.

6           (4) Section 466(e) (42 U.S.C. 666(e)) is  
7           amended by striking “paragraph (4) or (6) of sec-  
8           tion 454” and inserting “section 454(4)”.

9   **SEC. 4302. DISTRIBUTION OF CHILD SUPPORT COLLEC-**  
10                           **TIONS.**

11           (a) **IN GENERAL.**—Section 457 (42 U.S.C. 657) is  
12           amended to read as follows:

13   **“SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

14           “(a) **IN GENERAL.**—Subject to subsection (e), an  
15           amount collected on behalf of a family as support by a  
16           State pursuant to a plan approved under this part shall  
17           be distributed as follows:

18                   “(1) **FAMILIES RECEIVING ASSISTANCE.**—In the  
19           case of a family receiving assistance from the State,  
20           the State shall—

21                           “(A) pay to the Federal Government the  
22           Federal share of the amount so collected; and

23                           “(B) retain, or distribute to the family, the  
24           State share of the amount so collected.

1           “(2) FAMILIES THAT FORMERLY RECEIVED AS-  
2           SISTANCE.—In the case of a family that formerly re-  
3           ceived assistance from the State:

4           “(A) CURRENT SUPPORT PAYMENTS.—To  
5           the extent that the amount so collected does not  
6           exceed the amount required to be paid to the  
7           family for the month in which collected, the  
8           State shall distribute the amount so collected to  
9           the family.

10          “(B) PAYMENTS OF ARREARAGES.—To the  
11          extent that the amount so collected exceeds the  
12          amount required to be paid to the family for  
13          the month in which collected, the State shall  
14          distribute the amount so collected as follows:

15                 “(i) DISTRIBUTION OF ARREARAGES  
16                 THAT ACCRUED AFTER THE FAMILY  
17                 CEASED TO RECEIVE ASSISTANCE.—

18                 “(I) PRE-OCTOBER 1997.—Except  
19                 as provided in subclause (II), the pro-  
20                 visions of this section (other than sub-  
21                 section (b)(1)) as in effect and applied  
22                 on the day before the date of the en-  
23                 actment of section 4302 of the Per-  
24                 sonal Responsibility and Work Oppor-  
25                 tunity Act of 1996 shall apply with

1 respect to the distribution of support  
2 arrearages that—

3 “(aa) accrued after the fam-  
4 ily ceased to receive assistance,  
5 and

6 “(bb) are collected before  
7 October 1, 1997.

8 “(II) POST-SEPTEMBER 1997.—  
9 With respect to the amount so col-  
10 lected on or after October 1, 1997 (or  
11 before such date, at the option of the  
12 State)—

13 “(aa) IN GENERAL.—The  
14 State shall first distribute the  
15 amount so collected (other than  
16 any amount described in clause  
17 (iv)) to the family to the extent  
18 necessary to satisfy any support  
19 arrearages with respect to the  
20 family that accrued after the  
21 family ceased to receive assist-  
22 ance from the State.

23 “(bb) REIMBURSEMENT OF  
24 GOVERNMENTS FOR ASSISTANCE  
25 PROVIDED TO THE FAMILY.—



1 After the application of division  
2 (aa) and clause (ii)(II)(aa) with  
3 respect to the amount so col-  
4 lected, the State shall retain the  
5 State share of the amount so col-  
6 lected, and pay to the Federal  
7 Government the Federal share  
8 (as defined in subsection (c)(2))  
9 of the amount so collected, but  
10 only to the extent necessary to  
11 reimburse amounts paid to the  
12 family as assistance by the State.

13 “(cc) DISTRIBUTION OF THE  
14 REMAINDER TO THE FAMILY.—  
15 To the extent that neither divi-  
16 sion (aa) nor division (bb) applies  
17 to the amount so collected, the  
18 State shall distribute the amount  
19 to the family.

20 “(ii) DISTRIBUTION OF ARREARAGES  
21 THAT ACCRUED BEFORE THE FAMILY RE-  
22 CEIVED ASSISTANCE.—

23 “(I) PRE-OCTOBER 2000.—Except  
24 as provided in subclause (II), the pro-  
25 visions of this section (other than sub-

1 section (b)(1)) as in effect and applied  
2 on the day before the date of the en-  
3 actment of section 4302 of the Per-  
4 sonal Responsibility and Work Oppor-  
5 tunity Act of 1996 shall apply with  
6 respect to the distribution of support  
7 arrearages that—

8 “(aa) accrued before the  
9 family received assistance, and

10 “(bb) are collected before  
11 October 1, 2000.

12 “(II) POST-SEPTEMBER 2000.—  
13 Unless, based on the report required  
14 by paragraph (4), the Congress deter-  
15 mines otherwise, with respect to the  
16 amount so collected on or after Octo-  
17 ber 1, 2000 (or before such date, at  
18 the option of the State)—

19 “(aa) IN GENERAL.—The  
20 State shall first distribute the  
21 amount so collected (other than  
22 any amount described in clause  
23 (iv)) to the family to the extent  
24 necessary to satisfy any support  
25 arrearages with respect to the

1 family that accrued before the  
2 family received assistance from  
3 the State.

4 “(bb) REIMBURSEMENT OF  
5 GOVERNMENTS FOR ASSISTANCE  
6 PROVIDED TO THE FAMILY.—

7 After the application of clause  
8 (i)(II)(aa) and division (aa) with  
9 respect to the amount so col-  
10 lected, the State shall retain the  
11 State share of the amount so col-  
12 lected, and pay to the Federal  
13 Government the Federal share  
14 (as defined in subsection (c)(2))  
15 of the amount so collected, but  
16 only to the extent necessary to  
17 reimburse amounts paid to the  
18 family as assistance by the State.

19 “(cc) DISTRIBUTION OF THE  
20 REMAINDER TO THE FAMILY.—

21 To the extent that neither divi-  
22 sion (aa) nor division (bb) applies  
23 to the amount so collected, the  
24 State shall distribute the amount  
25 to the family.

1           “(iii) DISTRIBUTION OF ARREARAGES  
2           THAT ACCRUED WHILE THE FAMILY RE-  
3           CEIVED ASSISTANCE.—In the case of a  
4           family described in this subparagraph, the  
5           provisions of paragraph (1) shall apply  
6           with respect to the distribution of support  
7           arrearages that accrued while the family  
8           received assistance.

9           “(iv) AMOUNTS COLLECTED PURSU-  
10          ANT TO SECTION 464.—Notwithstanding  
11          any other provision of this section, any  
12          amount of support collected pursuant to  
13          section 464 shall be retained by the State  
14          to the extent past-due support has been as-  
15          signed to the State as a condition of re-  
16          ceiving assistance from the State, up to the  
17          amount necessary to reimburse the State  
18          for amounts paid to the family as assist-  
19          ance by the State. The State shall pay to  
20          the Federal Government the Federal share  
21          of the amounts so retained. To the extent  
22          the amount collected pursuant to section  
23          464 exceeds the amount so retained, the  
24          State shall distribute the excess to the  
25          family.

1                   “(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected, except for amounts collected pursuant to section 464, as accruing in the following order:

9                   “(I) To the period after the family ceased to receive assistance.

11                   “(II) To the period before the family received assistance.

13                   “(III) To the period while the family was receiving assistance.

15                   “(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

19                   “(4) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to the Congress the Secretary’s findings with respect to—

22                   “(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

1           “(B) whether early implementation of a  
2           pre-assistance arrearage program by some  
3           States has been effective in moving people off  
4           of welfare and keeping them off of welfare;

5           “(C) what the overall impact has been of  
6           the amendments made by the Personal Respon-  
7           sibility and Work Opportunity Act of 1996 with  
8           respect to child support enforcement in moving  
9           people off of welfare and keeping them off of  
10          welfare; and

11          “(D) based on the information and data  
12          the Secretary has obtained, what changes, if  
13          any, should be made in the policies related to  
14          the distribution of child support arrearages.

15          “(b) CONTINUATION OF ASSIGNMENTS.—Any rights  
16          to support obligations, which were assigned to a State as  
17          a condition of receiving assistance from the State under  
18          part A and which were in effect on the day before the  
19          date of the enactment of the Personal Responsibility and  
20          Work Opportunity Act of 1996, shall remain assigned  
21          after such date.

22          “(c) DEFINITIONS.—As used in subsection (a):

23                  “(1) ASSISTANCE.—The term ‘assistance from  
24                  the State’ means—

1           “(A) assistance under the State program  
2 funded under part A or under the State plan  
3 approved under part A of this title (as in effect  
4 on the day before the date of the enactment of  
5 the Personal Responsibility and Work Oppor-  
6 tunity Act of 1996); and

7           “(B) foster care maintenance payments  
8 under the State plan approved under part E of  
9 this title.

10           “(2) FEDERAL SHARE.—The term ‘Federal  
11 share’ means that portion of the amount collected  
12 resulting from the application of the Federal medical  
13 assistance percentage in effect for the fiscal year in  
14 which the amount is collected.

15           “(3) FEDERAL MEDICAL ASSISTANCE PERCENT-  
16 AGE.—The term ‘Federal medical assistance per-  
17 centage’ means—

18           “(A) the Federal medical assistance per-  
19 centage (as defined in section 1118), in the case  
20 of Puerto Rico, the Virgin Islands, Guam, and  
21 American Samoa; or

22           “(B) the Federal medical assistance per-  
23 centage (as defined in section 1905(b), as in ef-  
24 fect on September 30, 1996) in the case of any  
25 other State.

1           “(4) STATE SHARE.—The term ‘State share’  
2           means 100 percent minus the Federal share.

3           “(d) HOLD HARMLESS PROVISION.—If the amounts  
4           collected which could be retained by the State in the fiscal  
5           year (to the extent necessary to reimburse the State for  
6           amounts paid to families as assistance by the State) are  
7           less than the State share of the amounts collected in fiscal  
8           year 1995 (determined in accordance with section 457 as  
9           in effect on the day before the date of the enactment of  
10          the Personal Responsibility and Work Opportunity Act of  
11          1996), the State share for the fiscal year shall be an  
12          amount equal to the State share in fiscal year 1995.

13          “(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—At State option, this section shall not apply to any amount collected on behalf of  
14          a family as support by the State (and paid to the family  
15          in addition to the amount of assistance otherwise payable  
16          to the family) pursuant to a plan approved under this part  
17          if such amount would have been paid to the family by the  
18          State under section 402(a)(28), as in effect and applied  
19          on the day before the date of the enactment of section  
20          4302 of the Personal Responsibility and Work Oppor-  
21          tunity Act of 1996. For purposes of subsection (d), the  
22          State share of such amount paid to the family shall be  
23          considered amounts which could be retained by the State  
24          considered amounts which could be retained by the State  
25          considered amounts which could be retained by the State



1 if such payments were reported by the State as part of  
2 the State share of amounts collected in fiscal year 1995.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is  
5 amended by striking “section 457(b)(4) or (d)(3)”  
6 and inserting “section 457”.

7 (2) Section 454 (42 U.S.C. 654) is amended—

8 (A) in paragraph (11)—

9 (i) by striking “(11)” and inserting  
10 “(11)(A)”; and

11 (ii) by inserting after the semicolon  
12 “and”; and

13 (B) by redesignating paragraph (12) as  
14 subparagraph (B) of paragraph (11).

15 (c) EFFECTIVE DATES.—

16 (1) IN GENERAL.—Except as provided in para-  
17 graph (2), the amendments made by this section  
18 shall be effective on October 1, 1996, or earlier at  
19 the State’s option.

20 (2) CONFORMING AMENDMENTS.—The amend-  
21 ments made by subsection (b)(2) shall become effec-  
22 tive on the date of the enactment of this Act.

1 **SEC. 4303. PRIVACY SAFEGUARDS.**

2 (a) STATE PLAN REQUIREMENT.—Section 454 (42  
3 U.S.C. 654), as amended by section 4301(b) of this Act,  
4 is amended—

5 (1) by striking “and” at the end of paragraph  
6 (24);

7 (2) by striking the period at the end of para-  
8 graph (25) and inserting “; and”; and

9 (3) by adding after paragraph (25) the follow-  
10 ing new paragraph:

11 “(26) will have in effect safeguards, applicable  
12 to all confidential information handled by the State  
13 agency, that are designed to protect the privacy  
14 rights of the parties, including—

15 “(A) safeguards against unauthorized use  
16 or disclosure of information relating to proceed-  
17 ings or actions to establish paternity, or to es-  
18 tablish or enforce support;

19 “(B) prohibitions against the release of in-  
20 formation on the whereabouts of 1 party to an-  
21 other party against whom a protective order  
22 with respect to the former party has been en-  
23 tered; and

24 “(C) prohibitions against the release of in-  
25 formation on the whereabouts of 1 party to an-  
26 other party if the State has reason to believe

1           that the release of the information may result  
2           in physical or emotional harm to the former  
3           party.”.

4           (b) EFFECTIVE DATE.—The amendment made by  
5 subsection (a) shall become effective on October 1, 1997.

6 **SEC. 4304. RIGHTS TO NOTIFICATION OF HEARINGS.**

7           (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as  
8 amended by section 4302(b)(2) of this Act, is amended  
9 by inserting after paragraph (11) the following new para-  
10 graph:

11           “(12) provide for the establishment of proce-  
12 dures to require the State to provide individuals who  
13 are applying for or receiving services under the State  
14 plan, or who are parties to cases in which services  
15 are being provided under the State plan—

16           “(A) with notice of all proceedings in  
17 which support obligations might be established  
18 or modified; and

19           “(B) with a copy of any order establishing  
20 or modifying a child support obligation, or (in  
21 the case of a petition for modification) a notice  
22 of determination that there should be no change  
23 in the amount of the child support award, with-  
24 in 14 days after issuance of such order or de-  
25 termination;”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall become effective on October 1, 1997.

## 3 CHAPTER 2—LOCATE AND CASE

### 4 TRACKING

#### 5 SEC. 4311. STATE CASE REGISTRY.

6 Section 454A, as added by section 4344(a)(2) of this  
7 Act, is amended by adding at the end the following new  
8 subsections:

9 “(e) STATE CASE REGISTRY.—

10 “(1) CONTENTS.—The automated system re-  
11 quired by this section shall include a registry (which  
12 shall be known as the ‘State case registry’) that con-  
13 tains records with respect to—

14 “(A) each case in which services are being  
15 provided by the State agency under the State  
16 plan approved under this part; and

17 “(B) each support order established or  
18 modified in the State on or after October 1,  
19 1998.

20 “(2) LINKING OF LOCAL REGISTRIES.—The  
21 State case registry may be established by linking  
22 local case registries of support orders through an  
23 automated information network, subject to this sec-  
24 tion.

1           “(3) USE OF STANDARDIZED DATA ELE-  
2           MENTS.—Such records shall use standardized data  
3           elements for both parents (such as names, social se-  
4           curity numbers and other uniform identification  
5           numbers, dates of birth, and case identification  
6           numbers), and contain such other information (such  
7           as on case status) as the Secretary may require.

8           “(4) PAYMENT RECORDS.—Each case record in  
9           the State case registry with respect to which services  
10          are being provided under the State plan approved  
11          under this part and with respect to which a support  
12          order has been established shall include a record  
13          of—

14                 “(A) the amount of monthly (or other peri-  
15                 odic) support owed under the order, and other  
16                 amounts (including arrearages, interest or late  
17                 payment penalties, and fees) due or overdue  
18                 under the order;

19                 “(B) any amount described in subpara-  
20                 graph (A) that has been collected;

21                 “(C) the distribution of such collected  
22                 amounts;

23                 “(D) the birth date of any child for whom  
24                 the order requires the provision of support; and

1           “(E) the amount of any lien imposed with  
2           respect to the order pursuant to section  
3           466(a)(4).

4           “(5) UPDATING AND MONITORING.—The State  
5           agency operating the automated system required by  
6           this section shall promptly establish and update,  
7           maintain, and regularly monitor, case records in the  
8           State case registry with respect to which services are  
9           being provided under the State plan approved under  
10          this part, on the basis of—

11           “(A) information on administrative actions  
12           and administrative and judicial proceedings and  
13           orders relating to paternity and support;

14           “(B) information obtained from compari-  
15           son with Federal, State, or local sources of in-  
16           formation;

17           “(C) information on support collections  
18           and distributions; and

19           “(D) any other relevant information.

20          “(f) INFORMATION COMPARISONS AND OTHER DIS-  
21          CLOSURES OF INFORMATION.—The State shall use the  
22          automated system required by this section to extract infor-  
23          mation from (at such times, and in such standardized for-  
24          mat or formats, as may be required by the Secretary), to  
25          share and compare information with, and to receive infor-

1 mation from, other data bases and information compari-  
2 son services, in order to obtain (or provide) information  
3 necessary to enable the State agency (or the Secretary or  
4 other State or Federal agencies) to carry out this part,  
5 subject to section 6103 of the Internal Revenue Code of  
6 1986. Such information comparison activities shall include  
7 the following:

8           “(1) FEDERAL CASE REGISTRY OF CHILD SUP-  
9           PORT ORDERS.—Furnishing to the Federal Case  
10          Registry of Child Support Orders established under  
11          section 453(h) (and update as necessary, with infor-  
12          mation including notice of expiration of orders) the  
13          minimum amount of information on child support  
14          cases recorded in the State case registry that is nec-  
15          essary to operate the registry (as specified by the  
16          Secretary in regulations).

17          “(2) FEDERAL PARENT LOCATOR SERVICE.—  
18          Exchanging information with the Federal Parent  
19          Locator Service for the purposes specified in section  
20          453.

21          “(3) TEMPORARY FAMILY ASSISTANCE AND  
22          MEDICAID AGENCIES.—Exchanging information with  
23          State agencies (of the State and of other States) ad-  
24          ministering programs funded under part A, pro-  
25          grams operated under a State plan under title XV

1 or a State plan approved under title XIX, and other  
2 programs designated by the Secretary, as necessary  
3 to perform State agency responsibilities under this  
4 part and under such programs.

5 “(4) INTRASTATE AND INTERSTATE INFORMA-  
6 TION COMPARISONS.—Exchanging information with  
7 other agencies of the State, agencies of other States,  
8 and interstate information networks, as necessary  
9 and appropriate to carry out (or assist other States  
10 to carry out) the purposes of this part.”.

11 **SEC. 4312. COLLECTION AND DISBURSEMENT OF SUPPORT**  
12 **PAYMENTS.**

13 (a) STATE PLAN REQUIREMENT.—Section 454 (42  
14 U.S.C. 654), as amended by sections 4301(b) and 4303(a)  
15 of this Act, is amended—

16 (1) by striking “and” at the end of paragraph  
17 (25);

18 (2) by striking the period at the end of para-  
19 graph (26) and inserting “; and”; and

20 (3) by adding after paragraph (26) the follow-  
21 ing new paragraph:

22 “(27) provide that, on and after October 1,  
23 1998, the State agency will—

24 “(A) operate a State disbursement unit in  
25 accordance with section 454B; and





1           “(A) in all cases being enforced by the  
2 State pursuant to section 454(4); and

3           “(B) in all cases not being enforced by the  
4 State under this part in which the support  
5 order is initially issued in the State on or after  
6 January 1, 1994, and in which the income of  
7 the noncustodial parent are subject to withhold-  
8 ing pursuant to section 466(a)(8)(B).

9           “(2) OPERATION.—The State disbursement  
10 unit shall be operated—

11           “(A) directly by the State agency (or 2 or  
12 more State agencies under a regional coopera-  
13 tive agreement), or (to the extent appropriate)  
14 by a contractor responsible directly to the State  
15 agency; and

16           “(B) except in cases described in para-  
17 graph (1)(B), in coordination with the auto-  
18 mated system established by the State pursuant  
19 to section 454A.

20           “(3) LINKING OF LOCAL DISBURSEMENT  
21 UNITS.—The State disbursement unit may be estab-  
22 lished by linking local disbursement units through  
23 an automated information network, subject to this  
24 section, if the Secretary agrees that the system will  
25 not cost more nor take more time to establish or op-

1 erate than a centralized system. In addition, employ-  
2 ers shall be given 1 location to which income with-  
3 holding is sent.

4 “(b) REQUIRED PROCEDURES.—The State disburse-  
5 ment unit shall use automated procedures, electronic proc-  
6 esses, and computer-driven technology to the maximum  
7 extent feasible, efficient, and economical, for the collection  
8 and disbursement of support payments, including proce-  
9 dures—

10 “(1) for receipt of payments from parents, em-  
11 ployers, and other States, and for disbursements to  
12 custodial parents and other obligees, the State agen-  
13 cy, and the agencies of other States;

14 “(2) for accurate identification of payments;

15 “(3) to ensure prompt disbursement of the cus-  
16 todial parent’s share of any payment; and

17 “(4) to furnish to any parent, upon request,  
18 timely information on the current status of support  
19 payments under an order requiring payments to be  
20 made by or to the parent.

21 “(c) TIMING OF DISBURSEMENTS.—

22 “(1) IN GENERAL.—Except as provided in para-  
23 graph (2), the State disbursement unit shall distrib-  
24 ute all amounts payable under section 457(a) within  
25 2 business days after receipt from the employer or

1 other source of periodic income, if sufficient infor-  
2 mation identifying the payee is provided.

3 “(2) PERMISSIVE RETENTION OF ARREAR-  
4 AGES.—The State disbursement unit may delay the  
5 distribution of collections toward arrearages until  
6 the resolution of any timely appeal with respect to  
7 such arrearages.

8 “(d) BUSINESS DAY DEFINED.—As used in this sec-  
9 tion, the term ‘business day’ means a day on which State  
10 offices are open for regular business.”.

11 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as  
12 added by section 4344(a)(2) and as amended by section  
13 4311 of this Act, is amended by adding at the end the  
14 following new subsection:

15 “(g) COLLECTION AND DISTRIBUTION OF SUPPORT  
16 PAYMENTS.—

17 “(1) IN GENERAL.—The State shall use the  
18 automated system required by this section, to the  
19 maximum extent feasible, to assist and facilitate the  
20 collection and disbursement of support payments  
21 through the State disbursement unit operated under  
22 section 454B, through the performance of functions,  
23 including, at a minimum—

1           “(A) transmission of orders and notices to  
2           employers (and other debtors) for the withhold-  
3           ing of income—

4                   “(i) within 2 business days after re-  
5                   ceipt of notice of, and the income source  
6                   subject to, such withholding from a court,  
7                   another State, an employer, the Federal  
8                   Parent Locator Service, or another source  
9                   recognized by the State; and

10                   “(ii) using uniform formats prescribed  
11                   by the Secretary;

12                   “(B) ongoing monitoring to promptly iden-  
13                   tify failures to make timely payment of support;  
14                   and

15                   “(C) automatic use of enforcement proce-  
16                   dures (including procedures authorized pursu-  
17                   ant to section 466(c)) if payments are not time-  
18                   ly made.

19                   “(2) BUSINESS DAY DEFINED.—As used in  
20                   paragraph (1), the term ‘business day’ means a day  
21                   on which State offices are open for regular busi-  
22                   ness.”.

23                   (d) EFFECTIVE DATES.—

1           (1) IN GENERAL.—Except as provided in para-  
2           graph (2), the amendments made by this section  
3           shall become effective on October 1, 1998.

4           (2) LIMITED EXCEPTION TO UNIT HANDLING  
5           PAYMENTS.—Notwithstanding section 454B(b)(1) of  
6           the Social Security Act, as added by this section,  
7           any State which, as of the date of the enactment of  
8           this Act, processes the receipt of child support pay-  
9           ments through local courts may, at the option of the  
10          State, continue to process through September 30,  
11          1999, such payments through such courts as proc-  
12          essed such payments on or before such date of en-  
13          actment.

14          (e) SENSE OF THE CONGRESS.—It is the sense of the  
15          Congress that, in determining whether to comply with sec-  
16          tion 454B of the Social Security Act by establishing a sin-  
17          gle, centralized unit for the collection and disbursement  
18          of support payments or by linking together through auto-  
19          mation local units for the collection and disbursement of  
20          support payments, a State should choose the method of  
21          compliance which best meets the needs of parents, employ-  
22          ers, and children.

1 **SEC. 4313. STATE DIRECTORY OF NEW HIRES.**

2 (a) STATE PLAN REQUIREMENT.—Section 454 (42  
3 U.S.C. 654), as amended by sections 4301(b), 4303(a)  
4 and 4312(a) of this Act, is amended—

5 (1) by striking “and” at the end of paragraph  
6 (26);

7 (2) by striking the period at the end of para-  
8 graph (27) and inserting “; and”; and

9 (3) by adding after paragraph (27) the follow-  
10 ing new paragraph:

11 “(28) provide that, on and after October 1,  
12 1997, the State will operate a State Directory of  
13 New Hires in accordance with section 453A.”.

14 (b) STATE DIRECTORY OF NEW HIRES.—Part D of  
15 title IV (42 U.S.C. 651–669) is amended by inserting  
16 after section 453 the following new section:

17 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

18 **“(a) ESTABLISHMENT.—**

19 **“(1) IN GENERAL.—**

20 **“(A) REQUIREMENT FOR STATES THAT**  
21 **HAVE NO DIRECTORY.—**Except as provided in  
22 subparagraph (B), not later than October 1,  
23 1997, each State shall establish an automated  
24 directory (to be known as the ‘State Directory  
25 of New Hires’) which shall contain information

1 supplied in accordance with subsection (b) by  
2 employers on each newly hired employee.

3 “(B) STATES WITH NEW HIRE REPORTING  
4 IN EXISTENCE.—A State which has a new hire  
5 reporting law in existence on the date of the en-  
6 actment of this section may continue to operate  
7 under the State law, but the State must meet  
8 the requirements of subsection (g)(2) not later  
9 than October 1, 1997, and the requirements of  
10 this section (other than subsection (g)(2)) not  
11 later than October 1, 1998.

12 “(2) DEFINITIONS.—As used in this section:

13 “(A) EMPLOYEE.—The term ‘employee’—

14 “(i) means an individual who is an  
15 employee within the meaning of chapter 24  
16 of the Internal Revenue Code of 1986; and

17 “(ii) does not include an employee of  
18 a Federal or State agency performing in-  
19 telligence or counterintelligence functions,  
20 if the head of such agency has determined  
21 that reporting pursuant to paragraph (1)  
22 with respect to the employee could endan-  
23 ger the safety of the employee or com-  
24 promise an ongoing investigation or intel-  
25 ligence mission.



1           “(B) EMPLOYER.—

2                   “(i) IN GENERAL.—The term ‘em-  
3           ployer’ has the meaning given such term in  
4           section 3401(d) of the Internal Revenue  
5           Code of 1986 and includes any govern-  
6           mental entity and any labor organization.

7                   “(ii) LABOR ORGANIZATION.—The  
8           term ‘labor organization’ shall have the  
9           meaning given such term in section 2(5) of  
10          the National Labor Relations Act, and in-  
11          cludes any entity (also known as a ‘hiring  
12          hall’) which is used by the organization  
13          and an employer to carry out requirements  
14          described in section 8(f)(3) of such Act of  
15          an agreement between the organization  
16          and the employer.

17          “(b) EMPLOYER INFORMATION.—

18                   “(1) REPORTING REQUIREMENT.—

19                   “(A) IN GENERAL.—Except as provided in  
20          subparagraphs (B) and (C), each employer shall  
21          furnish to the Directory of New Hires of the  
22          State in which a newly hired employee works, a  
23          report that contains the name, address, and so-  
24          cial security number of the employee, and the  
25          name and address of, and identifying number

1 assigned under section 6109 of the Internal  
2 Revenue Code of 1986 to, the employer.

3 “(B) MULTISTATE EMPLOYERS.—An em-  
4 ployer that has employees who are employed in  
5 2 or more States and that transmits reports  
6 magnetically or electronically may comply with  
7 subparagraph (A) by designating 1 State in  
8 which such employer has employees to which  
9 the employer will transmit the report described  
10 in subparagraph (A), and transmitting such re-  
11 port to such State. Any employer that transmits  
12 reports pursuant to this subparagraph shall no-  
13 tify the Secretary in writing as to which State  
14 such employer designates for the purpose of  
15 sending reports.

16 “(C) FEDERAL GOVERNMENT EMPLOY-  
17 ERS.—Any department, agency, or instrumen-  
18 tality of the United States shall comply with  
19 subparagraph (A) by transmitting the report  
20 described in subparagraph (A) to the National  
21 Directory of New Hires established pursuant to  
22 section 453.

23 “(2) TIMING OF REPORT.—Each State may  
24 provide the time within which the report required by

1 paragraph (1) shall be made with respect to an em-  
2 ployee, but such report shall be made—

3 “(A) not later than 20 days after the date  
4 the employer hires the employee; or

5 “(B) in the case of an employer transmit-  
6 ting reports magnetically or electronically, by 2  
7 monthly transmissions (if necessary) not less  
8 than 12 days nor more than 16 days apart.

9 “(c) REPORTING FORMAT AND METHOD.—Each re-  
10 port required by subsection (b) shall be made on a  
11 W-4 form or, at the option of the employer, an equivalent  
12 form, and may be transmitted by 1st class mail, magneti-  
13 cally, or electronically.

14 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING  
15 EMPLOYERS.—The State shall have the option to set a  
16 State civil money penalty which shall be less than—

17 “(1) \$25; or

18 “(2) \$500 if, under State law, the failure is the  
19 result of a conspiracy between the employer and the  
20 employee to not supply the required report or to  
21 supply a false or incomplete report.

22 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-  
23 mation shall be entered into the data base maintained by  
24 the State Directory of New Hires within 5 business days  
25 of receipt from an employer pursuant to subsection (b).

1 “(f) INFORMATION COMPARISONS.—

2 “(1) IN GENERAL.—Not later than May 1,  
3 1998, an agency designated by the State shall, di-  
4 rectly or by contract, conduct automated compari-  
5 sons of the social security numbers reported by em-  
6 ployers pursuant to subsection (b) and the social se-  
7 curity numbers appearing in the records of the State  
8 case registry for cases being enforced under the  
9 State plan.

10 “(2) NOTICE OF MATCH.—When an information  
11 comparison conducted under paragraph (1) reveals a  
12 match with respect to the social security number of  
13 an individual required to provide support under a  
14 support order, the State Directory of New Hires  
15 shall provide the agency administering the State  
16 plan approved under this part of the appropriate  
17 State with the name, address, and social security  
18 number of the employee to whom the social security  
19 number is assigned, and the name and address of,  
20 and identifying number assigned under section 6109  
21 of the Internal Revenue Code of 1986 to, the em-  
22 ployer.

23 “(g) TRANSMISSION OF INFORMATION.—

24 “(1) TRANSMISSION OF WAGE WITHHOLDING  
25 NOTICES TO EMPLOYERS.—Within 2 business days

1 after the date information regarding a newly hired  
2 employee is entered into the State Directory of New  
3 Hires, the State agency enforcing the employee's  
4 child support obligation shall transmit a notice to  
5 the employer of the employee directing the employer  
6 to withhold from the income of the employee an  
7 amount equal to the monthly (or other periodic)  
8 child support obligation (including any past due sup-  
9 port obligation) of the employee, unless the employ-  
10 ee's income is not subject to withholding pursuant to  
11 section 466(b)(3).

12           “(2) TRANSMISSIONS TO THE NATIONAL DIREC-  
13 TORY OF NEW HIRES.—

14           “(A) NEW HIRE INFORMATION.—Within 3  
15 business days after the date information re-  
16 garding a newly hired employee is entered into  
17 the State Directory of New Hires, the State Di-  
18 rectory of New Hires shall furnish the informa-  
19 tion to the National Directory of New Hires.

20           “(B) WAGE AND UNEMPLOYMENT COM-  
21 PENSATION INFORMATION.—The State Direc-  
22 tory of New Hires shall, on a quarterly basis,  
23 furnish to the National Directory of New Hires  
24 extracts of the reports required under section  
25 303(a)(6) to be made to the Secretary of Labor

1           concerning the wages and unemployment com-  
2           pensation paid to individuals, by such dates, in  
3           such format, and containing such information  
4           as the Secretary of Health and Human Services  
5           shall specify in regulations.

6           “(3) BUSINESS DAY DEFINED.—As used in this  
7           subsection, the term ‘business day’ means a day on  
8           which State offices are open for regular business.

9           “(h) OTHER USES OF NEW HIRE INFORMATION.—

10           “(1) LOCATION OF CHILD SUPPORT OBLI-  
11           GORS.—The agency administering the State plan ap-  
12           proved under this part shall use information received  
13           pursuant to subsection (f)(2) to locate individuals  
14           for purposes of establishing paternity and establish-  
15           ing, modifying, and enforcing child support obliga-  
16           tions, and may disclose such information to any  
17           agent of the agency that is under contract with the  
18           agency to carry out such purposes.

19           “(2) VERIFICATION OF ELIGIBILITY FOR CER-  
20           TAIN PROGRAMS.—A State agency responsible for  
21           administering a program specified in section 1137(b)  
22           shall have access to information reported by employ-  
23           ers pursuant to subsection (b) of this section for  
24           purposes of verifying eligibility for the program.

1           “(3) ADMINISTRATION OF EMPLOYMENT SECUR-  
2           RITY AND WORKERS’ COMPENSATION.—State agen-  
3           cies operating employment security and workers’  
4           compensation programs shall have access to informa-  
5           tion reported by employers pursuant to subsection  
6           (b) for the purposes of administering such pro-  
7           grams.”.

8           (c) QUARTERLY WAGE REPORTING.—Section  
9 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

10           (1) by inserting “(including State and local gov-  
11           ernmental entities and labor organizations (as de-  
12           fined in section 453A(a)(2)(B)(iii))” after “employ-  
13           ers”; and

14           (2) by inserting “, and except that no report  
15           shall be filed with respect to an employee of a State  
16           or local agency performing intelligence or counter-  
17           intelligence functions, if the head of such agency has  
18           determined that filing such a report could endanger  
19           the safety of the employee or compromise an ongoing  
20           investigation or intelligence mission” after  
21           “paragraph (2)”.

22           (d) DISCLOSURE TO CERTAIN AGENTS.—Section  
23 303(e) (42 U.S.C. 503(e)) is amended by adding at the  
24           end the following:

1       “(5) A State or local child support enforcement agen-  
2 cy may disclose to any agent of the agency that is under  
3 contract with the agency to carry out the purposes de-  
4 scribed in paragraph (1)(B) wage information that is dis-  
5 closed to an officer or employee of the agency under para-  
6 graph (1)(A). Any agent of a State or local child support  
7 agency that receives wage information under this para-  
8 graph shall comply with the safeguards established pursu-  
9 ant to paragraph (1)(B).”.

10 **SEC. 4314. AMENDMENTS CONCERNING INCOME WITH-**  
11 **HOLDING.**

12       (a) **MANDATORY INCOME WITHHOLDING.**—

13           (1) **IN GENERAL.**—Section 466(a)(1) (42  
14 U.S.C. 666(a)(1)) is amended to read as follows:

15           “(1)(A) Procedures described in subsection (b)  
16 for the withholding from income of amounts payable  
17 as support in cases subject to enforcement under the  
18 State plan.

19           “(B) Procedures under which the income of a  
20 person with a support obligation imposed by a sup-  
21 port order issued (or modified) in the State before  
22 October 1, 1996, if not otherwise subject to with-  
23 holding under subsection (b), shall become subject to  
24 withholding as provided in subsection (b) if arrear-



1       ages occur, without the need for a judicial or admin-  
2       istrative hearing.”.

3               (2) CONFORMING AMENDMENTS.—

4               (A) Section 466(b) (42 U.S.C. 666(b)) is  
5       amended in the matter preceding paragraph  
6       (1), by striking “subsection (a)(1)” and insert-  
7       ing “subsection (a)(1)(A)”.

8               (B) Section 466(b)(4) (42 U.S.C.  
9       666(b)(4)) is amended to read as follows:

10              “(4)(A) Such withholding must be carried out  
11       in full compliance with all procedural due process re-  
12       quirements of the State, and the State must send  
13       notice to each noncustodial parent to whom para-  
14       graph (1) applies—

15              “(i) that the withholding has commenced;  
16       and

17              “(ii) of the procedures to follow if the non-  
18       custodial parent desires to contest such with-  
19       holding on the grounds that the withholding or  
20       the amount withheld is improper due to a mis-  
21       take of fact.

