PERSONAL RESPONSIBILITY
AND WORK OPPORTUNITY
RECONCILIATION ACT
OF 1996

H.R. 3734
PUBLIC LAW 104-193
104TH CONGRESS
Volumes 1 to 19

BILLS, REPORTS,
DEBATES, AND ACT

Social Security Administration
PREFACE

This 19-volume compilation contains historical documents pertaining to P.L. 104-193, the "Personal Responsibility and Work Opportunity Act of 1996."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

Pertinent documents include:

- Differing versions of key bills
- Committee reports
- Excerpts from the Congressional Record
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This history is prepared by the Office of the Deputy Commissioner for Legislation and Congressional Affairs and is designed to serve as a helpful resource tool for those charged with interpreting laws administered by the Social Security Administration.
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F. H.R. 1214, "Personal Responsibility Act of 1995," introduced March 13, 1995 (excerpts). This bill was developed by the three committees with primary jurisdiction (Committees on Ways and Means, Agriculture, and Economic and Educational Opportunities). In addition, the Committee on Commerce worked with Ways and Means staff to draft language for H.R. 1214 as it related to provisions within the Commerce Committee's jurisdiction including ineligibility of illegal aliens for certain public benefits, SSI cash benefits, and SSI service benefits. H.R. 1214 was considered as the base text for floor consideration of welfare reform legislation.


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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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 Reform Rec-
5 onciliation Act of 1996".
6 SEC. 2. TABLE OF TITLES.
7 The table of titles of this Act is as follows:

Title I—Committee on Agriculture
TITLE I—COMMITTEE ON AGRICULTURE

SEC. 1001. SHORT TITLE.

This title may be cited as the "Food Stamp Reform and Commodity Distribution Act of 1996".

SEC. 1002. TABLE OF CONTENTS.

The table of contents of this title is as follows:

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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 U.S.C. 2012(c)) is amended by striking “Except as provided” and all that follows and inserting the following:
"The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months.”.

SEC. 1012. DEFINITION OF COUPON.

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

SEC. 1013. TREATMENT OF CHILDREN LIVING AT HOME.

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

SEC. 1014. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE HOUSEHOLD DETERMINATIONS.

Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by inserting after the third sentence the following: “Notwithstanding the preceding sentences, a State may establish criteria that prescribe when individuals who live together, and who would be allowed to participate as separate households under the preceding sen-
sentences, shall be considered a single household, without regard to the common purchase of food and preparation of meals.”.

SEC. 1015. ADJUSTMENT OF THRIFTY FOOD PLAN.

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

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

“(1) make”;

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

“(2) make”;

(3) by striking “Alaska, (3) make” and inserting the following: “Alaska;

“(3) make”; and

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

“(4) on October 1, 1996, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet, in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on October 1, 1996, the Secretary may not reduce the cost of the diet in effect on September 30, 1996.”.
SEC. 1016. DEFINITION OF HOMELESS INDIVIDUAL.

Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not more than 90 days” after “temporary accommodation”.

SEC. 1017. STATE OPTION FOR ELIGIBILITY STANDARDS.

Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking “(b) The Secretary” and inserting the following:

“(b) ELIGIBILITY STANDARDS.—Except as otherwise provided in this Act, the Secretary”.

SEC. 1018. EARNINGS OF STUDENTS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking “21” and inserting “19”.

SEC. 1019. ENERGY ASSISTANCE.

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

(b) CONFORMING AMENDMENTS.—

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

(A) in paragraph (1)—
(i) in subparagraph (A), by striking "plan for aid to families with dependent children approved" and inserting "program funded"; and

(ii) in subparagraph (B), by striking "not including energy or utility-cost assistance,";

(B) in paragraph (2), by striking subparagraph (C) and inserting the following:

"(C) a payment or allowance described in subsection (d)(11);"; and

(C) by adding at the end the following:

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

"(A) ENERGY ASSISTANCE PAYMENTS.— For purposes of subsection (d)(1), a payment made under a Federal or State law to provide energy assistance to a household shall be considered money payable directly to the household.

"(B) ENERGY ASSISTANCE EXPENSES.— For purposes of subsection (e)(7), an expense paid on behalf of a household under a Federal or State law to provide energy assistance shall
be considered an out-of-pocket expense incurred
and paid by the household.”.

(2) Section 2605(f) of the Low-Income Home
is amended—

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

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

(C) by striking paragraph (2).

SEC. 1020. DEDUCTIONS FROM INCOME.

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

“(e) DEDUCTIONS FROM INCOME.—

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

“(2) EARNED INCOME DEDUCTION.—

“(A) DEFINITION OF EARNED INCOME.—

In this paragraph, the term ‘earned income’
does not include income excluded by subsection
(d) or any portion of income earned under a work supplementation or support program, as defined under section 16(b), that is attributable to public assistance.

"(B) DEDUCTION.—Except as provided in subparagraph (C), a household with earned income shall be allowed a deduction of 20 percent of all earned income to compensate for taxes, other mandatory deductions from salary, and work expenses.

"(C) EXCEPTION.—The deduction described in subparagraph (B) shall not be allowed with respect to determining an overissue due to the failure of a household to report earned income in a timely manner.

"(3) DEPENDENT CARE DEDUCTION.—

"(A) IN GENERAL.—A household shall be entitled, with respect to expenses (other than excluded expenses described in subparagraph (B)) for dependent care, to a dependent care deduction, the maximum allowable level of which shall be $200 per month for each dependent child under 2 years of age and $175 per month for each other dependent, for the actual cost of payments necessary for the care of a de-
per dent if the care enables a household member to accept or continue employment, or training or education that is preparatory for employment.

"(B) EXCLUDED EXPENSES.—The excluded expenses referred to in subparagraph (A) are—

"(i) expenses paid on behalf of the household by a third party;

"(ii) amounts made available and excluded for the expenses referred to in subparagraph (A) under subsection (d)(3); and

"(iii) expenses that are paid under section 6(d)(4).

"(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

"(A) IN GENERAL.—A household shall be entitled to a deduction for child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments.

"(B) METHODS FOR DETERMINING AMOUNT.—The Secretary may prescribe by reg-
ulation the methods, including calculation on a retrospective basis, that a State agency shall use to determine the amount of the deduction for child support payments.

"(5) **HOMELESS SHELTER ALLOWANCE.**—A State agency may develop a standard homeless shelter allowance, which shall not exceed $143 per month, for such expenses as may reasonably be expected to be incurred by households in which all members are homeless individuals but are not receiving free shelter throughout the month. A State agency that develops the allowance may use the allowance in determining eligibility and allotments for the households, except that the State agency may prohibit the use of the allowance for households with extremely low shelter costs.

"(6) **EXCESS MEDICAL EXPENSE DEDUCTION.**—

"(A) **IN GENERAL.**—A household containing an elderly or disabled member shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess medical expense deduction for the portion of the actual costs of allowable medical expenses, incurred by the elder-
ly or disabled member, exclusive of special diets, that exceeds $35 per month.

"(B) METHOD OF CLAIMING DEDUCTION.—

"(i) IN GENERAL.—A State agency shall offer an eligible household under subparagraph (A) a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction in lieu of submitting information or verification on actual expenses on a monthly basis.

"(ii) METHOD.—The method described in clause (i) shall—

"(I) be designed to minimize the burden for the eligible elderly or disabled household member choosing to deduct the recurrent medical expenses of the member pursuant to the method;

"(II) rely on reasonable estimates of the expected medical expenses of the member for the certification period (including changes that can be reasonably anticipated based on avail-
able information about the medical
condition of the member, public or
private medical insurance coverage,
and the current verified medical ex-
penses incurred by the member); and

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

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

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

“(B) MAXIMUM AMOUNT OF DEDUC-
TION.—In the case of a household that does not
contain an elderly or disabled individual, the ex-
cess shelter expense deduction shall not exceed—

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

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

“(C) STANDARD UTILITY ALLOWANCE.—

“(i) IN GENERAL.—In computing the excess shelter expense deduction, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance that does not fluctuate within a year to reflect seasonal variations.

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

“(I) does not incur a heating or cooling expense, as the case may be;
“(II) does incur a heating or cooling expense but is located in a public housing unit that has central utility meters and charges households, with regard to the expense, only for excess utility costs; or

“(III) shares the expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both.

“(iii) MANDATORY ALLOWANCE.—

“(I) IN GENERAL.—A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if—

“(aa) the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more stand-
ards that do not include the cost of heating and cooling; and

"(bb) the Secretary finds that the standards will not result in an increased cost to the Secretary.

"(II) HOUSEHOLD ELECTION.—A State agency that has not made the use of a standard utility allowance mandatory under subclause (I) shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household.

"(iv) AVAILABILITY OF ALLOWANCE TO RECIPIENTS OF ENERGY ASSISTANCE.—

"(I) IN GENERAL.—Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-In-
come Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.

"(II) SEPARATE ALLOWANCE.—A State agency may use a separate standard utility allowance for households on behalf of which a payment described in subclause (I) is made, but may not be required to do so.

"(III) STATES NOT ELECTING TO USE SEPARATE ALLOWANCE.—A State agency that does not elect to use a separate allowance but makes a single standard utility allowance available to households incurring heating or cooling expenses (other than a household described in subclause (I) or (II) of subparagraph (C)(ii)) may not be required to reduce the allowance due to the provision (directly or indirectly) of
assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

"(IV) PRORATION OF ASSISTANCE.—For the purpose of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) shall be considered to be prorated over the entire heating or cooling season for which the assistance was provided."

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

SEC. 1021. VEHICLE ALLOWANCE.

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

"(2) INCLUDED ASSETS.—

"(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regu-
lations in force as of June 1, 1982 (other than those relating to licensed vehicles and inaccessible resources).

"(B) ADDITIONAL INCLUDED ASSETS.— The Secretary shall include in financial resources—

"(i) any boat, snowmobile, or airplane used for recreational purposes;

"(ii) any vacation home;

"(iii) any mobile home used primarily for vacation purposes;

"(iv) subject to subparagraph (C), any licensed vehicle that is used for household transportation or to obtain or continue employment to the extent that the fair market value of the vehicle exceeds $4,600; and

"(v) any savings or retirement account (including an individual account), regardless of whether there is a penalty for early withdrawal.

"(C) EXCLUDED VEHICLES.—A vehicle (and any other property, real or personal, to the extent the property is directly related to the maintenance or use of the vehicle) shall not be
included in financial resources under this para-
graph if the vehicle is—

“(i) used to produce earned income;
“(ii) necessary for the transportation
of a physically disabled household member;
or
“(iii) depended on by a household to
carry fuel for heating or water for home
use and provides the primary source of fuel
or water, respectively, for the household.”.

SEC. 1022. VENDOR PAYMENTS FOR TRANSITIONAL HOUS-
ing counted as income.

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

(1) by striking subparagraph (F); and
(2) by redesignating subparagraphs (G) and
(H) as subparagraphs (F) and (G), respectively.