22              “(B) The notice under subparagraph (A) of this  
23       paragraph shall include the information provided to  
24       the employer under paragraph (6)(A).”.

1           (C) Section 466(b)(5) (42 U.S.C.  
2           666(b)(5)) is amended by striking all that fol-  
3           lows “administered by” and inserting “the  
4           State through the State disbursement unit es-  
5           tablished pursuant to section 454B, in accord-  
6           ance with the requirements of section 454B.”.

7           (D) Section 466(b)(6)(A) (42 U.S.C.  
8           666(b)(6)(A)) is amended—

9                   (i) in clause (i), by striking “to the  
10                   appropriate agency” and all that follows  
11                   and inserting “to the State disbursement  
12                   unit within 5 business days after the date  
13                   the amount would (but for this subsection)  
14                   have been paid or credited to the employee,  
15                   for distribution in accordance with this  
16                   part. The employer shall withhold funds as  
17                   directed in the notice. For terms and con-  
18                   ditions for withholding income that are not  
19                   specified in a notice issued by another  
20                   State, the employer shall apply the law of  
21                   the State in which the obligor works. An  
22                   employer who complies with an income  
23                   withholding notice that is regular on its  
24                   face shall not be subject to civil liability to

1 any individual or agency for conduct in  
2 compliance with the notice.”.

3 (ii) in clause (ii), by inserting “be in  
4 a standard format prescribed by the Sec-  
5 retary, and” after “shall”; and

6 (iii) by adding at the end the follow-  
7 ing new clause:

8 “(iii) As used in this subparagraph, the term  
9 ‘business day’ means a day on which State offices  
10 are open for regular business.”.

11 (E) Section 466(b)(6)(D) (42 U.S.C.  
12 666(b)(6)(D)) is amended by striking “any em-  
13 ployer” and all that follows and inserting “any  
14 employer who—

15 “(i) discharges from employment, refuses  
16 to employ, or takes disciplinary action against  
17 any noncustodial parent subject to income with-  
18 holding required by this subsection because of  
19 the existence of such withholding and the obli-  
20 gations or additional obligations which it im-  
21 poses upon the employer; or

22 “(ii) fails to withhold support from income  
23 or to pay such amounts to the State disburse-  
24 ment unit in accordance with this subsection.”.

1 (F) Section 466(b) (42 U.S.C. 666(b)) is  
2 amended by adding at the end the following  
3 new paragraph:

4 “(11) Procedures under which the agency ad-  
5 ministering the State plan approved under this part  
6 may execute a withholding order without advance  
7 notice to the obligor, including issuing the withhold-  
8 ing order through electronic means.”.

9 (b) DEFINITION OF INCOME.—

10 (1) IN GENERAL.—Section 466(b)(8) (42  
11 U.S.C. 666(b)(8)) is amended to read as follows:

12 “(8) For purposes of subsection (a) and this  
13 subsection, the term ‘income’ means any periodic  
14 form of payment due to an individual, regardless of  
15 source, including wages, salaries, commissions, bo-  
16 nuses, worker’s compensation, disability, payments  
17 pursuant to a pension or retirement program, and  
18 interest.”.

19 (2) CONFORMING AMENDMENTS.—

20 (A) Subsections (a)(8)(A), (a)(8)(B)(i),  
21 (b)(3)(A), (b)(3)(B), (b)(6)(A)(i), and  
22 (b)(6)(C), and (b)(7) of section 466 (42 U.S.C.  
23 666(a)(8)(A), (a)(8)(B)(i), (b)(3)(A), (b)(3)(B),  
24 (b)(6)(A)(i), and (b)(6)(C), and (b)(7)) are

1 each amended by striking “wages” each place  
2 such term appears and inserting “income”.

3 (B) Section 466(b)(1) (42 U.S.C.  
4 666(b)(1)) is amended by striking “wages (as  
5 defined by the State for purposes of this sec-  
6 tion)” and inserting “income”.

7 (c) CONFORMING AMENDMENT.—Section 466(c) (42  
8 U.S.C. 666(c)) is repealed.

9 **SEC. 4315. LOCATOR INFORMATION FROM INTERSTATE**  
10 **NETWORKS.**

11 Section 466(a) (42 U.S.C. 666(a)) is amended by in-  
12 serting after paragraph (11) the following new paragraph:

13 “(12) LOCATOR INFORMATION FROM INTER-  
14 STATE NETWORKS.—Procedures to ensure that all  
15 Federal and State agencies conducting activities  
16 under this part have access to any system used by  
17 the State to locate an individual for purposes relat-  
18 ing to motor vehicles or law enforcement.”.

19 **SEC. 4316. EXPANSION OF THE FEDERAL PARENT LOCATOR**  
20 **SERVICE.**

21 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-  
22 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is  
23 amended—

24 (1) in subsection (a), by striking all that follows  
25 “subsection (c))” and inserting “, for the purpose of

1 establishing parentage, establishing, setting the  
2 amount of, modifying, or enforcing child support ob-  
3 ligations, or enforcing child custody or visitation or-  
4 ders—

5 “(1) information on, or facilitating the discov-  
6 ery of, the location of any individual—

7 “(A) who is under an obligation to pay  
8 child support or provide child custody or visita-  
9 tion rights;

10 “(B) against whom such an obligation is  
11 sought;

12 “(C) to whom such an obligation is owed,  
13 including the individual’s social security number (or  
14 numbers), most recent address, and the name, ad-  
15 dress, and employer identification number of the in-  
16 dividual’s employer;

17 “(2) information on the individual’s wages (or  
18 other income) from, and benefits of, employment (in-  
19 cluding rights to or enrollment in group health care  
20 coverage); and

21 “(3) information on the type, status, location,  
22 and amount of any assets of, or debts owed by or  
23 to, any such individual.”; and

24 (2) in subsection (b)—

1 (A) in the matter preceding paragraph (1),  
2 by striking “social security” and all that follows  
3 through “absent parent” and inserting “infor-  
4 mation described in subsection (a)”;

5 (B) in the flush paragraph at the end, by  
6 adding the following: “No information shall be  
7 disclosed to any person if the State has notified  
8 the Secretary that the State has reasonable evi-  
9 dence of domestic violence or child abuse and  
10 the disclosure of such information could be  
11 harmful to the custodial parent or the child of  
12 such parent. Information received or transmit-  
13 ted pursuant to this section shall be subject to  
14 the safeguard provisions contained in section  
15 454(26).”.

16 (b) AUTHORIZED PERSON FOR INFORMATION RE-  
17 GARDING VISITATION RIGHTS.—Section 453(c) (42  
18 U.S.C. 653(c)) is amended—

19 (1) in paragraph (1), by striking “support” and  
20 inserting “support or to seek to enforce orders pro-  
21 viding child custody or visitation rights”; and

22 (2) in paragraph (2), by striking “, or any  
23 agent of such court; and” and inserting “or to issue  
24 an order against a resident parent for child custody  
25 or visitation rights, or any agent of such court;”.

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) REIMBURSEMENT FOR REPORTS BY STATE  
13 AGENCIES.—The Secretary may reimburse Federal and  
14 State agencies for the costs incurred by such entities in  
15 furnishing information requested by the Secretary under  
16 this section in an amount which the Secretary determines  
17 to be reasonable payment for the information exchange  
18 (which amount shall not include payment for the costs of  
19 obtaining, compiling, or maintaining the information).”.

20 (e) CONFORMING AMENDMENTS.—

21 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),  
22 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),  
23 653(b), 663(a), 663(e), and 663(f)) are each amend-  
24 ed by inserting “Federal” before “Parent” each  
25 place such term appears.



1           (2) Section 453 (42 U.S.C. 653) is amended in  
2       the heading by adding “FEDERAL” before “PAR-  
3       ENT”.

4       (f) NEW COMPONENTS.—Section 453 (42 U.S.C.  
5 653), as amended by subsection (d) of this section, is  
6 amended by adding at the end the following new sub-  
7 sections:

8       “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT  
9 ORDERS.—

10           “(1) IN GENERAL.—Not later than October 1,  
11       1998, in order to assist States in administering pro-  
12       grams under State plans approved under this part  
13       and programs funded under part A, and for the  
14       other purposes specified in this section, the Sec-  
15       retary shall establish and maintain in the Federal  
16       Parent Locator Service an automated registry  
17       (which shall be known as the ‘Federal Case Registry  
18       of Child Support Orders’), which shall contain ab-  
19       stracts of support orders and other information de-  
20       scribed in paragraph (2) with respect to each case  
21       in each State case registry maintained pursuant to  
22       section 454A(e), as furnished (and regularly up-  
23       dated), pursuant to section 454A(f), by State agen-  
24       cies administering programs under this part.

1           “(2) CASE INFORMATION.—The information re-  
2           ferred to in paragraph (1) with respect to a case  
3           shall be such information as the Secretary may  
4           specify in regulations (including the names, social  
5           security numbers or other uniform identification  
6           numbers, and State case identification numbers) to  
7           identify the individuals who owe or are owed support  
8           (or with respect to or on behalf of whom support ob-  
9           ligations are sought to be established), and the State  
10          or States which have the case.

11          “(i) NATIONAL DIRECTORY OF NEW HIRES.—

12                 “(1) IN GENERAL.—In order to assist States in  
13                 administering programs under State plans approved  
14                 under this part and programs funded under part A,  
15                 and for the other purposes specified in this section,  
16                 the Secretary shall, not later than October 1, 1997,  
17                 establish and maintain in the Federal Parent Loca-  
18                 tor Service an automated directory to be known as  
19                 the National Directory of New Hires, which shall  
20                 contain the information supplied pursuant to section  
21                 453A(g)(2).

22                 “(2) ENTRY OF DATA.—Information shall be  
23                 entered into the data base maintained by the Na-  
24                 tional Directory of New Hires within 2 business  
25                 days of receipt pursuant to section 453A(g)(2).

1           “(3) ADMINISTRATION OF FEDERAL TAX  
2 LAWS.—The Secretary of the Treasury shall have  
3 access to the information in the National Directory  
4 of New Hires for purposes of administering section  
5 32 of the Internal Revenue Code of 1986, or the ad-  
6 vance payment of the earned income tax credit  
7 under section 3507 of such Code, and verifying a  
8 claim with respect to employment in a tax return.

9           “(4) LIST OF MULTISTATE EMPLOYERS.—The  
10 Secretary shall maintain within the National Direc-  
11 tory of New Hires a list of multistate employers that  
12 report information regarding newly hired employees  
13 pursuant to section 453A(b)(1)(B), and the State  
14 which each such employer has designated to receive  
15 such information.

16           “(j) INFORMATION COMPARISONS AND OTHER DIS-  
17 CLOSURES.—

18           “(1) VERIFICATION BY SOCIAL SECURITY AD-  
19 MINISTRATION.—

20           “(A) IN GENERAL.—The Secretary shall  
21 transmit information on individuals and em-  
22 ployers maintained under this section to the So-  
23 cial Security Administration to the extent nec-  
24 essary for verification in accordance with sub-  
25 paragraph (B).

1           “(B) VERIFICATION BY SSA.—The Social  
2           Security Administration shall verify the accu-  
3           racy of, correct, or supply to the extent pos-  
4           sible, and report to the Secretary, the following  
5           information supplied by the Secretary pursuant  
6           to subparagraph (A):

7                     “(i) The name, social security num-  
8                     ber, and birth date of each such individual.

9                     “(ii) The employer identification num-  
10                    ber of each such employer.

11           “(2) INFORMATION COMPARISONS.—For the  
12           purpose of locating individuals in a paternity estab-  
13           lishment case or a case involving the establishment,  
14           modification, or enforcement of a support order, the  
15           Secretary shall—

16                     “(A) compare information in the National  
17                     Directory of New Hires against information in  
18                     the support case abstracts in the Federal Case  
19                     Registry of Child Support Orders not less often  
20                     than every 2 business days; and

21                     “(B) within 2 business days after such a  
22                     comparison reveals a match with respect to an  
23                     individual, report the information to the State  
24                     agency responsible for the case.

1           “(3) INFORMATION COMPARISONS AND DISCLO-  
2           SURES OF INFORMATION IN ALL REGISTRIES FOR  
3           TITLE IV PROGRAM PURPOSES.—To the extent and  
4           with the frequency that the Secretary determines to  
5           be effective in assisting States to carry out their re-  
6           sponsibilities under programs operated under this  
7           part and programs funded under part A, the Sec-  
8           retary shall—

9                   “(A) compare the information in each com-  
10                  ponent of the Federal Parent Locator Service  
11                  maintained under this section against the infor-  
12                  mation in each other such component (other  
13                  than the comparison required by paragraph  
14                  (2)), and report instances in which such a com-  
15                  parison reveals a match with respect to an indi-  
16                  vidual to State agencies operating such pro-  
17                  grams; and

18                   “(B) disclose information in such registries  
19                  to such State agencies.

20           “(4) PROVISION OF NEW HIRE INFORMATION  
21           TO THE SOCIAL SECURITY ADMINISTRATION.—The  
22           National Directory of New Hires shall provide the  
23           Commissioner of Social Security with all information  
24           in the National Directory, which shall be used to de-  
25           termine the accuracy of payments under the supple-

1       mental security income program under title XVI and  
2       in connection with benefits under title II.

3               “(5) RESEARCH.—The Secretary may provide  
4       access to information reported by employers pursu-  
5       ant to section 453A(b) for research purposes found  
6       by the Secretary to be likely to contribute to achiev-  
7       ing the purposes of part A or this part, but without  
8       personal identifiers.

9               “(k) FEES.—

10              “(1) FOR SSA VERIFICATION.—The Secretary  
11       shall reimburse the Commissioner of Social Security,  
12       at a rate negotiated between the Secretary and the  
13       Commissioner, for the costs incurred by the Com-  
14       missioner in performing the verification services de-  
15       scribed in subsection (j).

16              “(2) FOR INFORMATION FROM STATE DIREC-  
17       TORIES OF NEW HIRES.—The Secretary shall reim-  
18       burse costs incurred by State directories of new  
19       hires in furnishing information as required by sub-  
20       section (j)(3), at rates which the Secretary deter-  
21       mines to be reasonable (which rates shall not include  
22       payment for the costs of obtaining, compiling, or  
23       maintaining such information).

24              “(3) FOR INFORMATION FURNISHED TO STATE  
25       AND FEDERAL AGENCIES.—A State or Federal agen-

1       cy that receives information from the Secretary pur-  
2       suant to this section shall reimburse the Secretary  
3       for costs incurred by the Secretary in furnishing the  
4       information, at rates which the Secretary determines  
5       to be reasonable (which rates shall include payment  
6       for the costs of obtaining, verifying, maintaining,  
7       and comparing the information).

8       “(1) RESTRICTION ON DISCLOSURE AND USE.—In-  
9       formation in the Federal Parent Locator Service, and in-  
10      formation resulting from comparisons using such informa-  
11      tion, shall not be used or disclosed except as expressly pro-  
12      vided in this section, subject to section 6103 of the Inter-  
13      nal Revenue Code of 1986.

14      “(m) INFORMATION INTEGRITY AND SECURITY.—  
15      The Secretary shall establish and implement safeguards  
16      with respect to the entities established under this section  
17      designed to—

18             “(1) ensure the accuracy and completeness of  
19             information in the Federal Parent Locator Service;  
20             and

21             “(2) restrict access to confidential information  
22             in the Federal Parent Locator Service to authorized  
23             persons, and restrict use of such information to au-  
24             thorized purposes.

1       “(n) FEDERAL GOVERNMENT REPORTING.—Each  
2 department, agency, and instrumentality of the United  
3 States shall on a quarterly basis report to the Federal  
4 Parent Locator Service the name and social security num-  
5 ber of each employee and the wages paid to the employee  
6 during the previous quarter, except that such a report  
7 shall not be filed with respect to an employee of a depart-  
8 ment, agency, or instrumentality performing intelligence  
9 or counterintelligence functions, if the head of such de-  
10 partment, agency, or instrumentality has determined that  
11 filing such a report could endanger the safety of the em-  
12 ployee or compromise an ongoing investigation or intel-  
13 ligence mission.”.

14       (g) CONFORMING AMENDMENTS.—

15               (1) TO PART D OF TITLE IV OF THE SOCIAL SE-  
16       CURITY ACT.—

17               (A) Section 454(8)(B) (42 U.S.C.  
18       654(8)(B)) is amended to read as follows:

19               “(B) the Federal Parent Locator Service  
20       established under section 453;”.

21               (B) Section 454(13) (42 U.S.C. 654(13))  
22       is amended by inserting “and provide that in-  
23       formation requests by parents who are residents  
24       of other States be treated with the same prior-  
25       ity as requests by parents who are residents of



1 the State submitting the plan” before the semi-  
2 colon.

3 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—  
4 Section 3304(a)(16) of the Internal Revenue Code of  
5 1986 is amended—

6 (A) by striking “Secretary of Health, Edu-  
7 cation, and Welfare” each place such term ap-  
8 pears and inserting “Secretary of Health and  
9 Human Services”;

10 (B) in subparagraph (B), by striking  
11 “such information” and all that follows and in-  
12 sserting “information furnished under subpara-  
13 graph (A) or (B) is used only for the purposes  
14 authorized under such subparagraph;”;

15 (C) by striking “and” at the end of sub-  
16 paragraph (A);

17 (D) by redesignating subparagraph (B) as  
18 subparagraph (C); and

19 (E) by inserting after subparagraph (A)  
20 the following new subparagraph:

21 “(B) wage and unemployment compensation in-  
22 formation contained in the records of such agency  
23 shall be furnished to the Secretary of Health and  
24 Human Services (in accordance with regulations pro-  
25 mulgated by such Secretary) as necessary for the

1 purposes of the National Directory of New Hires es-  
2 tablished under section 453(i) of the Social Security  
3 Act, and”.

4 (3) TO STATE GRANT PROGRAM UNDER TITLE  
5 III OF THE SOCIAL SECURITY ACT.—Subsection (h)  
6 of section 303 (42 U.S.C. 503) is amended to read  
7 as follows:

8 “(h)(1) The State agency charged with the adminis-  
9 tration of the State law shall, on a reimbursable basis—

10 “(A) disclose quarterly, to the Secretary of  
11 Health and Human Services, wage and claim infor-  
12 mation, as required pursuant to section 453(i)(1),  
13 contained in the records of such agency;

14 “(B) ensure that information provided pursuant  
15 to subparagraph (A) meets such standards relating  
16 to correctness and verification as the Secretary of  
17 Health and Human Services, with the concurrence  
18 of the Secretary of Labor, may find necessary; and

19 “(C) establish such safeguards as the Secretary  
20 of Labor determines are necessary to insure that in-  
21 formation disclosed under subparagraph (A) is used  
22 only for purposes of section 453(i)(1) in carrying out  
23 the child support enforcement program under title  
24 IV.

1           “(2) Whenever the Secretary of Labor, after reason-  
2 able notice and opportunity for hearing to the State agen-  
3 cy charged with the administration of the State law, finds  
4 that there is a failure to comply substantially with the re-  
5 quirements of paragraph (1), the Secretary of Labor shall  
6 notify such State agency that further payments will not  
7 be made to the State until the Secretary of Labor is satis-  
8 fied that there is no longer any such failure. Until the  
9 Secretary of Labor is so satisfied, the Secretary shall  
10 make no future certification to the Secretary of the Treas-  
11 ury with respect to the State.

12           “(3) For purposes of this subsection—

13           “(A) the term ‘wage information’ means infor-  
14 mation regarding wages paid to an individual, the  
15 social security account number of such individual,  
16 and the name, address, State, and the Federal em-  
17 ployer identification number of the employer paying  
18 such wages to such individual; and

19           “(B) the term ‘claim information’ means infor-  
20 mation regarding whether an individual is receiving,  
21 has received, or has made application for, unemploy-  
22 ment compensation, the amount of any such com-  
23 pensation being received (or to be received by such  
24 individual), and the individual’s current (or most re-  
25 cent) home address.”.

1           (4) DISCLOSURE OF CERTAIN INFORMATION TO  
2 AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-  
3 CIES.—

4           (A) IN GENERAL.—Paragraph (6) of sec-  
5 tion 6103(l) of the Internal Revenue Code of  
6 1986 (relating to disclosure of return informa-  
7 tion to Federal, State, and local child support  
8 enforcement agencies) is amended by redesignig-  
9 nating subparagraph (B) as subparagraph (C)  
10 and by inserting after subparagraph (A) the fol-  
11 lowing new subparagraph:

12           “(B) DISCLOSURE TO CERTAIN AGENTS.—  
13 The following information disclosed to any child  
14 support enforcement agency under subpara-  
15 graph (A) with respect to any individual with  
16 respect to whom child support obligations are  
17 sought to be established or enforced may be dis-  
18 closed by such agency to any agent of such  
19 agency which is under contract with such agen-  
20 cy to carry out the purposes described in sub-  
21 paragraph (C):

22           “(i) The address and social security  
23           account number (or numbers) of such indi-  
24           vidual.

1           “(ii) The amount of any reduction  
2           under section 6402(c) (relating to offset of  
3           past-due support against overpayments) in  
4           any overpayment otherwise payable to such  
5           individual.”

6           (B) CONFORMING AMENDMENTS.—

7           (i) Paragraph (3) of section 6103(a)  
8           of such Code is amended by striking  
9           “(l)(12)” and inserting “paragraph (6) or  
10          (12) of subsection (l)”.

11          (ii) Subparagraph (C) of section  
12          6103(l)(6) of such Code, as redesignated  
13          by subsection (a), is amended to read as  
14          follows:

15          “(C) RESTRICTION ON DISCLOSURE.—In-  
16          formation may be disclosed under this para-  
17          graph only for purposes of, and to the extent  
18          necessary in, establishing and collecting child  
19          support obligations from, and locating, individ-  
20          uals owing such obligations.”

21          (iii) The material following subpara-  
22          graph (F) of section 6103(p)(4) of such  
23          Code is amended by striking “subsection  
24          (l)(12)(B)” and inserting “paragraph  
25          (6)(A) or (12)(B) of subsection (l)”.

1 (h) REQUIREMENT FOR COOPERATION.—The Sec-  
2 retary of Labor and the Secretary of Health and Human  
3 Services shall work jointly to develop cost-effective and ef-  
4 ficient methods of accessing the information in the various  
5 State directories of new hires and the National Directory  
6 of New Hires as established pursuant to the amendments  
7 made by this chapter. In developing these methods the  
8 Secretaries shall take into account the impact, including  
9 costs, on the States, and shall also consider the need to  
10 insure the proper and authorized use of wage record infor-  
11 mation.

12 **SEC. 4317. COLLECTION AND USE OF SOCIAL SECURITY**  
13 **NUMBERS FOR USE IN CHILD SUPPORT EN-**  
14 **FORCEMENT.**

15 (a) STATE LAW REQUIREMENT.—Section 466(a) (42  
16 U.S.C. 666(a)), as amended by section 4315 of this Act,  
17 is amended by inserting after paragraph (12) the following  
18 new paragraph:

19 “(13) RECORDING OF SOCIAL SECURITY NUM-  
20 BERS IN CERTAIN FAMILY MATTERS.—Procedures  
21 requiring that the social security number of—

22 “(A) any applicant for a professional li-  
23 cense, commercial driver’s license, occupational  
24 license, or marriage license be recorded on the  
25 application;

1           “(B) any individual who is subject to a di-  
2           vorce decree, support order, or paternity deter-  
3           mination or acknowledgment be placed in the  
4           records relating to the matter; and

5           “(C) any individual who has died be placed  
6           in the records relating to the death and be re-  
7           corded on the death certificate.

8           For purposes of subparagraph (A), if a State allows  
9           the use of a number other than the social security  
10          number, the State shall so advise any applicants.”.

11          (b)       CONFORMING        AMENDMENTS.—Section  
12          205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by  
13          section 321(a)(9) of the Social Security Independence and  
14          Program Improvements Act of 1994, is amended—

15               (1) in clause (i), by striking “may require” and  
16               inserting “shall require”;

17               (2) in clause (ii), by inserting after the 1st sen-  
18               tence the following: “In the administration of any  
19               law involving the issuance of a marriage certificate  
20               or license, each State shall require each party named  
21               in the certificate or license to furnish to the State  
22               (or political subdivision thereof), or any State agen-  
23               cy having administrative responsibility for the law  
24               involved, the social security number of the party.”;

1           (3) in clause (ii), by inserting “or marriage cer-  
2           tificate” after “Such numbers shall not be recorded  
3           on the birth certificate”.

4           (4) in clause (vi), by striking “may” and insert-  
5           ing “shall”; and

6           (5) by adding at the end the following new  
7           clauses:

8           “(x) An agency of a State (or a political subdivision  
9           thereof) charged with the administration of any law con-  
10          cerning the issuance or renewal of a license, certificate,  
11          permit, or other authorization to engage in a profession,  
12          an occupation, or a commercial activity shall require all  
13          applicants for issuance or renewal of the license, certifi-  
14          cate, permit, or other authorization to provide the appli-  
15          cant’s social security number to the agency for the purpose  
16          of administering such laws, and for the purpose of re-  
17          sponding to requests for information from an agency oper-  
18          ating pursuant to part D of title IV.

19          “(xi) All divorce decrees, support orders, and pater-  
20          nity determinations issued, and all paternity acknowledg-  
21          ments made, in each State shall include the social security  
22          number of each party to the decree, order, determination,  
23          or acknowledgment in the records relating to the matter,  
24          for the purpose of responding to requests for information  
25          from an agency operating pursuant to part D of title IV.”.



1           **CHAPTER 3—STREAMLINING AND**  
2           **UNIFORMITY OF PROCEDURES**

3   **SEC. 4321. ADOPTION OF UNIFORM STATE LAWS.**

4           Section 466 (42 U.S.C. 666) is amended by adding  
5 at the end the following new subsection:

6           “(f) UNIFORM INTERSTATE FAMILY SUPPORT  
7 ACT.—

8           “(1) ENACTMENT AND USE.—In order to sat-  
9 isfy section 454(20)(A), on and after January 1,  
10 1998, each State must have in effect the Uniform  
11 Interstate Family Support Act, as approved by the  
12 American Bar Association on February 9, 1993, to-  
13 gether with any amendments officially adopted be-  
14 fore January 1, 1998 by the National Conference of  
15 Commissioners on Uniform State Laws.

16           “(2) EMPLOYERS TO FOLLOW PROCEDURAL  
17 RULES OF STATE WHERE EMPLOYEE WORKS.—The  
18 State law enacted pursuant to paragraph (1) shall  
19 provide that an employer that receives an income  
20 withholding order or notice pursuant to section 501  
21 of the Uniform Interstate Family Support Act follow  
22 the procedural rules that apply with respect to such  
23 order or notice under the laws of the State in which  
24 the obligor works.”.

1 **SEC. 4322. IMPROVEMENTS TO FULL FAITH AND CREDIT**  
2 **FOR CHILD SUPPORT ORDERS.**

3 Section 1738B of title 28, United States Code, is  
4 amended—

5 (1) in subsection (a)(2), by striking “subsection  
6 (e)” and inserting “subsections (e), (f), and (i)”;

7 (2) in subsection (b), by inserting after the 2nd  
8 undesignated paragraph the following:

9 “‘child’s home State’ means the State in which a  
10 child lived with a parent or a person acting as parent for  
11 at least 6 consecutive months immediately preceding the  
12 time of filing of a petition or comparable pleading for sup-  
13 port and, if a child is less than 6 months old, the State  
14 in which the child lived from birth with any of them. A  
15 period of temporary absence of any of them is counted  
16 as part of the 6-month period.”;

17 (3) in subsection (c), by inserting “by a court  
18 of a State” before “is made”;

19 (4) in subsection (c)(1), by inserting “and sub-  
20 sections (e), (f), and (g)” after “located”;

21 (5) in subsection (d)—

22 (A) by inserting “individual” before “con-  
23 testant”; and

24 (B) by striking “subsection (e)” and in-  
25 serting “subsections (e) and (f)”;

1           (6) in subsection (e), by striking “make a modi-  
2           fication of a child support order with respect to a  
3           child that is made” and inserting “modify a child  
4           support order issued”;

5           (7) in subsection (e)(1), by inserting “pursuant  
6           to subsection (i)” before the semicolon;

7           (8) in subsection (e)(2)—

8           (A) by inserting “individual” before “con-  
9           testant” each place such term appears; and

10          (B) by striking “to that court’s making the  
11          modification and assuming” and inserting “with  
12          the State of continuing, exclusive jurisdiction  
13          for a court of another State to modify the order  
14          and assume”;

15          (9) by redesignating subsections (f) and (g) as  
16          subsections (g) and (h), respectively;

17          (10) by inserting after subsection (e) the follow-  
18          ing new subsection:

19          “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—  
20          If 1 or more child support orders have been issued with  
21          regard to an obligor and a child, a court shall apply the  
22          following rules in determining which order to recognize for  
23          purposes of continuing, exclusive jurisdiction and enforce-  
24          ment:

1           “(1) If only 1 court has issued a child support  
2 order, the order of that court must be recognized.

3           “(2) If 2 or more courts have issued child sup-  
4 port orders for the same obligor and child, and only  
5 1 of the courts would have continuing, exclusive ju-  
6 risdiction under this section, the order of that court  
7 must be recognized.

8           “(3) If 2 or more courts have issued child sup-  
9 port orders for the same obligor and child, and more  
10 than 1 of the courts would have continuing, exclusive  
11 jurisdiction under this section, an order issued by a  
12 court in the current home State of the child must  
13 be recognized, but if an order has not been issued  
14 in the current home State of the child, the order  
15 most recently issued must be recognized.

16           “(4) If 2 or more courts have issued child sup-  
17 port orders for the same obligor and child, and none  
18 of the courts would have continuing, exclusive juris-  
19 diction under this section, a court may issue a child  
20 support order, which must be recognized.

21           “(5) The court that has issued an order recog-  
22 nized under this subsection is the court having con-  
23 tinuing, exclusive jurisdiction.”;

24           (11) in subsection (g) (as so redesignated)—

1 (A) by striking “PRIOR” and inserting  
2 “MODIFIED”; and

3 (B) by striking “subsection (e)” and in-  
4 serting “subsections (e) and (f)”;  
5 (12) in subsection (h) (as so redesignated)—

6 (A) in paragraph (2), by inserting “includ-  
7 ing the duration of current payments and other  
8 obligations of support” before the comma; and

9 (B) in paragraph (3), by inserting “arrears  
10 under” after “enforce”; and

11 (13) by adding at the end the following new  
12 subsection:

13 “(i) REGISTRATION FOR MODIFICATION.—If there is  
14 no individual contestant or child residing in the issuing  
15 State, the party or support enforcement agency seeking  
16 to modify, or to modify and enforce, a child support order  
17 issued in another State shall register that order in a State  
18 with jurisdiction over the nonmovant for the purpose of  
19 modification.”.

20 **SEC. 4323. ADMINISTRATIVE ENFORCEMENT IN INTER-**  
21 **STATE CASES.**

22 Section 466(a) (42 U.S.C. 666(a)), as amended by  
23 sections 4315 and 4317(a) of this Act, is amended by in-  
24 serting after paragraph (13) the following new paragraph:

1           “(14) ADMINISTRATIVE ENFORCEMENT IN  
2 INTERSTATE CASES.—Procedures under which—

3           “(A)(i) the State shall respond within 5  
4 business days to a request made by another  
5 State to enforce a support order; and

6           “(ii) the term ‘business day’ means a day  
7 on which State offices are open for regular  
8 business;

9           “(B) the State may, by electronic or other  
10 means, transmit to another State a request for  
11 assistance in a case involving the enforcement  
12 of a support order, which request—

13           “(i) shall include such information as  
14 will enable the State to which the request  
15 is transmitted to compare the information  
16 about the case to the information in the  
17 data bases of the State; and

18           “(ii) shall constitute a certification by  
19 the requesting State—

20           “(I) of the amount of support  
21 under the order the payment of which  
22 is in arrears; and

23           “(II) that the requesting State  
24 has complied with all procedural due

1 process requirements applicable to the  
2 case;

3 “(C) if the State provides assistance to an-  
4 other State pursuant to this paragraph with re-  
5 spect to a case, neither State shall consider the  
6 case to be transferred to the caseload of such  
7 other State; and

8 “(D) the State shall maintain records of—

9 “(i) the number of such requests for  
10 assistance received by the State;

11 “(ii) the number of cases for which  
12 the State collected support in response to  
13 such a request; and

14 “(iii) the amount of such collected  
15 support.”.

16 **SEC. 4324. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

17 (a) **PROMULGATION.**—Section 452(a) (42 U.S.C.  
18 652(a)) is amended—

19 (1) by striking “and” at the end of paragraph  
20 (9);

21 (2) by striking the period at the end of para-  
22 graph (10) and inserting “; and”; and

23 (3) by adding at the end the following new  
24 paragraph:

1           “(11) not later than October 1, 1996, after con-  
2           sulting with the State directors of programs under  
3           this part, promulgate forms to be used by States in  
4           interstate cases for—

5                   “(A) collection of child support through in-  
6                   come withholding;

7                   “(B) imposition of liens; and

8                   “(C) administrative subpoenas.”.

9           (b) USE BY STATES.—Section 454(9) (42 U.S.C.  
10 654(9)) is amended—

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

13                   (2) by inserting “and” at the end of subpara-  
14                   graph (D); and

15                   (3) by adding at the end the following new sub-  
16                   paragraph:

17                           “(E) not later than March 1, 1997, in  
18                           using the forms promulgated pursuant to sec-  
19                           tion 452(a)(11) for income withholding, imposi-  
20                           tion of liens, and issuance of administrative  
21                           subpoenas in interstate child support cases;”.



1 **SEC. 4325. STATE LAWS PROVIDING EXPEDITED PROCE-**  
2 **DURES.**

3 (a) STATE LAW REQUIREMENTS.—Section 466 (42  
4 U.S.C. 666), as amended by section 4314 of this Act, is  
5 amended—

6 (1) in subsection (a)(2), by striking the first  
7 sentence and inserting the following: “Expedited ad-  
8 ministrative and judicial procedures (including the  
9 procedures specified in subsection (c)) for establish-  
10 ing paternity and for establishing, modifying, and  
11 enforcing support obligations.”; and

12 (2) by inserting after subsection (b) the follow-  
13 ing new subsection:

14 “(c) EXPEDITED PROCEDURES.—The procedures  
15 specified in this subsection are the following:

16 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-  
17 CY.—Procedures which give the State agency the au-  
18 thority to take the following actions relating to es-  
19 tablishment of paternity or to establishment, modi-  
20 fication, or enforcement of support orders, without  
21 the necessity of obtaining an order from any other  
22 judicial or administrative tribunal, and to recognize  
23 and enforce the authority of State agencies of other  
24 States to take the following actions:

1           “(A) GENETIC TESTING.—To order genetic  
2           testing for the purpose of paternity establish-  
3           ment as provided in section 466(a)(5).

4           “(B) FINANCIAL OR OTHER INFORMA-  
5           TION.—To subpoena any financial or other in-  
6           formation needed to establish, modify, or en-  
7           force a support order, and to impose penalties  
8           for failure to respond to such a subpoena.

9           “(C) RESPONSE TO STATE AGENCY RE-  
10          QUEST.—To require all entities in the State (in-  
11          cluding for-profit, nonprofit, and governmental  
12          employers) to provide promptly, in response to  
13          a request by the State agency of that or any  
14          other State administering a program under this  
15          part, information on the employment, com-  
16          pensation, and benefits of any individual em-  
17          ployed by such entity as an employee or con-  
18          tractor, and to sanction failure to respond to  
19          any such request.

20          “(D) ACCESS TO INFORMATION CON-  
21          TAINED IN CERTAIN RECORDS.—To obtain ac-  
22          cess, subject to safeguards on privacy and infor-  
23          mation security, and subject to the nonliability  
24          of entities that afford such access under this  
25          subparagraph, to information contained in the

1 following records (including automated access,  
2 in the case of records maintained in automated  
3 data bases):

4 “(i) Records of other State and local  
5 government agencies, including—

6 “(I) vital statistics (including  
7 records of marriage, birth, and di-  
8 vorce);

9 “(II) State and local tax and rev-  
10 enue records (including information  
11 on residence address, employer, in-  
12 come and assets);

13 “(III) records concerning real  
14 and titled personal property;

15 “(IV) records of occupational and  
16 professional licenses, and records con-  
17 cerning the ownership and control of  
18 corporations, partnerships, and other  
19 business entities;

20 “(V) employment security  
21 records;

22 “(VI) records of agencies admin-  
23 istering public assistance programs;

24 “(VII) records of the motor vehi-  
25 cle department; and

1 “(VIII) corrections records.

2 “(ii) Certain records held by private  
3 entities with respect to individuals who owe  
4 or are owed support (or against or with re-  
5 spect to whom a support obligation is  
6 sought), consisting of—

7 “(I) the names and addresses of  
8 such individuals and the names and  
9 addresses of the employers of such in-  
10 dividuals, as appearing in customer  
11 records of public utilities and cable  
12 television companies, pursuant to an  
13 administrative subpoena authorized by  
14 subparagraph (B); and

15 “(II) information (including in-  
16 formation on assets and liabilities) on  
17 such individuals held by financial in-  
18 stitutions.

19 “(E) CHANGE IN PAYEE.—In cases in  
20 which support is subject to an assignment in  
21 order to comply with a requirement imposed  
22 pursuant to part A or section 1912, or to a re-  
23 quirement to pay through the State disburse-  
24 ment unit established pursuant to section  
25 454B, upon providing notice to obligor and obli-

1           gee, to direct the obligor or other payor to  
2           change the payee to the appropriate government  
3           entity.

4           “(F) INCOME WITHHOLDING.—To order  
5           income withholding in accordance with sub-  
6           sections (a)(1)(A) and (b) of section 466.

7           “(G) SECURING ASSETS.—In cases in  
8           which there is a support arrearage, to secure  
9           assets to satisfy the arrearage by—

10           “(i) intercepting or seizing periodic or  
11           lump-sum payments from—

12           “(I) a State or local agency, in-  
13           cluding unemployment compensation,  
14           workers’ compensation, and other ben-  
15           efits; and

16           “(II) judgments, settlements, and  
17           lotteries;

18           “(ii) attaching and seizing assets of  
19           the obligor held in financial institutions;

20           “(iii) attaching public and private re-  
21           tirement funds; and

22           “(iv) imposing liens in accordance  
23           with subsection (a)(4) and, in appropriate  
24           cases, to force sale of property and dis-  
25           tribution of proceeds.

1           “(H) INCREASE MONTHLY PAYMENTS.—

2           For the purpose of securing overdue support, to  
3           increase the amount of monthly support pay-  
4           ments to include amounts for arrearages, sub-  
5           ject to such conditions or limitations as the  
6           State may provide.

7           Such procedures shall be subject to due process safe-  
8           guards, including (as appropriate) requirements for  
9           notice, opportunity to contest the action, and oppor-  
10          tunity for an appeal on the record to an independent  
11          administrative or judicial tribunal.

12          “(2) SUBSTANTIVE AND PROCEDURAL RULES.—

13          The expedited procedures required under subsection  
14          (a)(2) shall include the following rules and author-  
15          ity, applicable with respect to all proceedings to es-  
16          tablish paternity or to establish, modify, or enforce  
17          support orders:

18                 “(A) LOCATOR INFORMATION; PRESUMP-  
19                 TIONS        CONCERNING        NOTICE.—Procedures  
20                 under which—

21                         “(i) each party to any paternity or  
22                         child support proceeding is required (sub-  
23                         ject to privacy safeguards) to file with the  
24                         tribunal and the State case registry upon  
25                         entry of an order, and to update as appro-

1           priate, information on location and identity  
2           of the party, including social security num-  
3           ber, residential and mailing addresses, tele-  
4           phone number, driver's license number,  
5           and name, address, and telephone number  
6           of employer; and

7           “(ii) in any subsequent child support  
8           enforcement action between the parties,  
9           upon sufficient showing that diligent effort  
10          has been made to ascertain the location of  
11          such a party, the tribunal may deem State  
12          due process requirements for notice and  
13          service of process to be met with respect to  
14          the party, upon delivery of written notice  
15          to the most recent residential or employer  
16          address filed with the tribunal pursuant to  
17          clause (i).

18          “(B) STATEWIDE JURISDICTION.—Proce-  
19          dures under which—

20                 “(i) the State agency and any admin-  
21                 istrative or judicial tribunal with authority  
22                 to hear child support and paternity cases  
23                 exerts statewide jurisdiction over the par-  
24                 ties; and

1                   “(ii) in a State in which orders are is-  
2                   sued by courts or administrative tribunals,  
3                   a case may be transferred between local ju-  
4                   risdictions in the State without need for  
5                   any additional filing by the petitioner, or  
6                   service of process upon the respondent, to  
7                   retain jurisdiction over the parties.

8                   “(3) COORDINATION WITH ERISA.—Notwith-  
9                   standing subsection (d) of section 514 of the Em-  
10                  ployee Retirement Income Security Act of 1974 (re-  
11                  lating to effect on other laws), nothing in this sub-  
12                  section shall be construed to alter, amend, modify,  
13                  invalidate, impair, or supersede subsections (a), (b),  
14                  and (c) of such section 514 as it applies with respect  
15                  to any procedure referred to in paragraph (1) and  
16                  any expedited procedure referred to in paragraph  
17                  (2), except to the extent that such procedure would  
18                  be consistent with the requirements of section  
19                  206(d)(3) of such Act (relating to qualified domestic  
20                  relations orders) or the requirements of section  
21                  609(a) of such Act (relating to qualified medical  
22                  child support orders) if the reference in such section  
23                  206(d)(3) to a domestic relations order and the ref-  
24                  erence in such section 609(a) to a medical child sup-  
25                  port order were a reference to a support order re-



1       ferred to in paragraphs (1) and (2) relating to the  
2       same matters, respectively.”.

3       (b) AUTOMATION OF STATE AGENCY FUNCTIONS.—  
4 Section 454A, as added by section 4344(a)(2) and as  
5 amended by sections 4311 and 4312(c) of this Act, is  
6 amended by adding at the end the following new sub-  
7 section:

8       “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—  
9 The automated system required by this section shall be  
10 used, to the maximum extent feasible, to implement the  
11 expedited administrative procedures required by section  
12 466(c).”.

### 13 **CHAPTER 4—PATERNITY ESTABLISHMENT**

#### 14 **SEC. 4331. STATE LAWS CONCERNING PATERNITY ESTAB-** 15 **LISHMENT.**

16       (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42  
17 U.S.C. 666(a)(5)) is amended to read as follows:

18       “(5) PROCEDURES CONCERNING PATERNITY ES-  
19       TABLISHMENT.—

20               “(A) ESTABLISHMENT PROCESS AVAIL-  
21       ABLE FROM BIRTH UNTIL AGE 18.—

22               “(i) Procedures which permit the es-  
23       tablishment of the paternity of a child at  
24       any time before the child attains 18 years  
25       of age.

1           “(ii) As of August 16, 1984, clause (i)  
2 shall also apply to a child for whom pater-  
3 nity has not been established or for whom  
4 a paternity action was brought but dis-  
5 missed because a statute of limitations of  
6 less than 18 years was then in effect in the  
7 State.

8           “(B) PROCEDURES CONCERNING GENETIC  
9 TESTING.—

10           “(i) GENETIC TESTING REQUIRED IN  
11 CERTAIN CONTESTED CASES.—Procedures  
12 under which the State is required, in a  
13 contested paternity case (unless otherwise  
14 barred by State law) to require the child  
15 and all other parties (other than individ-  
16 uals found under section 454(29) to have  
17 good cause and other exceptions for refus-  
18 ing to cooperate) to submit to genetic tests  
19 upon the request of any such party, if the  
20 request is supported by a sworn statement  
21 by the party—

22           “(I) alleging paternity, and set-  
23 ting forth facts establishing a reason-  
24 able possibility of the requisite sexual  
25 contact between the parties; or

1           “(II) denying paternity, and set-  
2           ting forth facts establishing a reason-  
3           able possibility of the nonexistence of  
4           sexual contact between the parties.

5           “(ii) OTHER REQUIREMENTS.—Proce-  
6           dures which require the State agency, in  
7           any case in which the agency orders ge-  
8           netic testing—

9           “(I) to pay costs of such tests,  
10           subject to recoupment (if the State so  
11           elects) from the alleged father if pa-  
12           ternity is established; and

13           “(II) to obtain additional testing  
14           in any case if an original test result is  
15           contested, upon request and advance  
16           payment by the contestant.

17           “(C) VOLUNTARY PATERNITY ACKNOWLEDG-  
18           EDGMENT.—

19           “(i) SIMPLE CIVIL PROCESS.—Proce-  
20           dures for a simple civil process for volun-  
21           tarily acknowledging paternity under which  
22           the State must provide that, before a  
23           mother and a putative father can sign an  
24           acknowledgment of paternity, the mother  
25           and the putative father must be given no-

1           tice, orally and in writing, of the alter-  
2           natives to, the legal consequences of, and  
3           the rights (including, if 1 parent is a  
4           minor, any rights afforded due to minority  
5           status) and responsibilities that arise from,  
6           signing the acknowledgment.

7           “(ii) HOSPITAL-BASED PROGRAM.—

8           Such procedures must include a hospital-  
9           based program for the voluntary acknowl-  
10          edgment of paternity focusing on the pe-  
11          riod immediately before or after the birth  
12          of a child, unless good cause and other ex-  
13          ceptions exist which—

14                 “(I) shall be defined, taking into  
15                 account the best interests of the child,  
16                 and

17                 “(II) shall be applied in each  
18                 case,

19          by, at the option of the State, the State  
20          agency administering the State program  
21          under part A, this part, title XV, or title  
22          XIX.

23           “(iii) PATERNITY ESTABLISHMENT  
24          SERVICES.—

1                   “(I) STATE-OFFERED SERV-  
2 ICES.—Such procedures must require  
3 the State agency responsible for main-  
4 taining birth records to offer vol-  
5 untary paternity establishment serv-  
6 ices.

7                   “(II) REGULATIONS.—

8                   “(aa) SERVICES OFFERED  
9 BY HOSPITALS AND BIRTH  
10 RECORD AGENCIES.—The Sec-  
11 retary shall prescribe regulations  
12 governing voluntary paternity es-  
13 tablishment services offered by  
14 hospitals and birth record agen-  
15 cies.

16                   “(bb) SERVICES OFFERED  
17 BY OTHER ENTITIES.—The Sec-  
18 retary shall prescribe regulations  
19 specifying the types of other enti-  
20 ties that may offer voluntary pa-  
21 ternity establishment services,  
22 and governing the provision of  
23 such services, which shall include  
24 a requirement that such an entity  
25 must use the same notice provi-

1           sions used by, use the same ma-  
2           terials used by, provide the per-  
3           sonnel providing such services  
4           with the same training provided  
5           by, and evaluate the provision of  
6           such services in the same manner  
7           as the provision of such services  
8           is evaluated by, voluntary pater-  
9           nity establishment programs of  
10          hospitals and birth record agen-  
11          cies.

12                   “(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures  
13                   must require the State to develop and use  
14                   an affidavit for the voluntary acknowledgment of paternity which includes the mini-  
15                   mum requirements of the affidavit speci-  
16                   fied by the Secretary under section  
17                   452(a)(7) for the voluntary acknowleg-  
18                   ment of paternity, and to give full faith  
19                   and credit to such an affidavit signed in  
20                   any other State according to its proce-  
21                   dures.  
22                   dures.

23                   “(D) STATUS OF SIGNED PATERNITY AC-  
24                   KNOWLEDGMENT.—  
25

1                   “(i) INCLUSION IN BIRTH RECORDS.—  
2                   Procedures under which the name of the  
3                   father shall be included on the record of  
4                   birth of the child of unmarried parents  
5                   only if—

6                                 “(I) the father and mother have  
7                                 signed a voluntary acknowledgment of  
8                                 paternity; or

9                                 “(II) a court or an administrative  
10                                agency of competent jurisdiction has  
11                                issued an adjudication of paternity.

12                   Nothing in this clause shall preclude a  
13                   State agency from obtaining an admission  
14                   of paternity from the father for submission  
15                   in a judicial or administrative proceeding,  
16                   or prohibit the issuance of an order in a  
17                   judicial or administrative proceeding which  
18                   bases a legal finding of paternity on an ad-  
19                   mission of paternity by the father and any  
20                   other additional showing required by State  
21                   law.

22                               “(ii) LEGAL FINDING OF PATER-  
23                                NITY.—Procedures under which a signed  
24                                voluntary acknowledgment of paternity is  
25                                considered a legal finding of paternity,

1 subject to the right of any signatory to re-  
2 scind the acknowledgment within the ear-  
3 lier of—

4 “(I) 60 days; or

5 “(II) the date of an administra-  
6 tive or judicial proceeding relating to  
7 the child (including a proceeding to  
8 establish a support order) in which  
9 the signatory is a party.

10 “(iii) CONTEST.—Procedures under  
11 which, after the 60-day period referred to  
12 in clause (ii), a signed voluntary acknowl-  
13 edgment of paternity may be challenged in  
14 court only on the basis of fraud, duress, or  
15 material mistake of fact, with the burden  
16 of proof upon the challenger, and under  
17 which the legal responsibilities (including  
18 child support obligations) of any signatory  
19 arising from the acknowledgment may not  
20 be suspended during the challenge, except  
21 for good cause shown.

22 “(E) BAR ON ACKNOWLEDGMENT RATIFI-  
23 CATION PROCEEDINGS.—Procedures under  
24 which judicial or administrative proceedings are



1 not required or permitted to ratify an unchal-  
2 lenged acknowledgment of paternity.

3 “(F) ADMISSIBILITY OF GENETIC TESTING  
4 RESULTS.—Procedures—

5 “(i) requiring the admission into evi-  
6 dence, for purposes of establishing pater-  
7 nity, of the results of any genetic test that  
8 is—

9 “(I) of a type generally acknowl-  
10 edged as reliable by accreditation bod-  
11 ies designated by the Secretary; and

12 “(II) performed by a laboratory  
13 approved by such an accreditation  
14 body;

15 “(ii) requiring an objection to genetic  
16 testing results to be made in writing not  
17 later than a specified number of days be-  
18 fore any hearing at which the results may  
19 be introduced into evidence (or, at State  
20 option, not later than a specified number  
21 of days after receipt of the results); and

22 “(iii) making the test results admissi-  
23 ble as evidence of paternity without the  
24 need for foundation testimony or other

1 proof of authenticity or accuracy, unless  
2 objection is made.

3 “(G) PRESUMPTION OF PATERNITY IN  
4 CERTAIN CASES.—Procedures which create a re-  
5 buttable or, at the option of the State, conclu-  
6 sive presumption of paternity upon genetic test-  
7 ing results indicating a threshold probability  
8 that the alleged father is the father of the child.

9 “(H) DEFAULT ORDERS.—Procedures re-  
10 quiring a default order to be entered in a pater-  
11 nity case upon a showing of service of process  
12 on the defendant and any additional showing  
13 required by State law.

14 “(I) NO RIGHT TO JURY TRIAL.—Proce-  
15 dures providing that the parties to an action to  
16 establish paternity are not entitled to a trial by  
17 jury.

18 “(J) TEMPORARY SUPPORT ORDER BASED  
19 ON PROBABLE PATERNITY IN CONTESTED  
20 CASES.—Procedures which require that a tem-  
21 porary order be issued, upon motion by a party,  
22 requiring the provision of child support pending  
23 an administrative or judicial determination of  
24 parentage, if there is clear and convincing evi-

1           dence of paternity (on the basis of genetic tests  
2           or other evidence).

3           “(K) PROOF OF CERTAIN SUPPORT AND  
4           PATERNITY ESTABLISHMENT COSTS.—Proce-  
5           dures under which bills for pregnancy, child-  
6           birth, and genetic testing are admissible as evi-  
7           dence without requiring third-party foundation  
8           testimony, and shall constitute prima facie evi-  
9           dence of amounts incurred for such services or  
10          for testing on behalf of the child.

11          “(L) STANDING OF PUTATIVE FATHERS.—  
12          Procedures ensuring that the putative father  
13          has a reasonable opportunity to initiate a pater-  
14          nity action.

15          “(M) FILING OF ACKNOWLEDGMENTS AND  
16          ADJUDICATIONS IN STATE REGISTRY OF BIRTH  
17          RECORDS.—Procedures under which voluntary  
18          acknowledgments and adjudications of paternity  
19          by judicial or administrative processes are filed  
20          with the State registry of birth records for com-  
21          parison with information in the State case reg-  
22          istry.”.

23          (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-  
24          DAVT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is  
25          amended by inserting “, and specify the minimum require-

1 ments of an affidavit to be used for the voluntary acknowl-  
2 edgment of paternity which shall include the social secu-  
3 rity number of each parent and, after consultation with  
4 the States, other common elements as determined by such  
5 designee” before the semicolon.

6 (c) CONFORMING AMENDMENT.—Section 468 (42  
7 U.S.C. 668) is amended by striking “a simple civil process  
8 for voluntarily acknowledging paternity and”.

9 **SEC. 4332. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**  
10 **LISHMENT.**

11 Section 454(23) (42 U.S.C. 654(23)) is amended by  
12 inserting “and will publicize the availability and encourage  
13 the use of procedures for voluntary establishment of pater-  
14 nity and child support by means the State deems appro-  
15 priate” before the semicolon.

16 **SEC. 4333. COOPERATION BY APPLICANTS FOR AND RECIPI-**  
17 **ENTS OF PART A ASSISTANCE.**

18 Section 454 (42 U.S.C. 654), as amended by sections  
19 4301(b), 4303(a), 4312(a), and 4313(a) of this Act, is  
20 amended—

21 (1) by striking “and” at the end of paragraph  
22 (27);

23 (2) by striking the period at the end of para-  
24 graph (28) and inserting “; and”; and

1           (3) by inserting after paragraph (28) the fol-  
2           lowing new paragraph:

3           “(29) provide that the State agency responsible  
4           for administering the State plan—

5                   “(A) shall make the determination (and re-  
6                   determination at appropriate intervals) as to  
7                   whether an individual who has applied for or is  
8                   receiving assistance under the State program  
9                   funded under part A, the State program under  
10                  title XV, or the State program under title XIX  
11                  is cooperating in good faith with the State in  
12                  establishing the paternity of, or in establishing,  
13                  modifying, or enforcing a support order for, any  
14                  child of the individual by providing the State  
15                  agency with the name of, and such other infor-  
16                  mation as the State agency may require with  
17                  respect to, the noncustodial parent of the child,  
18                  subject to good cause and other exceptions  
19                  which—

20                           “(i) shall be defined, taking into ac-  
21                           count the best interests of the child, and

22                           “(ii) shall be applied in each case,  
23                           by, at the option of the State, the State agency  
24                           administering the State program under part A,  
25                           this part, title XV, or title XIX;

1           “(B) shall require the individual to supply  
2 additional necessary information and appear at  
3 interviews, hearings, and legal proceedings;

4           “(C) shall require the individual and the  
5 child to submit to genetic tests pursuant to ju-  
6 dicial or administrative order;

7           “(D) may request that the individual sign  
8 a voluntary acknowledgment of paternity, after  
9 notice of the rights and consequences of such  
10 an acknowledgment, but may not require the in-  
11 dividual to sign an acknowledgment or other-  
12 wise relinquish the right to genetic tests as a  
13 condition of cooperation and eligibility for as-  
14 sistance under the State program funded under  
15 part A, the State program under title XV, or  
16 the State program under title XIX; and

17           “(E) shall promptly notify the individual  
18 and the State agency administering the State  
19 program funded under part A, the State agency  
20 administering the State program under title  
21 XV, and the State agency administering the  
22 State program under title XIX, of each such  
23 determination, and if noncooperation is deter-  
24 mined, the basis therefore.”.

1 **CHAPTER 5—PROGRAM ADMINISTRATION**  
2 **AND FUNDING**

3 **SEC. 4341. PERFORMANCE-BASED INCENTIVES AND PEN-**  
4 **ALTIES.**

5 (a) DEVELOPMENT OF NEW SYSTEM.—The Sec-  
6 retary of Health and Human Services, in consultation with  
7 State directors of programs under part D of title IV of  
8 the Social Security Act, shall develop a new incentive sys-  
9 tem to replace, in a revenue neutral manner, the system  
10 under section 458 of such Act. The new system shall pro-  
11 vide additional payments to any State based on such  
12 State's performance under such a program. Not later than  
13 November 1, 1996, the Secretary shall report on the new  
14 system to the Committee on Ways and Means of the  
15 House of Representatives and the Committee on Finance  
16 of the Senate.

17 (b) CONFORMING AMENDMENTS TO PRESENT SYS-  
18 TEM.—Section 458 (42 U.S.C. 658) is amended—

19 (1) in subsection (a), by striking “aid to fami-  
20 lies with dependent children under a State plan ap-  
21 proved under part A of this title” and inserting “as-  
22 sistance under a program funded under part A”;

23 (2) in subsection (b)(1)(A), by striking “section  
24 402(a)(26)” and inserting “section 408(a)(4)”;

25 (3) in subsections (b) and (c)—

1 (A) by striking “AFDC collections” each  
2 place it appears and inserting “title IV–A col-  
3 lections”, and

4 (B) by striking “non-AFDC collections”  
5 each place it appears and inserting “non-title  
6 IV–A collections”; and

7 (4) in subsection (c), by striking “combined  
8 AFDC/non-AFDC administrative costs” both places  
9 it appears and inserting “combined title IV–A/non-  
10 title IV–A administrative costs”.

11 (c) CALCULATION OF PATERNITY ESTABLISHMENT  
12 PERCENTAGE.—

13 (1) Section 452(g)(1)(A) (42 U.S.C.  
14 652(g)(1)(A)) is amended by striking “75” and in-  
15 serting “90”.

16 (2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is  
17 amended—

18 (A) by redesignating subparagraphs (B)  
19 through (E) as subparagraphs (C) through (F),  
20 respectively, and by inserting after subpara-  
21 graph (A) the following new subparagraph:

22 “(B) for a State with a paternity establishment  
23 percentage of not less than 75 percent but less than  
24 90 percent for such fiscal year, the paternity estab-



1 lishment percentage of the State for the immediately  
2 preceding fiscal year plus 2 percentage points;” and

3 (B) by adding at the end the following new  
4 flush sentence:

5 “In determining compliance under this section, a State  
6 may use as its paternity establishment percentage either  
7 the State’s IV–D paternity establishment percentage (as  
8 defined in paragraph (2)(A)) or the State’s statewide pa-  
9 ternity establishment percentage (as defined in paragraph  
10 (2)(B)).”.

11 (3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is  
12 amended—

13 (A) in subparagraph (A)—

14 (i) in the matter preceding clause

15 (i)—

16 (I) by striking “paternity estab-  
17 lishment percentage” and inserting  
18 “IV–D paternity establishment per-  
19 centage”; and

20 (II) by striking “(or all States, as  
21 the case may be)”; and

22 (ii) by striking “and” at the end; and

23 (B) by redesignating subparagraph (B) as  
24 subparagraph (C) and by inserting after sub-  
25 paragraph (A) the following new subparagraph:

1           “(B) the term ‘statewide paternity establish-  
2           ment percentage’ means, with respect to a State for  
3           a fiscal year, the ratio (expressed as a percentage)  
4           that the total number of minor children—

5                   “(i) who have been born out of wedlock,  
6           and

7                   “(ii) the paternity of whom has been estab-  
8           lished or acknowledged during the fiscal year,  
9           bears to the total number of children born out of  
10          wedlock during the preceding fiscal year; and”.

11           (4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is  
12          amended—

13                   (A) by striking subparagraph (A) and re-  
14          designating subparagraphs (B) and (C) as sub-  
15          paragraphs (A) and (B), respectively; and

16                   (B) in subparagraph (A) (as so redesign-  
17          ated), by striking “the percentage of children  
18          born out-of-wedlock in a State” and inserting  
19          “the percentage of children in a State who are  
20          born out of wedlock or for whom support has  
21          not been established”.

22          (d) EFFECTIVE DATES.—

23                   (1) INCENTIVE ADJUSTMENTS.—

24                   (A) IN GENERAL.—The system developed  
25          under subsection (a) and the amendments made

1 by subsection (b) shall become effective on Oc-  
2 tober 1, 1998, except to the extent provided in  
3 subparagraph (B).

4 (B) APPLICATION OF SECTION 458.—Sec-  
5 tion 458 of the Social Security Act, as in effect  
6 on the day before the date of the enactment of  
7 this section, shall be effective for purposes of  
8 incentive payments to States for fiscal years be-  
9 fore fiscal year 1999.

10 (2) PENALTY REDUCTIONS.—The amendments  
11 made by subsection (c) shall become effective with  
12 respect to calendar quarters beginning on or after  
13 the date of the enactment of this Act.

14 **SEC. 4342. FEDERAL AND STATE REVIEWS AND AUDITS.**

15 (a) STATE AGENCY ACTIVITIES.—Section 454 (42  
16 U.S.C. 654) is amended—

17 (1) in paragraph (14), by striking “(14)” and  
18 inserting “(14)(A)”;

19 (2) by redesignating paragraph (15) as sub-  
20 paragraph (B) of paragraph (14); and

21 (3) by inserting after paragraph (14) the fol-  
22 lowing new paragraph:

23 “(15) provide for—

24 “(A) a process for annual reviews of and  
25 reports to the Secretary on the State program

1           operated under the State plan approved under  
2           this part, including such information as may be  
3           necessary to measure State compliance with  
4           Federal requirements for expedited procedures,  
5           using such standards and procedures as are re-  
6           quired by the Secretary, under which the State  
7           agency will determine the extent to which the  
8           program is operated in compliance with this  
9           part; and

10                 “(B) a process of extracting from the auto-  
11           mated data processing system required by para-  
12           graph (16) and transmitting to the Secretary  
13           data and calculations concerning the levels of  
14           accomplishment (and rates of improvement)  
15           with respect to applicable performance indica-  
16           tors (including paternity establishment percent-  
17           ages) to the extent necessary for purposes of  
18           sections 452(g) and 458;”.

19           (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42  
20 U.S.C. 652(a)(4)) is amended to read as follows:

21                 “(4)(A) review data and calculations transmit-  
22           ted by State agencies pursuant to section  
23           454(15)(B) on State program accomplishments with  
24           respect to performance indicators for purposes of  
25           subsection (g) of this section and section 458;

1           “(B) review annual reports submitted pursuant  
2 to section 454(15)(A) and, as appropriate, provide  
3 to the State comments, recommendations for addi-  
4 tional or alternative corrective actions, and technical  
5 assistance; and

6           “(C) conduct audits, in accordance with the  
7 Government auditing standards of the Comptroller  
8 General of the United States—

9                   “(i) at least once every 3 years (or more  
10 frequently, in the case of a State which fails to  
11 meet the requirements of this part concerning  
12 performance standards and reliability of pro-  
13 gram data) to assess the completeness, reliabil-  
14 ity, and security of the data and the accuracy  
15 of the reporting systems used in calculating  
16 performance indicators under subsection (g) of  
17 this section and section 458;

18                   “(ii) of the adequacy of financial manage-  
19 ment of the State program operated under the  
20 State plan approved under this part, including  
21 assessments of—

22                           “(I) whether Federal and other funds  
23 made available to carry out the State pro-  
24 gram are being appropriately expended,

1                   and are properly and fully accounted for;  
2                   and

3                   “(II) whether collections and disburse-  
4                   ments of support payments are carried out  
5                   correctly and are fully accounted for; and

6                   “(iii) for such other purposes as the Sec-  
7                   retary may find necessary;”.

8           (c) **EFFECTIVE DATE.**—The amendments made by  
9 this section shall be effective with respect to calendar  
10 quarters beginning 12 months or more after the date of  
11 the enactment of this Act.

12 **SEC. 4343. REQUIRED REPORTING PROCEDURES.**

13           (a) **ESTABLISHMENT.**—Section 452(a)(5) (42 U.S.C.  
14 652(a)(5)) is amended by inserting “, and establish proce-  
15 dures to be followed by States for collecting and reporting  
16 information required to be provided under this part, and  
17 establish uniform definitions (including those necessary to  
18 enable the measurement of State compliance with the re-  
19 quirements of this part relating to expedited processes) to  
20 be applied in following such procedures” before the semi-  
21 colon.

22           (b) **STATE PLAN REQUIREMENT.**—Section 454 (42  
23 U.S.C. 654), as amended by sections 4301(b), 4303(a),  
24 4312(a), 4313(a), and 4333 of this Act, is amended—

1 (1) by striking “and” at the end of paragraph  
2 (28);

3 (2) by striking the period at the end of para-  
4 graph (29) and inserting “; and”; and

5 (3) by adding after paragraph (29) the follow-  
6 ing new paragraph:

7 “(30) provide that the State shall use the defi-  
8 nitions established under section 452(a)(5) in col-  
9 lecting and reporting information as required under  
10 this part.”.

11 **SEC. 4344. AUTOMATED DATA PROCESSING REQUIRE-**  
12 **MENTS.**

13 (a) **REVISED REQUIREMENTS.—**

14 (1) **IN GENERAL.—**Section 454(16) (42 U.S.C.  
15 654(16)) is amended—

16 (A) by striking “, at the option of the  
17 State,”;

18 (B) by inserting “and operation by the  
19 State agency” after “for the establishment”;

20 (C) by inserting “meeting the requirements  
21 of section 454A” after “information retrieval  
22 system”;

23 (D) by striking “in the State and localities  
24 thereof, so as (A)” and inserting “so as”;

25 (E) by striking “(i)”; and

1 (F) by striking “(including” and all that  
2 follows and inserting a semicolon.

3 (2) AUTOMATED DATA PROCESSING.—Part D of  
4 title IV (42 U.S.C. 651–669) is amended by insert-  
5 ing after section 454 the following new section:

6 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

7 “(a) IN GENERAL.—In order for a State to meet the  
8 requirements of this section, the State agency administer-  
9 ing the State program under this part shall have in oper-  
10 ation a single statewide automated data processing and  
11 information retrieval system which has the capability to  
12 perform the tasks specified in this section with the fre-  
13 quency and in the manner required by or under this part.

14 “(b) PROGRAM MANAGEMENT.—The automated sys-  
15 tem required by this section shall perform such functions  
16 as the Secretary may specify relating to management of  
17 the State program under this part, including—

18 “(1) controlling and accounting for use of Fed-  
19 eral, State, and local funds in carrying out the pro-  
20 gram; and

21 “(2) maintaining the data necessary to meet  
22 Federal reporting requirements under this part on a  
23 timely basis.

24 “(c) CALCULATION OF PERFORMANCE INDICA-  
25 TORS.—In order to enable the Secretary to determine the



1 incentive payments and penalty adjustments required by  
2 sections 452(g) and 458, the State agency shall—

3 “(1) use the automated system—

4 “(A) to maintain the requisite data on  
5 State performance with respect to paternity es-  
6 tablishment and child support enforcement in  
7 the State; and

8 “(B) to calculate the paternity establish-  
9 ment percentage for the State for each fiscal  
10 year; and

11 “(2) have in place systems controls to ensure  
12 the completeness and reliability of, and ready access  
13 to, the data described in paragraph (1)(A), and the  
14 accuracy of the calculations described in paragraph  
15 (1)(B).

16 “(d) INFORMATION INTEGRITY AND SECURITY.—The  
17 State agency shall have in effect safeguards on the integ-  
18 rity, accuracy, and completeness of, access to, and use of  
19 data in the automated system required by this section,  
20 which shall include the following (in addition to such other  
21 safeguards as the Secretary may specify in regulations):

22 “(1) POLICIES RESTRICTING ACCESS.—Written  
23 policies concerning access to data by State agency  
24 personnel, and sharing of data with other persons,  
25 which—

1           “(A) permit access to and use of data only  
2           to the extent necessary to carry out the State  
3           program under this part; and

4           “(B) specify the data which may be used  
5           for particular program purposes, and the per-  
6           sonnel permitted access to such data.

7           “(2) SYSTEMS CONTROLS.—Systems controls  
8           (such as passwords or blocking of fields) to ensure  
9           strict adherence to the policies described in para-  
10          graph (1).

11          “(3) MONITORING OF ACCESS.—Routine mon-  
12          itoring of access to and use of the automated sys-  
13          tem, through methods such as audit trails and feed-  
14          back mechanisms, to guard against and promptly  
15          identify unauthorized access or use.

16          “(4) TRAINING AND INFORMATION.—Proce-  
17          dures to ensure that all personnel (including State  
18          and local agency staff and contractors) who may  
19          have access to or be required to use confidential pro-  
20          gram data are informed of applicable requirements  
21          and penalties (including those in section 6103 of the  
22          Internal Revenue Code of 1986), and are adequately  
23          trained in security procedures.

24          “(5) PENALTIES.—Administrative penalties (up  
25          to and including dismissal from employment) for un-

1 authorized access to, or disclosure or use of, con-  
2 fidential data.”.

3 (3) REGULATIONS.—The Secretary of Health  
4 and Human Services shall prescribe final regulations  
5 for implementation of section 454A of the Social Se-  
6 curity Act not later than 2 years after the date of  
7 the enactment of this Act.

8 (4) IMPLEMENTATION TIMETABLE.—Section  
9 454(24) (42 U.S.C. 654(24)), as amended by section  
10 4303(a)(1) of this Act, is amended to read as fol-  
11 lows:

12 “(24) provide that the State will have in effect  
13 an automated data processing and information re-  
14 trieval system—

15 “(A) by October 1, 1997, which meets all  
16 requirements of this part which were enacted on  
17 or before the date of enactment of the Family  
18 Support Act of 1988, and

19 “(B) by October 1, 1999, which meets all  
20 requirements of this part enacted on or before  
21 the date of the enactment of the Personal Re-  
22 sponsibility and Work Opportunity Act of 1996,  
23 except that such deadline shall be extended by  
24 1 day for each day (if any) by which the Sec-  
25 retary fails to meet the deadline imposed by

1 section 4344(a)(3) of the Personal Responsibility and Work Opportunity Act of 1996;”.

2  
3 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-  
4 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—

5 (1) IN GENERAL.—Section 455(a) (42 U.S.C.  
6 655(a)) is amended—

7 (A) in paragraph (1)(B)—

8 (i) by striking “90 percent” and in-  
9 serting “the percent specified in paragraph  
10 (3)”;

11 (ii) by striking “so much of”; and

12 (iii) by striking “which the Secretary”  
13 and all that follows and inserting “, and”;  
14 and

15 (B) by adding at the end the following new  
16 paragraph:

17 “(3)(A) The Secretary shall pay to each State, for  
18 each quarter in fiscal years 1996 and 1997, 90 percent  
19 of so much of the State expenditures described in para-  
20 graph (1)(B) as the Secretary finds are for a system meet-  
21 ing the requirements specified in section 454(16) (as in  
22 effect on September 30, 1995) but limited to the amount  
23 approved for States in the advance planning documents  
24 of such States submitted on or before September 30,  
25 1995.

1       “(B)(i) The Secretary shall pay to each State, for  
2 each quarter in fiscal years 1996 through 2001, the per-  
3 centage specified in clause (ii) of so much of the State  
4 expenditures described in paragraph (1)(B) as the Sec-  
5 retary finds are for a system meeting the requirements  
6 of sections 454(16) and 454A.

7       “(ii) The percentage specified in this clause is 80 per-  
8 cent.”.

9               (2) TEMPORARY LIMITATION ON PAYMENTS  
10       UNDER SPECIAL FEDERAL MATCHING RATE.—

11               (A) IN GENERAL.—The Secretary of  
12       Health and Human Services may not pay more  
13       than \$400,000,000 in the aggregate under sec-  
14       tion 455(a)(3)(B) of the Social Security Act for  
15       fiscal years 1996 through 2001.

16               (B) ALLOCATION OF LIMITATION AMONG  
17       STATES.—The total amount payable to a State  
18       under section 455(a)(3)(B) of such Act for fis-  
19       cal years 1996 through 2001 shall not exceed  
20       the limitation determined for the State by the  
21       Secretary of Health and Human Services in  
22       regulations.