SEC. 1023. DOUBLED PENALTIES FOR VIOLATING FOOD
STAMP PROGRAM REQUIREMENTS.

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

(1) in clause (i), by striking “six months” and
inserting “1 year”; and
(2) in clause (ii), by striking “1 year” and in-
serting “2 years”.

"HR 3829 IH"
SECTION 1024. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

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

(1) in subclause (II), by striking "or" at the end;

(2) in subclause (III), by striking the period at the end and inserting "; or"; and

(3) by inserting after subclause (III) the following:

"(IV) a conviction of an offense under subsection (b) or (c) of section 15 involving an item covered by subsection (b) or (c) of section 15 having a value of $500 or more.".

SECTION 1025. DISQUALIFICATION.

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking "(d)(1) Unless otherwise exempted by the provisions" and all that follows through the end of paragraph (1) and inserting the following:

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

"(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to partici-
participate in the food stamp program if the individual—

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

“(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

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

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

“(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;
“(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

“(v) voluntarily and without good cause—

“(I) quits a job; or

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

“(vi) fails to comply with section 20.

“(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

“(i) the duration of the ineligibility of the individual determined under subparagraph (C); or
"(ii) 180 days.

"(C) Duration of Ineligibility.—

"(i) First Violation.—The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 1 month after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

"(ii) Second Violation.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—
“(I) the date the individual becomes eligible under subparagraph (A); 

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

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

“(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of— 

“(I) the date the individual becomes eligible under subparagraph (A); 

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

“(III) a date determined by the State agency; or
“(IV) at the option of the State agency, permanently.

“(D) ADMINISTRATION.—

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

“(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

“(iii) DETERMINATION BY STATE AGENCY.—

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

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

“(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

“(cc) whether an individual is in compliance with a requirement under subparagraph (A).
"(II) NOT LESS RESTRICTIVE.—A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

"(v) SELECTING A HEAD OF HOUSEHOLD.—

"(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the house-
hold if all adult household members making application under the food stamp program agree to the selection.

"(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

"(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

"(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

"(II) if the head of the household becomes the head of another house-
hold, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.”.

(b) CONFORMING AMENDMENT.—

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

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

“(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.”.

SEC. 1026. CARETAKER EXEMPTION.

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

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SEC. 1027. EMPLOYMENT AND TRAINING.

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

(1) in subparagraph (A)—

(A) by striking "Not later than April 1, 1987, each" and inserting "Each";

(B) by inserting "work," after "skills, training,"; and

(C) by adding at the end the following: "Each component of an employment and training program carried out under this paragraph shall be delivered through a statewide workforce development system, unless the component is not available locally through the statewide workforce development system.”;

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: “, except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application:”;

(B) in clause (i), by striking "with terms and conditions" and all that follows through "time of application"; and

(C) in clause (iv)—
(i) by striking subclauses (I) and (II); and
(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(3) in subparagraph (D)—
(A) in clause (i), by striking “to which the application” and all that follows through “30 days or less”;
(B) in clause (ii), by striking “but with respect” and all that follows through “child care”; and
(C) in clause (iii), by striking “, on the basis of” and all that follows through “clause (ii)” and inserting “the exemption continues to be valid”;

(4) in subparagraph (E), by striking the third sentence;

(5) in subparagraph (G)—
(A) by striking “(G)(i) The State” and inserting “(G) The State”; and
(B) by striking clause (ii);

(6) in subparagraph (H), by striking “(H)(i) The Secretary” and all that follows through “(ii) Federal funds” and inserting “(H) Federal funds”;

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(7) in subparagraph (I)(i)(II), by striking ", or was in operation," and all that follows through "Social Security Act" and inserting the following: ")

except that no such payment or reimbursement shall exceed the applicable local market rate;"

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

"(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including under subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.)."; and

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

(9) in subparagraph (L), as redesignated by paragraph (8)(B)—
(A) by striking "(L)(i) The Secretary" and
inserting "(L) The Secretary"; and
(B) by striking clause (ii).

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

"(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

"(1) IN GENERAL.—

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

"(i) for fiscal year 1996, $75,000,000;

"(ii) for fiscal year 1997, $79,000,000;

"(iii) for fiscal year 1998, $81,000,000;

"(iv) for fiscal year 1999, $84,000,000;

"(v) for fiscal year 2000, $86,000,000;
“(vi) for fiscal year 2001, $88,000,000; and
“(vii) for fiscal year 2002, $90,000,000.

“(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that gives consideration to the population in each State affected by section 6(o).

“(C) REALLOCATION.—
“(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

“(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

“(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency
operating an employment and training program shall receive not less than $50,000 in each fiscal year.”.

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

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

(1) in paragraph (5)—

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

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 1028. COMPARABLE TREATMENT FOR DISQUALIFICATION.

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

“(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

“(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of
the member to perform an action required under a Federal, State, or local law relating to a means-tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

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

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

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

(1) in paragraph (24), by striking “and” at the end;
(2) in paragraph (25), by striking the period at the end and inserting a semicolon; and
(3) by adding at the end the following:
“(26) the guidelines the State agency uses in carrying out section 6(i); and”.

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

SEC. 1029. DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1028, is amended by adding at the end the following:
“(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.—An individual shall be ineligible to participate in the food stamp program as a member of any household for a 10-year period if the individual is found by a State agency to have made, or is convicted in a Federal or State court of having made, a fraudulent statement or representation with respect to the identity or place of residence of the individual in order to receive multiple benefits simultaneously under the food stamp program.”.
SEC. 1030. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 1028 and 1029, is amended by adding at the end the following:

"(k) DISQUALIFICATION OF FLEEING FELONS.—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

"(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the law of the place from which the individual is fleeing, for a crime, or attempt to commit a crime, that is a felony under the law of the place from which the individual is fleeing or that, in the case of New Jersey, is a high misdemeanor under the law of New Jersey; or

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

SEC. 1031. COOPERATION WITH CHILD SUPPORT AGENCIES.

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

"(l) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—"
“(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as ‘the individual’) who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

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

“(B) in obtaining support for—

“(i) the child; or

“(ii) the individual and the child.

“(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with standards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.
“(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

“(m) NONCUSTODIAL PARENT’S COOPERATION WITH CHILD SUPPORT AGENCIES.—

“(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified noncustodial parent of a child under the age of 18 (referred to in this subsection as ‘the individual’) shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

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

“(B) in providing support for the child.

“(2) REFUSAL TO COOPERATE.—

“(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).
“(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

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

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

SEC. 1032. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

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

“(n) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

“(1) IN GENERAL.—At the option of the State agency, no individual shall be eligible to participate in the food stamp program as a member of any
household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

"(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

"(A) a court is allowing the individual to delay payment; or

"(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual."

SEC. 1033. WORK REQUIREMENT.

(a) In General.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 1028 through 1032, is amended by adding at the end the following:

"(o) WORK REQUIREMENT.—

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

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

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or
“(C) a program of employment and training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under section 6(d)(4), other than a job search program or a job search training program.

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

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

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

“(C) participate in a program under section 20 or a comparable program established by a State or political subdivision of a State.

“(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—
“(A) under 18 or over 50 years of age;

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

“(C) a parent or other member of a household with responsibility for a dependent child;

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

“(E) a pregnant woman.

“(4) WAIVER.—

“(A) IN GENERAL.—On the request of a State agency, the Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

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

“(ii) does not have a sufficient number of jobs to provide employment for the individuals.

“(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.
“(5) Subsequent Eligibility.—

“(A) In general.—Paragraph (2) shall cease to apply to an individual if, during a 30-day period, the individual—

“(i) works 80 or more hours;

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

“(iii) participates in a program under section 20 or a comparable program established by a State or political subdivision of a State.

“(B) Limitation.—During the subsequent 12-month period, the individual shall be eligible to participate in the food stamp program for not more than 4 months during which the individual does not—

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

“(ii) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency; or
“(iii) participate in a program under section 20 or a comparable program established by a State or political subdivision of a State.”.

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

SEC. 1034. ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

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

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

“(1) ELECTRONIC BENEFIT TRANSFERS.—

“(A) IMPLEMENTATION.—Each State agency shall implement an electronic benefit transfer system in which household benefits determined under section 8(a) or 26 are issued and stored in a central databank before October 1, 2002, unless the Secretary provides a waiver for a State agency that faces unusual
barriers to implementing an electronic benefit transfer system.

"(B) TIMELY IMPLEMENTATION.—State agencies are encouraged to implement an electronic benefit transfer system under subparagraph (A) as soon as practicable.

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

"(D) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

"(i) commercial electronic funds transfer technology;

"(ii) the need to permit interstate operation and law enforcement monitoring; and

"(iii) the need to permit monitoring and investigations by authorized law enforcement agencies.";

(2) in paragraph (2)—
(A) by striking "effective no later than April 1, 1992,;"

(B) in subparagraph (A)—

(i) by striking ", in any 1 year,;" and

(ii) by striking "on-line;"

(C) by striking subparagraph (D) and inserting the following:

"(D)(i) measures to maximize the security of a system using the most recent technology available that the State agency considers appropriate and cost effective and which may include personal identification numbers, photographic identification on electronic benefit transfer cards, and other measures to protect against fraud and abuse; and

(ii) effective not later than 2 years after the effective date of this clause, to the extent practicable, measures that permit a system to differentiate items of food that may be acquired with an allotment from items of food that may not be acquired with an allotment;",

(D) in subparagraph (G), by striking "and" at the end;

(E) in subparagraph (H), by striking the period at the end and inserting "; and"; and

(F) by adding at the end the following:
“(I) procurement standards.”; and

(3) by adding at the end the following:

“(7) REPLACEMENT OF BENEFITS.—Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper food stamp issuance system.

“(8) REPLACEMENT CARD FEE.—A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

“(9) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

“(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

“(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the
household or any authorized representative of
the household may utilize the card.

"(10) APPLICATION OF ANTI TYING RESTRICTIONS TO ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

"(A) IN GENERAL.—A company shall not sell or provide electronic benefit transfer services, or fix or vary the consideration for such services, on the condition or requirement that the customer—

"(i) obtain some additional point-of-sale service from the company or any affiliate of the company; or

"(ii) not obtain some additional point-of-sale service from a competitor of the company or competitor of any affiliate of the company.

"(B) DEFINITIONS.—In this paragraph—

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

"(ii) COMPANY.—The term ‘company’ shall have the same meaning as in section 106(a) of the Bank Holding Company Act Amendments of 1970, but shall not include
a bank, bank holding company, or any subsidiary of a bank holding company.

"(iii) ELECTRONIC BENEFIT TRANSFER SERVICE.—The term 'electronic benefit transfer service' means the processing of electronic transfers of household benefits determined under section 8(a) or 26 where the benefits are—

"(I) issued from and stored in a central databank;

"(II) electronically accessed by household members at the point of sale; and

"(III) provided by a Federal or state government.

"(iv) POINT-OF-SALE SERVICE.—The term 'point-of-sale service' means any product or service related to the electronic authorization and processing of payments for merchandise at a retail food store, including but not limited to credit or debit card services, automated teller machines, point-of-sale terminals, or access to on-line systems.
“(C) Consultation with the Federal Reserve Board.—Before promulgating regulations or interpretations of regulations to carry out this paragraph, the Secretary shall consult with the Board of Governors of the Federal Reserve System.”.

(b) Sense of Congress.—It is the sense of Congress that a State that operates an electronic benefit transfer system under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) should operate the system in a manner that is compatible with electronic benefit transfer systems operated by other States.

SEC. 1035. VALUE OF MINIMUM ALLOTMENT.

The proviso in section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking “, and shall be adjusted” and all that follows through “$5”.

SEC. 1036. BENEFITS ON RECERTIFICATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more than one month”.

SEC. 1037. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.

Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended by striking paragraph (3) and inserting the following:
“(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.”.

SEC. 1038. FAILURE TO COMPLY WITH OTHER MEANS-TESTED PUBLIC ASSISTANCE PROGRAMS.

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

“(d) REDUCTION OF PUBLIC ASSISTANCE BENEFITS.—

“(1) IN GENERAL.—If the benefits of a household are reduced under a Federal, State, or local law relating to a means-tested public assistance program for the failure of a member of the household to per-
form an action required under the law or program, for the duration of the reduction—

"(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

"(B) the State agency may reduce the allotment of the household by not more than 25 percent.

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

SEC. 1039. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.

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

"(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.—

"(1) IN GENERAL.—In the case of an individual who resides in a center for the purpose of a drug or
alcoholic treatment program described in the last
sentence of section 3(i), a State agency may provide
an allotment for the individual to—

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

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

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

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

Section 9(a)(1) of the Food Stamp Act of 1977 (7
U.S.C. 2018(a)(1)) is amended by adding at the end the
following: “No retail food store or wholesale food concern
of a type determined by the Secretary, based on factors
that include size, location, and type of items sold, shall
be approved to be authorized or reauthorized for participa-
tion in the food stamp program unless an authorized em-
ployee of the Department of Agriculture, a designee of the
Secretary, or, if practicable, an official of the State or local
SEC. 1041. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

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

"(3) AUTHORIZATION PERIODS.—The Secretary shall establish specific time periods during which authorization to accept and redeem coupons, or to redeem benefits through an electronic benefit transfer system, shall be valid under the food stamp program.".

SEC. 1042. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

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

(1) in the first sentence, by inserting "which may include relevant income and sales tax filing documents," after "submit information"; and

(2) by inserting after the first sentence the following: "The regulations may require retail food stores and wholesale food concerns to provide writ-
ten authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.”.

SEC. 1043. WAITING PERIOD FOR STORES THAT FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: “A retail food store or wholesale food concern that is denied approval to accept and redeem coupons because the store or concern does not meet criteria for approval established by the Secretary may not, for at least 6 months, submit a new application to participate in the program. The Secretary may establish a longer time period under the preceding sentence, including permanent disqualification, that reflects the severity of the basis of the denial.”.

SEC. 1044. OPERATION OF FOOD STAMP OFFICES.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020), as amended by sections 1020(b) and 1028(b), is amended—

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:
“(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in areas in which a substantial number of members of low-income households speak a language other than English;

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

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

“(ii) shall develop an application containing the information necessary to comply with this Act;

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

“(iv) shall consider an application that contains the name, address, and signature of
the applicant to be filed on the date the applicant submits the application;

“(v) shall require that an adult representative of each applicant household certify in writing, under penalty of perjury, that—

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

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

“(vi) shall provide a method of certifying and issuing coupons to eligible homeless individuals, to ensure that participation in the food stamp program is limited to eligible households; and

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

“(C) that nothing in this Act shall prohibit the use of signatures provided and maintained electronically, storage of records using automated retrieval systems only, or any other feature of a State agency’s application system that does not rely exclusively on the collection and retention of paper applications or other records;
“(D) that the signature of any adult under this paragraph shall be considered sufficient to comply with any provision of Federal law requiring a household member to sign an application or statement;”;

(B) in paragraph (3), as amended by section 1020(b)—

(i) by striking “shall—” and all that follows through “provide each” and inserting “shall provide each”; and

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

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

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

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

(2) in subsection (i)—

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

“(i) APPLICATION AND DENIAL PROCEDURES.—
“(1) APPLICATION PROCEDURES.—Notwithstanding any other provision of law,”; and

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

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

SEC. 1045. STATE EMPLOYEE AND TRAINING STANDARDS.

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

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

“(A) the’’;

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

“(B) the’’;

(3) in subparagraph (B), by striking “United States Civil Service Commission” and inserting “Office of Personnel Management”; and

(4) by striking subparagraphs (C) through (E).
Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking "that (A) such" and inserting the following: "that—

"(A) the";

(2) by striking "law, (B) notwithstanding" and inserting the following: "law;

"(B) notwithstanding";

(3) by striking "Act, and (C) such" and inserting the following: "Act;

"(C) the"; and

(4) by adding at the end the following:

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

"(i) the member—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to
commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

“(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

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

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

“(E) the safeguards shall not prevent compliance with paragraph (16);”.

SEC. 1047. EXPEDITED COUPON SERVICE.

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

(1) in subparagraph (A)—

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

(B) by inserting “and” at the end;

(2) by striking subparagraphs (B) and (C);
(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B), as redesignated by paragraph (3), by striking "(B), or (C)".

SEC. 1048. WITHDRAWING FAIR HEARING REQUESTS.

Section 11(e)(10) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(10)) is amended by inserting before the semicolon at the end a period and the following: "At the option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for the fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the withdrawal request and providing the household with an opportunity to request a hearing".

SEC. 1049. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS.

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

(1) in subsection (e)(18), as redesignated by section 1044(1)(D)—

(A) by striking "that information is" and inserting "at the option of the State agency, that information may be"; and
(B) by striking "shall be requested" and inserting "may be requested"; and
(2) by adding at the end the following:

"(p) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, in carrying out the food stamp program, a State agency shall not be required to use an income and eligibility or an immigration status verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b-7)."

SEC. 1050. DISQUALIFICATION OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

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

(1) in paragraph (2), by striking "and" at the end;
(2) in paragraph (3), by striking the period at the end and inserting "; and"; and
(3) by adding at the end the following:

"(4) for a reasonable period of time to be determined by the Secretary, including permanent disqualification, on the knowing submission of an application for the approval or reauthorization to accept and redeem coupons that contains false information about a substantive matter that was a part of the application.".
(2) by adding at the end the following:

"(18) SUSPENSION OF STORES PENDING REVIEW.—Notwithstanding any other provision of this subsection, any permanent disqualification of a retail food store or wholesale food concern under paragraph (3) or (4) of section 12(b) shall be effective from the date of receipt of the notice of disqualification. If the disqualification is reversed through administrative or judicial review, the Secretary shall not be liable for the value of any sales lost during the disqualification period.”.

SEC. 1054. EXPANDED CRIMINAL FORFEITURE FOR VIOLATIONS.

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

(b) CRIMINAL FORFEITURE.—Section 15 of the Act (7 U.S.C. 2024) is amended by adding at the end the following:

“(h) CRIMINAL FORFEITURE.—

“(1) IN GENERAL.—In imposing a sentence on a person convicted of an offense in violation of subsection (b) or (c), a court shall order, in addition to any other sentence imposed under this subsection,
that the person forfeit to the United States all prop-

erty described in paragraph (2).

"(2) PROPERTY SUBJECT TO FORFEITURE.—All

property, real and personal, used in a transaction or
attempted transaction, to commit, or to facilitate the
commission of, a violation (other than a mis-
demeanor) of subsection (b) or (c), or proceeds
traceable to a violation of subsection (b) or (c), shall
be subject to forfeiture to the United States under
paragraph (1).

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

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

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

"(B) second, to reimburse the Department
of Agriculture Office of Inspector General for
any costs the Office incurred in the law enforce-
ment effort resulting in the forfeiture;

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

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

SEC. 1055. LIMITATION OF FEDERAL MATCH.

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

SEC. 1056. STANDARDS FOR ADMINISTRATION.

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

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 11(g) of the
Act (7 U.S.C. 2020(g)) is amended by striking “the
Secretary’s standards for the efficient and effective
administration of the program established under sec-
tion 16(b)(1) or”.
(2) Section 16(c)(1)(B) of the Act (7 U.S.C. 2025(c)(1)(B)) is amended by striking "pursuant to subsection (b)".

SEC. 1057. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.

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

"(b) WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—

"(1) DEFINITION OF WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—In this subsection, the term 'work supplementation or support program' means a program under which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a public assistance recipient who was not employed by the employer at the time the public assistance recipient entered the program.

"(2) PROGRAM.—A State agency may elect to use an amount equal to the allotment that would otherwise be issued to a household under the food stamp program, but for the operation of this sub-
section, for the purpose of subsidizing or supporting a job under a work supplementation or support program established by the State.

"(3) PROCEDURE.—If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

"(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

"(B) the State agency shall expend the amount received under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

"(C) for purposes of—

"(i) sections 5 and 8(a), the amount received under this subsection shall be excluded from household income and resources; and
“(ii) section 8(b), the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

“(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

“(4) OTHER WORK REQUIREMENTS.—No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 6(d), except during the periods in which the individual is employed under the work supplementation or support program.

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

“(6) DISPLACEMENT.—A work supplementation or support program shall not displace the employ-
ment of individuals who are not supplemented or supported.”.

SEC. 1058. WAIVER AUTHORITY.

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

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) in subparagraph (A)—

(A) by striking the second sentence; and

(B) by striking “benefits to eligible households, including” and inserting the following: “benefits to eligible households, and may waive any requirement of this Act to the extent necessary for the project to be conducted.

“(B) PROJECT REQUIREMENTS.—

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

“(ii) PERMISSIBLE PROJECTS.—The Secretary may conduct a project under subparagraph (A) to—
“(I) improve program administration;

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

“(III) test innovative welfare reform strategies; and

“(IV) allow greater conformity with the rules of other programs than would be allowed but for this paragraph.

“(iii) IMPERMISSIBLE PROJECTS.—

The Secretary may not conduct a project under subparagraph (A) that—

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

“(II) substantially transfers funds made available under this Act to services or benefits provided primarily through another public assistance program; or

“(III) is not limited to a specific time period.
“(iv) ADDITIONAL INCLUDED PROJECTS.—Pilot or experimental projects may include”.

SEC. 1059. RESPONSE TO WAIVERS.

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

“(D) RESPONSE TO WAIVERS.—

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

“(I) approves the waiver request;

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

“(III) denies the waiver request and explains the grounds for the denial; or

“(IV) requests clarification of the waiver request.

“(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall
be considered approved, unless the ap-

proval is specifically prohibited by this Act.

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

SEC. 1060. EMPLOYMENT INITIATIVES PROGRAM.