23               (C) ALLOCATION FORMULA.—The regula-  
24       tions referred to in subparagraph (B) shall pre-  
25       scribe a formula for allocating the amount spec-

1           ified in subparagraph (A) among States with  
2           plans approved under part D of title IV of the  
3           Social Security Act, which shall take into ac-  
4           count—

5                   (i) the relative size of State caseloads  
6                   under such part; and

7                   (ii) the level of automation needed to  
8                   meet the automated data processing re-  
9                   quirements of such part.

10          (c) CONFORMING AMENDMENT.—Section 123(c) of  
11 the Family Support Act of 1988 (102 Stat. 2352; Public  
12 Law 100–485) is repealed.

13 **SEC. 4345. TECHNICAL ASSISTANCE.**

14          (a) FOR TRAINING OF FEDERAL AND STATE STAFF,  
15 RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-  
16 CIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFI-  
17 CANCE.—Section 452 (42 U.S.C. 652) is amended by add-  
18 ing at the end the following new subsection:

19           “(j) Out of any money in the Treasury of the United  
20 States not otherwise appropriated, there is hereby appro-  
21 priated to the Secretary for each fiscal year an amount  
22 equal to 1 percent of the total amount paid to the Federal  
23 Government pursuant to section 457(a) during the imme-  
24 diately preceding fiscal year (as determined on the basis  
25 of the most recent reliable data available to the Secretary

1 as of the end of the 3rd calendar quarter following the  
2 end of such preceding fiscal year), to cover costs incurred  
3 by the Secretary for—

4           “(1) information dissemination and technical  
5 assistance to States, training of State and Federal  
6 staff, staffing studies, and related activities needed  
7 to improve programs under this part (including tech-  
8 nical assistance concerning State automated systems  
9 required by this part); and

10           “(2) research, demonstration, and special  
11 projects of regional or national significance relating  
12 to the operation of State programs under this part.

13 The amount appropriated under this subsection shall re-  
14 main available until expended.”.

15           (b) OPERATION OF FEDERAL PARENT LOCATOR  
16 SERVICE.—Section 453 (42 U.S.C. 653), as amended by  
17 section 4316 of this Act, is amended by adding at the end  
18 the following new subsection:

19           “(o) RECOVERY OF COSTS.—Out of any money in the  
20 Treasury of the United States not otherwise appropriated,  
21 there is hereby appropriated to the Secretary for each fis-  
22 cal year an amount equal to 2 percent of the total amount  
23 paid to the Federal Government pursuant to section  
24 457(a) during the immediately preceding fiscal year (as  
25 determined on the basis of the most recent reliable data

1 available to the Secretary as of the end of the 3rd calendar  
2 quarter following the end of such preceding fiscal year),  
3 to cover costs incurred by the Secretary for operation of  
4 the Federal Parent Locator Service under this section, to  
5 the extent such costs are not recovered through user  
6 fees.”.

7 **SEC. 4346. REPORTS AND DATA COLLECTION BY THE SEC-**  
8 **RETARY.**

9 (a) ANNUAL REPORT TO CONGRESS.—

10 (1) Section 452(a)(10)(A) (42 U.S.C.  
11 652(a)(10)(A)) is amended—

12 (A) by striking “this part;” and inserting  
13 “this part, including—”; and

14 (B) by adding at the end the following new  
15 clauses:

16 “(i) the total amount of child support  
17 payments collected as a result of services  
18 furnished during the fiscal year to individ-  
19 uals receiving services under this part;

20 “(ii) the cost to the States and to the  
21 Federal Government of so furnishing the  
22 services; and

23 “(iii) the number of cases involving  
24 families—



1           “(I) who became ineligible for as-  
2           sistance under State programs funded  
3           under part A during a month in the  
4           fiscal year; and

5           “(II) with respect to whom a  
6           child support payment was received in  
7           the month;”.

8           (2) Section 452(a)(10)(C) (42 U.S.C.  
9           652(a)(10)(C)) is amended—

10           (A) in the matter preceding clause (i)—

11           (i) by striking “with the data required  
12           under each clause being separately stated  
13           for cases” and inserting “separately stated  
14           for cases”;

15           (ii) by striking “cases where the child  
16           was formerly receiving” and inserting “or  
17           formerly received”;

18           (iii) by inserting “or 1912” after  
19           “471(a)(17)”; and

20           (iv) by inserting “for” before “all  
21           other”;

22           (B) in each of clauses (i) and (ii), by strik-  
23           ing “, and the total amount of such obliga-  
24           tions”;

1 (C) in clause (iii), by striking “described  
2 in” and all that follows and inserting “in which  
3 support was collected during the fiscal year;”;

4 (D) by striking clause (iv); and

5 (E) by redesignating clause (v) as clause  
6 (vii), and inserting after clause (iii) the follow-  
7 ing new clauses:

8 “(iv) the total amount of support col-  
9 lected during such fiscal year and distrib-  
10 uted as current support;

11 “(v) the total amount of support col-  
12 lected during such fiscal year and distrib-  
13 uted as arrearages;

14 “(vi) the total amount of support due  
15 and unpaid for all fiscal years; and”.

16 (3) Section 452(a)(10)(G) (42 U.S.C.  
17 652(a)(10)(G)) is amended by striking “on the use  
18 of Federal courts and”.

19 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10))  
20 is amended—

21 (A) in subparagraph (H), by striking  
22 “and”;

23 (B) in subparagraph (I), by striking the  
24 period and inserting “; and”; and

1 (C) by inserting after subparagraph (I) the  
2 following new subparagraph:

3 “(J) compliance, by State, with the stand-  
4 ards established pursuant to subsections (h)  
5 and (i);”.

6 (5) Section 452(a)(10) (42 U.S.C. 652(a)(10))  
7 is amended by striking “The information contained  
8 in any such report under subpargraph (A)” and all  
9 that follows through “the State plan approved under  
10 part A.”.

11 (b) EFFECTIVE DATE.—The amendments made by  
12 subsection (a) shall be effective with respect to fiscal year  
13 1997 and succeeding fiscal years.

14 **CHAPTER 6—ESTABLISHMENT AND**  
15 **MODIFICATION OF SUPPORT ORDERS**

16 **SEC. 4351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**  
17 **MENT OF CHILD SUPPORT ORDERS.**

18 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-  
19 ed to read as follows:

20 “(10) REVIEW AND ADJUSTMENT OF SUPPORT  
21 ORDERS UPON REQUEST.—Procedures under which  
22 the State shall review and adjust each support order  
23 being enforced under this part if there is an assign-  
24 ment under part A or upon the request of either  
25 parent, and may review and adjust any other sup-

1 port order being enforced under this part. Such pro-  
2 cedures shall provide the following:

3 “(A) IN GENERAL.—

4 “(i) 3-YEAR CYCLE.—Except as pro-  
5 vided in subparagraphs (B) and (C), the  
6 State shall review and, as appropriate, ad-  
7 just the support order every 3 years, tak-  
8 ing into account the best interests of the  
9 child involved.

10 “(ii) METHODS OF ADJUSTMENT.—

11 The State may elect to review and, if ap-  
12 propriate, adjust an order pursuant to  
13 clause (i) by—

14 “(I) reviewing and, if appro-  
15 priate, adjusting the order in accord-  
16 ance with the guidelines established  
17 pursuant to section 467(a) if the  
18 amount of the child support award  
19 under the order differs from the  
20 amount that would be awarded in ac-  
21 cordance with the guidelines; or

22 “(II) applying a cost-of-living ad-  
23 justment to the order in accordance  
24 with a formula developed by the State  
25 and permit either party to contest the

1 adjustment, within 30 days after the  
2 date of the notice of the adjustment,  
3 by making a request for review and, if  
4 appropriate, adjustment of the order  
5 in accordance with the child support  
6 guidelines established pursuant to sec-  
7 tion 467(a).

8 “(iii) NO PROOF OF CHANGE IN CIR-  
9 CUMSTANCES NECESSARY.—Any adjust-  
10 ment under this subparagraph (A) shall be  
11 made without a requirement for proof or  
12 showing of a change in circumstances.

13 “(B) AUTOMATED METHOD.—The State  
14 may use automated methods (including auto-  
15 mated comparisons with wage or State income  
16 tax data) to identify orders eligible for review,  
17 conduct the review, identify orders eligible for  
18 adjustment, and apply the appropriate adjust-  
19 ment to the orders eligible for adjustment  
20 under the threshold established by the State.

21 “(C) REQUEST UPON SUBSTANTIAL  
22 CHANGE IN CIRCUMSTANCES.—The State shall,  
23 at the request of either parent subject to such  
24 an order or of any State child support enforce-  
25 ment agency, review and, if appropriate, adjust

1 the order in accordance with the guidelines es-  
2 tablished pursuant to section 467(a) based  
3 upon a substantial change in the circumstances  
4 of either parent.

5 “(D) NOTICE OF RIGHT TO REVIEW.—The  
6 State shall provide notice not less than once  
7 every 3 years to the parents subject to such an  
8 order informing them of their right to request  
9 the State to review and, if appropriate, adjust  
10 the order pursuant to this paragraph. The no-  
11 tice may be included in the order.”.

12 **SEC. 4352. FURNISHING CONSUMER REPORTS FOR CER-**  
13 **TAIN PURPOSES RELATING TO CHILD SUP-**  
14 **PORT.**

15 Section 604 of the Fair Credit Reporting Act (15  
16 U.S.C. 1681b) is amended by adding at the end the follow-  
17 ing new paragraphs:

18 “(4) In response to a request by the head of a State  
19 or local child support enforcement agency (or a State or  
20 local government official authorized by the head of such  
21 an agency), if the person making the request certifies to  
22 the consumer reporting agency that—

23 “(A) the consumer report is needed for the pur-  
24 pose of establishing an individual’s capacity to make

1 child support payments or determining the appro-  
2 priate level of such payments;

3 “(B) the paternity of the consumer for the child  
4 to which the obligation relates has been established  
5 or acknowledged by the consumer in accordance with  
6 State laws under which the obligation arises (if re-  
7 quired by those laws);

8 “(C) the person has provided at least 10 days’  
9 prior notice to the consumer whose report is re-  
10 quested, by certified or registered mail to the last  
11 known address of the consumer, that the report will  
12 be requested; and

13 “(D) the consumer report will be kept confiden-  
14 tial, will be used solely for a purpose described in  
15 subparagraph (A), and will not be used in connec-  
16 tion with any other civil, administrative, or criminal  
17 proceeding, or for any other purpose.

18 “(5) To an agency administering a State plan under  
19 section 454 of the Social Security Act (42 U.S.C. 654)  
20 for use to set an initial or modified child support award.”.

1 **SEC. 4353. NONLIABILITY FOR FINANCIAL INSTITUTIONS**  
2 **PROVIDING FINANCIAL RECORDS TO STATE**  
3 **CHILD SUPPORT ENFORCEMENT AGENCIES**  
4 **IN CHILD SUPPORT CASES.**

5 Part D of title IV (42 U.S.C. 651–669) is amended  
6 by adding at the end the following:

7 **“SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS**  
8 **PROVIDING FINANCIAL RECORDS TO STATE**  
9 **CHILD SUPPORT ENFORCEMENT AGENCIES**  
10 **IN CHILD SUPPORT CASES.**

11 “(a) **IN GENERAL.**—Notwithstanding any other pro-  
12 vision of Federal or State law, a financial institution shall  
13 not be liable under any Federal or State law to any person  
14 for disclosing any financial record of an individual to a  
15 State child support enforcement agency attempting to es-  
16 tablish, modify, or enforce a child support obligation of  
17 such individual.

18 “(b) **PROHIBITION OF DISCLOSURE OF FINANCIAL**  
19 **RECORD OBTAINED BY STATE CHILD SUPPORT EN-**  
20 **FORCEMENT AGENCY.**—A State child support enforcement  
21 agency which obtains a financial record of an individual  
22 from a financial institution pursuant to subsection (a)  
23 may disclose such financial record only for the purpose  
24 of, and to the extent necessary in, establishing, modifying,  
25 or enforcing a child support obligation of such individual.



1       “(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-  
2 SURE.—

3               “(1) DISCLOSURE BY STATE OFFICER OR EM-  
4 PLOYEE.—If any person knowingly, or by reason of  
5 negligence, discloses a financial record of an individ-  
6 ual in violation of subsection (b), such individual  
7 may bring a civil action for damages against such  
8 person in a district court of the United States.

9               “(2) NO LIABILITY FOR GOOD FAITH BUT ER-  
10 RONEOUS INTERPRETATION.—No liability shall arise  
11 under this subsection with respect to any disclosure  
12 which results from a good faith, but erroneous, in-  
13 terpretation of subsection (b).

14               “(3) DAMAGES.—In any action brought under  
15 paragraph (1), upon a finding of liability on the part  
16 of the defendant, the defendant shall be liable to the  
17 plaintiff in an amount equal to the sum of—

18                       “(A) the greater of—

19                               “(i) \$1,000 for each act of unauthor-  
20 ized disclosure of a financial record with  
21 respect to which such defendant is found  
22 liable; or

23                               “(ii) the sum of—

1           “(I) the actual damages sus-  
2           tained by the plaintiff as a result of  
3           such unauthorized disclosure; plus

4           “(II) in the case of a willful dis-  
5           closure or a disclosure which is the re-  
6           sult of gross negligence, punitive dam-  
7           ages; plus

8           “(B) the costs (including attorney’s fees)  
9           of the action.

10          “(d) DEFINITIONS.—For purposes of this section—

11           “(1) FINANCIAL INSTITUTION.—The term ‘fi-  
12          nancial institution’ means—

13           “(A) a depository institution, as defined in  
14          section 3(c) of the Federal Deposit Insurance  
15          Act (12 U.S.C. 1813(c));

16           “(B) an institution-affiliated party, as de-  
17          fined in section 3(u) of such Act (12 U.S.C.  
18          1813(u));

19           “(C) any Federal credit union or State  
20          credit union, as defined in section 101 of the  
21          Federal Credit Union Act (12 U.S.C. 1752), in-  
22          cluding an institution-affiliated party of such a  
23          credit union, as defined in section 206(r) of  
24          such Act (12 U.S.C. 1786(r)); and

1           “(D) any benefit association, insurance  
2           company, safe deposit company, money-market  
3           mutual fund, or similar entity authorized to do  
4           business in the State.

5           “(2) FINANCIAL RECORD.—The term ‘financial  
6           record’ has the meaning given such term in section  
7           1101 of the Right to Financial Privacy Act of 1978  
8           (12 U.S.C. 3401).”.

9   **CHAPTER 7—ENFORCEMENT OF SUPPORT**  
10                                   **ORDERS**

11 **SEC. 4361. INTERNAL REVENUE SERVICE COLLECTION OF**  
12                                   **ARREARAGES.**

13           (a) COLLECTION OF FEES.—Section 6305(a) of the  
14 Internal Revenue Code of 1986 (relating to collection of  
15 certain liability) is amended—

16           (1) by striking “and” at the end of paragraph  
17           (3);

18           (2) by striking the period at the end of para-  
19           graph (4) and inserting “, and”;

20           (3) by adding at the end the following new  
21           paragraph:

22           “(5) no additional fee may be assessed for ad-  
23           justments to an amount previously certified pursu-  
24           ant to such section 452(b) with respect to the same  
25           obligor.”; and

1           (4) by striking “Secretary of Health, Edu-  
2           cation, and Welfare” each place it appears and in-  
3           serting “Secretary of Health and Human Services”.

4           (b) EFFECTIVE DATE.—The amendments made by  
5           this section shall become effective October 1, 1997.

6   **SEC. 4362. AUTHORITY TO COLLECT SUPPORT FROM FED-**  
7                                   **ERAL EMPLOYEES.**

8           (a) CONSOLIDATION AND STREAMLINING OF AU-  
9           THORITIES.—Section 459 (42 U.S.C. 659) is amended to  
10          read as follows:

11   **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**  
12                                   **WITHHOLDING, GARNISHMENT, AND SIMILAR**  
13                                   **PROCEEDINGS FOR ENFORCEMENT OF CHILD**  
14                                   **SUPPORT AND ALIMONY OBLIGATIONS.**

15          “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-  
16          withstanding any other provision of law (including section  
17          207 of this Act and section 5301 of title 38, United States  
18          Code), effective January 1, 1975, moneys (the entitlement  
19          to which is based upon remuneration for employment) due  
20          from, or payable by, the United States or the District of  
21          Columbia (including any agency, subdivision, or instru-  
22          mentality thereof) to any individual, including members  
23          of the Armed Forces of the United States, shall be subject,  
24          in like manner and to the same extent as if the United  
25          States or the District of Columbia were a private person,

1 to withholding in accordance with State law enacted pur-  
2 suant to subsections (a)(1) and (b) of section 466 and reg-  
3 ulations of the Secretary under such subsections, and to  
4 any other legal process brought, by a State agency admin-  
5 istering a program under a State plan approved under this  
6 part or by an individual obligee, to enforce the legal obliga-  
7 tion of the individual to provide child support or alimony.

8       “(b) CONSENT TO REQUIREMENTS APPLICABLE TO  
9 PRIVATE PERSON.—With respect to notice to withhold in-  
10 come pursuant to subsection (a)(1) or (b) of section 466,  
11 or any other order or process to enforce support obliga-  
12 tions against an individual (if the order or process con-  
13 tains or is accompanied by sufficient data to permit  
14 prompt identification of the individual and the moneys in-  
15 volved), each governmental entity specified in subsection  
16 (a) shall be subject to the same requirements as would  
17 apply if the entity were a private person, except as other-  
18 wise provided in this section.

19       “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE  
20 OR PROCESS—

21               “(1) DESIGNATION OF AGENT.—The head of  
22 each agency subject to this section shall—

23                       “(A) designate an agent or agents to re-  
24 ceive orders and accept service of process in

1 matters relating to child support or alimony;  
2 and

3 “(B) annually publish in the Federal Reg-  
4 ister the designation of the agent or agents,  
5 identified by title or position, mailing address,  
6 and telephone number.

7 “(2) RESPONSE TO NOTICE OR PROCESS.—If an  
8 agent designated pursuant to paragraph (1) of this  
9 subsection receives notice pursuant to State proce-  
10 dures in effect pursuant to subsection (a)(1) or (b)  
11 of section 466, or is effectively served with any  
12 order, process, or interrogatory, with respect to an  
13 individual’s child support or alimony payment obli-  
14 gations, the agent shall—

15 “(A) as soon as possible (but not later  
16 than 15 days) thereafter, send written notice of  
17 the notice or service (together with a copy of  
18 the notice or service) to the individual at the  
19 duty station or last-known home address of the  
20 individual;

21 “(B) within 30 days (or such longer period  
22 as may be prescribed by applicable State law)  
23 after receipt of a notice pursuant to such State  
24 procedures, comply with all applicable provi-  
25 sions of section 466; and

1           “(C) within 30 days (or such longer period  
2           as may be prescribed by applicable State law)  
3           after effective service of any other such order,  
4           process, or interrogatory, respond to the order,  
5           process, or interrogatory.

6           “(d) PRIORITY OF CLAIMS.—If a governmental entity  
7 specified in subsection (a) receives notice or is served with  
8 process, as provided in this section, concerning amounts  
9 owed by an individual to more than 1 person—

10           “(1) support collection under section 466(b)  
11           must be given priority over any other process, as  
12           provided in section 466(b)(7);

13           “(2) allocation of moneys due or payable to an  
14           individual among claimants under section 466(b)  
15           shall be governed by section 466(b) and the regula-  
16           tions prescribed under such section; and

17           “(3) such moneys as remain after compliance  
18           with paragraphs (1) and (2) shall be available to  
19           satisfy any other such processes on a first-come,  
20           first-served basis, with any such process being satis-  
21           fied out of such moneys as remain after the satisfac-  
22           tion of all such processes which have been previously  
23           served.

24           “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A  
25 governmental entity that is affected by legal process

1 served for the enforcement of an individual's child support  
2 or alimony payment obligations shall not be required to  
3 vary its normal pay and disbursement cycle in order to  
4 comply with the legal process.

5 “(f) RELIEF FROM LIABILITY.—

6 “(1) Neither the United States, nor the govern-  
7 ment of the District of Columbia, nor any disbursing  
8 officer shall be liable with respect to any payment  
9 made from moneys due or payable from the United  
10 States to any individual pursuant to legal process  
11 regular on its face, if the payment is made in ac-  
12 cordance with this section and the regulations issued  
13 to carry out this section.

14 “(2) No Federal employee whose duties include  
15 taking actions necessary to comply with the require-  
16 ments of subsection (a) with regard to any individ-  
17 ual shall be subject under any law to any discipli-  
18 nary action or civil or criminal liability or penalty  
19 for, or on account of, any disclosure of information  
20 made by the employee in connection with the carry-  
21 ing out of such actions.

22 “(g) REGULATIONS.—Authority to promulgate regu-  
23 lations for the implementation of this section shall, insofar  
24 as this section applies to moneys due from (or payable  
25 by)—



1           “(1) the United States (other than the legisla-  
2           tive or judicial branches of the Federal Government)  
3           or the government of the District of Columbia, be  
4           vested in the President (or the designee of the Presi-  
5           dent);

6           “(2) the legislative branch of the Federal Gov-  
7           ernment, be vested jointly in the President pro tem-  
8           pore of the Senate and the Speaker of the House of  
9           Representatives (or their designees), and

10           “(3) the judicial branch of the Federal Govern-  
11           ment, be vested in the Chief Justice of the United  
12           States (or the designee of the Chief Justice).

13           “(h) MONEYS SUBJECT TO PROCESS.—

14           “(1) IN GENERAL.—Subject to paragraph (2),  
15           moneys paid or payable to an individual which are  
16           considered to be based upon remuneration for em-  
17           ployment, for purposes of this section—

18           “(A) consist of—

19           “(i) compensation paid or payable for  
20           personal services of the individual, whether  
21           the compensation is denominated as wages,  
22           salary, commission, bonus, pay, allowances,  
23           or otherwise (including severance pay, sick  
24           pay, and incentive pay);

1           “(ii) periodic benefits (including a  
2 periodic benefit as defined in section  
3 228(h)(3)) or other payments—

4           “(I) under the insurance system  
5 established by title II;

6           “(II) under any other system or  
7 fund established by the United States  
8 which provides for the payment of  
9 pensions, retirement or retired pay,  
10 annuities, dependents’ or survivors’  
11 benefits, or similar amounts payable  
12 on account of personal services per-  
13 formed by the individual or any other  
14 individual;

15           “(III) as compensation for death  
16 under any Federal program;

17           “(IV) under any Federal pro-  
18 gram established to provide ‘black  
19 lung’ benefits; or

20           “(V) by the Secretary of Veter-  
21 ans Affairs as compensation for a  
22 service-connected disability paid by  
23 the Secretary to a former member of  
24 the Armed Forces who is in receipt of  
25 retired or retainer pay if the former

1 member has waived a portion of the  
2 retired or retainer pay in order to re-  
3 ceive such compensation; and

4 “(iii) worker’s compensation benefits  
5 paid under Federal or State law but

6 “(B) do not include any payment—

7 “(i) by way of reimbursement or oth-  
8 erwise, to defray expenses incurred by the  
9 individual in carrying out duties associated  
10 with the employment of the individual; or

11 “(ii) as allowances for members of the  
12 uniformed services payable pursuant to  
13 chapter 7 of title 37, United States Code,  
14 as prescribed by the Secretaries concerned  
15 (defined by section 101(5) of such title) as  
16 necessary for the efficient performance of  
17 duty.

18 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-  
19 mining the amount of any moneys due from, or pay-  
20 able by, the United States to any individual, there  
21 shall be excluded amounts which—

22 “(A) are owed by the individual to the  
23 United States;

24 “(B) are required by law to be, and are,  
25 deducted from the remuneration or other pay-

1           ment involved, including Federal employment  
2           taxes, and fines and forfeitures ordered by  
3           court-martial;

4           “(C) are properly withheld for Federal,  
5           State, or local income tax purposes, if the with-  
6           holding of the amounts is authorized or re-  
7           quired by law and if amounts withheld are not  
8           greater than would be the case if the individual  
9           claimed all dependents to which he was entitled  
10          (the withholding of additional amounts pursu-  
11          ant to section 3402(i) of the Internal Revenue  
12          Code of 1986 may be permitted only when the  
13          individual presents evidence of a tax obligation  
14          which supports the additional withholding);

15          “(D) are deducted as health insurance pre-  
16          miums;

17          “(E) are deducted as normal retirement  
18          contributions (not including amounts deducted  
19          for supplementary coverage); or

20          “(F) are deducted as normal life insurance  
21          premiums from salary or other remuneration  
22          for employment (not including amounts de-  
23          ducted for supplementary coverage).

24          “(i) DEFINITIONS.—For purposes of this section—

1           “(1) UNITED STATES.—The term ‘United  
2 States’ includes any department, agency, or instru-  
3 mentality of the legislative, judicial, or executive  
4 branch of the Federal Government, the United  
5 States Postal Service, the Postal Rate Commission,  
6 any Federal corporation created by an Act of Con-  
7 gress that is wholly owned by the Federal Govern-  
8 ment, and the governments of the territories and  
9 possessions of the United States.

10           “(2) CHILD SUPPORT.—The term ‘child sup-  
11 port’, when used in reference to the legal obligations  
12 of an individual to provide such support, means  
13 amounts required to be paid under a judgment, de-  
14 cree, or order, whether temporary, final, or subject  
15 to modification, issued by a court or an administra-  
16 tive agency of competent jurisdiction, for the sup-  
17 port and maintenance of a child, including a child  
18 who has attained the age of majority under the law  
19 of the issuing State, or a child and the parent with  
20 whom the child is living, which provides for mone-  
21 tary support, health care, arrearages or reimburse-  
22 ment, and which may include other related costs and  
23 fees, interest and penalties, income withholding, at-  
24 torney’s fees, and other relief.

25           “(3) ALIMONY.—

1           “(A) IN GENERAL.—The term ‘alimony’,  
2           when used in reference to the legal obligations  
3           of an individual to provide the same, means  
4           periodic payments of funds for the support and  
5           maintenance of the spouse (or former spouse)  
6           of the individual, and (subject to and in accord-  
7           ance with State law) includes separate mainte-  
8           nance, alimony pendente lite, maintenance, and  
9           spousal support, and includes attorney’s fees,  
10          interest, and court costs when and to the extent  
11          that the same are expressly made recoverable as  
12          such pursuant to a decree, order, or judgment  
13          issued in accordance with applicable State law  
14          by a court of competent jurisdiction.

15          “(B) EXCEPTIONS.—Such term does not  
16          include—

17                  “(i) any child support; or

18                  “(ii) any payment or transfer of prop-  
19                  erty or its value by an individual to the  
20                  spouse or a former spouse of the individual  
21                  in compliance with any community prop-  
22                  erty settlement, equitable distribution of  
23                  property, or other division of property be-  
24                  tween spouses or former spouses.

1           “(4) PRIVATE PERSON.—The term ‘private per-  
2           son’ means a person who does not have sovereign or  
3           other special immunity or privilege which causes the  
4           person not to be subject to legal process.

5           “(5) LEGAL PROCESS.—The term ‘legal proc-  
6           ess’ means any writ, order, summons, or other simi-  
7           lar process in the nature of garnishment—

8                   “(A) which is issued by—

9                           “(i) a court or an administrative  
10                           agency of competent jurisdiction in any  
11                           State, territory, or possession of the Unit-  
12                           ed States;

13                           “(ii) a court or an administrative  
14                           agency of competent jurisdiction in any  
15                           foreign country with which the United  
16                           States has entered into an agreement  
17                           which requires the United States to honor  
18                           the process; or

19                           “(iii) an authorized official pursuant  
20                           to an order of such a court or an adminis-  
21                           trative agency of competent jurisdiction or  
22                           pursuant to State or local law; and

23                           “(B) which is directed to, and the purpose  
24                           of which is to compel, a governmental entity  
25                           which holds moneys which are otherwise pay-

1           able to an individual to make a payment from  
2           the moneys to another party in order to satisfy  
3           a legal obligation of the individual to provide  
4           child support or make alimony payments.”.

5           (b) CONFORMING AMENDMENTS.—

6           (1) TO PART D OF TITLE IV.—Sections 461 and  
7           462 (42 U.S.C. 661 and 662) are repealed.

8           (2) TO TITLE 5, UNITED STATES CODE.—Sec-  
9           tion 5520a of title 5, United States Code, is amend-  
10          ed, in subsections (h)(2) and (i), by striking “sec-  
11          tions 459, 461, and 462 of the Social Security Act  
12          (42 U.S.C. 659, 661, and 662)” and inserting “sec-  
13          tion 459 of the Social Security Act (42 U.S.C.  
14          659)”.

15          (c) MILITARY RETIRED AND RETAINER PAY.—

16          (1) DEFINITION OF COURT.—Section  
17          1408(a)(1) of title 10, United States Code, is  
18          amended—

19                  (A) by striking “and” at the end of sub-  
20                  paragraph (B);

21                  (B) by striking the period at the end of  
22                  subparagraph (C) and inserting “; and”; and

23                  (C) by adding after subparagraph (C) the  
24                  following new subparagraph:



1           “(D) any administrative or judicial tribu-  
2           nal of a State competent to enter orders for  
3           support or maintenance (including a State  
4           agency administering a program under a State  
5           plan approved under part D of title IV of the  
6           Social Security Act), and, for purposes of this  
7           subparagraph, the term ‘State’ includes the  
8           District of Columbia, the Commonwealth of  
9           Puerto Rico, the Virgin Islands, Guam, and  
10          American Samoa.”.

11          (2) DEFINITION OF COURT ORDER.—Section  
12          1408(a)(2) of such title is amended—

13                 (A) by inserting “or a support order, as  
14                 defined in section 453(p) of the Social Security  
15                 Act (42 U.S.C. 653(p)),” before “which—”;

16                 (B) in subparagraph (B)(i), by striking  
17                 “(as defined in section 462(b) of the Social Se-  
18                 curity Act (42 U.S.C. 662(b)))” and inserting  
19                 “(as defined in section 459(i)(2) of the Social  
20                 Security Act (42 U.S.C. 659(i)(2)))”; and

21                 (C) in subparagraph (B)(ii), by striking  
22                 “(as defined in section 462(c) of the Social Se-  
23                 curity Act (42 U.S.C. 662(c)))” and inserting  
24                 “(as defined in section 459(i)(3) of the Social  
25                 Security Act (42 U.S.C. 659(i)(3)))”.

1           (3) PUBLIC PAYEE.—Section 1408(d) of such  
2 title is amended—

3           (A) in the heading, by inserting “(OR FOR  
4 BENEFIT OF)” before “SPOUSE OR”; and

5           (B) in paragraph (1), in the 1st sentence,  
6 by inserting “(or for the benefit of such spouse  
7 or former spouse to a State disbursement unit  
8 established pursuant to section 454B of the So-  
9 cial Security Act or other public payee des-  
10 ignated by a State, in accordance with part D  
11 of title IV of the Social Security Act, as di-  
12 rected by court order, or as otherwise directed  
13 in accordance with such part D)” before “in an  
14 amount sufficient”.

15           (4) RELATIONSHIP TO PART D OF TITLE IV.—  
16 Section 1408 of such title is amended by adding at  
17 the end the following new subsection:

18           “(j) RELATIONSHIP TO OTHER LAWS.—In any case  
19 involving an order providing for payment of child support  
20 (as defined in section 459(i)(2) of the Social Security Act)  
21 by a member who has never been married to the other  
22 parent of the child, the provisions of this section shall not  
23 apply, and the case shall be subject to the provisions of  
24 section 459 of such Act.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall become effective 6 months after the date  
3 of the enactment of this Act.

4 **SEC. 4363. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**  
5 **TIONS OF MEMBERS OF THE ARMED FORCES.**

6 (a) AVAILABILITY OF LOCATOR INFORMATION.—

7 (1) MAINTENANCE OF ADDRESS INFORMA-  
8 TION.—The Secretary of Defense shall establish a  
9 centralized personnel locator service that includes  
10 the address of each member of the Armed Forces  
11 under the jurisdiction of the Secretary. Upon re-  
12 quest of the Secretary of Transportation, addresses  
13 for members of the Coast Guard shall be included in  
14 the centralized personnel locator service.

15 (2) TYPE OF ADDRESS.—

16 (A) RESIDENTIAL ADDRESS.—Except as  
17 provided in subparagraph (B), the address for  
18 a member of the Armed Forces shown in the lo-  
19 cator service shall be the residential address of  
20 that member.

21 (B) DUTY ADDRESS.—The address for a  
22 member of the Armed Forces shown in the loca-  
23 tor service shall be the duty address of that  
24 member in the case of a member—

1 (i) who is permanently assigned over-  
2 seas, to a vessel, or to a routinely  
3 deployable unit; or

4 (ii) with respect to whom the Sec-  
5 retary concerned makes a determination  
6 that the member's residential address  
7 should not be disclosed due to national se-  
8 curity or safety concerns.

9 (3) UPDATING OF LOCATOR INFORMATION.—

10 Within 30 days after a member listed in the locator  
11 service establishes a new residential address (or a  
12 new duty address, in the case of a member covered  
13 by paragraph (2)(B)), the Secretary concerned shall  
14 update the locator service to indicate the new ad-  
15 dress of the member.

16 (4) AVAILABILITY OF INFORMATION.—The Sec-  
17 retary of Defense shall make information regarding  
18 the address of a member of the Armed Forces listed  
19 in the locator service available, on request, to the  
20 Federal Parent Locator Service established under  
21 section 453 of the Social Security Act.

22 (b) FACILITATING GRANTING OF LEAVE FOR AT-  
23 TENDANCE AT HEARINGS.—

24 (1) REGULATIONS.—The Secretary of each  
25 military department, and the Secretary of Transpor-

1 tation with respect to the Coast Guard when it is  
2 not operating as a service in the Navy, shall pre-  
3 scribe regulations to facilitate the granting of leave  
4 to a member of the Armed Forces under the juris-  
5 diction of that Secretary in a case in which—

6 (A) the leave is needed for the member to  
7 attend a hearing described in paragraph (2);

8 (B) the member is not serving in or with  
9 a unit deployed in a contingency operation (as  
10 defined in section 101 of title 10, United States  
11 Code); and

12 (C) the exigencies of military service (as  
13 determined by the Secretary concerned) do not  
14 otherwise require that such leave not be grant-  
15 ed.

16 (2) COVERED HEARINGS.—Paragraph (1) ap-  
17 plies to a hearing that is conducted by a court or  
18 pursuant to an administrative process established  
19 under State law, in connection with a civil action—

20 (A) to determine whether a member of the  
21 Armed Forces is a natural parent of a child; or

22 (B) to determine an obligation of a mem-  
23 ber of the Armed Forces to provide child sup-  
24 port.

1           (3) DEFINITIONS.—For purposes of this sub-  
2 section—

3           (A) The term “court” has the meaning  
4 given that term in section 1408(a) of title 10,  
5 United States Code.

6           (B) The term “child support” has the  
7 meaning given such term in section 459(i) of  
8 the Social Security Act (42 U.S.C. 659(i)).

9           (c) PAYMENT OF MILITARY RETIRED PAY IN COM-  
10 PLIANCE WITH CHILD SUPPORT ORDERS.—

11           (1) DATE OF CERTIFICATION OF COURT  
12 ORDER.—Section 1408 of title 10, United States  
13 Code, as amended by section 4362(c)(4) of this Act,  
14 is amended—

15           (A) by redesignating subsections (i) and (j)  
16 as subsections (j) and (k), respectively; and

17           (B) by inserting after subsection (h) the  
18 following new subsection:

19           “(i) CERTIFICATION DATE.—It is not necessary that  
20 the date of a certification of the authenticity or complete-  
21 ness of a copy of a court order for child support received  
22 by the Secretary concerned for the purposes of this section  
23 be recent in relation to the date of receipt by the Sec-  
24 retary.”.