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

“(d) EMPLOYMENT INITIATIVES PROGRAM.—

“(1) ELECTION TO PARTICIPATE.—

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

“(B) REQUIREMENT.—A State shall be eli-
gible to carry out an employment initiatives
program under this subsection only if not less
than 50 percent of the households that received
food stamp benefits during the summer of 1993
also received benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) during the summer of 1993.

"(2) PROCEDURE.—

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

"(B) PAYMENT.—The Secretary shall pay to each State that has elected to carry out an employment initiatives program under paragraph (1) an amount equal to the value of the allotment that each household would be eligible to receive under this Act but for the operation of this subsection.

"(C) OTHER PROVISIONS.—For purposes of the food stamp program (other than this subsection)—
“(i) cash assistance under this subsection shall be considered to be an allotment; and

“(ii) each household receiving cash benefits under this subsection shall not receive any other food stamp benefit for the period for which the cash assistance is provided.

“(D) ADDITIONAL PAYMENTS.—Each State that has elected to carry out an employment initiatives program under paragraph (1) shall—

“(i) increase the cash benefits provided to each household under this subsection to compensate for any State or local sales tax that may be collected on purchases of food by any household receiving cash benefits under this subsection, unless the Secretary determines on the basis of information provided by the State that the increase is unnecessary on the basis of the limited nature of the items subject to the State or local sales tax; and

“(ii) pay the cost of any increase in cash benefits required by clause (i).
“(3) ELIGIBILITY.—A household shall be eligible to receive cash benefits under paragraph (2) if an adult member of the household—

“(A) has worked in unsubsidized employment for not less than the preceding 90 days;

“(B) has earned not less than $350 per month from the employment referred to in subparagraph (A) for not less than the preceding 90 days;

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

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

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

“(E) elects to receive cash benefits in lieu of food stamp benefits under this subsection.
“(4) EVALUATION.—A State that operates a program under this subsection for 2 years shall provide to the Secretary a written evaluation of the impact of cash assistance under this subsection. The State agency, with the concurrence of the Secretary, shall determine the content of the evaluation.”.

SEC. 1061. REAUTHORIZATION.


SEC. 1062. SIMPLIFIED FOOD STAMP PROGRAM.

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

“SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.

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

“(b) ELECTION.—Subject to subsection (d), a State may elect to carry out a Simplified Food Stamp Program (referred to in this section as a ‘Program’), statewide or in a political subdivision of the State, in accordance with this section.
“(c) OPERATION OF PROGRAM.—If a State elects to carry out a Program, within the State or a political subdivision of the State—

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

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

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

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

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

“(d) APPROVAL OF PROGRAM.—

“(1) STATE PLAN.—A State agency may not operate a Program unless the Secretary approves a State plan for the operation of the Program under paragraph (2).
“(2) APPROVAL OF PLAN.—The Secretary shall approve any State plan to carry out a Program if the Secretary determines that the plan—

“(A) complies with this section; and

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

“(e) INCREASED FEDERAL COSTS.—

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

“(A) participation;

“(B) the income of participants in the food stamp program that is not attributable to public assistance; and

“(C) the thrifty food plan under section 3(o).
“(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later than 30 days after the Secretary makes the determination under paragraph (1).

“(3) ENFORCEMENT.—

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

“(B) TERMINATION.—If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State agency operating the Program and the State agency shall be ineligible to operate a future Program.

“(f) RULES AND PROCEDURES.—

“(1) IN GENERAL.—In operating a Program, a State or political subdivision of a State may follow the rules and procedures established by the State or
political subdivision under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under the food stamp program.

“(2) STANDARDIZED DEDUCTIONS.—In operating a Program, a State or political subdivision of a State may standardize the deductions provided under section 5(e). In developing the standardized deduction, the State shall consider the work expenses, dependent care costs, and shelter costs of participating households.

“(3) REQUIREMENTS.—In operating a Program, a State or political subdivision shall comply with the requirements of—

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

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

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

“(D) subsections (a), (c), (d), and (n) of section 11;
“(E) paragraphs (8), (12), (16), (18), (20), (24), and (25) of section 11(e);

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

“(G) section 16.

“(4) LIMITATION ON ELIGIBILITY.—Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.”.

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

“(25) if a State elects to carry out a Simplified Food Stamp Program under section 26, the plans of the State agency for operating the program, including—
“(A) the rules and procedures to be fol-
lowed by the State agency to determine food
stamp benefits;

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

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

(e) CONFORMING AMENDMENTS.—

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

(A) by striking subsection (e); and

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

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

(A) by striking subsection (i); and

(B) by redesignating subsections (j)
through (l) as subsections (i) through (k), re-
spectively.
“(B) has a payment error rate under section 16(c) that is not more than 6 percent as announced most recently by the Secretary; or

“(C) has a payment error rate in excess of 6 percent and agrees to contribute non-Federal funds for the fiscal year of the grant, for benefits and administration of the State’s food assistance program, the amount determined under paragraph (2).

“(2) STATE MANDATORY CONTRIBUTIONS.—

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

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

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

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

“(ii) 6 percent.

“(B) DETERMINATION.—Notwithstanding sections 13 and 14, the calculation of the contribution shall be based solely on the determination of the Secretary of the payment error rate.
“(C) DATA.—For purposes of implementing subparagraph (A) for a fiscal year, the Secretary shall use the data for the most recent fiscal year available.

“(3) ELECTION LIMITATION.—

“(A) RE-ENTERING FOOD STAMP PROGRAM.—A State that elects to participate in the program under paragraph (1) may in a subsequent year decline to elect to participate in the program and instead participate in the food stamp program in accordance with the other sections of this Act.

“(B) LIMITATION.—Subsequent to re-entering the food stamp program under subparagraph (A), the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not be eligible to elect to participate in the program established under subsection (b).

“(4) PROGRAM EXCLUSIVE.—

“(A) IN GENERAL.—A State that is participating in the program established under subsection (b) shall not be subject to, or receive any benefit under, this Act except as provided in this section.
"(B) CONTRACT WITH FEDERAL GOVERNMENT.—Nothing in this section shall prohibit a State from contracting with the Federal Government for the provision of services or materials necessary to carry out a program under this section.

"(d) LEAD AGENCY.—A State desiring to receive a grant under this section shall designate, in an application submitted to the Secretary under subsection (e)(1), an appropriate State agency responsible for the administration of the program under this section as the lead agency.

"(e) APPLICATION AND PLAN.—

"(1) APPLICATION.—To be eligible to receive assistance under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary shall by regulation require, including:

"(A) an assurance that the State will comply with the requirements of this section;

"(B) a State plan that meets the requirements of paragraph (3); and

"(C) an assurance that the State will comply with the requirements of the State plan under paragraph (3).
“(2) ANNUAL PLAN.—The State plan contained in the application under paragraph (1) shall be submitted for approval annually.

“(3) REQUIREMENTS OF PLAN.—

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

“(B) USE OF BLOCK GRANT FUNDS.—The State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under this section—

“(i) to provide food assistance to needy individuals and families residing in the State, other than residents of institutions who are ineligible for food stamps under section 3(i); and

“(ii) to pay administrative costs incurred in providing the assistance.

“(C) GROUPS SERVED.—The State plan shall describe how and to what extent the program will serve specific groups of individuals and families and how the treatment will differ from treatment under the food stamp program under the other sections of this Act of the individuals and families, including—

“(i) elderly individuals and families;
“(ii) migrants or seasonal farm-workers;
“(iii) homeless individuals and families;
“(iv) individuals and families who live in institutions eligible under section 3(i);
“(v) individuals and families with earnings; and
“(vi) members of Indian tribes or tribal organizations.

“(D) ASSISTANCE FOR ENTIRE STATE.—The State plan shall provide that benefits under this section shall be available throughout the entire State.

“(E) NOTICE AND HEARINGS.—The State plan shall provide that an individual or family who applies for, or receives, assistance under this section shall be provided with notice of, and an opportunity for a hearing on, any action under this section that adversely affects the individual or family.

“(F) ASSESSMENT OF NEEDS.—The State plan shall assess the food and nutrition needs of needy persons residing in the State.
“(G) Eligibility standards.—The State plan shall describe the income, resource, and other eligibility standards that are established for the receipt of assistance under this section.

“(H) Disqualification of fleeing felons.—The State plan shall provide for the disqualification of any individual who would be disqualified from participating in the food stamp program under section 6(k).

“(I) Receiving benefits in more than 1 jurisdiction.—The State plan shall establish a system for the exchange of information with other States to verify the identity and receipt of benefits by recipients.

“(J) Privacy.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any individual or family receiving assistance under this section.

“(K) Other information.—The State plan shall contain such other information as may be required by the Secretary.

“(4) Approval of application and plan.—The Secretary shall approve an application and
State plan that satisfies the requirements of this section.

"(f) No Individual or Family Entitlement to Assistance.—Nothing in this section—

"(1) entitles any individual or family to assistance under this section; or

"(2) limits the right of a State to impose additional limitations or conditions on assistance under this section.

"(g) Benefits for Aliens.—

"(1) Eligibility.—No individual who is an alien shall be eligible to receive benefits under a State plan approved under subsection (e)(4) if the individual is not eligible to participate in the food stamp program due to the alien status of the individual.

"(2) Income.—The State plan shall provide that the income of an alien shall be determined in accordance with section 5(i).

"(h) Employment and Training.—

"(1) Work Requirements.—No individual or household shall be eligible to receive benefits under a State plan funded under this section if the individual or household is not eligible to participate in the
food stamp program under subsection (d) or (o) of
section 6.

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

“(i) ENFORCEMENT.—

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

“(2) NONCOMPLIANCE.—

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

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

“(ii) in the operation of any program
or activity for which assistance is provided
under this section, there is a failure by the
State to comply substantially with any pro-
vision of this section;
the Secretary shall notify the State of the finding and that no further grants will be made to the State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further grants to the State will be made with respect to the program or activity) until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

"(B) OTHER PENALTIES.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addition to, or in lieu of, imposing the penalties described in subparagraph (A), impose other appropriate penalties, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

"(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional penalty being imposed under subparagraph (B).

"(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—"
and mineral supplements commercially available; the pur-
chasing habits of low income populations with regard to
vitamins and minerals; the impact on the food purchases
of low income households; and the economic impact on ag-
gricultural commodities. The Secretary shall report the re-
sults of the study to the Committee on Agriculture of the
U.S. House of Representatives not later than December
15, 1996.”.

SEC. 1065. INVESTIGATIONS.
Section 12(a) of the Food Stamp Act of 1977 (7
U.S.C. 2021(a)) is amended by adding at the end the fol-
lowing:
“Regulations issued pursuant to this Act shall provide cri-
teria for the finding of violations and the suspension or
disqualification of a retail food store or wholesale food con-
cern on the basis of evidence which may include, but is
not limited to, facts established through on-site investiga-
tions, inconsistent redemption data or evidence obtained
through transaction reports under electronic benefit trans-
fer systems.”.

SEC. 1066. FOOD STAMP ELIGIBILITY.
Section 6(f) of the Food Stamp Act of 1977 (7
U.S.C. 2015(f)) is amended by striking the third sentence
and inserting the following:
"The State agency shall, at its option, consider either all income and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection, or such income, less a pro rata share, and the financial resources of the ineligible individual, to determine the eligibility and the value of the allotment of the household of which such individual is a member."

SEC. 1067. REPORT BY THE SECRETARY.

The Secretary of Agriculture may report to the Committee on Agriculture of the House of Representatives, not later than January 1, 2000, on the effect of the food stamp reforms in the Welfare and Medicaid Reform Act of 1996 and the ability of State and local governments to deal with people in poverty. The report must answer the question: "Did people become more personally responsible and were work opportunities provided such that poverty in America is better managed?".

SEC. 1068. DEFICIT REDUCTION.

It is the sense of the Committee on Agriculture of the House of Representatives that reductions in outlays resulting from this title shall not be taken into account for purposes of section 552 of the Balanced Budget and Emergency Deficit Control Act of 1985.
SEC. 1074. REPORT ON ENTITLEMENT COMMODITY PROCESSING.


Subtitle C—Electronic Benefit Transfer Systems

SEC. 1091. PROVISIONS TO ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) is amended—

(1) by striking “(d) In the event” and inserting “(d) APPLICABILITY TO SERVICE PROVIDERS OTHER THAN CERTAIN FINANCIAL INSTITUTIONS.—

“(1) IN GENERAL.—In the event”; and

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

“(2) STATE AND LOCAL GOVERNMENT ELECTRONIC BENEFIT TRANSFER PROGRAMS.—

“(A) EXEMPTION GENERALLY.—The disclosures, protections, responsibilities, and remedies established under this title, and any regulation prescribed or order issued by the Board in accordance with this title, shall not apply to any electronic benefit transfer program estab-
lished under State or local law or administered by a State or local government.

"(B) EXCEPTION FOR DIRECT DEPOSIT INTO RECIPIENT'S ACCOUNT.—Subparagraph (A) shall not apply with respect to any electronic funds transfer under an electronic benefit transfer program for deposits directly into a consumer account held by the recipient of the benefit.

"(C) RULE OF CONSTRUCTION.—No provision of this paragraph may be construed as—

"(i) affecting or altering the protections otherwise applicable with respect to benefits established by Federal, State, or local law; or

"(ii) otherwise superseding the application of any State or local law.

"(D) ELECTRONIC BENEFIT TRANSFER PROGRAM DEFINED.—For purposes of this paragraph, the term 'electronic benefit transfer program'—

"(i) means a program under which a government agency distributes needs-tested benefits by establishing accounts to be accessed by recipients electronically, such
as through automated teller machines, or
point-of-sale terminals; and

"(ii) does not include employment-re-
related payments, including salaries and pen-
sion, retirement, or unemployment benefits
established by Federal, State, or local gov-
ernments.".

TITLE II—COMMITTEE ON
COMMERC

SEC. 2000. TABLE OF CONTENTS.

The table of contents of this title is as follows:

Sec. 2000. Table of contents.

Subtitle A—Involvement of Commerce Committee in Federal Government
Position Reductions

Sec. 2001. Involvement of Commerce Committee in Federal government posi-
tion reductions.

Subtitle B—Restricting Public Benefits for Aliens

CHAPTER 1—ELIGIBILITY FOR FEDERAL BENEFITS

Sec. 2101. Aliens who are not qualified aliens ineligible for Federal public bene-
fits.
Sec. 2102. Five-year limited eligibility of qualified aliens for Federal means-
tested public benefit.
Sec. 2103. Notification.

CHAPTER 2—GENERAL PROVISIONS

Sec. 2111. Definitions.
Sec. 2112. Verification of eligibility for Federal public benefits.

Subtitle C—Energy Assistance

Sec. 2201. Energy assistance.

Subtitle D—Abstinence Education

Sec. 2301. Abstinence education.
Subtitle A—Involvement of Commerce Committee in Federal Government Position Reductions

SEC. 2001. INVOLVEMENT OF COMMERCE COMMITTEE IN FEDERAL GOVERNMENT POSITION REDUCTIONS.

In any provision of law that provides for consultation with (or a report to) a relevant committee of Congress respecting reductions in Federal Government positions, a reference to the Committee on Commerce of the House of Representatives shall be deemed to have been made in relation to matters within the jurisdiction of such Committee.

Subtitle B—Restricting Public Benefits for Aliens

CHAPTER 1—ELIGIBILITY FOR FEDERAL BENEFITS

SEC. 2101. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.

(a) In General.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 2111) is not eligible for any Federal public benefit (as defined in subsection (c)).
(b) EXCEPTIONS.—Subsection (a) shall not apply
with respect to the following Federal public benefits:

(1) Emergency medical services under title XIX
of the Social Security Act.

(2)(A) Public health assistance for immuniza-
tions.

(B) Public health assistance for testing and
treatment of a serious communicable disease if the
Secretary of Health and Human Services determines
that it is necessary to prevent the spread of such
disease.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for
purposes of this part, the term “Federal public ben-
efit” means—

(A) any grant, contract, loan, professional
license, or commercial license provided by an
agency of the United States or by appropriated
funds of the United States; and

(B) any retirement, welfare, health, dis-
ability, or any other similar benefit for which
payments or assistance are provided to an indi-
vidual, household, or family eligibility unit by
an agency of the United States or by appro-
priated funds of the United States,
but only if such grant, contract, loan, or license under subparagraph (A) or program providing benefits under subparagraph (B) is under the jurisdiction of the Committee on Commerce of the House of Representatives.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Attorney General, after consultation with the Secretary of State.

SEC. 2102. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 2111)
and who enters the United States on or after the date
of the enactment of this Act is not eligible for any Federal
means-tested public benefit (as defined in subsection (c))
for a period of five years beginning on the date of the
alien’s entry into the United States with a status within
the meaning of the term “qualified alien”.

(b) EXCEPTIONS.—The limitation under subsection
(a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND
ASYLEES.—

(A) An alien who is admitted to the United
States as a refugee under section 207 of the
Immigration and Nationality Act.

(B) An alien who is granted asylum under
section 208 of such Act.

(C) An alien whose deportation is being
withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—
An alien who is lawfully residing in any State and
is—

(A) a veteran (as defined in section 101 of
title 38, United States Code) with a discharge
characterized as an honorable discharge and not
on account of alienage,
(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(c) **Federal Means-Tested Public Benefit Defined.**—

(1) Except as provided in paragraph (2), for purposes of this part, the term "Federal means-tested public benefit" means a Federal public benefit described in section 2101(c) in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.

(2) Such term does not include the following:

(A) Emergency medical services under title XIX of the Social Security Act.

(B)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services
determines that it is necessary to prevent the
spread of such disease.

SEC. 2103. NOTIFICATION.

Each Federal agency that administers a program to
which section 2101 or 2102 applies shall, directly or
through the States, post information and provide general
notification to the public and to program recipients of the
changes regarding eligibility for any such program pursuant
to this subpart.

CHAPTER 2—GENERAL PROVISIONS

SEC. 2111. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in
this part, the terms used in this part have the same mean-
ing given such terms in section 101(a) of the Immigration
and Nationality Act.

(b) QUALIFIED ALIEN.—For purposes of this part,
the term “qualified alien” means an alien who, at the time
the alien applies for, receives, or attempts to receive a
Federal public benefit, is—

(1) an alien who is lawfully admitted for perma-
nent residence under the Immigration and National-
ity Act,

(2) an alien who is granted asylum under sec-
tion 208 of such Act,
(3) a refugee who is admitted to the United States under section 207 of such Act,

(4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,

(5) an alien whose deportation is being withheld under section 243(h) of such Act, or

(6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

SEC. 2112. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal public benefit (as defined in section 2101(c)), to which the limitation under section 2101 applies, is a qualified alien and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.
(b) **STATE COMPLIANCE.**—Not later than 24 months after the date the regulations described in subsection (a) are adopted, a State that administers a program that provides a Federal public benefit shall have in effect a verification system that complies with the regulations.

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

**Subtitle C—Energy Assistance**

**SEC. 2201. ENERGY ASSISTANCE.**

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

(1) by striking "(f)(1) Notwithstanding" and inserting "(f) Notwithstanding"; and

(2) by striking paragraph (2).

**Subtitle D—Abstinence Education**

**SEC. 2301. ABSTINENCE EDUCATION.**

(a) **INCREASES IN FUNDING.**—Section 501(a) of the Social Security Act (42 U.S.C. 701(a)) is amended in the matter preceding paragraph (1) by striking "Fiscal year 1990 and each fiscal year thereafter" and inserting "Fiscal years 1990 through 1995 and $761,000,000 for fiscal year 1996 and each fiscal year thereafter".

(b) **ABSTINENCE EDUCATION.**—Section 501(a)(1) of such Act (42 U.S.C. 701(a)(1)) is amended—
(1) in subparagraph (C), by striking “and” at the end;

(2) in subparagraph (D), by adding “and” at the end; and

(3) by adding at the end the following new sub-
ner paragraph:

“(E) to provide abstinence education, and
at the option of the State, where appropriate,
mentoring, counseling, and adult supervision to
promote abstinence from sexual activity, with a
focus on those groups which are most likely to
bear children out-of-wedlock.”.

(c) ABSTINENCE EDUCATION DEFINED.—Section
501(b) of such Act (42 U.S.C. 701(b)) is amended by add-
ing at the end the following new paragraph:

“(5) ABSTINENCE EDUCATION.—For purposes
of this subsection, the term ‘abstinence education’
means an educational or motivational program
which—

“(A) has as its exclusive purpose, teaching
the social, psychological, and health gains to be
realized by abstaining from sexual activity;

“(B) teaches abstinence from sexual activ-
ity outside marriage as the expected standard
for all school age children;
“(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

“(D) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

“(E) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

“(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child’s parents, and society;

“(G) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

“(H) teaches the importance of attaining self-sufficiency before engaging in sexual activity.”.

(d) SET-ASIDE.—

(1) IN GENERAL.—Section 502(c) of such Act (42 U.S.C. 702(c)) is amended in the matter preceding paragraph (1) by striking “From” and inserting “Except as provided in subsection (e), from”.

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(2) SET-ASIDE.—Section 502 of such Act (42 U.S.C. 702) is amended by adding at the end the following new subsection:

"(e) Of the amounts appropriated under section 501(a) for any fiscal year, the Secretary shall set aside $75,000,000 for abstinence education in accordance with section 501(a)(1)(E).".

TITLE III—COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES

SEC. 3001. SHORT TITLE.

This title may be cited as the "Personal Responsibility and Work Opportunity Act of 1996".

SEC. 3002. TABLE OF CONTENTS.

The table of contents of this title is as follows:

Sec. 3001. Short title.
Sec. 3002. Table of contents.