1           (2) PAYMENTS CONSISTENT WITH ASSIGN-  
2           MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)  
3           of such title is amended by inserting after the 1st  
4           sentence the following new sentence: “In the case of  
5           a spouse or former spouse who, pursuant to section  
6           408(a)(4) of the Social Security Act (42 U.S.C.  
7           608(a)(4)), assigns to a State the rights of the  
8           spouse or former spouse to receive support, the Sec-  
9           retary concerned may make the child support pay-  
10          ments referred to in the preceding sentence to that  
11          State in amounts consistent with that assignment of  
12          rights.”.

13           (3) ARREARAGES OWED BY MEMBERS OF THE  
14          UNIFORMED SERVICES.—Section 1408(d) of such  
15          title is amended by adding at the end the following  
16          new paragraph:

17          “(6) In the case of a court order for which effective  
18          service is made on the Secretary concerned on or after  
19          the date of the enactment of this paragraph and which  
20          provides for payments from the disposable retired pay of  
21          a member to satisfy the amount of child support set forth  
22          in the order, the authority provided in paragraph (1) to  
23          make payments from the disposable retired pay of a mem-  
24          ber to satisfy the amount of child support set forth in a  
25          court order shall apply to payment of any amount of child

1 support arrearages set forth in that order as well as to  
2 amounts of child support that currently become due.”.

3 (4) PAYROLL DEDUCTIONS.—The Secretary of  
4 Defense shall begin payroll deductions within 30  
5 days after receiving notice of withholding, or for the  
6 1st pay period that begins after such 30-day period.

7 **SEC. 4364. VOIDING OF FRAUDULENT TRANSFERS.**

8 Section 466 (42 U.S.C. 666), as amended by section  
9 4321 of this Act, is amended by adding at the end the  
10 following new subsection:

11 “(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In  
12 order to satisfy section 454(20)(A), each State must have  
13 in effect—

14 “(1)(A) the Uniform Fraudulent Conveyance  
15 Act of 1981;

16 “(B) the Uniform Fraudulent Transfer Act of  
17 1984; or

18 “(C) another law, specifying indicia of fraud  
19 which create a prima facie case that a debtor trans-  
20 ferred income or property to avoid payment to a  
21 child support creditor, which the Secretary finds af-  
22 fords comparable rights to child support creditors;  
23 and

24 “(2) procedures under which, in any case in  
25 which the State knows of a transfer by a child sup-



1 port debtor with respect to which such a prima facie  
2 case is established, the State must—

3 “(A) seek to void such transfer; or

4 “(B) obtain a settlement in the best inter-  
5 ests of the child support creditor.”.

6 **SEC. 4365. WORK REQUIREMENT FOR PERSONS OWING**  
7 **PAST-DUE CHILD SUPPORT.**

8 (a) **IN GENERAL.**—Section 466(a) (42 U.S.C.  
9 666(a)), as amended by sections 4315, 4317(a), and 4323  
10 of this Act, is amended by inserting after paragraph (14)  
11 the following new paragraph:

12 “(15) **PROCEDURES TO ENSURE THAT PERSONS**  
13 **OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN**  
14 **FOR PAYMENT OF SUCH SUPPORT.**—

15 “(A) **IN GENERAL.**—Procedures under  
16 which the State has the authority, in any case  
17 in which an individual owes past-due support  
18 with respect to a child receiving assistance  
19 under a State program funded under part A, to  
20 issue an order or to request that a court or an  
21 administrative process established pursuant to  
22 State law issue an order that requires the indi-  
23 vidual to—

24 “(i) pay such support in accordance  
25 with a plan approved by the court, or, at

1 the option of the State, a plan approved by  
2 the State agency administering the State  
3 program under this part; or

4 “(ii) if the individual is subject to  
5 such a plan and is not incapacitated, par-  
6 ticipate in such work activities (as defined  
7 in section 407(d)) as the court, or, at the  
8 option of the State, the State agency ad-  
9 ministering the State program under this  
10 part, deems appropriate.

11 “(B) PAST-DUE SUPPORT DEFINED.—For  
12 purposes of subparagraph (A), the term ‘past-  
13 due support’ means the amount of a delin-  
14 quency, determined under a court order, or an  
15 order of an administrative process established  
16 under State law, for support and maintenance  
17 of a child, or of a child and the parent with  
18 whom the child is living.”.

19 (b) CONFORMING AMENDMENT.—The flush para-  
20 graph at the end of section 466(a) (42 U.S.C.666(a)) is  
21 amended by striking “and (7)” and inserting “(7), and  
22 (15)”.

1 **SEC. 4366. DEFINITION OF SUPPORT ORDER.**

2 Section 453 (42 U.S.C. 653) as amended by sections  
3 4316 and 4345(b) of this Act, is amended by adding at  
4 the end the following new subsection:

5 “(p) **SUPPORT ORDER DEFINED.**—As used in this  
6 part, the term ‘support order’ means a judgment, decree,  
7 or order, whether temporary, final, or subject to modifica-  
8 tion, issued by a court or an administrative agency of com-  
9 petent jurisdiction, for the support and maintenance of a  
10 child, including a child who has attained the age of major-  
11 ity under the law of the issuing State, or a child and the  
12 parent with whom the child is living, which provides for  
13 monetary support, health care, arrearages, or reimburse-  
14 ment, and which may include related costs and fees, inter-  
15 est and penalties, income withholding, attorneys’ fees, and  
16 other relief.”.

17 **SEC. 4367. REPORTING ARREARAGES TO CREDIT BUREAUS.**

18 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended  
19 to read as follows:

20 “(7) **REPORTING ARREARAGES TO CREDIT BU-**  
21 **REAUS.**—

22 “(A) **IN GENERAL.**—Procedures (subject to  
23 safeguards pursuant to subparagraph (B)) re-  
24 quiring the State to report periodically to  
25 consumer reporting agencies (as defined in sec-  
26 tion 603(f) of the Fair Credit Reporting Act

1 (15 U.S.C. 1681a(f)) the name of any non-  
2 custodial parent who is delinquent in the pay-  
3 ment of support, and the amount of overdue  
4 support owed by such parent.

5 “(B) SAFEGUARDS.—Procedures ensuring  
6 that, in carrying out subparagraph (A), infor-  
7 mation with respect to a noncustodial parent is  
8 reported—

9 “(i) only after such parent has been  
10 afforded all due process required under  
11 State law, including notice and a reason-  
12 able opportunity to contest the accuracy of  
13 such information; and

14 “(ii) only to an entity that has fur-  
15 nished evidence satisfactory to the State  
16 that the entity is a consumer reporting  
17 agency (as so defined).”.

18 **SEC. 4368. LIENS.**

19 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended  
20 to read as follows:

21 “(4) LIENS.—Procedures under which—

22 “(A) liens arise by operation of law against  
23 real and personal property for amounts of over-  
24 due support owed by a noncustodial parent who  
25 resides or owns property in the State; and

1           “(B) the State accords full faith and credit  
2           to liens described in subparagraph (A) arising  
3           in another State, when the State agency, party,  
4           or other entity seeking to enforce such a lien  
5           complies with the procedural rules relating to  
6           recording or serving liens that arise within the  
7           State, except that such rules may not require  
8           judicial notice or hearing prior to the enforce-  
9           ment of such a lien.”.

10 **SEC. 4369. STATE LAW AUTHORIZING SUSPENSION OF LI-**  
11 **CENSES.**

12           Section 466(a) (42 U.S.C. 666(a)), as amended by  
13 sections 4315, 4317(a), 4323, and 4365 of this Act, is  
14 amended by inserting after paragraph (15) the following:

15           “(16) **AUTHORITY TO WITHHOLD OR SUSPEND**  
16 **LICENSES.**—Procedures under which the State has  
17 (and uses in appropriate cases) authority to withhold  
18 or suspend, or to restrict the use of driver’s licenses,  
19 professional and occupational licenses, and rec-  
20 reational licenses of individuals owing overdue sup-  
21 port or failing, after receiving appropriate notice, to  
22 comply with subpoenas or warrants relating to pa-  
23 ternity or child support proceedings.”.

1 **SEC. 4370. DENIAL OF PASSPORTS FOR NONPAYMENT OF**  
2 **CHILD SUPPORT.**

3 (a) HHS CERTIFICATION PROCEDURE.—

4 (1) SECRETARIAL RESPONSIBILITY.—Section  
5 452 (42 U.S.C. 652), as amended by section 4345  
6 of this Act, is amended by adding at the end the fol-  
7 lowing new subsection:

8 “(k)(1) If the Secretary receives a certification by a  
9 State agency in accordance with the requirements of sec-  
10 tion 454(31) that an individual owes arrearages of child  
11 support in an amount exceeding \$5,000, the Secretary  
12 shall transmit such certification to the Secretary of State  
13 for action (with respect to denial, revocation, or limitation  
14 of passports) pursuant to paragraph (2).

15 “(2) The Secretary of State shall, upon certification  
16 by the Secretary transmitted under paragraph (1), refuse  
17 to issue a passport to such individual, and may revoke,  
18 restrict, or limit a passport issued previously to such indi-  
19 vidual.

20 “(3) The Secretary and the Secretary of State shall  
21 not be liable to an individual for any action with respect  
22 to a certification by a State agency under this section.”.

23 (2) STATE AGENCY RESPONSIBILITY.—Section  
24 454 (42 U.S.C. 654), as amended by sections  
25 4301(b), 4303(a), 4312(b), 4313(a), 4333, and  
26 4343(b) of this Act, is amended—

1 (A) by striking “and” at the end of para-  
2 graph (29);

3 (B) by striking the period at the end of  
4 paragraph (30) and inserting “; and”; and

5 (C) by adding after paragraph (30) the fol-  
6 lowing new paragraph:

7 “(31) provide that the State agency will have in  
8 effect a procedure for certifying to the Secretary, for  
9 purposes of the procedure under section 452(k), de-  
10 terminations that individuals owe arrearages of child  
11 support in an amount exceeding \$5,000, under  
12 which procedure—

13 “(A) each individual concerned is afforded  
14 notice of such determination and the con-  
15 sequences thereof, and an opportunity to con-  
16 test the determination; and

17 “(B) the certification by the State agency  
18 is furnished to the Secretary in such format,  
19 and accompanied by such supporting docu-  
20 mentation, as the Secretary may require.”.

21 (b) EFFECTIVE DATE.—This section and the amend-  
22 ments made by this section shall become effective October  
23 1, 1997.

1 **SEC. 4371. INTERNATIONAL SUPPORT ENFORCEMENT.**

2 (a) AUTHORITY FOR INTERNATIONAL AGREE-  
3 MENTS.—Part D of title IV, as amended by section  
4 4362(a) of this Act, is amended by adding after section  
5 459 the following new section:

6 **“SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.**

7 “(a) AUTHORITY FOR DECLARATIONS.—

8 “(1) DECLARATION.—The Secretary of State,  
9 with the concurrence of the Secretary of Health and  
10 Human Services, is authorized to declare any foreign  
11 country (or a political subdivision thereof) to be a  
12 foreign reciprocating country if the foreign country  
13 has established, or undertakes to establish, proce-  
14 dures for the establishment and enforcement of du-  
15 ties of support owed to obligees who are residents of  
16 the United States, and such procedures are substan-  
17 tially in conformity with the standards prescribed  
18 under subsection (b).

19 “(2) REVOCATION.—A declaration with respect  
20 to a foreign country made pursuant to paragraph  
21 (1) may be revoked if the Secretaries of State and  
22 Health and Human Services determine that—

23 “(A) the procedures established by the for-  
24 eign country regarding the establishment and  
25 enforcement of duties of support have been so  
26 changed, or the foreign country’s implementa-



1           tion of such procedures is so unsatisfactory,  
2           that such procedures do not meet the criteria  
3           for such a declaration; or

4                   “(B) continued operation of the declaration  
5           is not consistent with the purposes of this part.

6           “(3) FORM OF DECLARATION.—A declaration  
7           under paragraph (1) may be made in the form of an  
8           international agreement, in connection with an inter-  
9           national agreement or corresponding foreign declara-  
10          tion, or on a unilateral basis.

11          “(b) STANDARDS FOR FOREIGN SUPPORT ENFORCE-  
12          MENT PROCEDURES.—

13                   “(1) MANDATORY ELEMENTS.—Support en-  
14          forcement procedures of a foreign country which  
15          may be the subject of a declaration pursuant to sub-  
16          section (a)(1) shall include the following elements:

17                           “(A) The foreign country (or political sub-  
18                           division thereof) has in effect procedures, avail-  
19                           able to residents of the United States—

20                                   “(i) for establishment of paternity,  
21                                   and for establishment of orders of support  
22                                   for children and custodial parents; and

23                                   “(ii) for enforcement of orders to pro-  
24                                   vide support to children and custodial par-  
25                                   ents, including procedures for collection

1                   and appropriate distribution of support  
2                   payments under such orders.

3                   “(B) The procedures described in subpara-  
4                   graph (A), including legal and administrative  
5                   assistance, are provided to residents of the  
6                   United States at no cost.

7                   “(C) An agency of the foreign country is  
8                   designated as a Central Authority responsible  
9                   for—

10                   “(i) facilitating support enforcement  
11                   in cases involving residents of the foreign  
12                   country and residents of the United States;  
13                   and

14                   “(ii) ensuring compliance with the  
15                   standards established pursuant to this sub-  
16                   section.

17                   “(2) ADDITIONAL ELEMENTS.—The Secretary  
18                   of Health and Human Services and the Secretary of  
19                   State, in consultation with the States, may establish  
20                   such additional standards as may be considered nec-  
21                   essary to further the purposes of this section.

22                   “(c) DESIGNATION OF UNITED STATES CENTRAL  
23                   AUTHORITY.—It shall be the responsibility of the Sec-  
24                   retary of Health and Human Services to facilitate support  
25                   enforcement in cases involving residents of the United

1 States and residents of foreign countries that are the sub-  
2 ject of a declaration under this section, by activities in-  
3 cluding—

4 “(1) development of uniform forms and proce-  
5 dures for use in such cases;

6 “(2) notification of foreign reciprocating coun-  
7 tries of the State of residence of individuals sought  
8 for support enforcement purposes, on the basis of in-  
9 formation provided by the Federal Parent Locator  
10 Service; and

11 “(3) such other oversight, assistance, and co-  
12 ordination activities as the Secretary may find nec-  
13 essary and appropriate.

14 “(d) EFFECT ON OTHER LAWS.—States may enter  
15 into reciprocal arrangements for the establishment and en-  
16 forcement of support obligations with foreign countries  
17 that are not the subject of a declaration pursuant to sub-  
18 section (a), to the extent consistent with Federal law.”.

19 (b) STATE PLAN REQUIREMENT.—Section 454 (42  
20 U.S.C. 654), as amended by sections 4301(b), 4303(a),  
21 4312(b), 4313(a), 4333, 4343(b), and 4370(a)(2) of this  
22 Act, 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)(A) provide that any request for services  
6 under this part by a foreign reciprocating country or  
7 a foreign country with which the State has an ar-  
8 rangement described in section 459A(d)(2) shall be  
9 treated as a request by a State;

10          “(B) provide, at State option, notwithstanding  
11 paragraph (4) or any other provision of this part,  
12 for services under the plan for enforcement of a  
13 spousal support order not described in paragraph  
14 (4)(B) entered by such a country (or subdivision);  
15 and

16          “(C) provide that no applications will be re-  
17 quired from, and no costs will be assessed for such  
18 services against, the foreign reciprocating country or  
19 foreign obligee (but costs may at State option be as-  
20 sessed against the obligor).”.

21 **SEC. 4372. FINANCIAL INSTITUTION DATA MATCHES.**

22          Section 466(a) (42 U.S.C. 666(a)), as amended by  
23 sections 4315, 4317(a), 4323, 4365, and 4369 of this Act,  
24 is amended by inserting after paragraph (16) the following  
25 new paragraph:

1           “(17) FINANCIAL INSTITUTION DATA  
2 MATCHES.—

3           “(A) IN GENERAL.—Procedures under  
4 which the State agency shall enter into agree-  
5 ments with financial institutions doing business  
6 in the State—

7           “(i) to develop and operate, in coordi-  
8 nation with such financial institutions, a  
9 data match system, using automated data  
10 exchanges to the maximum extent feasible,  
11 in which each such financial institution is  
12 required to provide for each calendar quar-  
13 ter the name, record address, social secu-  
14 rity number or other taxpayer identifica-  
15 tion number, and other identifying infor-  
16 mation for each noncustodial parent who  
17 maintains an account at such institution  
18 and who owes past-due support, as identi-  
19 fied by the State by name and social secu-  
20 rity number or other taxpayer identifica-  
21 tion number; and

22           “(ii) in response to a notice of lien or  
23 levy, encumber or surrender, as the case  
24 may be, assets held by such institution on  
25 behalf of any noncustodial parent who is

1 subject to a child support lien pursuant to  
2 paragraph (4).

3 “(B) REASONABLE FEES.—The State  
4 agency may pay a reasonable fee to a financial  
5 institution for conducting the data match pro-  
6 vided for in subparagraph (A)(i), not to exceed  
7 the actual costs incurred by such financial insti-  
8 tution.

9 “(C) LIABILITY.—A financial institution  
10 shall not be liable under any Federal or State  
11 law to any person—

12 “(i) for any disclosure of information  
13 to the State agency under subparagraph  
14 (A)(i);

15 “(ii) for encumbering or surrendering  
16 any assets held by such financial institu-  
17 tion in response to a notice of lien or levy  
18 issued by the State agency as provided for  
19 in subparagraph (A)(ii); or

20 “(iii) for any other action taken in  
21 good faith to comply with the requirements  
22 of subparagraph (A).

23 “(D) DEFINITIONS.—For purposes of this  
24 paragraph—

1                   “(i) FINANCIAL INSTITUTION.—The  
2                   term ‘financial institution’ has the mean-  
3                   ing given to such term by section  
4                   469A(d)(1).

5                   “(ii) ACCOUNT.—The term ‘account’  
6                   means a demand deposit account, checking  
7                   or negotiable withdrawal order account,  
8                   savings account, time deposit account, or  
9                   money-market mutual fund account.”.

10 **SEC. 4373. ENFORCEMENT OF ORDERS AGAINST PATERNAL**  
11 **OR MATERNAL GRANDPARENTS IN CASES OF**  
12 **MINOR PARENTS.**

13               Section 466(a) (42 U.S.C. 666(a)), as amended by  
14 sections 4315, 4317(a), 4323, 4365, 4369, and 4372 of  
15 this Act, is amended by inserting after paragraph (17) the  
16 following new paragraph:

17               “(18) ENFORCEMENT OF ORDERS AGAINST PA-  
18               TERNAL OR MATERNAL GRANDPARENTS.—Proce-  
19               dures under which, at the State’s option, any child  
20               support order enforced under this part with respect  
21               to a child of minor parents, if the custodial parent  
22               of such child is receiving assistance under the State  
23               program under part A, shall be enforceable, jointly  
24               and severally, against the parents of the noncusto-  
25               dial parent of such child.”.

1 **SEC. 4374. NONDISCHARGEABILITY IN BANKRUPTCY OF**  
2 **CERTAIN DEBTS FOR THE SUPPORT OF A**  
3 **CHILD.**

4 (a) AMENDMENT TO TITLE 11 OF THE UNITED  
5 STATES CODE.—Section 523(a) of title 11, United States  
6 Code, is amended—

7 (1) by striking “or” at the end of paragraph  
8 (16);

9 (2) by striking the period at the end of para-  
10 graph (17) and inserting “; or”;

11 (3) by adding at the end the following:

12 “(18) owed under State law to a State or mu-  
13 nicipality that is—

14 “(A) in the nature of support, and

15 “(B) enforceable under part D of title IV  
16 of the Social Security Act (42 U.S.C. 601 et  
17 seq.).”; and

18 (4) in paragraph (5), by striking “section  
19 402(a)(26)” and inserting “section 408(a)(4)”.

20 (b) AMENDMENT TO THE SOCIAL SECURITY ACT.—  
21 Section 456(b) (42 U.S.C. 656(b)) is amended to read as  
22 follows:

23 “(b) NONDISCHARGEABILITY.—A debt (as defined in  
24 section 101 of title 11 of the United States Code) owed  
25 under State law to a State (as defined in such section)  
26 or municipality (as defined in such section) that is in the



1 nature of support and that is enforceable under this part  
2 is not released by a discharge in bankruptcy under title  
3 11 of the United States Code.”.

4 (c) APPLICATION OF AMENDMENTS.—The amend-  
5 ments made by this section shall apply only with respect  
6 to cases commenced under title 11 of the United States  
7 Code after the date of the enactment of this Act.

## 8 **CHAPTER 8—MEDICAL SUPPORT**

### 9 **SEC. 4376. CORRECTION TO ERISA DEFINITION OF MEDI-** 10 **CAL CHILD SUPPORT ORDER.**

11 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-  
12 ployee Retirement Income Security Act of 1974 (29  
13 U.S.C. 1169(a)(2)(B)) is amended—

14 (1) by striking “issued by a court of competent  
15 jurisdiction”;

16 (2) by striking the period at the end of clause  
17 (ii) and inserting a comma; and

18 (3) by adding, after and below clause (ii), the  
19 following:

20 “if such judgment, decree, or order (I) is issued  
21 by a court of competent jurisdiction or (II) is  
22 issued through an administrative process estab-  
23 lished under State law and has the force and ef-  
24 fect of law under applicable State law.”.

25 (b) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall take effect on the date of the en-  
3 actment of this Act.

4           (2) PLAN AMENDMENTS NOT REQUIRED UNTIL  
5 JANUARY 1, 1997.—Any amendment to a plan re-  
6 quired to be made by an amendment made by this  
7 section shall not be required to be made before the  
8 1st plan year beginning on or after January 1,  
9 1997, if—

10           (A) during the period after the date before  
11 the date of the enactment of this Act and be-  
12 fore such 1st plan year, the plan is operated in  
13 accordance with the requirements of the amend-  
14 ments made by this section; and

15           (B) such plan amendment applies retro-  
16 actively to the period after the date before the  
17 date of the enactment of this Act and before  
18 such 1st plan year.

19 A plan shall not be treated as failing to be operated  
20 in accordance with the provisions of the plan merely  
21 because it operates in accordance with this para-  
22 graph.

1 **SEC. 4377. ENFORCEMENT OF ORDERS FOR HEALTH CARE**  
2 **COVERAGE.**

3 Section 466(a) (42 U.S.C. 666(a)), as amended by  
4 sections 4315, 4317(a), 4323, 4365, 4369, 4372, and  
5 4373 of this Act, is amended by inserting after paragraph  
6 (18) the following new paragraph:

7 “(19) **HEALTH CARE COVERAGE.**—Procedures  
8 under which all child support orders enforced pursu-  
9 ant to this part shall include a provision for the  
10 health care coverage of the child, and in the case in  
11 which a noncustodial parent provides such coverage  
12 and changes employment, and the new employer pro-  
13 vides health care coverage, the State agency shall  
14 transfer notice of the provision to the employer,  
15 which notice shall operate to enroll the child in the  
16 noncustodial parent’s health plan, unless the non-  
17 custodial parent contests the notice.”.

18 **CHAPTER 9—ENHANCING RESPONSIBIL-**  
19 **ITY AND OPPORTUNITY FOR NON-RES-**  
20 **IDENTIAL PARENTS**

21 **SEC. 4381. GRANTS TO STATES FOR ACCESS AND VISITA-**  
22 **TION PROGRAMS.**

23 Part D of title IV (42 U.S.C. 651–669), as amended  
24 by section 4353 of this Act, is amended by adding at the  
25 end the following new section:

1 **“SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITA-**  
2 **TION PROGRAMS.**

3 “(a) **IN GENERAL.**—The Administration for Children  
4 and Families shall make grants under this section to en-  
5 able States to establish and administer programs to sup-  
6 port and facilitate noncustodial parents’ access to and visi-  
7 tation of their children, by means of activities including  
8 mediation (both voluntary and mandatory), counseling,  
9 education, development of parenting plans, visitation en-  
10 forcement (including monitoring, supervision and neutral  
11 drop-off and pickup), and development of guidelines for  
12 visitation and alternative custody arrangements.

13 “(b) **AMOUNT OF GRANT.**—The amount of the grant  
14 to be made to a State under this section for a fiscal year  
15 shall be an amount equal to the lesser of—

16 “(1) 90 percent of State expenditures during  
17 the fiscal year for activities described in subsection  
18 (a); or

19 “(2) the allotment of the State under sub-  
20 section (c) for the fiscal year.

21 “(c) **ALLOTMENTS TO STATES.**—

22 “(1) **IN GENERAL.**—The allotment of a State  
23 for a fiscal year is the amount that bears the same  
24 ratio to \$10,000,000 for grants under this section  
25 for the fiscal year as the number of children in the

1 State living with only 1 biological parent bears to  
2 the total number of such children in all States.

3 “(2) MINIMUM ALLOTMENT.—The Administra-  
4 tion for Children and Families shall adjust allot-  
5 ments to States under paragraph (1) as necessary to  
6 ensure that no State is allotted less than—

7 “(A) \$50,000 for fiscal year 1997 or 1998;

8 or

9 “(B) \$100,000 for any succeeding fiscal  
10 year.

11 “(d) NO SUPPLANTATION OF STATE EXPENDITURES  
12 FOR SIMILAR ACTIVITIES.—A State to which a grant is  
13 made under this section may not use the grant to supplant  
14 expenditures by the State for activities specified in sub-  
15 section (a), but shall use the grant to supplement such  
16 expenditures at a level at least equal to the level of such  
17 expenditures for fiscal year 1995.

18 “(e) STATE ADMINISTRATION.—Each State to which  
19 a grant is made under this section—

20 “(1) may administer State programs funded  
21 with the grant, directly or through grants to or con-  
22 tracts with courts, local public agencies, or nonprofit  
23 private entities;

24 “(2) shall not be required to operate such pro-  
25 grams on a statewide basis; and

1           “(3) shall monitor, evaluate, and report on such  
2           programs in accordance with regulations prescribed  
3           by the Secretary.”.

4           **CHAPTER 10—EFFECTIVE DATES AND**  
5           **CONFORMING AMENDMENTS**

6           **SEC. 4391. EFFECTIVE DATES AND CONFORMING AMEND-**  
7           **MENTS.**

8           (a) **IN GENERAL.**—Except as otherwise specifically  
9           provided (but subject to subsections (b) and (c))—

10           (1) the provisions of this subtitle requiring the  
11           enactment or amendment of State laws under sec-  
12           tion 466 of the Social Security Act, or revision of  
13           State plans under section 454 of such Act, shall be  
14           effective with respect to periods beginning on and  
15           after October 1, 1996; and

16           (2) all other provisions of this subtitle shall be-  
17           come effective upon the date of the enactment of  
18           this Act.

19           (b) **GRACE PERIOD FOR STATE LAW CHANGES.**—The  
20           provisions of this subtitle shall become effective with re-  
21           spect to a State on the later of—

22           (1) the date specified in this subtitle, or

23           (2) the effective date of laws enacted by the leg-  
24           islature of such State implementing such provisions,

1 but in no event later than the 1st day of the 1st calendar  
2 quarter beginning after the close of the 1st regular session  
3 of the State legislature that begins after the date of the  
4 enactment of this Act. For purposes of the previous sen-  
5 tence, in the case of a State that has a 2-year legislative  
6 session, each year of such session shall be deemed to be  
7 a separate regular session of the State legislature.

8 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL  
9 AMENDMENT.—A State shall not be found out of compli-  
10 ance with any requirement enacted by this subtitle if the  
11 State is unable to so comply without amending the State  
12 constitution until the earlier of—

13 (1) 1 year after the effective date of the nec-  
14 essary State constitutional amendment; or

15 (2) 5 years after the date of the enactment of  
16 this Act.

17 (d) CONFORMING AMENDMENTS.—

18 (1) The following provisions are amended by  
19 striking “absent” each place it appears and inserting  
20 “noncustodial”:

21 (A) Section 451 (42 U.S.C. 651).

22 (B) Subsections (a)(1), (a)(8), (a)(10)(E),  
23 (a)(10)(F), (f), and (h) of section 452 (42  
24 U.S.C. 652).

25 (C) Section 453(f) (42 U.S.C. 653(f)).

1 (D) Paragraphs (8), (13), and (21)(A) of  
2 section 454 (42 U.S.C. 654).

3 (E) Section 455(e)(1) (42 U.S.C.  
4 655(e)(1)).

5 (F) Section 458(a) (42 U.S.C. 658(a)).

6 (G) Subsections (a), (b), and (c) of section  
7 463 (42 U.S.C. 663).

8 (H) Subsections (a)(3)(A), (a)(3)(C),  
9 (a)(6), and (a)(8)(B)(ii), the last sentence of  
10 subsection (a), and subsections (b)(1),  
11 (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i), (b)(9), and  
12 (e) of section 466 (42 U.S.C. 666).

13 (2) The following provisions are amended by  
14 striking “an absent” each place it appears and in-  
15 serting “a noncustodial”:

16 (A) Paragraphs (2) and (3) of section  
17 453(c) (42 U.S.C. 653(c)).

18 (B) Subparagraphs (B) and (C) of section  
19 454(9) (42 U.S.C. 654(9)).

20 (C) Section 456(a)(3) (42 U.S.C.  
21 656(a)(3)).

22 (D) Subsections (a)(3)(A), (a)(6),  
23 (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section  
24 466 (42 U.S.C. 666).



1 (E) Paragraphs (2) and (4) of section  
2 469(b) (42 U.S.C. 669(b)).

3 **Subtitle D—Restricting Welfare**  
4 **and Public Benefits for Aliens**

5 **SEC. 4400. STATEMENTS OF NATIONAL POLICY CONCERN-**  
6 **ING WELFARE AND IMMIGRATION.**

7 The Congress makes the following statements con-  
8 cerning national policy with respect to welfare and immi-  
9 gration:

10 (1) Self-sufficiency has been a basic principle of  
11 United States immigration law since this country's  
12 earliest immigration statutes.

13 (2) It continues to be the immigration policy of  
14 the United States that—

15 (A) aliens within the Nation's borders not  
16 depend on public resources to meet their needs,  
17 but rather rely on their own capabilities and the  
18 resources of their families, their sponsors, and  
19 private organizations, and

20 (B) the availability of public benefits not  
21 constitute an incentive for immigration to the  
22 United States.

23 (3) Despite the principle of self-sufficiency,  
24 aliens have been applying for and receiving public

1 benefits from Federal, State, and local governments  
2 at increasing rates.

3 (4) Current eligibility rules for public assistance  
4 and unenforceable financial support agreements have  
5 proved wholly incapable of assuring that individual  
6 aliens not burden the public benefits system.

7 (5) It is a compelling government interest to  
8 enact new rules for eligibility and sponsorship agree-  
9 ments in order to assure that aliens be self-reliant  
10 in accordance with national immigration policy.

11 (6) It is a compelling government interest to re-  
12 move the incentive for illegal immigration provided  
13 by the availability of public benefits.

14 (7) With respect to the State authority to make  
15 determinations concerning the eligibility of qualified  
16 aliens for public benefits in this subtitle, a State  
17 that chooses to follow the Federal classification in  
18 determining the eligibility of such aliens for public  
19 assistance shall be considered to have chosen the  
20 least restrictive means available for achieving the  
21 compelling governmental interest of assuring that  
22 aliens be self-reliant in accordance with national im-  
23 migration policy.

1 **CHAPTER 1—ELIGIBILITY FOR FEDERAL**  
2 **BENEFITS**

3 **SEC. 4401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELI-**  
4 **GIBLE FOR FEDERAL PUBLIC BENEFITS.**

5 (a) **IN GENERAL.**—Notwithstanding any other provi-  
6 sion of law and except as provided in subsection (b), an  
7 alien who is not a qualified alien (as defined in section  
8 4431) is not eligible for any Federal public benefit (as de-  
9 fined in subsection (c)).

10 (b) **EXCEPTIONS.**—

11 (1) Subsection (a) shall not apply with respect  
12 to the following Federal public benefits:

13 (A) Emergency medical services under title  
14 XV or XIX of the Social Security Act.

15 (B) Short-term, noncash, in-kind emer-  
16 gency disaster relief.

17 (C)(i) Public health assistance for immuni-  
18 zations.

19 (ii) Public health assistance for testing and  
20 treatment of a serious communicable disease if  
21 the Secretary of Health and Human Services  
22 determines that it is necessary to prevent the  
23 spread of such disease.

24 (D) Programs, services, or assistance (such  
25 as soup kitchens, crisis counseling and interven-

1           tion, and short-term shelter) specified by the  
2           Attorney General, in the Attorney General's  
3           sole and unreviewable discretion after consulta-  
4           tion with appropriate Federal agencies and de-  
5           partments, which (i) deliver in-kind services at  
6           the community level, including through public  
7           or private nonprofit agencies; (ii) do not condi-  
8           tion the provision of assistance, the amount of  
9           assistance provided, or the cost of assistance  
10          provided on the individual recipient's income or  
11          resources; and (iii) are necessary for the protec-  
12          tion of life or safety.

13                 (E) Programs for housing or community  
14          development assistance or financial assistance  
15          administered by the Secretary of Housing and  
16          Urban Development, any program under title V  
17          of the Housing Act of 1949, or any assistance  
18          under section 306C of the Consolidated Farm  
19          and Rural Development Act, to the extent that  
20          the alien is receiving such a benefit on the date  
21          of the enactment of this Act.

22                 (2) Subsection (a) shall not apply to any benefit  
23          payable under title II of the Social Security Act to  
24          an alien who is lawfully present in the United States  
25          as determined by the Attorney General, to any bene-

1 fit if nonpayment of such benefit would contravene  
2 an international agreement described in section 233  
3 of the Social Security Act, to any benefit if nonpay-  
4 ment would be contrary to section 202(t) of the So-  
5 cial Security Act, or to any benefit payable under  
6 title II of the Social Security Act to which entitle-  
7 ment is based on an application filed in or before the  
8 month in which this Act becomes law.

9 (c) FEDERAL PUBLIC BENEFIT DEFINED.—

10 (1) Except as provided in paragraph (2), for  
11 purposes of this subtitle the term “Federal public  
12 benefit” means—

13 (A) any grant, contract, loan, professional  
14 license, or commercial license provided by an  
15 agency of the United States or by appropriated  
16 funds of the United States; and

17 (B) any retirement, welfare, health, dis-  
18 ability, public or assisted housing, postsecond-  
19 ary education, food assistance, unemployment  
20 benefit, or any other similar benefit for which  
21 payments or assistance are provided to an indi-  
22 vidual, household, or family eligibility unit by  
23 an agency of the United States or by appro-  
24 priated funds of the United States.

25 (2) Such term shall not apply—

1 (A) to any contract, professional license, or  
2 commercial license for a nonimmigrant whose  
3 visa for entry is related to such employment in  
4 the United States; or

5 (B) with respect to benefits for an alien  
6 who as a work authorized nonimmigrant or as  
7 an alien lawfully admitted for permanent resi-  
8 dence under the Immigration and Nationality  
9 Act qualified for such benefits and for whom  
10 the United States under reciprocal treaty agree-  
11 ments is required to pay benefits, as determined  
12 by the Attorney General, after consultation with  
13 the Secretary of State.

14 **SEC. 4402. LIMITED ELIGIBILITY OF QUALIFIED ALIENS**  
15 **FOR CERTAIN FEDERAL PROGRAMS.**

16 (a) **LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL**  
17 **PROGRAMS.—**

18 (1) **IN GENERAL.—**Notwithstanding any other  
19 provision of law and except as provided in paragraph  
20 (2), an alien who is a qualified alien (as defined in  
21 section 4431) is not eligible for any specified Fed-  
22 eral program (as defined in paragraph (3)).

23 (2) **EXCEPTIONS.—**

1 (A) TIME-LIMITED EXCEPTION FOR REFU-  
2 GEES AND ASYLEES.—Paragraph (1) shall not  
3 apply to an alien until 5 years after the date—

4 (i) an alien is admitted to the United  
5 States as a refugee under section 207 of  
6 the Immigration and Nationality Act;

7 (ii) an alien is granted asylum under  
8 section 208 of such Act; or

9 (iii) an alien's deportation is withheld  
10 under section 243(h) of such Act.