Subtitle A—Child Care

Sec. 3101. Short title and references.
Sec. 3102. Goals.
Sec. 3103. Authorization of appropriations and entitlement authority.
Sec. 3104. Lead agency.
Sec. 3105. Application and plan.
Sec. 3106. Limitation on State allotments.
Sec. 3107. Activities to improve the quality of child care.
Sec. 3108. Repeal of early childhood development and before- and after-school care requirement.
Sec. 3109. Administration and enforcement.
Sec. 3110. Payments.
Sec. 3111. Annual report and audits.
Sec. 3112. Report by the Secretary.
Sec. 3113. Allotments.
Sec. 3114. Definitions.
Sec. 3115. Repeals.
Sec. 3116. Effective date.
(1) shall revisit the provisions of this title, or the amendments made by this title, which caused such increase; and

(2) shall, as soon as practicable thereafter, pass legislation that stops the continuation of such increase.

TITLE IV—COMMITTEE ON WAYS AND MEANS

SEC. 4001. SHORT TITLE.

This title may be cited as the “Personal Responsibility and Work Opportunity Act of 1996”.

SEC. 4002. TABLE OF CONTENTS.

The table of contents of this title is as follows:

Sec. 4001. Short title.
Sec. 4002. Table of contents.

Subtitle A—Block Grants for Temporary Assistance for Needy Families

Sec. 4101. Findings.
Sec. 4102. Reference to Social Security Act.
Sec. 4103. Block grants to States.
Sec. 4104. Services provided by charitable, religious, or private organizations.
Sec. 4105. Census data on grandparents as primary caregivers for their grandchildren.
Sec. 4106. Report on data processing.
Sec. 4107. Study on alternative outcomes measures.
Sec. 4108. Conforming amendments to the Social Security Act.
Sec. 4109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
Sec. 4110. Conforming amendments to other laws.
Sec. 4111. Development of prototype of counterfeit-resistant social security card required.
Sec. 4112. Disclosure of receipt of Federal funds.
Sec. 4113. Modifications to the job opportunities for certain low-income individuals program.
Sec. 4114. Secretarial submission of legislative proposal for technical and conforming amendments.
Sec. 4115. Conforming amendments to medicaid program.
Sec. 4116. Effective date; transition rule.
Subtitle B—Supplemental Security Income

Sec. 4200. Reference to Social Security Act.

CHAPTER 1—ELIGIBILITY RESTRICTIONS

Sec. 4201. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.

Sec. 4202. Denial of SSI benefits for fugitive felons and probation and parole violators.

Sec. 4203. Treatment of prisoners.

Sec. 4204. Effective date of application for benefits.

CHAPTER 2—BENEFITS FOR DISABLED CHILDREN

Sec. 4211. Definition and eligibility rules.

Sec. 4212. Eligibility redeterminations and continuing disability reviews.

Sec. 4213. Additional accountability requirements.

Sec. 4214. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by private insurance.

Sec. 4215. Regulations.

CHAPTER 3—ADDITIONAL ENFORCEMENT PROVISIONS

Sec. 4221. Installment payment of large past-due supplemental security income benefits.

Sec. 4222. Recovery of supplemental security income overpayments from social security benefits.

Sec. 4223. Regulations.

CHAPTER 4—STATE SUPPLEMENTATION PROGRAMS

Sec. 4225. repeal of maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits.

CHAPTER 5—STUDIES REGARDING SUPPLEMENTAL SECURITY INCOME PROGRAM

Sec. 4231. Annual report on the supplemental security income program.

Sec. 4232. Study of disability determination process.

Sec. 4233. Study by General Accounting Office.

CHAPTER 6—NATIONAL COMMISSION ON THE FUTURE OF DISABILITY

Sec. 4241. Establishment.

Sec. 4242. Duties of the commission.

Sec. 4243. Membership.

Sec. 4244. Staff and support services.

Sec. 4245. Powers of commission.

Sec. 4246. Reports.

Sec. 4247. Termination.

Sec. 4248. Authorization of appropriations.

Subtitle C—Child Support

Sec. 4300. Reference to Social Security Act.
Sec. 4301. State obligation to provide child support enforcement services.
Sec. 4302. Distribution of child support collections.
Sec. 4303. Privacy safeguards.
Sec. 4304. Rights to notification of hearings.

CHAPTER 2—LOCATE AND CASE TRACKING

Sec. 4311. State case registry.
Sec. 4312. Collection and disbursement of support payments.
Sec. 4313. State directory of new hires.
Sec. 4314. Amendments concerning income withholding.
Sec. 4315. Locator information from interstate networks.
Sec. 4316. Expansion of the Federal Parent Locator Service.
Sec. 4317. Collection and use of social security numbers for use in child support enforcement.

CHAPTER 3—STREAMLINING AND UNIFORMITY OF PROCEDURES

Sec. 4321. Adoption of uniform State laws.
Sec. 4322. Improvements to full faith and credit for child support orders.
Sec. 4323. Administrative enforcement in interstate cases.
Sec. 4324. Use of forms in interstate enforcement.
Sec. 4325. State laws providing expedited procedures.

CHAPTER 4—Paternity Establishment

Sec. 4331. State laws concerning paternity establishment.
Sec. 4332. Outreach for voluntary paternity establishment.
Sec. 4333. Cooperation by applicants for and recipients of part A assistance.

CHAPTER 5—Program Administration and Funding

Sec. 4341. Performance-based incentives and penalties.
Sec. 4342. Federal and State reviews and audits.
Sec. 4343. Required reporting procedures.
Sec. 4344. Automated data processing requirements.
Sec. 4345. Technical assistance.
Sec. 4346. Reports and data collection by the Secretary.
Sec. 4347. Child support delinquency penalty.

CHAPTER 6—Establishment and Modification of Support Orders

Sec. 4351. Simplified process for review and adjustment of child support orders.
Sec. 4352. Furnishing consumer reports for certain purposes relating to child support.
Sec. 4353. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

CHAPTER 7—Enforcement Of Support Orders

Sec. 4361. Internal Revenue Service collection of arrears.
Sec. 4362. Authority to collect support from Federal employees.
Sec. 4363. Enforcement of child support obligations of members of the Armed Forces.
Sec. 4364. Voiding of fraudulent transfers.
Sec. 4365. Work requirement for persons owing past-due child support.
Sec. 4366. Definition of support order.
Sec. 4367. Reporting arrearages to credit bureaus.
Sec. 4368. Liens.
Sec. 4369. State law authorizing suspension of licenses.
Sec. 4370. Denial of passports for nonpayment of child support.
Sec. 4371. International support enforcement.
Sec. 4372. Financial institution data matches.
Sec. 4373. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.
Sec. 4374. Nondischargeability in bankruptcy of certain debts for the support of a child.

CHAPTER 8—MEDICAL SUPPORT

Sec. 4376. Correction to ERISA definition of medical child support order.
Sec. 4377. Enforcement of orders for health care coverage.

CHAPTER 9—ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-RESIDENTIAL PARENTS

Sec. 4381. Grants to States for access and visitation programs.

CHAPTER 10—EFFECTIVE DATES AND CONFORMING AMENDMENTS

Sec. 4391. Effective dates and conforming amendments.

Subtitle D—Restricting Welfare and Public Benefits for Aliens

CHAPTER 1—ELIGIBILITY FOR FEDERAL BENEFITS

Sec. 4401. Aliens who are not qualified aliens ineligible for Federal public benefits.
Sec. 4402. Limited eligibility of qualified aliens for certain Federal programs.
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

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SEC. 4101. FINDINGS.

The Congress makes the following findings:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(F) Young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time.
(G) Between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000.

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

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

(J) Children of single-parent homes are 3 times more likely to fail and repeat a year in grade school than are children from intact 2-parent families.

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

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

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

(9) Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in part A of title IV of the Social Security Act (as amended by section 4103(a) of this Act) is intended to address the crisis.

SEC. 4102. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this subtitle an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

SEC. 4103. BLOCK GRANTS TO STATES.

(a) IN GENERAL.—Part A of title IV (42 U.S.C. 601 et seq.) is amended—

(1) by striking all that precedes section 418 (as added by section 4803(b)(2) of this Act) and inserting the following:
“PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

“SEC. 401. PURPOSE.

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

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

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

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

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

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

“SEC. 402. ELIGIBLE STATES; STATE PLAN.

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

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

"(A) GENERAL PROVISIONS.—A written document that outlines how the State intends to do the following:

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

"(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier.
“(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with section 407.

“(iv) Take such reasonable steps as the State deems necessary to restrict the use and disclosure of information about individuals and families receiving assistance under the program attributable to funds provided by the Federal Government.

“(B) SPECIAL PROVISIONS.—

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

“(ii) The document shall indicate whether the State intends to provide assistance under the program to individuals who are not citizens of the United States, and if so, shall include an overview of such assistance.

“(iii) The document shall set forth objective criteria for the delivery of benefits
and the determination of eligibility and for fair and equitable treatment, including an explanation of how the State will provide opportunities for recipients who have been adversely affected to be heard in a State administrative or appeal process.

"(2) Certification that the State will operate a child support enforcement program.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

"(3) Certification that the State will operate a child protection program.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child protection program under the State plan approved under part B.

"(4) Certification of the administration of the program.—A certification by the chief executive officer of the State specifying which State agency or agencies will administer and supervise the program referred to in paragraph (1) for the fiscal year, which shall include assurances that local governments and private sector organizations—
“(A) have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations; and

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

“(5) Certification that the State will provide Indians with equitable access to assistance.—A certification by the chief executive officer of the State that, during the fiscal year, the State will provide each Indian who is a member of an Indian tribe in the State that does not have a tribal family assistance plan approved under section 412 with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.

“(b) Public availability of State plan summary.—The State shall make available to the public a summary of any plan submitted by the State under this section.

“SEC. 403. GRANTS TO STATES.

“(a) Grants.—

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

"(B) STATE FAMILY ASSISTANCE GRANT DEFINED.—As used in this part, the term 'State family assistance grant' means the greatest of—

"(i) 1/3 of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for fiscal years 1992, 1993, and 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect));

"(ii)(I) the total amount required to be paid to the State under former section 403 for fiscal year 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect)); plus

"(II) an amount equal to 85 percent of the amount (if any) by which the total
amount required to be paid to the State under former section 403(a)(5) for emergency assistance for fiscal year 1995 exceeds the total amount required to be paid to the State under former section 403(a)(5) for fiscal year 1994, if, during fiscal year 1994 or 1995, the Secretary approved under former section 402 an amendment to the former State plan to allow the provision of emergency assistance in the context of family preservation; or

“(iii) ¾ of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for the 1st 3 quarters of fiscal year 1995 (other than with respect to amounts expended by the State under the State plan approved under part F (as so in effect) or for child care under subsection (g) or (i) of former section 402 (as so in effect)), plus the total amount required to be paid to the State for fiscal year 1995 under former section 403(l) (as so in effect).
“(C) TOTAL AMOUNT REQUIRED TO BE PAID TO THE STATE UNDER FORMER SECTION 403 DEFINED.—As used in this part, the term ‘total amount required to be paid to the State under former section 403’ means, with respect to a fiscal year—

“(i) in the case of a State to which section 1108 does not apply, the sum of—

“(I) the Federal share of maintenance assistance expenditures for the fiscal year, before reduction pursuant to subparagraph (B) or (C) of section 403(b)(2) (as in effect on September 30, 1995), as reported by the State on ACF Form 231;

“(II) the Federal share of administrative expenditures (including administrative expenditures for the development of management information systems) for the fiscal year, as reported by the State on ACF Form 231;

“(III) the Federal share of emergency assistance expenditures for the
fiscal year, as reported by the State on ACF Form 231;

"(IV) the Federal share of expenditures for the fiscal year with respect to child care pursuant to subsections (g) and (i) of former section 402 (as in effect on September 30, 1995), as reported by the State on ACF Form 231; and

"(V) the aggregate amount required to be paid to the State for the fiscal year with respect to the State program operated under part F (as in effect on September 30, 1995), as determined by the Secretary, including additional obligations or reductions in obligations made after the close of the fiscal year; and

"(ii) in the case of a State to which section 1108 applies, the lesser of—

"(I) the sum described in clause (i); or

"(II) the total amount certified by the Secretary under former section
403 (as in effect during the fiscal year) with respect to the territory.

"(D) INFORMATION TO BE USED IN DETERMINING AMOUNTS.—

"(i) FOR FISCAL YEARS 1992 AND 1993.—

"(I) In determining the amounts described in subclauses (I) through (IV) of subparagraph (C)(i) for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of April 28, 1995.

"(II) In determining the amount described in subparagraph (C)(i)(V) for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of January 6, 1995.

"(ii) FOR FISCAL YEAR 1994.—In determining the amounts described in subparagraph (C)(i) for any State for fiscal year 1994, the Secretary shall use information available as of April 28, 1995.

"(iii) FOR FISCAL YEAR 1995.—
“(I) In determining the amount described in subparagraph (B)(ii)(II) for any State for fiscal year 1995, the Secretary shall use the information which was reported by the States and estimates made by the States with respect to emergency assistance expenditures and was available as of August 11, 1995.

“(II) In determining the amounts described in subclauses (I) through (III) of subparagraph (C)(i) for any State for fiscal year 1995, the Secretary shall use information available as of October 2, 1995.

“(III) In determining the amount described in subparagraph (C)(i)(IV) for any State for fiscal year 1995, the Secretary shall use information available as of February 28, 1996.

“(IV) In determining the amount described in subparagraph (C)(i)(V) for any State for fiscal year 1995, the Secretary shall use information available as of October 5, 1995.
"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 such sums as are necessary for grants under this paragraph.

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

"'(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary for fiscal year 1998 or any succeeding fiscal year, a grant in an amount equal to the State family assistance grant multiplied by—

"'(i) 5 percent if—

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

"'(II) the rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995; or

"'(ii) 10 percent if—
“(I) the illegitimacy ratio of the State for the fiscal year is at least 2 percentage points lower than the illegitimacy ratio of the State for fiscal year 1995; and

“(II) the rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995.

“(B) ILLEGITIMACY RATIO.—As used in this paragraph, the term ‘illegitimacy ratio’ means, with respect to a State and a fiscal year—

“(i) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

“(ii) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

“(C) DISREGARD OF CHANGES IN DATA DUE TO CHANGED REPORTING METHODS.—For
purposes of subparagraph (A), the Secretary shall disregard—

"(i) any difference between the illegitimacy ratio of a State for a fiscal year and the illegitimacy ratio of the State for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate the illegitimacy ratio; and

"(ii) any difference between the rate of induced pregnancy terminations in a State for a fiscal year and such rate for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate such rate.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 1998 and for each succeeding fiscal year such sums as are necessary for grants under this paragraph.

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

"(A) IN GENERAL.—Each qualifying State shall, subject to subparagraph (F), be entitled to receive from the Secretary—
“(i) for fiscal year 1997 a grant in an amount equal to 2.5 percent of the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

“(ii) for each of fiscal years 1998, 1999, and 2000, a grant in an amount equal to the sum of—

“(I) the amount (if any) required to be paid to the State under this paragraph for the immediately preceding fiscal year; and

“(II) 2.5 percent of the sum of—

“(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

“(bb) the amount (if any) required to be paid to the State under this paragraph for the fiscal year preceding the fiscal year for which the grant is to be made.
"(B) Preservation of grant without increases for states failing to remain qualifying states.—Each State that is not a qualifying State for a fiscal year specified in subparagraph (A)(ii) but was a qualifying State for a prior fiscal year shall, subject to subparagraph (F), be entitled to receive from the Secretary for the specified fiscal year, a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.

"(C) Qualifying state.—

"(i) In general.—For purposes of this paragraph, a State is a qualifying State for a fiscal year if—

"(I) the level of welfare spending per poor person by the State for the immediately preceding fiscal year is less than the national average level of State welfare spending per poor person for such preceding fiscal year; and

"(II) the population growth rate of the State (as determined by the Bureau of the Census) for the most
recent fiscal year for which information is available exceeds the average population growth rate for all States (as so determined) for such most recent fiscal year.

"(ii) State must qualify in fiscal year 1997.—Notwithstanding clause (i), a State shall not be a qualifying State for any fiscal year after 1997 by reason of clause (i) if the State is not a qualifying State for fiscal year 1997 by reason of clause (i).

"(iii) Certain states deemed qualifying states.—For purposes of this paragraph, a State is deemed to be a qualifying State for fiscal years 1997, 1998, 1999, and 2000 if—

"(I) the level of welfare spending per poor person by the State for fiscal year 1996 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1996; or

"(II) the population of the State increased by more than 10 percent
from April 1, 1990 to July 1, 1994, according to the population estimates in publication CB94–204 of the Bureau of the Census.

“(D) DEFINITIONS.—As used in this paragraph:

“(i) LEVEL OF WELFARE SPENDING PER POOR PERSON.—The term ‘level of State welfare spending per poor person’ means, with respect to a State and a fiscal year—

“(I) the sum of—

“(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

“(bb) the amount (if any) paid to the State under this paragraph for the immediately preceding fiscal year; divided by

“(II) the number of individuals, according to the 1990 decennial census, who were residents of the State
and whose income was below the poverty line.

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

"(I) the total amount required to be paid to the States under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; divided by

"(II) the number of individuals, according to the 1990 decennial census, who were residents of any State and whose income was below the poverty line.

"(iii) STATE.—The term 'State' means each of the 50 States of the United States and the District of Columbia.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, and 2000 such
sums as are necessary for grants under this paragraph, in a total amount not to exceed $800,000,000.

"(F) GRANTS REDUCED PRO RATA IF INSUFFICIENT APPROPRIATIONS.—If the amount appropriated pursuant to this paragraph for a fiscal year is less than the total amount of payments otherwise required to be made under this paragraph for the fiscal year, then the amount otherwise payable to any State for the fiscal year under this paragraph shall be reduced by a percentage equal to the amount so appropriated divided by such total amount.

“(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2000.

“(4) BONUS TO REWARD HIGH PERFORMANCE STATES.—

“(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is a high performing State.
“(B) AMOUNT OF GRANT.—

“(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a high performing State for a bonus year, which shall be based on the score assigned to the State under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

“(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

“(C) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, the Secretary, in consultation with the National Governors' Association and the American Public Welfare Association, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a).
“(D) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—

For each bonus year, the Secretary shall—

“(i) use the formula developed under subparagraph (C) to assign a score to each eligible State for the fiscal year that immediately precedes the bonus year; and

“(ii) prescribe a performance threshold in such a manner so as to ensure that—

“(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $100,000,000; and

“(II) the total amount of grants to be made under this paragraph for all bonus years equals $500,000,000.

“(E) DEFINITIONS.—As used in this paragraph:


“(ii) HIGH PERFORMING STATE.—The term ‘high performing State’ means, with respect a bonus year, an eligible State
whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the performance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

"(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003 $500,000,000 for grants under this paragraph.

"(5) SUPPLEMENTAL GRANT FOR OPERATION OF WORK PROGRAM.—

"(A) APPLICATION REQUIREMENTS.—An eligible State may submit to the Secretary an application for additional funds to meet the requirements of section 407 with respect to a fiscal year if the Secretary determines that—

"(i) the total expenditures of the State to meet such requirements for the fiscal year exceed the total expenditures of the State during fiscal year 1994 to carry out part F (as in effect on September 30, 1994);
“(ii) the work programs of the State under this section are coordinated with the job training programs established by title II of the Job Training Partnership Act, or (if such title is repealed by an Act that becomes law during the 104th Congress) the Act that repeals such title; and

“(iii) the State needs additional funds to meet such requirements or certifies that it intends to exceed such requirements.

“(B) GRANTS.—The Secretary may make a grant to any eligible State which submits an application in accordance with subparagraph (A) for a fiscal year in an amount equal to the Federal medical assistance percentage of the amount (if any) by which the total expenditures of the State to meet or exceed the requirements of section 407 for the fiscal year exceeds the total expenditures of the State during fiscal year 1994 to carry out part F (as in effect on September 30, 1994).

“(C) REGULATIONS.—The Secretary shall issue regulations providing for the equitable distribution of funds under this paragraph.
“(D) AUTHORIZATION OF APPROPRIATIONS.—

“(i) IN GENERAL.—There are authorized to be appropriated for grants under this paragraph $3,000,000,000 for fiscal year 1999.

“(ii) AVAILABILITY.—Amounts appropriated pursuant to clause (i) are authorized to remain available until expended.

“(b) CONTINGENCY FUND.—

“(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the ‘Contingency Fund for State Welfare Programs’ (in this section referred to as the ‘Fund’).

“(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, 2000, and 2001 such sums as are necessary for payment to the Fund in a total amount not to exceed $2,000,000,000.

“(3) GRANTS.—

“(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an eli-
ble month, the Secretary shall, subject to this paragraph, pay to the State, from amounts appropriated pursuant to paragraph (2), an amount equal to the amount of funds so requested.

"(B) PAYMENT PRIORITY.—The Secretary shall make payments under subparagraph (A) in the order in which the Secretary receives requests for such payments.

"(C) LIMITATIONS.—

"(i) MONTHLY PAYMENT TO A STATE.—The total amount paid to a single State under subparagraph (A) during a month shall not exceed $\frac{1}{12}$ of 20 percent of the State family assistance grant.

"(ii) PAYMENTS TO ALL STATES.—The total amount paid to all States under subparagraph (A) during fiscal years 1997 through 2001 shall not exceed the total amount appropriated pursuant to paragraph (2).