11 (B) CERTAIN PERMANENT RESIDENT  
12 ALIENS.—Paragraph (1) shall not apply to an  
13 alien who—

14 (i) is lawfully admitted to the United  
15 States for permanent residence under the  
16 Immigration and Nationality Act; and

17 (ii)(I) has worked 40 qualifying quar-  
18 ters of coverage as defined under title II of  
19 the Social Security Act or can be credited  
20 with such qualifying quarters as provided  
21 under section 435, and (II) did not receive  
22 any Federal means-tested public benefit  
23 (as defined in section 4403(c)) during any  
24 such quarter.

1 (C) VETERAN AND ACTIVE DUTY EXCEP-  
2 TION.—Paragraph (1) shall not apply to an  
3 alien who is lawfully residing in any State and  
4 is—

5 (i) a veteran (as defined in section  
6 101 of title 38, United States Code) with  
7 a discharge characterized as an honorable  
8 discharge and not on account of alienage,

9 (ii) on active duty (other than active  
10 duty for training) in the Armed Forces of  
11 the United States, or

12 (iii) the spouse or unmarried depend-  
13 ent child of an individual described in  
14 clause (i) or (ii).

15 (D) TRANSITION FOR ALIENS CURRENTLY  
16 RECEIVING BENEFITS.—

17 (i) SSI.—

18 (I) IN GENERAL.—With respect  
19 to the specified Federal program de-  
20 scribed in paragraph (3)(A), during  
21 the period beginning on the date of  
22 the enactment of this Act and ending  
23 on the date which is 1 year after such  
24 date of enactment, the Commissioner  
25 of Social Security shall redetermine



1 the eligibility of any individual who is  
2 receiving benefits under such program  
3 as of the date of the enactment of this  
4 Act and whose eligibility for such ben-  
5 efits may terminate by reason of the  
6 provisions of this subsection.

7 (II) REDETERMINATION CRI-  
8 TERIA.— With respect to any redeter-  
9 mination under subclause (I), the  
10 Commissioner of Social Security shall  
11 apply the eligibility criteria for new  
12 applicants for benefits under such  
13 program.

14 (III) GRANDFATHER PROVI-  
15 SION.—The provisions of this sub-  
16 section and the redetermination under  
17 subclause (I), shall only apply with re-  
18 spect to the benefits of an individual  
19 described in subclause (I) for months  
20 beginning on or after the date of the  
21 redetermination with respect to such  
22 individual.

23 (IV) NOTICE.—Not later than  
24 January 1, 1997, the Commissioner of  
25 Social Security shall notify an individ-

1 ual described in subclause (I) of the  
2 provisions of this clause.

3 (ii) FOOD STAMPS.—

4 (I) IN GENERAL.—With respect  
5 to the specified Federal program de-  
6 scribed in paragraph (3)(B), during  
7 the period beginning on the date of  
8 enactment of this Act and ending on  
9 the date which is 1 year after the date  
10 of enactment, the State agency shall,  
11 at the time of the recertification, re-  
12 certify the eligibility of any individual  
13 who is receiving benefits under such  
14 program as of the date of enactment  
15 of this Act and whose eligibility for  
16 such benefits may terminate by reason  
17 of the provisions of this subsection.

18 (II) RECERTIFICATION CRI-  
19 TERIA.—With respect to any recertifi-  
20 cation under subclause (I), the State  
21 agency shall apply the eligibility cri-  
22 teria for applicants for benefits under  
23 such program.

24 (III) GRANDFATHER PROVI-  
25 SION.—The provisions of this sub-

1 section and the recertification under  
2 subclause (I) shall only apply with re-  
3 spect to the eligibility of an alien for  
4 a program for months beginning on or  
5 after the date of recertification, if on  
6 the date of enactment of this Act the  
7 alien is lawfully residing in any State  
8 and is receiving benefits under such  
9 program on such date of enactment.

10 (3) SPECIFIED FEDERAL PROGRAM DEFINED.—

11 For purposes of this subtitle, the term “specified  
12 Federal program” means any of the following:

13 (A) SSI.—The supplemental security in-  
14 come program under title XVI of the Social Se-  
15 curity Act, including supplementary payments  
16 pursuant to an agreement for Federal adminis-  
17 tration under section 1616(a) of the Social Se-  
18 curity Act and payments pursuant to an agree-  
19 ment entered into under section 212(b) of Pub-  
20 lic Law 93–66.

21 (B) FOOD STAMPS.—The food stamp pro-  
22 gram as defined in section 3(h) of the Food  
23 Stamp Act of 1977.

24 (b) LIMITED ELIGIBILITY FOR DESIGNATED FED-  
25 ERAL PROGRAMS.—

1           (1) IN GENERAL.—Notwithstanding any other  
2 provision of law and except as provided in section  
3 4403 and paragraph (2), a State is authorized to de-  
4 termine the eligibility of an alien who is a qualified  
5 alien (as defined in section 4431) for any designated  
6 Federal program (as defined in paragraph (3)).

7           (2) EXCEPTIONS.—Qualified aliens under this  
8 paragraph shall be eligible for any designated Fed-  
9 eral program.

10           (A) TIME-LIMITED EXCEPTION FOR REFU-  
11 GEES AND ASYLEES.—

12           (i) An alien who is admitted to the  
13 United States as a refugee under section  
14 207 of the Immigration and Nationality  
15 Act until 5 years after the date of an  
16 alien's entry into the United States.

17           (ii) An alien who is granted asylum  
18 under section 208 of such Act until 5 years  
19 after the date of such grant of asylum.

20           (iii) An alien whose deportation is  
21 being withheld under section 243(h) of  
22 such Act until 5 years after such withhold-  
23 ing.

24           (B) CERTAIN PERMANENT RESIDENT  
25 ALIENS.—An alien who—

1 (i) is lawfully admitted to the United  
2 States for permanent residence under the  
3 Immigration and Nationality Act; and

4 (ii)(I) has worked 40 qualifying quar-  
5 ters of coverage as defined under title II of  
6 the Social Security Act or can be credited  
7 with such qualifying quarters as provided  
8 under section 4435, and (II) did not re-  
9 ceive any Federal means-tested public ben-  
10 efit (as defined in section 4403(c)) during  
11 any such quarter.

12 (C) VETERAN AND ACTIVE DUTY EXCEP-  
13 TION.—An alien who is lawfully residing in any  
14 State and is—

15 (i) a veteran (as defined in section  
16 101 of title 38, United States Code) with  
17 a discharge characterized as an honorable  
18 discharge and not on account of alienage,

19 (ii) on active duty (other than active  
20 duty for training) in the Armed Forces of  
21 the United States, or

22 (iii) the spouse or unmarried depend-  
23 ent child of an individual described in  
24 clause (i) or (ii).

1           (D) TRANSITION FOR THOSE CURRENTLY  
2 RECEIVING BENEFITS.—An alien who on the  
3 date of the enactment of this Act is lawfully re-  
4 siding in any State and is receiving benefits  
5 under such program on the date of the enact-  
6 ment of this Act shall continue to be eligible to  
7 receive such benefits until January 1, 1997.

8           (3) DESIGNATED FEDERAL PROGRAM DE-  
9 FINED.—For purposes of this subtitle, the term  
10 “designated Federal program” means any of the fol-  
11 lowing:

12           (A) TEMPORARY ASSISTANCE FOR NEEDY  
13 FAMILIES.—The program of block grants to  
14 States for temporary assistance for needy fami-  
15 lies under part A of title IV of the Social Secu-  
16 rity Act.

17           (B) SOCIAL SERVICES BLOCK GRANT.—  
18 The program of block grants to States for so-  
19 cial services under title XX of the Social Secu-  
20 rity Act.

21           (C) MEDICAID.—The program of medical  
22 assistance under title XV and XIX of the Social  
23 Security Act.

1 **SEC. 4403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED**  
2 **ALIENS FOR FEDERAL MEANS-TESTED PUB-**  
3 **LIC BENEFIT.**

4 (a) **IN GENERAL.**—Notwithstanding any other provi-  
5 sion of law and except as provided in subsection (b), an  
6 alien who is a qualified alien (as defined in section 4431)  
7 and who enters the United States on or after the date  
8 of the enactment of this Act is not eligible for any Federal  
9 means-tested public benefit (as defined in subsection (c))  
10 for a period of five years beginning on the date of the  
11 alien’s entry into the United States with a status within  
12 the meaning of the term “qualified alien”.

13 (b) **EXCEPTIONS.**—The limitation under subsection  
14 (a) shall not apply to the following aliens:

15 (1) **EXCEPTION FOR REFUGEES AND**  
16 **ASYLEES.**—

17 (A) An alien who is admitted to the United  
18 States as a refugee under section 207 of the  
19 Immigration and Nationality Act.

20 (B) An alien who is granted asylum under  
21 section 208 of such Act.

22 (C) An alien whose deportation is being  
23 withheld under section 243(h) of such Act.

24 (2) **VETERAN AND ACTIVE DUTY EXCEPTION.**—  
25 An alien who is lawfully residing in any State and  
26 is—

1 (A) a veteran (as defined in section 101 of  
2 title 38, United States Code) with a discharge  
3 characterized as an honorable discharge and not  
4 on account of alienage,

5 (B) on active duty (other than active duty  
6 for training) in the Armed Forces of the United  
7 States, or

8 (C) the spouse or unmarried dependent  
9 child of an individual described in subparagraph  
10 (A) or (B).

11 (c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DE-  
12 FINED.—

13 (1) Except as provided in paragraph (2), for  
14 purposes of this subtitle, the term “Federal means-  
15 tested public benefit” means a public benefit (includ-  
16 ing cash, medical, housing, and food assistance and  
17 social services) of the Federal Government in which  
18 the eligibility of an individual, household, or family  
19 eligibility unit for benefits, or the amount of such  
20 benefits, or both are determined on the basis of in-  
21 come, resources, or financial need of the individual,  
22 household, or unit.

23 (2) Such term does not include the following:

24 (A) Emergency medical services under title  
25 XV or XIX of the Social Security Act.



1           (B) Short-term, noncash, in-kind emer-  
2           gency disaster relief.

3           (C) Assistance or benefits under the Na-  
4           tional School Lunch Act.

5           (D) Assistance or benefits under the Child  
6           Nutrition Act of 1966.

7           (E)(i) Public health assistance for immuni-  
8           zations.

9           (ii) Public health assistance for testing and  
10          treatment of a serious communicable disease if  
11          the Secretary of Health and Human Services  
12          determines that it is necessary to prevent the  
13          spread of such disease.

14          (F) Payments for foster care and adoption  
15          assistance under parts B and E of title IV of  
16          the Social Security Act for a child who would,  
17          in the absence of subsection (a), be eligible to  
18          have such payments made on the child's behalf  
19          under such part, but only if the foster or adop-  
20          tive parent or parents of such child are not de-  
21          scribed under subsection (a).

22          (G) Programs, services, or assistance (such  
23          as soup kitchens, crisis counseling and interven-  
24          tion, and short-term shelter) specified by the  
25          Attorney General, in the Attorney General's

1           sole and unreviewable discretion after consulta-  
2           tion with appropriate Federal agencies and de-  
3           partments, which (i) deliver in-kind services at  
4           the community level, including through public  
5           or private nonprofit agencies; (ii) do not condi-  
6           tion the provision of assistance, the amount of  
7           assistance provided, or the cost of assistance  
8           provided on the individual recipient's income or  
9           resources; and (iii) are necessary for the protec-  
10          tion of life or safety.

11                   (H) Programs of student assistance under  
12                   titles IV, V, IX, and X of the Higher Education  
13                   Act of 1965.

14                   (I) Means-tested programs under the Ele-  
15                   mentary and Secondary Education Act of 1965.

16 **SEC. 4404. NOTIFICATION AND INFORMATION REPORTING.**

17           (a) NOTIFICATION.—Each Federal agency that ad-  
18           ministers a program to which section 4401, 4402, or 4403  
19           applies shall, directly or through the States, post informa-  
20           tion and provide general notification to the public and to  
21           program recipients of the changes regarding eligibility for  
22           any such program pursuant to this chapter.

23           (b) INFORMATION REPORTING UNDER TITLE IV OF  
24           THE SOCIAL SECURITY ACT.—Part A of title IV of the  
25           Social Security Act, as amended by section 4103(a) of this

1 Act, is amended by inserting the following new section  
2 after section 411:

3 **“SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFOR-**  
4 **MATION.**

5 “Each State to which a grant is made under section  
6 403 shall, at least 4 times annually and upon request of  
7 the Immigration and Naturalization Service, furnish the  
8 Immigration and Naturalization Service with the name  
9 and address of, and other identifying information on, any  
10 individual who the State knows is unlawfully in the United  
11 States.”.

12 (c) SSI.—Section 1631(e) of such Act (42 U.S.C.  
13 1383(e)) is amended—

14 (1) by redesignating the paragraphs (6) and (7)  
15 inserted by sections 206(d)(2) and 206(f)(1) of the  
16 Social Security Independence and Programs Im-  
17 provement Act of 1994 (Public Law 103–296; 108  
18 Stat. 1514, 1515) as paragraphs (7) and (8), re-  
19 spectively; and

20 (2) by adding at the end the following new  
21 paragraph:

22 “(9) Notwithstanding any other provision of law, the  
23 Commissioner shall, at least 4 times annually and upon  
24 request of the Immigration and Naturalization Service  
25 (hereafter in this paragraph referred to as the ‘Service’),

1 furnish the Service with the name and address of, and  
2 other identifying information on, any individual who the  
3 Commissioner knows is unlawfully in the United States,  
4 and shall ensure that each agreement entered into under  
5 section 1616(a) with a State provides that the State shall  
6 furnish such information at such times with respect to any  
7 individual who the State knows is unlawfully in the United  
8 States.”.

9 (d) INFORMATION REPORTING FOR HOUSING PRO-  
10 GRAMS.—Title I of the United States Housing Act of 1937  
11 (42 U.S.C. 1437 et seq.) is amended by adding at the end  
12 the following new section:

13 **“SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCE-**  
14 **MENT AND OTHER AGENCIES.**

15 “Notwithstanding any other provision of law, the Sec-  
16 retary shall, at least 4 times annually and upon request  
17 of the Immigration and Naturalization Service (hereafter  
18 in this section referred to as the ‘Service’), furnish the  
19 Service with the name and address of, and other identify-  
20 ing information on, any individual who the Secretary  
21 knows is unlawfully in the United States, and shall ensure  
22 that each contract for assistance entered into under sec-  
23 tion 6 or 8 of this Act with a public housing agency pro-  
24 vides that the public housing agency shall furnish such  
25 information at such times with respect to any individual

1 who the public housing agency knows is unlawfully in the  
2 United States.”.

3 **CHAPTER 2—ELIGIBILITY FOR STATE AND**  
4 **LOCAL PUBLIC BENEFITS PROGRAMS**

5 **SEC. 4411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR**  
6 **NONIMMIGRANTS INELIGIBLE FOR STATE**  
7 **AND LOCAL PUBLIC BENEFITS.**

8 (a) **IN GENERAL.**—Notwithstanding any other provi-  
9 sion of law and except as provided in subsections (b) and  
10 (d), an alien who is not—

11 (1) a qualified alien (as defined in section  
12 4431),

13 (2) a nonimmigrant under the Immigration and  
14 Nationality Act, or

15 (3) an alien who is paroled into the United  
16 States under section 212(d)(5) of such Act for less  
17 than one year,

18 is not eligible for any State or local public benefit (as de-  
19 fined in subsection (c)).

20 (b) **EXCEPTIONS.**—Subsection (a) shall not apply  
21 with respect to the following State or local public benefits:

22 (1) Emergency medical services under title XV  
23 or XIX of the Social Security Act.

24 (2) Short-term, non-cash, in-kind emergency  
25 disaster relief.

1           (3)(A) Public health assistance for immuniza-  
2           tions.

3           (B) Public health assistance for testing and  
4           treatment of a serious communicable disease if the  
5           Secretary of Health and Human Services determines  
6           that it is necessary to prevent the spread of such  
7           disease.

8           (4) Programs, services, or assistance (such as  
9           soup kitchens, crisis counseling and intervention,  
10          and short-term shelter) specified by the Attorney  
11          General, in the Attorney General's sole and  
12          unreviewable discretion after consultation with ap-  
13          propriate Federal agencies and departments, which  
14          (A) deliver in-kind services at the community level,  
15          including through public or private nonprofit agen-  
16          cies; (B) do not condition the provision of assistance,  
17          the amount of assistance provided, or the cost of as-  
18          sistance provided on the individual recipient's in-  
19          come or resources; and (C) are necessary for the  
20          protection of life or safety.

21          (c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

22               (1) Except as provided in paragraph (2), for  
23               purposes of this chapter the term "State or local  
24               public benefit" means—

1 (A) any grant, contract, loan, professional  
2 license, or commercial license provided by an  
3 agency of a State or local government or by ap-  
4 propriated funds of a State or local govern-  
5 ment; and

6 (B) any retirement, welfare, health, dis-  
7 ability, public or assisted housing, postsecond-  
8 ary education, food assistance, unemployment  
9 benefit, or any other similar benefit for which  
10 payments or assistance are provided to an indi-  
11 vidual, household, or family eligibility unit by  
12 an agency of a State or local government or by  
13 appropriated funds of a State or local govern-  
14 ment.

15 (2) Such term shall not apply—

16 (A) to any contract, professional license, or  
17 commercial license for a nonimmigrant whose  
18 visa for entry is related to such employment in  
19 the United States; or

20 (B) with respect to benefits for an alien  
21 who as a work authorized nonimmigrant or as  
22 an alien lawfully admitted for permanent resi-  
23 dence under the Immigration and Nationality  
24 Act qualified for such benefits and for whom  
25 the United States under reciprocal treaty agree-

1           ments is required to pay benefits, as determined  
2           by the Secretary of State, after consultation  
3           with the Attorney General.

4           (d) STATE AUTHORITY TO PROVIDE FOR ELIGI-  
5 BILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUB-  
6 LIC BENEFITS.—A State may provide that an alien who  
7 is not lawfully present in the United States is eligible for  
8 any State or local public benefit for which such alien would  
9 otherwise be ineligible under subsection (a) only through  
10 the enactment of a State law after the date of the enact-  
11 ment of this Act which affirmatively provides for such eli-  
12 gibility.

13 **SEC. 4412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF**  
14 **QUALIFIED ALIENS FOR STATE PUBLIC BENE-**  
15 **FITS.**

16           (a) IN GENERAL.—Notwithstanding any other provi-  
17 sion of law and except as provided in subsection (b), a  
18 State is authorized to determine the eligibility for any  
19 State public benefits (as defined in subsection (c) of an  
20 alien who is a qualified alien (as defined in section 4431),  
21 a nonimmigrant under the Immigration and Nationality  
22 Act, or an alien who is paroled into the United States  
23 under section 212(d)(5) of such Act for less than one year.

24           (b) EXCEPTIONS.—Qualified aliens under this sub-  
25 section shall be eligible for any State public benefits.



1 (1) TIME-LIMITED EXCEPTION FOR REFUGEES  
2 AND ASYLEES.—

3 (A) An alien who is admitted to the United  
4 States as a refugee under section 207 of the  
5 Immigration and Nationality Act until 5 years  
6 after the date of an alien's entry into the Unit-  
7 ed States.

8 (B) An alien who is granted asylum under  
9 section 208 of such Act until 5 years after the  
10 date of such grant of asylum.

11 (C) An alien whose deportation is being  
12 withheld under section 243(h) of such Act until  
13 5 years after such withholding.

14 (2) CERTAIN PERMANENT RESIDENT ALIENS.—  
15 An alien who—

16 (A) is lawfully admitted to the United  
17 States for permanent residence under the Im-  
18 migration and Nationality Act; and

19 (B)(i) has worked 40 qualifying quarters  
20 of coverage as defined under title II of the So-  
21 cial Security Act or can be credited with such  
22 qualifying quarters as provided under section  
23 4435, and (ii) did not receive any Federal  
24 means-tested public benefit (as defined in sec-  
25 tion 4403(c)) during any such quarter.

1 (3) VETERAN AND ACTIVE DUTY EXCEPTION.—

2 An alien who is lawfully residing in any State and  
3 is—

4 (A) a veteran (as defined in section 101 of  
5 title 38, United States Code) with a discharge  
6 characterized as an honorable discharge and not  
7 on account of alienage,

8 (B) on active duty (other than active duty  
9 for training) in the Armed Forces of the United  
10 States, or

11 (C) the spouse or unmarried dependent  
12 child of an individual described in subparagraph  
13 (A) or (B).

14 (4) TRANSITION FOR THOSE CURRENTLY RE-  
15 CEIVING BENEFITS.—An alien who on the date of  
16 the enactment of this Act is lawfully residing in any  
17 State and is receiving benefits on the date of the en-  
18 actment of this Act shall continue to be eligible to  
19 receive such benefits until January 1, 1997.

20 (c) STATE PUBLIC BENEFITS DEFINED.—The term  
21 “State public benefits” means any means-tested public  
22 benefit of a State or political subdivision of a State under  
23 which the State or political subdivision specifies the stand-  
24 ards for eligibility, and does not include any Federal public  
25 benefit.

1     **CHAPTER 3—ATTRIBUTION OF INCOME**  
2             **AND AFFIDAVITS OF SUPPORT**

3     **SEC. 4421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME**  
4             **AND RESOURCES TO ALIEN.**

5             (a) **IN GENERAL.**—Notwithstanding any other provi-  
6 sion of law, in determining the eligibility and the amount  
7 of benefits of an alien for any Federal means-tested public  
8 benefits program (as defined in section 4403(c)), the in-  
9 come and resources of the alien shall be deemed to include  
10 the following:

11             (1) The income and resources of any person  
12 who executed an affidavit of support pursuant to  
13 section 213A of the Immigration and Nationality  
14 Act (as added by section 4423) on behalf of such  
15 alien.

16             (2) The income and resources of the spouse (if  
17 any) of the person.

18             (b) **APPLICATION.**—Subsection (a) shall apply with  
19 respect to an alien until such time as the alien—

20             (1) achieves United States citizenship through  
21 naturalization pursuant to chapter 2 of title III of  
22 the Immigration and Nationality Act; or

23             (2)(A) has worked 40 qualifying quarters of  
24 coverage as defined under title II of the Social Secu-  
25 rity Act or can be credited with such qualifying

1       quarters as provided under section 4435, and (B)  
2       did not receive any Federal means-tested public ben-  
3       efit (as defined in section 4403(c)) during any such  
4       quarter.

5       (c) REVIEW OF INCOME AND RESOURCES OF ALIEN  
6 UPON REAPPLICATION.—Whenever an alien is required to  
7 reapply for benefits under any Federal means-tested pub-  
8 lic benefits program, the applicable agency shall review the  
9 income and resources attributed to the alien under sub-  
10 section (a).

11       (d) APPLICATION.—

12             (1) If on the date of the enactment of this Act,  
13 a Federal means-tested public benefits program at-  
14 tributes a sponsor's income and resources to an alien  
15 in determining the alien's eligibility and the amount  
16 of benefits for an alien, this section shall apply to  
17 any such determination beginning on the day after  
18 the date of the enactment of this Act.

19             (2) If on the date of the enactment of this Act,  
20 a Federal means-tested public benefits program does  
21 not attribute a sponsor's income and resources to an  
22 alien in determining the alien's eligibility and the  
23 amount of benefits for an alien, this section shall  
24 apply to any such determination beginning 180 days  
25 after the date of the enactment of this Act.

1 **SEC. 4422. AUTHORITY FOR STATES TO PROVIDE FOR AT-**  
2 **TRIBUTION OF SPONSORS INCOME AND RE-**  
3 **SOURCES TO THE ALIEN WITH RESPECT TO**  
4 **STATE PROGRAMS.**

5 (a) **OPTIONAL APPLICATION TO STATE PROGRAMS.—**

6 Except as provided in subsection (b), in determining the  
7 eligibility and the amount of benefits of an alien for any  
8 State public benefits (as defined in section 4412(c)), the  
9 State or political subdivision that offers the benefits is au-  
10 thorized to provide that the income and resources of the  
11 alien shall be deemed to include—

12 (1) the income and resources of any individual  
13 who executed an affidavit of support pursuant to  
14 section 213A of the Immigration and Nationality  
15 Act (as added by section 4423) on behalf of such  
16 alien, and

17 (2) the income and resources of the spouse (if  
18 any) of the individual.

19 (b) **EXCEPTIONS.—**Subsection (a) shall not apply  
20 with respect to the following State public benefits:

21 (1) Emergency medical services.

22 (2) Short-term, non-cash, in-kind emergency  
23 disaster relief.

24 (3) Programs comparable to assistance or bene-  
25 fits under the National School Lunch Act.

1           (4) Programs comparable to assistance or bene-  
2 fits under the Child Nutrition Act of 1966.

3           (5)(A) Public health assistance for immuniza-  
4 tions.

5           (B) Public health assistance for testing and  
6 treatment of a serious communicable disease if the  
7 appropriate chief State health official determines  
8 that it is necessary to prevent the spread of such  
9 disease.

10          (6) Payments for foster care and adoption as-  
11 sistance.

12          (7) Programs, services, or assistance (such as  
13 soup kitchens, crisis counseling and intervention,  
14 and short-term shelter) specified by the Attorney  
15 General of a State, after consultation with appro-  
16 priate agencies and departments, which (A) deliver  
17 in-kind services at the community level, including  
18 through public or private nonprofit agencies; (B) do  
19 not condition the provision of assistance, the amount  
20 of assistance provided, or the cost of assistance pro-  
21 vided on the individual recipient's income or re-  
22 sources; and (C) are necessary for the protection of  
23 life or safety.

1 **SEC. 4423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF**  
2 **SUPPORT.**

3 (a) IN GENERAL.—Title II of the Immigration and  
4 Nationality Act is amended by inserting after section 213  
5 the following new section:

6 “REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

7 “SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit  
8 of support may be accepted by the Attorney General or  
9 by any consular officer to establish that an alien is not  
10 excludable as a public charge under section 212(a)(4) un-  
11 less such affidavit is executed as a contract—

12 “(A) which is legally enforceable against the  
13 sponsor by the sponsored alien, the Federal Govern-  
14 ment, and by any State (or any political subdivision  
15 of such State) which provides any means-tested pub-  
16 lic benefits program, but not later than 10 years  
17 after the alien last receives any such benefit;

18 “(B) in which the sponsor agrees to financially  
19 support the alien, so that the alien will not become  
20 a public charge; and

21 “(C) in which the sponsor agrees to submit to  
22 the jurisdiction of any Federal or State court for the  
23 purpose of actions brought under subsection (e)(2).

24 “(2) A contract under paragraph (1) shall be enforce-  
25 able with respect to benefits provided to the alien until

1 such time as the alien achieves United States citizenship  
2 through naturalization pursuant to chapter 2 of title III.

3       “(b) FORMS.—Not later than 90 days after the date  
4 of enactment of this section, the Attorney General, in con-  
5 sultation with the Secretary of State and the Secretary  
6 of Health and Human Services, shall formulate an affida-  
7 vit of support consistent with the provisions of this sec-  
8 tion.

9       “(c) REMEDIES.—Remedies available to enforce an  
10 affidavit of support under this section include any or all  
11 of the remedies described in section 3201, 3203, 3204,  
12 or 3205 of title 28, United States Code, as well as an  
13 order for specific performance and payment of legal fees  
14 and other costs of collection, and include corresponding  
15 remedies available under State law. A Federal agency may  
16 seek to collect amounts owed under this section in accord-  
17 ance with the provisions of subchapter II of chapter 37  
18 of title 31, United States Code.

19       “(d) NOTIFICATION OF CHANGE OF ADDRESS.—

20               “(1) IN GENERAL.—The sponsor shall notify  
21 the Attorney General and the State in which the  
22 sponsored alien is currently resident within 30 days  
23 of any change of address of the sponsor during the  
24 period specified in subsection (a)(2).



1           “(2) PENALTY.—Any person subject to the re-  
2           quirement of paragraph (1) who fails to satisfy such  
3           requirement shall be subject to a civil penalty of—

4                   “(A) not less than \$250 or more than  
5                   \$2,000, or

6                   “(B) if such failure occurs with knowledge  
7                   that the alien has received any means-tested  
8                   public benefit, not less than \$2,000 or more  
9                   than \$5,000.

10          “(e) REIMBURSEMENT OF GOVERNMENT EX-  
11 PENSES.—(1)(A) Upon notification that a sponsored alien  
12 has received any benefit under any means-tested public  
13 benefits program, the appropriate Federal, State, or local  
14 official shall request reimbursement by the sponsor in the  
15 amount of such assistance.

16          “(B) The Attorney General, in consultation with the  
17 Secretary of Health and Human Services, shall prescribe  
18 such regulations as may be necessary to carry out sub-  
19 paragraph (A).

20          “(2) If within 45 days after requesting reimburse-  
21 ment, the appropriate Federal, State, or local agency has  
22 not received a response from the sponsor indicating a will-  
23 ingness to commence payments, an action may be brought  
24 against the sponsor pursuant to the affidavit of support.

1       “(3) If the sponsor fails to abide by the repayment  
2 terms established by such agency, the agency may, within  
3 60 days of such failure, bring an action against the spon-  
4 sor pursuant to the affidavit of support.

5       “(4) No cause of action may be brought under this  
6 subsection later than 10 years after the alien last received  
7 any benefit under any means-tested public benefits pro-  
8 gram.

9       “(5) If, pursuant to the terms of this subsection, a  
10 Federal, State, or local agency requests reimbursement  
11 from the sponsor in the amount of assistance provided,  
12 or brings an action against the sponsor pursuant to the  
13 affidavit of support, the appropriate agency may appoint  
14 or hire an individual or other person to act on behalf of  
15 such agency acting under the authority of law for purposes  
16 of collecting any moneys owed. Nothing in this subsection  
17 shall preclude any appropriate Federal, State, or local  
18 agency from directly requesting reimbursement from a  
19 sponsor for the amount of assistance provided, or from  
20 bringing an action against a sponsor pursuant to an affi-  
21 davit of support.

22       “(f) DEFINITIONS.—For the purposes of this sec-  
23 tion—

24               “(1) SPONSOR.—The term ‘sponsor’ means an  
25 individual who—

1           “(A) is a citizen or national of the United  
2 States or an alien who is lawfully admitted to  
3 the United States for permanent residence;

4           “(B) is 18 years of age or over;

5           “(C) is domiciled in any of the 50 States  
6 or the District of Columbia; and

7           “(D) is the person petitioning for the ad-  
8 mission of the alien under section 204.

9           “(2) MEANS-TESTED PUBLIC BENEFITS PRO-  
10 GRAM.—The term ‘means-tested public benefits pro-  
11 gram’ means a program of public benefits (including  
12 cash, medical, housing, and food assistance and so-  
13 cial services) of the Federal Government or of a  
14 State or political subdivision of a State in which the  
15 eligibility of an individual, household, or family eligi-  
16 bility unit for benefits under the program, or the  
17 amount of such benefits, or both are determined on  
18 the basis of income, resources, or financial need of  
19 the individual, household, or unit.”.

20           (b) CLERICAL AMENDMENT.—The table of contents  
21 of such Act is amended by inserting after the item relating  
22 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

23           (c) EFFECTIVE DATE.—Subsection (a) of section  
24 213A of the Immigration and Nationality Act, as inserted  
25 by subsection (a) of this section, shall apply to affidavits

1 of support executed on or after a date specified by the  
2 Attorney General, which date shall be not earlier than 60  
3 days (and not later than 90 days) after the date the Attor-  
4 ney General formulates the form for such affidavits under  
5 subsection (b) of such section.

6 (d) BENEFITS NOT SUBJECT TO REIMBURSE-  
7 MENT.—Requirements for reimbursement by a sponsor for  
8 benefits provided to a sponsored alien pursuant to an affi-  
9 davit of support under section 213A of the Immigration  
10 and Nationality Act shall not apply with respect to the  
11 following:

12 (1) Emergency medical services under title XV  
13 or XIX of the Social Security Act.

14 (2) Short-term, noncash, in-kind emergency dis-  
15 aster relief.

16 (3) Assistance or benefits under the National  
17 School Lunch Act.

18 (4) Assistance or benefits under the Child Nu-  
19 trition Act of 1966.

20 (5)(A) Public health assistance for immuniza-  
21 tions.

22 (B) Public health assistance for testing and  
23 treatment of a serious communicable disease if the  
24 Secretary of Health and Human Services determines

1 that it is necessary to prevent the spread of such  
2 disease.

3 (6) Payments for foster care and adoption as-  
4 sistance under part B of title IV of the Social Secu-  
5 rity Act for a child, but only if the foster or adoptive  
6 parent or parents of such child are not otherwise in-  
7 eligible pursuant to section 4403 of this Act.

8 (7) Programs, services, or assistance (such as  
9 soup kitchens, crisis counseling and intervention,  
10 and short-term shelter) specified by the Attorney  
11 General, in the Attorney General's sole and  
12 unreviewable discretion after consultation with ap-  
13 propriate Federal agencies and departments, which  
14 (A) deliver in-kind services at the community level,  
15 including through public or private nonprofit agen-  
16 cies; (B) do not condition the provision of assistance,  
17 the amount of assistance provided, or the cost of as-  
18 sistance provided on the individual recipient's in-  
19 come or resources; and (C) are necessary for the  
20 protection of life or safety.

21 (8) Programs of student assistance under titles  
22 IV, V, IX, and X of the Higher Education Act of  
23 1965.

**1 SEC. 4424. COSIGNATURE OF ALIEN STUDENT LOANS.**

2 Section 484(b) of the Higher Education Act of 1965  
3 (20 U.S.C. 1091(b)) is amended by adding at the end the  
4 following new paragraph:

5 “(6) Notwithstanding sections 427(a)(2)(A),  
6 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any other  
7 provision of this title, a student who is an alien lawfully  
8 admitted for permanent residence under the Immigration  
9 and Nationality Act shall not be eligible for a loan under  
10 this title unless the loan is endorsed and cosigned by the  
11 alien’s sponsor under section 213A of the Immigration  
12 and Nationality Act or by another creditworthy individual  
13 who is a United States citizen.”.

**14 CHAPTER 4—GENERAL PROVISIONS****15 SEC. 4431. DEFINITIONS.**

16 (a) IN GENERAL.—Except as otherwise provided in  
17 this subtitle, the terms used in this subtitle have the same  
18 meaning given such terms in section 101(a) of the Immi-  
19 gration and Nationality Act.

20 (b) QUALIFIED ALIEN.—For purposes of this sub-  
21 title, the term “qualified alien” means an alien who, at  
22 the time the alien applies for, receives, or attempts to re-  
23 ceive a Federal public benefit, is—

24 (1) an alien who is lawfully admitted for perma-  
25 nent residence under the Immigration and National-  
26 ity Act,

1           (2) an alien who is granted asylum under sec-  
2           tion 208 of such Act,

3           (3) a refugee who is admitted to the United  
4           States under section 207 of such Act,

5           (4) an alien who is paroled into the United  
6           States under section 212(d)(5) of such Act for a pe-  
7           riod of at least 1 year,

8           (5) an alien whose deportation is being withheld  
9           under section 243(h) of such Act, or

10          (6) an alien who is granted conditional entry  
11          pursuant to section 203(a)(7) of such Act as in ef-  
12          fect prior to April 1, 1980.

13   **SEC. 4432. VERIFICATION OF ELIGIBILITY FOR FEDERAL**  
14                           **PUBLIC BENEFITS.**

15          (a) **IN GENERAL.**—Not later than 18 months after  
16          the date of the enactment of this Act, the Attorney Gen-  
17          eral of the United States, after consultation with the Sec-  
18          retary of Health and Human Services, shall promulgate  
19          regulations requiring verification that a person applying  
20          for a Federal public benefit (as defined in section  
21          4401(c)), to which the limitation under section 4401 ap-  
22          plies, is a qualified alien and is eligible to receive such  
23          benefit. Such regulations shall, to the extent feasible, re-  
24          quire that information requested and exchanged be similar

1 in form and manner to information requested and ex-  
2 changed under section 1137 of the Social Security Act.

3 (b) STATE COMPLIANCE.—Not later than 24 months  
4 after the date the regulations described in subsection (a)  
5 are adopted, a State that administers a program that pro-  
6 vides a Federal public benefit shall have in effect a ver-  
7 ification system that complies with the regulations.

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

11 **SEC. 4433. STATUTORY CONSTRUCTION.**

12 (a) LIMITATION.—

13 (1) Nothing in this subtitle may be construed  
14 as an entitlement or a determination of an individ-  
15 ual's eligibility or fulfillment of the requisite require-  
16 ments for any Federal, State, or local governmental  
17 program, assistance, or benefits. For purposes of  
18 this subtitle, eligibility relates only to the general  
19 issue of eligibility or ineligibility on the basis of  
20 alienage.

21 (2) Nothing in this subtitle may be construed  
22 as addressing alien eligibility for a basic public edu-  
23 cation as determined by the Supreme Court of the  
24 United States under *Plyler v. Doe* (457 U.S.  
25 202)(1982).



1 (b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—  
2 This subtitle does not apply to any Federal, State, or local  
3 governmental program, assistance, or benefits provided to  
4 an alien under any program of foreign assistance as deter-  
5 mined by the Secretary of State in consultation with the  
6 Attorney General.

7 (c) SEVERABILITY.—If any provision of this subtitle  
8 or the application of such provision to any person or cir-  
9 cumstance is held to be unconstitutional, the remainder  
10 of this subtitle and the application of the provisions of  
11 such to any person or circumstance shall not be affected  
12 thereby.

13 **SEC. 4434. COMMUNICATION BETWEEN STATE AND LOCAL**  
14 **GOVERNMENT AGENCIES AND THE IMMIGRA-**  
15 **TION AND NATURALIZATION SERVICE.**

16 Notwithstanding any other provision of Federal,  
17 State, or local law, no State or local government entity  
18 may be prohibited, or in any way restricted, from sending  
19 to or receiving from the Immigration and Naturalization  
20 Service information regarding the immigration status,  
21 lawful or unlawful, of an alien in the United States.

22 **SEC. 4435. QUALIFYING QUARTERS.**

23 For purposes of this subtitle, in determining the  
24 number of qualifying quarters of coverage under title II  
25 of the Social Security Act an alien shall be credited with—

1 (1) all of the qualifying quarters of coverage as  
2 defined under title II of the Social Security Act  
3 worked by a parent of such alien while the alien was  
4 under age 18 if the parent did not receive any Fed-  
5 eral means-tested public benefit (as defined in sec-  
6 tion 4403(c)) during any such quarter, and

7 (2) all of the qualifying quarters worked by a  
8 spouse of such alien during their marriage if the  
9 spouse did not receive any Federal means-tested  
10 public benefit (as defined in section 4403(c)) during  
11 any such quarter and the alien remains married to  
12 such spouse or such spouse is deceased.

13 **CHAPTER 5—CONFORMING AMENDMENTS**  
14 **RELATING TO ASSISTED HOUSING**

15 **SEC. 4441. CONFORMING AMENDMENTS RELATING TO AS-**  
16 **SISTED HOUSING.**

17 (a) LIMITATIONS ON ASSISTANCE.—Section 214 of  
18 the Housing and Community Development Act of 1980  
19 (42 U.S.C. 1436a) is amended—

20 (1) by striking “Secretary of Housing and  
21 Urban Development” each place it appears and in-  
22 serting “applicable Secretary”;

23 (2) in subsection (b), by inserting after “Na-  
24 tional Housing Act,” the following: “the direct loan  
25 program under section 502 of the Housing Act of

1 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or  
2 542 of such Act, subtitle A of title III of the Cran-  
3 ston-Gonzalez National Affordable Housing Act,”;

4 (3) in paragraphs (2) through (6) of subsection  
5 (d), by striking “Secretary” each place it appears  
6 and inserting “applicable Secretary”;

7 (4) in subsection (d), in the matter following  
8 paragraph (6), by striking “the term ‘Secretary’”  
9 and inserting “the term ‘applicable Secretary’”; and

10 (5) by adding at the end the following new sub-  
11 section:

12 “(h) For purposes of this section, the term ‘applicable  
13 Secretary’ means—

14 “(1) the Secretary of Housing and Urban De-  
15 velopment, with respect to financial assistance ad-  
16 ministered by such Secretary and financial assist-  
17 ance under subtitle A of title III of the Cranston-  
18 Gonzalez National Affordable Housing Act; and

19 “(2) the Secretary of Agriculture, with respect  
20 to financial assistance administered by such Sec-  
21 retary.”.

22 (b) CONFORMING AMENDMENTS.—Section 501(h) of  
23 the Housing Act of 1949 (42 U.S.C. 1471(h)) is amend-  
24 ed—

25 (1) by striking “(1)”;

1           (2) by striking “by the Secretary of Housing  
2           and Urban Development”; and

3           (3) by striking paragraph (2).

4           **CHAPTER 6—EARNED INCOME CREDIT**  
5           **DENIED TO UNAUTHORIZED EMPLOYEES**

6           **SEC. 4451. EARNED INCOME CREDIT DENIED TO INDIVID-**  
7                           **UALS NOT AUTHORIZED TO BE EMPLOYED IN**  
8                           **THE UNITED STATES.**

9           (a) IN GENERAL.—Section 32(c)(1) of the Internal  
10          Revenue Code of 1986 (relating to individuals eligible to  
11          claim the earned income credit) is amended by adding at  
12          the end the following new subparagraph:

13                       “(F) IDENTIFICATION NUMBER REQUIRE-

14                       MENT.—The term ‘eligible individual’ does not  
15                       include any individual who does not include on  
16                       the return of tax for the taxable year—

17                               “(i) such individual’s taxpayer identi-

18                               fication number, and

19                               “(ii) if the individual is married (with-

20                               in the meaning of section 7703), the tax-

21                               payer identification number of such indi-

22                               vidual’s spouse.”.

23          (b) SPECIAL IDENTIFICATION NUMBER.—Section 32  
24          of such Code is amended by adding at the end the follow-

25          ing new subsection:

1       “(l) IDENTIFICATION NUMBERS.—Solely for pur-  
2 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer  
3 identification number means a social security number is-  
4 sued to an individual by the Social Security Administra-  
5 tion (other than a social security number issued pursuant  
6 to clause (II) (or that portion of clause (III) that relates  
7 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-  
8 curity Act).”.

9       (c) EXTENSION OF PROCEDURES APPLICABLE TO  
10 MATHEMATICAL OR CLERICAL ERRORS.—Section  
11 6213(g)(2) of such Code (relating to the definition of  
12 mathematical or clerical errors) is amended by striking  
13 “and’ at the end of subparagraph (D), by striking the pe-  
14 riod at the end of subparagraph (E) and inserting a  
15 comma, and by inserting after subparagraph (E) the fol-  
16 lowing new subparagraphs:

17               “(F) an omission of a correct taxpayer  
18 identification number required under section 32  
19 (relating to the earned income tax credit) to be  
20 included on a return, and

21               “(G) an entry on a return claiming the  
22 credit under section 32 with respect to net  
23 earnings from self-employment described in sec-  
24 tion 32(c)(2)(A) to the extent the tax imposed

1 by section 1401 (relating to self-employment  
2 tax) on such net earnings has not been paid.”

3 (d) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 1995.

6 **Subtitle E—Reform of Public**  
7 **Housing**

8 **SEC. 4601. FRAUD UNDER MEANS-TESTED WELFARE AND**  
9 **PUBLIC ASSISTANCE PROGRAMS.**

10 (a) IN GENERAL.—If an individual’s benefits under  
11 a Federal, State, or local law relating to a means-tested  
12 welfare or a public assistance program are reduced be-  
13 cause of an act of fraud by the individual under the law  
14 or program, the individual may not, for the duration of  
15 the reduction, receive an increased benefit under any other  
16 means-tested welfare or public assistance program for  
17 which Federal funds are appropriated as a result of a de-  
18 crease in the income of the individual (determined under  
19 the applicable program) attributable to such reduction.

20 (b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS  
21 FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For  
22 purposes of subsection (a), the term “means-tested welfare  
23 or public assistance program for which Federal funds are  
24 appropriated” includes the food stamp program under the  
25 Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any

1 program of public or assisted housing under title I of the  
2 United States Housing Act of 1937 (42 U.S.C. 1437 et  
3 seq.), and State programs funded under part A of title  
4 IV of the Social Security Act (42 U.S.C. 601 et seq.).

5 **Subtitle F—Child Protection Block**  
6 **Grant Programs and Foster**  
7 **Care, Adoption Assistance, and**  
8 **Independent Living Programs**

9 **CHAPTER 1—CHILD PROTECTION BLOCK**  
10 **GRANT PROGRAM AND FOSTER CARE,**  
11 **ADOPTION ASSISTANCE, AND INDE-**  
12 **PENDENT LIVING PROGRAMS**

13 **Subchapter A—Block Grants to States for the**  
14 **Protection of Children**

15 **SEC. 4701. ESTABLISHMENT OF PROGRAM.**

16 Title IV of the Social Security Act (42 U.S.C. 601  
17 et seq.) is amended by striking part B and inserting the  
18 following:

19 **“PART B—BLOCK GRANTS TO STATES FOR THE**  
20 **PROTECTION OF CHILDREN**

21 **“SEC. 421. PURPOSE.**

22 “The purpose of this part is to enable eligible States  
23 to carry out a child protection program to—

24 “(1) identify and assist families at risk of abus-  
25 ing or neglecting their children;

1 program in accordance with the provisions of this  
2 part.

3 “(2) PAYMENTS.—Subject to the mandatory  
4 ceiling amounts specified in section 1108, each terri-  
5 tory, as so defined, shall be entitled to receive from  
6 the Secretary for any fiscal year an amount equal to  
7 the total obligations to the territory under section  
8 434 (as in effect on the day before the date of the  
9 enactment of this part) for fiscal year 1995.

10 “(g) LIMITATION ON FEDERAL AUTHORITY.—Except  
11 as expressly provided in this Act, the Secretary may not  
12 regulate the conduct of States under this part or enforce  
13 any provision of this part.

14 **“SEC. 424. DATA COLLECTION AND REPORTING.**

15 “(a) NATIONAL CHILD ABUSE AND NEGLECT DATA  
16 SYSTEM.—The Secretary shall establish a national data  
17 collection and analysis program—

18 “(1) which, to the extent practicable, coordi-  
19 nates existing State child abuse and neglect reports  
20 and which shall include—

21 “(A) standardized data on substantiated,  
22 as well as false, unfounded, or unsubstantiated  
23 reports; and

24 “(B) information on the number of deaths  
25 due to child abuse and neglect; and



1           “(2) which shall collect, compile, analyze, and  
2           make available State child abuse and neglect report-  
3           ing information which, to the extent practical, is uni-  
4           versal and case-specific and integrated with other  
5           case-based foster care and adoption data collected by  
6           the Secretary.

7           “(b) ADOPTION AND FOSTER CARE AND ANALYSIS  
8           AND REPORTING SYSTEMS.—The Secretary shall imple-  
9           ment a system for the collection of data relating to adop-  
10          tion and foster care in the United States. Such data collec-  
11          tion system shall—

12           “(1) avoid unnecessary diversion of resources  
13           from agencies responsible for adoption and foster  
14           care;

15           “(2) assure that any data that is collected is re-  
16           liable and consistent over time and among jurisdic-  
17           tions through the use of uniform definitions and  
18           methodologies;

19           “(3) provide comprehensive national informa-  
20           tion with respect to—

21           “(A) the demographic characteristics of  
22           adoptive and foster children and their biological  
23           and adoptive or foster parents;

24           “(B) the status of the foster care popu-  
25           lation (including the number of children in fos-

1 ter care, length of placement, type of place-  
2 ment, availability for adoption, and goals for  
3 ending or continuing foster care);

4 “(C) the number and characteristics of—

5 “(i) children placed in or removed  
6 from foster care;

7 “(ii) children adopted or with respect  
8 to whom adoptions have been terminated;  
9 and

10 “(iii) children placed in foster care  
11 outside the State which has placement and  
12 care responsibility; and

13 “(D) the extent and nature of assistance  
14 provided by Federal, State, and local adoption  
15 and foster care programs and the characteris-  
16 tics of the children with respect to whom such  
17 assistance is provided; and

18 “(4) utilize appropriate requirements and incen-  
19 tives to ensure that the system functions reliably  
20 throughout the United States.

21 “(c) ADDITIONAL INFORMATION.—The Secretary  
22 may require the provision of additional information under  
23 the data collection system established under subsection (b)  
24 if the addition of such information is agreed to by a major-  
25 ity of the States.

1       “(d) ANNUAL REPORT BY THE SECRETARY.—Not  
2 later than 6 months after the end of each fiscal year, the  
3 Secretary shall prepare a report based on information pro-  
4 vided by the States for the fiscal year pursuant to this  
5 section, and shall make the report and such information  
6 available to the Congress and the public.

7 **“SEC. 425. FUNDING FOR STUDIES OF CHILD WELFARE.**

8       “(a) NATIONAL RANDOM SAMPLE STUDY OF CHILD  
9 WELFARE.—There are authorized to be appropriated and  
10 there are appropriated to the Secretary for each of fiscal  
11 years 1996 through 2002—

12           “(1) \$6,000,000 to conduct a national study  
13 based on random samples of children who are at risk  
14 of child abuse or neglect, or are determined by  
15 States to have been abused or neglected under sec-  
16 tion 208 of the Child and Family Services Block  
17 Grant Act of 1996; and

18           “(2) \$10,000,000 for such other research as  
19 may be necessary under such section.

20       “(b) ASSESSMENT OF STATE COURTS IMPROVEMENT  
21 OF HANDLING OF PROCEEDINGS RELATING TO FOSTER  
22 CARE AND ADOPTION.—There are authorized to be appro-  
23 priated and there are appropriated to the Secretary for  
24 each of fiscal years 1996 through 1998 \$10,000,000 for  
25 the purpose of carrying out section 13712 of the Omnibus

1 Budget Reconciliation Act of 1993 (42 U.S.C. 670 note).

2 All funds appropriated under this subsection shall be ex-  
3 pended not later than September 30, 1999.

4 **“SEC. 426. DEFINITIONS.**

5 “For purposes of this part and part E, the following  
6 definitions shall apply:

7 “(1) ADMINISTRATIVE REVIEW.—The term ‘ad-  
8 ministrative review’ means a review open to the par-  
9 ticipation of the parents of the child, conducted by  
10 a panel of appropriate persons at least one of whom  
11 is not responsible for the case management of, or  
12 the delivery of services to, either the child or the  
13 parents who are the subject of the review.

14 “(2) ADOPTION ASSISTANCE AGREEMENT.—The  
15 term ‘adoption assistance agreement’ means a writ-  
16 ten agreement, binding on the parties to the agree-  
17 ment, between the State, other relevant agencies,  
18 and the prospective adoptive parents of a minor  
19 child which at a minimum—

20 “(A) specifies the nature and amount of  
21 any payments, services, and assistance to be  
22 provided under such agreement; and

23 “(B) stipulates that the agreement shall  
24 remain in effect regardless of the State of

1           which the adoptive parents are residents at any  
2           given time.

3           The agreement shall contain provisions for the pro-  
4           tection (under an interstate compact approved by  
5           the Secretary or otherwise) of the interests of the  
6           child in cases where the adoptive parents and child  
7           move to another State while the agreement is effec-  
8           tive.

9           “(3) CASE PLAN.—The term ‘case plan’ means  
10          a written document which includes at least the fol-  
11          lowing:

12                 “(A) A description of the type of home or  
13                 institution in which a child is to be placed, in-  
14                 cluding a discussion of the appropriateness of  
15                 the placement and how the agency which is re-  
16                 sponsible for the child plans to carry out the  
17                 voluntary placement agreement entered into or  
18                 judicial determination made with respect to the  
19                 child in accordance with section 472(a)(1).

20                 “(B) A plan for assuring that the child re-  
21                 ceives proper care and that services are pro-  
22                 vided to the parents, child, and foster parents  
23                 in order to improve the conditions in the par-  
24                 ents’ home, facilitate return of the child to his  
25                 or her own home or the permanent placement

1 of the child, and address the needs of the child  
2 while in foster care, including a discussion of  
3 the appropriateness of the services that have  
4 been provided to the child under the plan.

5 “(C) To the extent available and acces-  
6 sible, the health and education records of the  
7 child, including—

8 “(i) the names and addresses of the  
9 child’s health and educational providers;

10 “(ii) the child’s grade level perform-  
11 ance;

12 “(iii) the child’s school record;

13 “(iv) assurances that the child’s place-  
14 ment in foster care takes into account  
15 proximity to the school in which the child  
16 is enrolled at the time of placement;

17 “(v) a record of the child’s immuniza-  
18 tions;

19 “(vi) the child’s known medical prob-  
20 lems;

21 “(vii) the child’s medications; and

22 “(viii) any other relevant health and  
23 education information concerning the child  
24 determined to be appropriate by the State.

1           Where appropriate, for a child age 16 or over,  
2           the case plan must also include a written de-  
3           scription of the programs and services which  
4           will help such child prepare for the transition  
5           from foster care to independent living.

6           “(4) CASE REVIEW SYSTEM.—The term ‘case  
7           review system’ means a procedure for assuring  
8           that—

9                   “(A) each child has a case plan designed to  
10           achieve placement in the least restrictive (most  
11           family-like) and most appropriate setting avail-  
12           able and in close proximity to the parents’  
13           home, consistent with the best interests and  
14           special needs of the child, which—

15                           “(i) if the child has been placed in a  
16           foster family home or child-care institution  
17           a substantial distance from the home of  
18           the parents of the child, or in a State dif-  
19           ferent from the State in which such home  
20           is located, sets forth the reasons why such  
21           placement is in the best interests of the  
22           child; and

23                           “(ii) if the child has been placed in  
24           foster care outside the State in which the  
25           home of the parents of the child is located,

1 requires that, periodically, but not less fre-  
2 quently than every 12 months, a case-  
3 worker on the staff of the State in which  
4 the home of the parents of the child is lo-  
5 cated, or of the State in which the child  
6 has been placed, visit such child in such  
7 home or institution and submit a report on  
8 such visit to the State in which the home  
9 of the parents of the child is located;

10 “(B) the status of each child is reviewed  
11 periodically but no less frequently than once  
12 every 6 months by either a court or by adminis-  
13 trative review (as defined in paragraph (1)) in  
14 order to determine the continuing necessity for  
15 and appropriateness of the placement, the ex-  
16 tent of compliance with the case plan, and the  
17 extent of progress which has been made toward  
18 alleviating or mitigating the causes necessitat-  
19 ing placement in foster care, and to project a  
20 likely date by which the child may be returned  
21 to the home or placed for adoption or legal  
22 guardianship;

23 “(C) with respect to each such child, pro-  
24 cedural safeguards will be applied, among other  
25 things, to assure each child in foster care under



1 the supervision of the State of a dispositional  
2 hearing to be held, in a family or juvenile court  
3 or another court (including a tribal court) of  
4 competent jurisdiction, or by an administrative  
5 body appointed or approved by the court, no  
6 later than 18 months after the original place-  
7 ment (and not less frequently than every 12  
8 months thereafter during the continuation of  
9 foster care), which hearing shall determine the  
10 future status of the child (including whether the  
11 child should be returned to the parent, should  
12 be continued in foster care for a specified pe-  
13 riod, should be placed for adoption, or should  
14 (because of the child's special needs or cir-  
15 cumstances) be continued in foster care on a  
16 permanent or long-term basis) and, in the case  
17 of a child described in subparagraph (A)(ii),  
18 whether the out-of-State placement continues to  
19 be appropriate and in the best interests of the  
20 child, and, in the case of a child who has at-  
21 tained age 16, the services needed to assist the  
22 child to make the transition from foster care  
23 to independent living; and procedural safe-  
24 guards shall also be applied with respect to pa-  
25 rental rights pertaining to the removal of the

1 child from the home of his parents, to a change  
2 in the child's placement, and to any determina-  
3 tion affecting visitation privileges of parents;  
4 and

5 “(D) a child's health and education record  
6 (as described in paragraph (3)(C)) is reviewed  
7 and updated, and supplied to the foster parent  
8 or foster care provider with whom the child is  
9 placed, at the time of each placement of the  
10 child in foster care.

11 “(5) CHILD-CARE INSTITUTION.—The term  
12 ‘child-care institution’ means a private child-care in-  
13 stitution, or a public child-care institution which ac-  
14 commodates no more than 25 children, which is li-  
15 censed by the State in which it is situated or has  
16 been approved, by the agency of such State respon-  
17 sible for licensing or approval of institutions of this  
18 type, as meeting the standards established for such  
19 licensing, but the term shall not include detention  
20 facilities, forestry camps, training schools, or any  
21 other facility operated primarily for the detention of  
22 children who are determined to be delinquent.

23 “(6) FOSTER CARE MAINTENANCE PAY-  
24 MENTS.—

1           “(A) IN GENERAL.—The term ‘foster care  
2 maintenance payments’ means payments to  
3 cover the cost of (and the cost of providing)  
4 food, clothing, shelter, daily supervision, school  
5 supplies, a child’s personal incidentals, liability  
6 insurance with respect to a child, and reason-  
7 able travel to the child’s home for visitation. In  
8 the case of institutional care, such term shall  
9 include the reasonable costs of administration  
10 and operation of such institution as are nec-  
11 essarily required to provide the items described  
12 in the preceding sentence.

13           “(B) SPECIAL RULE.—In cases where—  
14           “(i) a child placed in a foster family  
15 home or child-care institution is the parent  
16 of a son or daughter who is in the same  
17 home or institution; and  
18           “(ii) payments described in subpara-  
19 graph (A) are being made under this part  
20 with respect to such child,  
21 the foster care maintenance payments made  
22 with respect to such child as otherwise deter-  
23 mined under subparagraph (A) shall also in-  
24 clude such amounts as may be necessary to  
25 cover the cost of the items described in that

1           subparagraph with respect to such son or  
2           daughter.

3           “(7) FOSTER FAMILY HOME.—The term ‘foster  
4           family home’ means a foster family home for chil-  
5           dren which is licensed by the State in which it is sit-  
6           uated or has been approved, by the agency of such  
7           State having responsibility for licensing homes of  
8           this type, as meeting the standards established for  
9           such licensing.

10           “(8) PARENTS.—The term ‘parents’ means bio-  
11           logical or adoptive parents or legal guardians, as de-  
12           termined by applicable State law.

13           “(9) STATE.—The term ‘State’ means the 50  
14           States and the District of Columbia.

15           “(10) VOLUNTARY PLACEMENT.—The term  
16           ‘voluntary placement’ means an out-of-home place-  
17           ment of a minor, by or with participation of the  
18           State, after the parents or guardians of the minor  
19           have requested the assistance of the State and  
20           signed a voluntary placement agreement.

21           “(11) VOLUNTARY PLACEMENT AGREEMENT.—  
22           The term ‘voluntary placement agreement’ means a  
23           written agreement, binding on the parties to the  
24           agreement, between the State, any other agency act-  
25           ing on its behalf, and the parents or guardians of a

1 minor child which specifies, at a minimum, the legal  
2 status of the child and the rights and obligations of  
3 the parents or guardians, the child, and the agency  
4 while the child is in placement.”.

5 **SEC. 4702. CONFORMING AMENDMENTS.**

6 (a) AMENDMENTS TO PART D OF TITLE IV OF THE  
7 SOCIAL SECURITY ACT.—

8 (1) Section 452(a)(10)(C) of the Social Security  
9 Act (42 U.S.C. 652(a)(10)(C)), as amended by sec-  
10 tion 4108(b)(2) of this Act, is amended by striking  
11 “or under section 471(a)(17),”.

12 (2) Section 452(g)(2)(A) of such Act (42  
13 U.S.C. 652(g)(2)(A)), as amended by paragraphs  
14 (6) and (7) of section 4108(b) of this Act, is amend-  
15 ed by inserting “or benefits or services for foster  
16 care maintenance were being provided under the  
17 State program funded under part E” after “part A”  
18 each place it appears.

19 (3) Section 466(a)(3)(B) of such Act (42  
20 U.S.C. 666(a)(3)(B)), as amended by section  
21 4108(b)(14) of this Act, is amended by striking “or  
22 471(a)(17)”.

23 (b) AMENDMENT TO SECTION 9442 OF THE OMNI-  
24 BUS BUDGET RECONCILIATION ACT OF 1986.—Section  
25 9442(4) of the Omnibus Budget Reconciliation Act of

1 1986 (42 U.S.C. 679a(4)) is amended by inserting “(as  
2 in effect before October 1, 1995)” after “Act”.

3 (c) REDESIGNATION AND AMENDMENTS OF SECTION  
4 1123.—

5 (1) REDESIGNATION.—The Social Security Act  
6 is amended by redesignating section 1123, the sec-  
7 ond place it appears (42 U.S.C. 1320a-1a), as sec-  
8 tion 1123A.

9 (2) AMENDMENTS.—Section 1123A of such  
10 Act, as so redesignated, is amended in subsection  
11 (a)—

12 (A) by striking “The Secretary” and in-  
13 serting “Notwithstanding section 423(g), the  
14 Secretary”; and

15 (B) in paragraph (2), by inserting “under  
16 this section” after “promulgated”.

17 **Subchapter B—Foster Care, Adoption Assist-**  
18 **ance, and Independent Living Programs**

19 **SEC. 4711. CONFORMING AMENDMENTS TO PART E OF**  
20 **TITLE IV.**

21 (a) PURPOSE; APPROPRIATION.—Section 470 of the  
22 Social Security Act (42 U.S.C 670) is amended—

23 (1) by amending the heading to read as follows:

1 **“SEC. 470. PURPOSE; APPROPRIATION.”**; and

2 (2) in the second sentence, by striking “this  
3 part” and inserting “section 422”.

4 (b) STATE PLAN FOR FOSTER CARE AND ADOPTION  
5 ASSISTANCE.—Section 471 of such Act (42 U.S.C. 671)  
6 is amended to read as follows:

7 **“SEC. 471. ELIGIBLE STATES.**

8 “In order for a State to be eligible for payments  
9 under this part, the State shall have submitted to the Sec-  
10 retary a plan which satisfies the requirements of section  
11 422.”.

12 (c) FOSTER CARE MAINTENANCE PAYMENTS PRO-  
13 GRAM.—Section 472 of such Act (42 U.S.C. 672) is  
14 amended to read as follows:

15 **“SEC. 472. REQUIREMENTS FOR FOSTER CARE MAINTENANCE PAYMENTS.**

16  
17 **“(a) IN GENERAL.**—Each State operating a program  
18 under this part shall make foster care maintenance pay-  
19 ments, as defined in section 426(6) with respect to a child  
20 who would meet the requirements of section 406(a) (as  
21 in effect on the day before the date of the enactment of  
22 the Personal Responsibility and Work Opportunity Act of  
23 1996) or of section 407 (as so in effect) but for the re-  
24 moval of the child from the home of a relative (specified  
25 in section 406(a) (as so in effect)), if—

1 (1) by redesignating section 479 as section 477;

2 and

3 (2) by amending section 477, as so redesignig-

4 nated, to read as follows:

5 **“SEC. 477. COLLECTION OF DATA RELATING TO ADOPTION**

6 **AND FOSTER CARE.**

7 “For requirements with respect to the collection of

8 data relating to adoption and foster care, see section

9 424.”.

10 **Subchapter C—Miscellaneous**

11 **SEC. 4721. SECRETARIAL SUBMISSION OF LEGISLATIVE**

12 **PROPOSAL FOR TECHNICAL AND CONFORM-**

13 **ING AMENDMENTS.**

14 Not later than 90 days after the date of the enact-

15 ment of this chapter, the Secretary of Health and Human

16 Services, in consultation, as appropriate, with the heads

17 of other Federal agencies, shall submit to the appropriate

18 committees of Congress a legislative proposal providing for

19 such technical and conforming amendments in the law as

20 are required by the provisions of this chapter.

21 **SEC. 4722. SENSE OF THE CONGRESS REGARDING TIMELY**

22 **ADOPTION OF CHILDREN.**

23 It is the sense of the Congress that—



1           (1) too many children who wish to be adopted  
2           are spending inordinate amounts of time in foster  
3           care;

4           (2) there is an urgent need for States to in-  
5           crease the number of waiting children being adopted  
6           in a timely and lawful manner;

7           (3) studies have shown that States spend an ex-  
8           cess of \$15,000 each year on each special needs  
9           child in foster care, and would save significant  
10          amounts of money if they offered incentives to fami-  
11          lies to adopt special needs children;

12          (4) States should allocate sufficient funds under  
13          this subtitle for adoption assistance and medical as-  
14          sistance to encourage more families to adopt chil-  
15          dren who otherwise would languish in the foster care  
16          system for a period that many experts consider det-  
17          rimental to their development;

18          (5) States should offer incentives for families  
19          that adopt special needs children to make adoption  
20          more affordable for middle-class families;

21          (6) when it is necessary for a State to remove  
22          a child from the home of the child's biological par-  
23          ents, the State should strive—

1 (A) to provide the child with a single foster  
2 care placement and a single coordinated case  
3 team; and

4 (B) to conclude an adoption of the child,  
5 when adoption is the goal of the child and the  
6 State, within one year of the child's placement  
7 in foster care; and

8 (7) States should participate in local, regional,  
9 or national programs to enable maximum visibility of  
10 waiting children to potential parents. Such programs  
11 should include a nationwide, interactive computer  
12 network to disseminate information on children eligi-  
13 ble for adoption to help match them with families  
14 around the country.

15 **SEC. 4723. EFFECTIVE DATE; TRANSITION RULES.**

16 (a) **EFFECTIVE DATE.**—

17 (1) **IN GENERAL.**—Except as provided in para-  
18 graph (2), this chapter and the amendments made  
19 by this chapter shall be effective on and after Octo-  
20 ber 1, 1996.

21 (2) **EXCEPTION.**—Section 425 of the Social Se-  
22 curity Act, as added by section 4701 of this Act,  
23 shall take effect on the date of the enactment of this  
24 chapter.

1           (3) TEMPORARY REDESIGNATION OF SECTION  
2           425.—During the period beginning on the date of the  
3           enactment of this chapter and ending on October 1,  
4           1996, section 425 of the Social Security Act, as  
5           added by section 4701 of this Act, is redesignated  
6           as section 425A.

7           (b) TRANSITION RULES.—

8           (1) CLAIMS, ACTIONS, AND PROCEEDINGS.—  
9           The amendments made by this chapter shall not  
10          apply with respect to—

11                   (A) powers, duties, functions, rights,  
12                   claims, penalties, or obligations applicable to  
13                   aid, assistance, services provided before the ef-  
14                   fective date of this chapter under the provisions  
15                   amended; and

16                   (B) administrative actions and proceedings  
17                   commenced before such date, or authorized be-  
18                   fore such date to be commenced, under such  
19                   provisions.

20           (2) CLOSING OUT ACCOUNT FOR THOSE PRO-  
21           GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED  
22           BY THIS CHAPTER.—In closing out accounts, Fed-  
23           eral and State officials may use scientifically accept-  
24           able statistical sampling techniques. Claims made  
25           under programs which are repealed or substantially

1 amended in this chapter and which involve State ex-  
2 penditures in cases where assistance or services were  
3 provided during a prior fiscal year, shall be treated  
4 as expenditures during fiscal year 1995 for purposes  
5 of reimbursement even if payment was made by a  
6 State on or after October 1, 1995. States shall com-  
7 plete the filing of all claims no later than September  
8 30, 1997. Federal department heads shall—

9 (A) use the single audit procedure to re-  
10 view and resolve any claims in connection with  
11 the closeout of programs; and

12 (B) reimburse States for any payments  
13 made for assistance or services provided during  
14 a prior fiscal year from funds for fiscal year  
15 1995, rather than the funds authorized by this  
16 chapter.

17 **CHAPTER 2—CHILD AND FAMILY**  
18 **SERVICES BLOCK GRANT**

19 **SEC. 4751. CHILD AND FAMILY SERVICES BLOCK GRANT.**

20 The Child Abuse Prevention and Treatment Act (42  
21 U.S.C. 5101 et seq.) is amended to read as follows:

22 **“SECTION 1. SHORT TITLE.**

23 “This Act may be cited as the ‘Child and Family  
24 Services Block Grant Act of 1996’.

1       TER CARE.—A certification that the State in each  
2 case will—

3               “(A) make reasonable efforts prior to the  
4 placement of a child in foster care, to prevent  
5 or eliminate the need for removal of the child  
6 from the child’s home, and to make it possible  
7 for the child to return home; and

8               “(B) with respect to families in which  
9 abuse or neglect has been confirmed, provide  
10 services or referral for services for families and  
11 children where the State makes a determination  
12 that the child may safely remain with the fam-  
13 ily.

14       “(13) CERTIFICATION OF CONFIDENTIALITY  
15 AND REQUIREMENTS FOR INFORMATION DISCLO-  
16 SURE.—

17               “(A) IN GENERAL.—A certification that  
18 the State has in effect and operational—

19               “(i) requirements ensuring that re-  
20 ports and records made and maintained  
21 pursuant to the purposes of this part shall  
22 only be made available to—

23               “(I) individuals who are the sub-  
24 ject of the report;

- 1           “(II) Federal, State, or local gov-  
2           ernment entities, or any agent of such  
3           entities, having a need for such infor-  
4           mation in order to carry out their re-  
5           sponsibilities under law to protect  
6           children from abuse and neglect;
- 7           “(III) child abuse citizen review  
8           panels;
- 9           “(IV) child fatality review panels;
- 10          “(V) a grand jury or court, upon  
11          a finding that information in the  
12          record is necessary for the determina-  
13          tion of an issue before the court or  
14          grand jury; and
- 15          “(VI) other entities or classes of  
16          individuals statutorily authorized by  
17          the State to receive such information  
18          pursuant to a legitimate State pur-  
19          pose; and
- 20          “(ii) provisions that allow for public  
21          disclosure of the findings or information  
22          about cases of child abuse or neglect that  
23          have resulted in a child fatality or near fa-  
24          tality.

1           “(B) LIMITATION.—Disclosures made pur-  
2           suant to clause (i) or (ii) shall not include the  
3           identifying information concerning the individ-  
4           ual initiating a report or complaint alleging sus-  
5           pected instances of child abuse or neglect.

6           “(C) DEFINITION.—For purposes of this  
7           paragraph, the term ‘near fatality’ means an  
8           act that, as certified by a physician, places the  
9           child in serious or critical condition.

10          “(b) DETERMINATIONS.—The Secretary shall deter-  
11         mine whether a plan submitted pursuant to subsection (a)  
12         contains the material required by subsection (a), other  
13         than the material described in paragraph (9) of such sub-  
14         section. The Secretary may not require a State to include  
15         in such a plan any material not described in subsection  
16         (a).

17         **“SEC. 103. DATA COLLECTION AND REPORTING.**

18           “(a) NATIONAL CHILD ABUSE AND NEGLECT DATA  
19         SYSTEM.—The Secretary shall establish a national data  
20         collection and analysis program—

21           “(1) which, to the extent practicable, coordi-  
22           nates existing State child abuse and neglect reports  
23           and which shall include—

1           “(A) standardized data on substantiated,  
2           as well as false, unfounded, or unsubstantiated  
3           reports; and

4           “(B) information on the number of deaths  
5           due to child abuse and neglect; and

6           “(2) which shall collect, compile, analyze, and  
7           make available State child abuse and neglect report-  
8           ing information which, to the extent practical, is uni-  
9           versal and case-specific and integrated with other  
10          case-based foster care and adoption data collected by  
11          the Secretary.

12          “(b) ADOPTION AND FOSTER CARE AND ANALYSIS  
13          AND REPORTING SYSTEMS.—The Secretary shall imple-  
14          ment a system for the collection of data relating to adop-  
15          tion and foster care in the United States. Such data collec-  
16          tion system shall—

17               “(1) avoid unnecessary diversion of resources  
18               from agencies responsible for adoption and foster  
19               care;

20               “(2) assure that any data that is collected is re-  
21               liable and consistent over time and among jurisdic-  
22               tions through the use of uniform definitions and  
23               methodologies;

24               “(3) provide comprehensive national informa-  
25               tion with respect to—



1           “(A) the demographic characteristics of  
2           adoptive and foster children and their biological  
3           and adoptive or foster parents;

4           “(B) the status of the foster care popu-  
5           lation (including the number of children in fos-  
6           ter care, length of placement, type of place-  
7           ment, availability for adoption, and goals for  
8           ending or continuing foster care);

9           “(C) the number and characteristics of—

10           “(i) children placed in or removed  
11           from foster care;

12           “(ii) children adopted or with respect  
13           to whom adoptions have been terminated;  
14           and

15           “(iii) children placed in foster care  
16           outside the State which has placement and  
17           care responsibility; and

18           “(D) the extent and nature of assistance  
19           provided by Federal, State, and local adoption  
20           and foster care programs and the characteris-  
21           tics of the children with respect to whom such  
22           assistance is provided; and

23           “(4) utilize appropriate requirements and incen-  
24           tives to ensure that the system functions reliably  
25           throughout the United States.

1       “(c) ADDITIONAL INFORMATION.—The Secretary  
2 may require the provision of additional information under  
3 the data collection system established under subsection (b)  
4 if the addition of such information is agreed to by a major-  
5 ity of the States.

6       “(d) ANNUAL REPORT BY THE SECRETARY.—Within  
7 6 months after the end of each fiscal year, the Secretary  
8 shall prepare a report based on information provided by  
9 the States for the fiscal year pursuant to this section, and  
10 shall make the report and such information available to  
11 the Congress and the public.

12 **“TITLE II—RESEARCH, DEM-**  
13 **ONSTRATIONS, TRAINING,**  
14 **AND TECHNICAL ASSISTANCE**

15 **“SEC. 201. RESEARCH GRANTS.**

16       “(a) IN GENERAL.—The Secretary, in consultation  
17 with appropriate Federal officials and recognized experts  
18 in the field, shall award grants or contracts for the con-  
19 duct of research in accordance with subsection (b).

20       “(b) RESEARCH.—Research projects to be conducted  
21 using amounts received under this section—

22               “(1) shall be designed to provide information to  
23 better protect children from abuse or neglect and to  
24 improve the well-being of abused or neglected chil-

1       dren, with at least a portion of any such research  
2       conducted under a project being field initiated;

3           “(2) shall at a minimum, focus on—

4                   “(A) the nature and scope of child abuse  
5                   and neglect;

6                   “(B) the causes, prevention, assessment,  
7                   identification, treatment, cultural and socio-  
8                   economic distinctions, and the consequences of  
9                   child abuse and neglect;

10                   “(C) appropriate, effective and culturally  
11                   sensitive investigative, administrative, and judi-  
12                   cial procedures with respect to cases of child  
13                   abuse; and

14                   “(D) the national incidence of child abuse  
15                   and neglect, including—

16                           “(i) the extent to which incidents of  
17                           child abuse are increasing or decreasing in  
18                           number and severity;

19                           “(ii) the incidence of substantiated  
20                           and unsubstantiated reported child abuse  
21                           cases;

22                           “(iii) the number of substantiated  
23                           cases that result in a judicial finding of  
24                           child abuse or neglect or related criminal  
25                           court convictions;

1           “(iv) the extent to which the number  
2           of unsubstantiated, unfounded and false  
3           reported cases of child abuse or neglect  
4           have contributed to the inability of a State  
5           to respond effectively to serious cases of  
6           child abuse or neglect;

7           “(v) the extent to which the lack of  
8           adequate resources and the lack of ade-  
9           quate training of reporters have contrib-  
10          uted to the inability of a State to respond  
11          effectively to serious cases of child abuse  
12          and neglect;

13          “(vi) the number of unsubstantiated,  
14          false, or unfounded reports that have re-  
15          sulted in a child being placed in substitute  
16          care, and the duration of such placement;

17          “(vii) the extent to which unsubstan-  
18          tiated reports return as more serious cases  
19          of child abuse or neglect;

20          “(viii) the incidence and prevalence of  
21          physical, sexual, and emotional abuse and  
22          physical and emotional neglect in sub-  
23          stitute care;

24          “(ix) the incidence and outcomes of  
25          abuse allegations reported within the con-

1 text of divorce, custody, or other family  
2 court proceedings, and the interaction be-  
3 tween this venue and the child protective  
4 services system; and

5 “(x) the cases of children reunited  
6 with their families or receiving family pres-  
7 ervation services that result in subsequent  
8 substantiated reports of child abuse and  
9 neglect, including the death of the child;  
10 and

11 “(3) may include the appointment of an advi-  
12 sory board to—

13 “(A) provide recommendations on coordi-  
14 nating Federal, State, and local child abuse and  
15 neglect activities at the State level with similar  
16 activities at the State and local level pertaining  
17 to family violence prevention;

18 “(B) consider specific modifications needed  
19 in State laws and programs to reduce the num-  
20 ber of unfounded or unsubstantiated reports of  
21 child abuse or neglect while enhancing the abil-  
22 ity to identify and substantiate legitimate cases  
23 of abuse or neglect which place a child in dan-  
24 ger; and

1           “(C) provide recommendations for modi-  
2           fications needed to facilitate coordinated na-  
3           tional and Statewide data collection with re-  
4           spect to child protection and child welfare.

5   **“SEC. 202. NATIONAL CLEARINGHOUSE FOR INFORMATION**  
6           **RELATING TO CHILD ABUSE.**

7           “(a) ESTABLISHMENT.—The Secretary shall,  
8           through the Department of Health and Human Services,  
9           or by one or more contracts of not less than 3 years dura-  
10          tion provided through a competition, establish a national  
11          clearinghouse for information relating to child abuse.

12          “(b) FUNCTIONS.—The Secretary shall, through the  
13          clearinghouse established by subsection (a)—

14                  “(1) maintain, coordinate, and disseminate in-  
15                  formation on all programs, including private pro-  
16                  grams, that show promise of success with respect to  
17                  the prevention, assessment, identification, and treat-  
18                  ment of child abuse and neglect;

19                  “(2) maintain and disseminate information re-  
20                  lating to—

21                          “(A) the incidence of cases of child abuse  
22                          and neglect in the United States;

23                          “(B) the incidence of such cases in popu-  
24                          lations determined by the Secretary under sec-  
25                          tion 105(a)(1) of the Child Abuse Prevention,

1 Adoption, and Family Services Act of 1988 (as  
2 such section was in effect on the day before the  
3 date of enactment of this Act); and

4 “(C) the incidence of any such cases relat-  
5 ed to alcohol or drug abuse;

6 “(3) disseminate information related to data  
7 collected and reported by States pursuant to section  
8 103;

9 “(4) compile, analyze, and publish a summary  
10 of the research conducted under section 201; and

11 “(5) solicit public comment on the components  
12 of such clearinghouse.

13 **“SEC. 203. GRANTS FOR DEMONSTRATION PROJECTS.**

14 “(a) AWARDING OF GENERAL GRANTS.—The Sec-  
15 retary may make grants to, and enter into contracts with,  
16 public and nonprofit private agencies or organizations (or  
17 combinations of such agencies or organizations) for the  
18 purpose of developing, implementing, and operating time  
19 limited, demonstration programs and projects for the fol-  
20 lowing purposes:

21 “(1) INNOVATIVE PROGRAMS AND PROJECTS.—

22 The Secretary may award grants to public agencies  
23 that demonstrate innovation in responding to reports  
24 of child abuse and neglect including programs of col-  
25 laborative partnerships between the State child pro-

1 tective service agency, community social service  
2 agencies and family support programs, schools,  
3 churches and synagogues, and other community  
4 agencies to allow for the establishment of a triage  
5 system that—

6 “(A) accepts, screens and assesses reports  
7 received to determine which such reports re-  
8 quire an intensive intervention and which re-  
9 quire voluntary referral to another agency, pro-  
10 gram or project;

11 “(B) provides, either directly or through  
12 referral, a variety of community-linked services  
13 to assist families in preventing child abuse and  
14 neglect; and

15 “(C) provides further investigation and in-  
16 tensive intervention where the child’s safety is  
17 in jeopardy.

18 “(2) KINSHIP CARE PROGRAMS AND  
19 PROJECTS.—The Secretary may award grants to  
20 public entities to assist such entities in developing or  
21 implementing procedures using adult relatives as the  
22 preferred placement for children removed from their  
23 home, where such relatives are determined to be ca-  
24 pable of providing a safe nurturing environment for  
25 the child and where, to the maximum extent prac-



1        ticable, such relatives comply with relevant State  
2        child protection standards.

3            “(3) ADOPTION OPPORTUNITIES.—The Sec-  
4        retary may award grants to public entities to assist  
5        such entities in developing or implementing pro-  
6        grams to expand opportunities for the adoption of  
7        children with special needs.

8            “(4) FAMILY RESOURCE CENTERS.—The Sec-  
9        retary may award grants to public or nonprofit pri-  
10       vate entities to provide for the establishment of fam-  
11       ily resource programs and support services that—

12            “(A) develop, expand, and enhance state-  
13        wide networks of community-based, prevention-  
14        focused centers, programs, or services that pro-  
15        vide comprehensive support for families;

16            “(B) promote the development of parental  
17        competencies and capacities in order to increase  
18        family stability;

19            “(C) support the additional needs of fami-  
20        lies with children with disabilities;

21            “(D) foster the development of a contin-  
22        uum of preventive services for children and  
23        families through State and community-based  
24        collaborations and partnerships (both public  
25        and private); and

1           “(E) maximize funding for the financing,  
2           planning, community mobilization, collabora-  
3           tion, assessment, information and referral,  
4           startup, training and technical assistance, infor-  
5           mation management, reporting, and evaluation  
6           costs for establishing, operating, or expanding a  
7           statewide network of community-based, preven-  
8           tion-focused family resource and support serv-  
9           ices.

10           “(5) OTHER INNOVATIVE PROGRAMS.—The  
11           Secretary may award grants to public or private  
12           nonprofit organizations to assist such entities in de-  
13           veloping or implementing innovative programs and  
14           projects that show promise of preventing and treat-  
15           ing cases of child abuse and neglect (such as Par-  
16           ents Anonymous).

17           “(b) GRANTS FOR ABANDONED INFANT PRO-  
18           GRAMS.—The Secretary may award grants to public and  
19           nonprofit private entities to assist such entities in develop-  
20           ing or implementing procedures—

21           “(1) to prevent the abandonment of infants and  
22           young children, including the provision of services to  
23           members of the natural family for any condition that  
24           increases the probability of abandonment of an in-  
25           fant or young child;

1           “(2) to identify and address the needs of aban-  
2           doned infants and young children;

3           “(3) to assist abandoned infants and young  
4           children to reside with their natural families or in  
5           foster care, as appropriate;

6           “(4) to recruit, train, and retain foster families  
7           for abandoned infants and young children;

8           “(5) to carry out residential care programs for  
9           abandoned infants and young children who are un-  
10          able to reside with their families or to be placed in  
11          foster care;

12          “(6) to carry out programs of respite care for  
13          families and foster families of infants and young  
14          children; and

15          “(7) to recruit and train health and social serv-  
16          ices personnel to work with families, foster care fam-  
17          ilies, and residential care programs for abandoned  
18          infants and young children.

19          “(c) EVALUATION.—In making grants for demonstra-  
20          tion projects under this section, the Secretary shall require  
21          all such projects to be evaluated for their effectiveness.  
22          Funding for such evaluations shall be provided either as  
23          a stated percentage of a demonstration grant or as a sepa-  
24          rate grant entered into by the Secretary for the purpose

1 of evaluating a particular demonstration project or group  
2 of projects.

3 **“SEC. 204. TECHNICAL ASSISTANCE.**

4 “(a) CHILD ABUSE AND NEGLECT.—

5 “(1) IN GENERAL.—The Secretary shall provide  
6 technical assistance under this title to States to as-  
7 sist such States in planning, improving, developing,  
8 and carrying out programs and activities relating to  
9 the prevention, assessment identification, and treat-  
10 ment of child abuse and neglect.

11 “(2) EVALUATION.—Technical assistance pro-  
12 vided under paragraph (1) may include an evalua-  
13 tion or identification of—

14 “(A) various methods and procedures for  
15 the investigation, assessment, and prosecution  
16 of child physical and sexual abuse cases;

17 “(B) ways to mitigate psychological trau-  
18 ma to the child victim; and

19 “(C) effective programs carried out by the  
20 States under this Act.

21 “(b) ADOPTION OPPORTUNITIES.—The Secretary  
22 shall provide, directly or by grant to or contract with pub-  
23 lic or private nonprofit agencies or organizations—

24 “(1) technical assistance and resource and re-  
25 ferral information to assist State or local govern-

1 **“SEC. 208. NATIONAL RANDOM SAMPLE STUDY OF CHILD**  
2 **WELFARE.**

3 “(a) **IN GENERAL.**—The Secretary shall conduct a  
4 national study based on random samples of children who  
5 are at risk of child abuse or neglect, or are determined  
6 by States to have been abused or neglected, and such other  
7 research as may be necessary.

8 “(b) **REQUIREMENTS.**—The study required by sub-  
9 section (a) shall—

10 “(1) have a longitudinal component; and

11 “(2) yield data reliable at the State level for as  
12 many States as the Secretary determines is feasible.

13 “(c) **PREFERRED CONTENTS.**—In conducting the  
14 study required by subsection (a), the Secretary should—

15 “(1) collect data on the child protection pro-  
16 grams of different small States (or different groups  
17 of such States) in different years to yield an occa-  
18 sional picture of the child protection programs of  
19 such States;

20 “(2) carefully consider selecting the sample  
21 from cases of confirmed abuse or neglect; and

22 “(3) follow each case for several years while ob-  
23 taining information on, among other things—

24 “(A) the type of abuse or neglect involved;

25 “(B) the frequency of contact with State  
26 or local agencies;

1           “(C) whether the child involved has been  
2           separated from the family, and, if so, under  
3           what circumstances;

4           “(D) the number, type, and characteristics  
5           of out-of-home placements of the child; and

6           “(E) the average duration of each place-  
7           ment.

8           “(d) REPORTS.—

9           “(1) IN GENERAL.—From time to time, the  
10          Secretary shall prepare reports summarizing the re-  
11          sults of the study required by subsection (a).

12          “(2) AVAILABILITY.—The Secretary shall make  
13          available to the public any report prepared under  
14          paragraph (1), in writing or in the form of an elec-  
15          tronic data tape.

16          “(3) AUTHORITY TO CHARGE FEE.—The Sec-  
17          retary may charge and collect a fee for the furnish-  
18          ing of reports under paragraph (2).

19          “(4) FUNDING.—The Secretary shall carry out  
20          this section using amounts made available under sec-  
21          tion 425 of the Social Security Act.

1                   **“TITLE III—GENERAL**  
2                                   **PROVISIONS**

3   **“SEC. 301. AUTHORIZATION OF APPROPRIATIONS.**

4           “(a) TITLE I.—There are authorized to be appro-  
5   priated to carry out title I, \$230,000,000 for fiscal year  
6   1996, and such sums as may be necessary for each of the  
7   fiscal years 1997 through 2002.

8           “(b) TITLE II.—

9                   “(1) IN GENERAL.—Of the amount appro-  
10   priated under subsection (a) for a fiscal year, the  
11   Secretary shall make available 12 percent of such  
12   amount to carry out title II (except for sections 203  
13   and 208).

14                   “(2) GRANTS FOR DEMONSTRATION  
15   PROJECTS.—Of the amount made available under  
16   paragraph (1) for a fiscal year, the Secretary shall  
17   make available not less than 40 percent of such  
18   amount to carry out section 203.

19           “(c) INDIAN TRIBES.—Of the amount appropriated  
20   under subsection (a) for a fiscal year, the Secretary shall  
21   make available 1 percent of such amount to provide grants  
22   and contracts to Indian tribes and Tribal Organizations.

23           “(d) AVAILABILITY OF APPROPRIATIONS.—Amounts  
24   appropriated under subsection (a) shall remain available  
25   until expended.

1 **“SEC. 302. GRANTS TO STATES FOR PROGRAMS RELATING**  
2 **TO THE INVESTIGATION AND PROSECUTION**  
3 **OF CHILD ABUSE AND NEGLECT CASES.**

4 “(a) GRANTS TO STATES.—The Secretary, in con-  
5 sultation with the Attorney General, is authorized to make  
6 grants to the States for the purpose of assisting States  
7 in developing, establishing, and operating programs de-  
8 signed to improve—

9 “(1) the handling of child abuse and neglect  
10 cases, particularly cases of child sexual abuse and  
11 exploitation, in a manner which limits additional  
12 trauma to the child victim;

13 “(2) the handling of cases of suspected child  
14 abuse or neglect related fatalities; and

15 “(3) the investigation and prosecution of cases  
16 of child abuse and neglect, particularly child sexual  
17 abuse and exploitation.

18 “(b) ELIGIBILITY REQUIREMENTS.—In order for a  
19 State to qualify for assistance under this section, such  
20 State shall—

21 “(1) be an eligible State under section 102;

22 “(2) establish a task force as provided in sub-  
23 section (c);

24 “(3) fulfill the requirements of subsection (d);

25 “(4) submit annually an application to the Sec-  
26 retary at such time and containing such information



1 and assurances as the Secretary considers necessary,  
2 including an assurance that the State will—

3 “(A) make such reports to the Secretary as  
4 may reasonably be required; and

5 “(B) maintain and provide access to  
6 records relating to activities under subsection  
7 (a); and

8 “(5) submit annually to the Secretary a report  
9 on the manner in which assistance received under  
10 this program was expended throughout the State,  
11 with particular attention focused on the areas de-  
12 scribed in paragraphs (1) through (3) of subsection  
13 (a).

14 “(c) STATE TASK FORCES.—

15 “(1) GENERAL RULE.—Except as provided in  
16 paragraph (2), a State requesting assistance under  
17 this section shall establish or designate, and main-  
18 tain, a State multidisciplinary task force on chil-  
19 dren’s justice (hereafter in this section referred to as  
20 ‘State task force’) composed of professionals with  
21 knowledge and experience relating to the criminal  
22 justice system and issues of child physical abuse,  
23 child neglect, child sexual abuse and exploitation,  
24 and child maltreatment related fatalities. The State  
25 task force shall include—

1           “(A) individuals representing the law en-  
2           forcement community;

3           “(B) judges and attorneys involved in both  
4           civil and criminal court proceedings related to  
5           child abuse and neglect (including individuals  
6           involved with the defense as well as the prosecu-  
7           tion of such cases);

8           “(C) child advocates, including both attor-  
9           neys for children and, where such programs are  
10          in operation, court appointed special advocates;

11          “(D) health and mental health profes-  
12          sionals;

13          “(E) individuals representing child protec-  
14          tive service agencies;

15          “(F) individuals experienced in working  
16          with children with disabilities;

17          “(G) parents; and

18          “(H) representatives of parents’ groups.

19          “(2) EXISTING TASK FORCE.—As determined  
20          by the Secretary, a State commission or task force  
21          established after January 1, 1983, with substantially  
22          comparable membership and functions, may be con-  
23          sidered the State task force for purposes of this sub-  
24          section.

1       “(d) STATE TASK FORCE STUDY.—Before a State  
2 receives assistance under this section, and at 3-year inter-  
3 vals thereafter, the State task force shall comprehen-  
4 sively—

5           “(1) review and evaluate State investigative, ad-  
6 ministrative and both civil and criminal judicial han-  
7 dling of cases of child abuse and neglect, particularly  
8 child sexual abuse and exploitation, as well as cases  
9 involving suspected child maltreatment related fatali-  
10 ties and cases involving a potential combination of  
11 jurisdictions, such as interstate, Federal-State, and  
12 State-Tribal; and

13           “(2) make policy and training recommendations  
14 in each of the categories described in subsection (e).  
15 The task force may make such other comments and rec-  
16 ommendations as are considered relevant and useful.

17       “(e) ADOPTION OF STATE TASK FORCE REC-  
18 OMMENDATIONS.—

19           “(1) GENERAL RULE.—Subject to the provi-  
20 sions of paragraph (2), before a State receives as-  
21 sistance under this section, a State shall adopt rec-  
22 ommendations of the State task force in each of the  
23 following categories—

24           “(A) investigative, administrative, and ju-  
25 dicial handling of cases of child abuse and ne-

1 neglect, particularly child sexual abuse and exploi-  
2 tation, as well as cases involving suspected child  
3 maltreatment related fatalities and cases involv-  
4 ing a potential combination of jurisdictions,  
5 such as interstate, Federal-State, and State-  
6 Tribal, in a manner which reduces the addi-  
7 tional trauma to the child victim and the vic-  
8 tim's family and which also ensures procedural  
9 fairness to the accused;

10 “(B) experimental, model and demonstra-  
11 tion programs for testing innovative approaches  
12 and techniques which may improve the prompt  
13 and successful resolution of civil and criminal  
14 court proceedings or enhance the effectiveness  
15 of judicial and administrative action in child  
16 abuse and neglect cases, particularly child sex-  
17 ual abuse and exploitation cases, including the  
18 enhancement of performance of court-appointed  
19 attorneys and guardians ad litem for children;  
20 and

21 “(C) reform of State laws, ordinances, reg-  
22 ulations, protocols and procedures to provide  
23 comprehensive protection for children from  
24 abuse, particularly child sexual abuse and ex-

1           ploitation, while ensuring fairness to all affected  
2           persons.

3           “(2) EXEMPTION.—As determined by the Sec-  
4           retary, a State shall be considered to be in fulfill-  
5           ment of the requirements of this subsection if—

6                   “(A) the State adopts an alternative to the  
7                   recommendations of the State task force, which  
8                   carries out the purpose of this section, in each  
9                   of the categories under paragraph (1) for which  
10                  the State task force’s recommendations are not  
11                  adopted; or

12                   “(B) the State is making substantial  
13                   progress toward adopting recommendations of  
14                   the State task force or a comparable alternative  
15                   to such recommendations.

16           “(f) FUNDS AVAILABLE.—For grants under this sec-  
17           tion, the Secretary shall use the amount authorized by sec-  
18           tion 1404A of the Victims of Crime Act of 1984.

19   **“SEC. 303. TRANSITIONAL PROVISION.**

20           “A State or other entity that has a grant, contract,  
21           or cooperative agreement in effect, on the date of enact-  
22           ment of this Act, under the Family Resource and Support  
23           Program, the Community-Based Family Resource Pro-  
24           gram, the Family Support Center Program, the Emer-  
25           gency Child Abuse Prevention Grant Program, or the

1 Temporary Child Care for Children with Disabilities and  
2 Crisis Nurseries Programs shall continue to receive funds  
3 under such grant, contract, or cooperative agreement, sub-  
4 ject to the original terms under which such funds were  
5 provided, through the end of the applicable grant, con-  
6 tract, or agreement cycle.

7 **“SEC. 304. RULE OF CONSTRUCTION.**

8       “(a) IN GENERAL.—Nothing in this Act, or in part  
9 B or E of title IV of the Social Security Act, shall be con-  
10 strued—

11               “(1) as establishing a Federal requirement that  
12       a parent or legal guardian provide a child any medi-  
13       cal service or treatment against the religious beliefs  
14       of the parent or legal guardian; and

15               “(2) to require that a State find, or to prohibit  
16       a State from finding, abuse or neglect in cases in  
17       which a parent or legal guardian relies solely or par-  
18       tially upon spiritual means rather than medical  
19       treatment, in accordance with the religious beliefs of  
20       the parent or legal guardian.

21       “(b) STATE REQUIREMENT.—Notwithstanding sub-  
22       section (a), a State shall have in place authority under  
23       State law to permit the child protective service system of  
24       the State to pursue any legal remedies, including the au-  
25       thority to initiate legal proceedings in a court of competent

1 jurisdiction, to provide medical care or treatment for a  
2 child when such care or treatment is necessary to prevent  
3 or remedy serious harm to the child, or to prevent the  
4 withholding of medically indicated treatment from children  
5 with life threatening conditions. Except with respect to the  
6 withholding of medically indicated treatments from dis-  
7 abled infants with life threatening conditions, case by case  
8 determinations concerning the exercise of the authority of  
9 this subsection shall be within the sole discretion of the  
10 State.”.

11 **SEC. 4752. REAUTHORIZATIONS.**

12 (a) **MISSING CHILDREN’S ASSISTANCE ACT.**—Section  
13 408 of the Missing Children’s Assistance Act (42 U.S.C.  
14 5777) is amended—

15 (1) by striking “To” and inserting “(a) IN  
16 GENERAL.—To”

17 (2) by striking “and 1996” and inserting  
18 “1996, and 1997”; and

19 (3) by adding at the end thereof the following  
20 new subsection:

21 “(b) **EVALUATION.**—The Administrator shall use not  
22 more than 5 percent of the amount appropriated for a fis-  
23 cal year under subsection (a) to conduct an evaluation of  
24 the effectiveness of the programs and activities established  
25 and operated under this title.”.

1 (b) VICTIMS OF CHILD ABUSE ACT OF 1990.—Sec-  
2 tion 214B of the Victims of Child Abuse Act of 1990 (42  
3 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 **SEC. 4753. REPEALS.**

9 (a) IN GENERAL.—The following provisions of law  
10 are repealed:

11 (1) Title II of the Child Abuse Prevention and  
12 Treatment and Adoption Reform Act of 1978 (42  
13 U.S.C. 5111 et seq.).

14 (2) The Abandoned Infants Assistance Act of  
15 1988 (42 U.S.C. 670 note).

16 (3) The Temporary Child Care for Children  
17 with Disabilities and Crisis Nurseries Act of 1986  
18 (42 U.S.C. 5117 et seq.).

19 (4) Subtitle F of title VII of the Stewart B.  
20 McKinney Homeless Assistance Act (42 U.S.C.  
21 11481 et seq.).

22 (b) CONFORMING AMENDMENTS.—

23 (1) RECOMMENDED LEGISLATION.—After con-  
24 sultation with the appropriate committees of the  
25 Congress and the Director of the Office of Manage-



1       ment and Budget, the Secretary of Health and  
2       Human Services shall prepare and submit to the  
3       Congress a legislative proposal in the form of an im-  
4       plementing bill containing technical and conforming  
5       amendments to reflect the repeals made by this sec-  
6       tion.

7               (2) SUBMISSION TO CONGRESS.—Not later than  
8       6 months after the date of enactment of this sub-  
9       chapter, the Secretary of Health and Human Serv-  
10      ices shall submit the implementing bill referred to  
11      under paragraph (1).

## 12                               **Subtitle G—Child Care**

### 13      **SEC. 4801. SHORT TITLE AND REFERENCES.**

14           (a) SHORT TITLE.—This subtitle may be cited as the  
15      “Child Care and Development Block Grant Amendments  
16      of 1996”.

17           (b) REFERENCES.—Except as otherwise expressly  
18      provided, whenever in this subtitle an amendment or re-  
19      peal is expressed in terms of an amendment to, or repeal  
20      of, a section or other provision, the reference shall be con-  
21      sidered to be made to a section or other provision of the  
22      Child Care and Development Block Grant Act of 1990 (42  
23      U.S.C. 9858 et seq.).



## **H. Res. 482**

### ***In the House of Representatives, U.S.,***

*July 18, 1996.*

1       *Resolved*, That at any time after the adoption of this  
2 resolution the Speaker may, pursuant to clause 1(b) of  
3 rule XXIII, declare the House resolved into the Committee  
4 of the Whole House on the state of the Union for further  
5 consideration of the bill (H.R. 3734) to provide for rec-  
6 onciliation pursuant to section 201(a)(1) of the concurrent  
7 resolution on the budget for fiscal year 1997. All time for  
8 general debate under the terms of the order of the House  
9 of July 17, 1996, shall be considered as expired. Further  
10 general debate shall be confined to the bill and amend-  
11 ments specified in this resolution and shall not exceed two  
12 hours equally divided and controlled by the chairman and  
13 ranking minority member of the Committee on the Budg-  
14 et. After general debate the bill shall be considered for  
15 amendment under the five-minute rule. An amendment in  
16 the nature of a substitute consisting of the text of H.R.  
17 3829, modified by the amendment printed in part 1 of  
18 the report of the Committee on Rules accompanying this

1 resolution, shall be considered as adopted in the House  
2 and in the Committee of the Whole. The bill, as amended,  
3 shall be considered as the original bill for the purpose of  
4 further amendment and shall be considered as read. No  
5 other amendment shall be in order except (1) the further  
6 amendment printed in part 2 of the report of the Commit-  
7 tee on Rules, which may be offered only by the chairman  
8 of the Committee on the Budget or his designee, shall be  
9 considered as read, shall be debatable for the time speci-  
10 fied in the report equally divided and controlled by the  
11 proponent and an opponent, shall not be subject to amend-  
12 ment, and shall not be subject to a demand for division  
13 of the question in the House or in the Committee of the  
14 Whole; and (2) a further amendment in the nature of a  
15 substitute consisting of the text of H.R. 3832, which may  
16 be offered only by the minority leader or his designee, shall  
17 be considered as read, shall be debatable for one hour  
18 equally divided and controlled by the proponent and an  
19 opponent, and shall not be subject to amendment. All  
20 points of order against the further amendments are  
21 waived. At the conclusion of consideration of the bill, as  
22 amended, for amendment the Committee shall rise and re-  
23 port the bill, as amended, to the House with such further  
24 amendments as may have been adopted. The previous  
25 question shall be considered as ordered on the bill, as

- 1 amended, and any further amendments thereto to final
- 2 passage without intervening motion except one motion to
- 3 recommit with or without instructions.

Attest:

*Clerk.*



PROVIDING FOR THE FURTHER CONSIDERATION OF H.R.  
3734, THE PERSONAL RESPONSIBILITY ACT OF 1996

---

JULY 17, 1996.—Referred to the House Calendar and ordered to be printed

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Mr. GOSS, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 482]

The Committee on Rules, having had under consideration House Resolution 482, by a nonrecord vote, report the same to the House with the recommendation that the resolution be adopted.

BRIEF SUMMARY OF PROVISIONS OF RESOLUTION

The resolution provides for further consideration of H.R. 3734, the "Personal Responsibility Act of 1996" under a modified closed rule. The rule provides an additional two hours of general debate divided equally between the chairman and ranking minority member of the Committee on the Budget.

The rule waives all points of order against consideration of the bill. The rule also provides for the adoption in the House and in the Committee of the Whole of an amendment in the nature of a substitute consisting of the text of H.R. 3829 (as modified by the amendment printed in part 1 of this report), and that the bill, as amended, be considered as original text for the purposes of further amendment.

The rule provides for the consideration of the amendment printed in part 2 of this report if offered by the Chairman of the Committee on the Budget or his designee, which shall be debatable for the time period specified in this report equally divided and controlled by a proponent and an opponent, shall not be subject to further amendment or to a demand for division of the question and against which all points of order are waived.

The rule further provides for the consideration of an amendment if offered by the Minority Leader or his designee, consisting of the text of H.R. 3832, debatable for one hour equally divided and controlled by a proponent and an opponent, which shall not be subject to amendment and against which all points of order are waived.

Finally, the rule provides for one motion to recommit, with or without instructions.

An explanation of the amendment modifying the amendment in the nature of a substitute (consisting of the text of H.R. 3829):

*Review of Implementation of State Work Programs.* Three years after enactment, the Committee on Ways and Means and the Committee on Finance shall conduct hearings and other appropriate activities to review how the states are implementing the work participation standards, the hours of work requirements, and other details of the work program. Based on this review, the Committees may introduce legislation as appropriate to remedy any problems with the state work programs.

*Limitation on Amount Transferable to Title XX Programs.* States may transfer up to 30% of their annual share of the block grant under Title IV-A into other block grants; however, not more than one-third of this amount may be transferred into the Title XX block grant and all funds so transferred must be spent on programs and services for children or their families.

*State Spending Beyond 5-Year Limit.* Nothing in the federal legislation restricts a state from providing assistance using state funds to families that have exceeded the 5-year limit on federal benefits under the IV-A program.

*Maintenance of Effort.* The maintenance of effort requirement is 80% but the requirement is reduced to 75% for each year a given state meets the work participation requirements of Section 407 of the bill.

*Medicaid Contingent on Satisfying Work Requirement.* If IV-A recipients fail to meet any of the work requirements of the bill, states may terminate their medicaid health insurance.

*Child Support Enforcement Fee.* The amendment changes the distribution of fees collected from non-custodial parents authorized under section 4347. Under the amendment, 5% of the collected fees would be allocated to the local child support office, 45% to the state government and 50% to the federal government. The formula in the base text allocates the fee 50-50 between the state and federal governments (with none of the fees going to the local support office).

The amendment considered as adopted by the rule is as follows.

#### PART 1

At the end of section 407 of the Social Security Act, as proposed to be added by section 4103(a)(1), add the following:

"(i) REVIEW OF IMPLEMENTATION OF STATE WORK PROGRAMS.—During fiscal year 1999, the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate shall hold hearings and engage in other appropriate activities to review the implementation of this section by the States, and shall invite the Governors of the States to testify before them regarding such implementation. Based on such hearings, such Committees may introduce such legislation as may be appropriate to remedy any problems with the State programs operated pursuant to this section.

In section 404(d) of the Social Security Act, as proposed to be added by section 4103(a)(1), strike paragraph (2) and insert the following:



**“(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—**Notwithstanding paragraph (1), not more than  $\frac{1}{3}$  of the total amount paid to a State under this part for a fiscal year that is used to carry out State programs pursuant to provisions of law specified in paragraph (1) may be used to carry out State programs pursuant to title XX.

**“(3) APPLICABLE RULES.—**

**“(A) IN GENERAL.—**Except as provided in subparagraph (B) of this paragraph, any amount paid to a State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

**“(B) EXCEPTION RELATING TO TITLE XX PROGRAMS.—**All amounts paid to a State under this part that are used to carry out State programs pursuant to title XX shall be used only for programs and services to children or their families.”

At the end of section 408(a)(8) of the Social Security Act, as proposed to be added by section 4103(a)(2), add the following:

**“(E) RULE OF INTERPRETATION.—**This part shall not be interpreted to prohibit any State from expending State funds not originating with the Federal Government on benefits for children or families that have become ineligible for assistance under the State program funded under this part by reason of subparagraph (A).”

In section 409(a)(7)(B) of the Social Security Act, as proposed to be added by section 4103(a)(1), strike clause (ii) and insert the following:

**“(ii) APPLICABLE PERCENTAGE.—**The term ‘applicable percentage’ means for fiscal years 1997 through 2001, 80 percent (or, if the State meets the requirements of section 407(a) for the fiscal year, 75 percent) reduced (if appropriate) in accordance with subparagraph (C)(ii).”

In section 1931(a) of the Social Security Act, as proposed to be inserted by section 4115(a)(2)

(1) in paragraph (1), strike “through (4)” and insert “through (5)”,

(2) in paragraph (3), strike “and” at the end,

(3) in paragraph (4), strike the period at the end and insert “; and”, and

(4) insert after paragraph (4) the following:

“(5) a State may terminate medical assistance under this title for an individual because the individual fails to meet any requirement imposed pursuant to section 407 if the individual was eligible for the medical assistance—

“(A) on the basis of receipt of assistance under a State program funded under part A of title IV, or

“(B) pursuant to paragraph (1), on the basis that the individual meets the requirements for receipt of aid or as-

sistance under the State plan under part A of title IV (as in effect on July 16, 1996).”

In paragraph (31)(B) of section 454 of the Social Security Act, as proposed to be added by section 4347(3)—

(1) strike “and shall” and insert “shall”; and

(2) insert “, and shall permit the county office of the State agency administering the State program under this part which collected such amounts to retain an amount equal to 5 percent of the amount applied to the payment of such penalties” before the period.

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## PART 2

### AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE KASICH OF OHIO OR HIS DESIGNEE, DEBATABLE FOR 20 MINUTES

Subsection (o) of section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as added by section 1033(a), is amended—

(1) in paragraph (2)—

(A) by striking “, during the preceding 12-month period,”

(B) by inserting “after the effective date of this subsection” after “received”, and

(C) by striking “4” and inserting “3”, and

(2) in paragraph (5) by striking subparagraph (B) and making such technical and conforming changes as may be appropriate.

Section 1033 is amended by striking subsection (b) and making such technical and conforming changes as may be appropriate.

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