"(4) ANNUAL RECONCILIATION.—Notwithstanding paragraph (3), at the end of each fiscal year, each State shall remit to the Secretary an amount equal to the amount (if any) by which the total...
amount paid to the State under paragraph (3) dur-
ing the fiscal year exceeds—

"(A) the Federal medical assistance per-
centage for the State for the fiscal year (as de-
defined in section 1905(b), as in effect on Sep-
tember 30, 1995) of the amount (if any) by
which the expenditures under the State pro-
gram funded under this part for the fiscal year
exceed historic State expenditures (as defined in
section 409(a)(7)(B)(iii)); multiplied by

"(B) $\frac{1}{12}$ times the number of months dur-
ing the fiscal year for which the Secretary
makes a payment to the State under this sub-
section.

"(5) ELIGIBLE MONTH.—As used in paragraph
(3)(A), the term 'eligible month' means, with respect
to a State, a month in the 2-month period that be-
gins with any month for which the State is a needy
State.

"(6) NEEDY STATE.—For purposes of para-
graph (5), a State is a needy State for a month if—

"(A) the average rate of—

"(i) total unemployment in such State
(seasonally adjusted) for the period con-
sisting of the most recent 3 months for
which data for all States are published equals or exceeds 6.5 percent; and

"(ii) total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years;

or

"(B) as determined by the Secretary of Agriculture (in the discretion of the Secretary of Agriculture), the monthly average number of individuals (as of the last day of each month) participating in the food stamp program in the State in the then most recently concluded 3-month period for which data are available exceeds by not less than 10 percent the lesser of---

"(i) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1994 if the amendments made by subtitles D and J of the Personal Respon-
sibility and Work Opportunity Act of 1996 had been in effect throughout fiscal year 1994; or

“(ii) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1995 if the amendments made by subtitles D and J of the Personal Responsibility and Work Opportunity Act of 1996 had been in effect throughout fiscal year 1995.

“(7) OTHER TERMS DEFINED.—As used in this subsection:

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

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

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

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

"SEC. 404. USE OF GRANTS.

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

"(1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with assistance in meeting home heating and cooling costs; or

"(2) in any manner that the State was authorized to use amounts received under part A or F, as such parts were in effect on September 30, 1995.

"(b) LIMITATION ON USE OF GRANT FOR ADMINISTRATIVE PURPOSES.—

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

"(2) EXCEPTION.—Paragraph (1) shall not apply to the use of a grant for information technology and computerization needed for tracking or monitoring required by or under this part.
“(c) Authority to Treat Interstate Immigrants Under Rules of Former State.—A State operating a program funded under this part may apply to a family the rules (including benefit amounts) of the program funded under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

“(d) Authority to Use Portion of Grant for Other Purposes.—

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

“(A) Part B or E of this title.

“(B) Title XX of this Act.

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

“(2) Applicable Rules.—Any amount paid to the State under this part that is used to carry out a State program pursuant to a provision of law specified or described 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.

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

"(f) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under section 403 may use the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

"(g) IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—A State to which a grant is made under section 403 is encouraged to implement an electronic benefit transfer system for providing assistance under the State program funded under this part, and may use the grant for such purpose.

"SEC. 405. ADMINISTRATIVE PROVISIONS.

"(a) QUARTERLY.—The Secretary shall pay each grant payable to a State under section 403 in quarterly installments.
“(b) NOTIFICATION.—Not later than 3 months before the payment of any such quarterly installment to a State, the Secretary shall notify the State of the amount of any reduction determined under section 412(a)(1)(B) with respect to the State.

“(c) COMPUTATION AND CERTIFICATION OF PAYMENTS TO STATES.—

“(1) COMPUTATION.—The Secretary shall estimate the amount to be paid to each eligible State for each quarter under this part, such estimate to be based on a report filed by the State containing an estimate by the State of the total sum to be expended by the State in the quarter under the State program funded under this part and such other information as the Secretary may find necessary.

“(2) CERTIFICATION.—The Secretary of Health and Human Services shall certify to the Secretary of the Treasury the amount estimated under paragraph (1) with respect to a State, reduced or increased to the extent of any overpayment or underpayment which the Secretary of Health and Human Services determines was made under this part to the State for any prior quarter and with respect to which adjustment has not been made under this paragraph.
“(d) PAYMENT METHOD.—Upon receipt of a certification under subsection (c)(2) with respect to a State, the Secretary of the Treasury shall, through the Fiscal Service of the Department of the Treasury and before audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

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

“(1) IN GENERAL.—Upon receiving notice from the Secretary of Health and Human Services that a State agency administering a program funded under this part has notified the Secretary that a named individual has been overpaid under the State program funded under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether the individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is so payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.
"(2) REGULATIONS.—The Secretary of the Treasury shall issue regulations, after review by the Secretary of Health and Human services, that provide—

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

"(i) who are no longer receiving assistance under the State program funded under this part;

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

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

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

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

"SEC. 406. FEDERAL LOANS FOR STATE WELFARE PROGRAMS.

"(a) LOAN AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall make loans to any loan-eligible State, for a period to maturity of not more than 3 years.

"(2) LOAN-ELIGIBLE STATE.—As used in paragraph (1), the term 'loan-eligible State' means a State against which a penalty has not been imposed under section 409(a)(1).

"(b) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under this section at a rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan.
(c) USE OF LOAN.—A State shall use a loan made to the State under this section only for any purpose for which grant amounts received by the State under section 403(a) may be used, including—

“(1) welfare anti-fraud activities; and

“(2) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 412.

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

(e) LIMITATION ON TOTAL AMOUNT OF OUTSTANDING LOANS.—The total dollar amount of loans outstanding under this section may not exceed $1,700,000,000.

(f) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated such sums as may be necessary for the cost of loans under this section.

SEC. 407. MANDATORY WORK REQUIREMENTS.

(a) PARTICIPATION RATE REQUIREMENTS.—

(1) ALL FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall
achieve the minimum participation rate specified in the following table for the fiscal year with respect to all families receiving assistance under the State program funded under this part:

<table>
<thead>
<tr>
<th>If the fiscal year is:</th>
<th>The minimum participation rate is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>25</td>
</tr>
<tr>
<td>1998</td>
<td>30</td>
</tr>
<tr>
<td>1999</td>
<td>35</td>
</tr>
<tr>
<td>2000 or thereafter</td>
<td>40</td>
</tr>
<tr>
<td>2001</td>
<td>45</td>
</tr>
<tr>
<td>2002 or thereafter</td>
<td>50</td>
</tr>
</tbody>
</table>

(2) 2-PARENT FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to 2-parent families receiving assistance under the State program funded under this part:

<table>
<thead>
<tr>
<th>If the fiscal year is:</th>
<th>The minimum participation rate is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>50</td>
</tr>
<tr>
<td>1997</td>
<td>75</td>
</tr>
<tr>
<td>1998</td>
<td>75</td>
</tr>
<tr>
<td>2000 or thereafter</td>
<td>90</td>
</tr>
</tbody>
</table>

(b) Calculation of Participation Rates.—

(1) All families.—

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

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

"(i) the number of families receiving assistance under the State program funded under this part that include an adult who is engaged in work for the month; divided by

"(ii) the amount by which—

"(I) the number of families receiving such assistance during the month that include an adult receiving such assistance; exceeds

"(II) the number of families receiving such assistance that are subject in such month to a penalty described in subsection (e)(1) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive).

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

"(B) MONTHLY PARTICIPATION RATES.—
The participation rate of a State for 2-parent families of the State for a month shall be calculated by use of the formula set forth in paragraph (1)(B), except that in the formula the term ‘number of 2-parent families’ shall be substituted for the term ‘number of families’ each place such latter term appears.

"(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW.—

"(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

"(i) the average monthly number of families receiving assistance during the fis-
cal year under the State program funded under this part is less than

(ii) the average monthly number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

"(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under the State program operated under the State plan approved under part A (as such plan and such part were in effect on September 30, 1995). Such regulations shall place the burden on the Secretary to prove that such families were di-
verted as a direct result of differences in such eligibility criteria.

"(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families receiving assistance under a tribal family assistance plan approved under section 412.

"(5) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may, at its option, not require an individual who is a single custodial parent caring for a child who has not attained 12 months of age to engage in work and may disregard such an individual in determining the participation rates under subsection (a).

"(c) ENGAGED IN WORK.—

"(1) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i), a recipient is engaged in work for a month in a fiscal year if the recipient is participating in work activities for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), or (8) of subsection (d):
"If the month is in fiscal year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Number of Hours per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>20</td>
</tr>
<tr>
<td>1997</td>
<td>20</td>
</tr>
<tr>
<td>1998</td>
<td>20</td>
</tr>
<tr>
<td>1999</td>
<td>25</td>
</tr>
<tr>
<td>2000 or thereafter</td>
<td>30</td>
</tr>
</tbody>
</table>

"(2) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B)(i), an adult is engaged in work for a month in a fiscal year if the adult is making progress in work activities for at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), or (8) of subsection (d).

"(3) LIMITATION ON NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—Notwithstanding paragraphs (1) and (2), an individual shall not be considered to be engaged in work by virtue of participation in an activity described in subsection (d)(6), after the individual has participated in such an activity for 8 weeks in a fiscal year, or if the participation is for a week that is in a fiscal year and that immediately follows 4 consecutive weeks of such participation in the fiscal year. An individual shall be considered to be participating in such an activity for a week if the individual participates in such an activity at any time during the week.
"(4) LIMITATION ON VOCATIONAL EDUCATION

ACTIVITIES COUNTED AS WORK.—For purposes of
determining monthly participation rates under para-
graphs (1)(B)(i) and (2)(B)(i) of subsection (b), not
more than 20 percent of adults in all families and
in 2-parent families determined to be engaged in
work in the State for a month may meet the work
activity requirement through participation in voca-
tional educational training.

"(5) SINGLE PARENT WITH CHILD UNDER AGE

6 DEEMED TO BE MEETING WORK PARTICIPATION

REQUIREMENTS IF PARENT IS ENGAGED IN WORK

FOR 20 HOURS PER WEEK.—For purposes of deter-
mining monthly participation rates under subsection
(b)(1)(B)(i), a recipient in a 1-parent family who is
the parent of a child who has not attained 6 years
of age is deemed to be engaged in work for a month
if the recipient is engaged in work for an average
of at least 20 hours per week during the month.

"(6) TEEN HEAD OF HOUSEHOLD WHO MAINTAINS

SATISFACTORY SCHOOL ATTENDANCE

DEEMED TO BE MEETING WORK PARTICIPATION RE-

QUIREMENTS.—For purposes of determining monthly

participation rates under subsection (b)(1)(B)(i),
a recipient who is a single head of household and
has not attained 20 years of age is deemed to be engaged in work for a month in a fiscal year if the recipient—

“(A) maintains satisfactory attendance at secondary school or the equivalent during the month; or

“(B) participates in education directly related to employment for at least the minimum average number of hours per week specified in the table set forth in paragraph (1).

“(d) WORK ACTIVITIES DEFINED.—As used in this section, the term ‘work activities’ means—

“(1) unsubsidized employment;

“(2) subsidized private sector employment;

“(3) subsidized public sector employment;

“(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

“(5) on-the-job training;

“(6) job search and job readiness assistance;

“(7) community service programs;

“(8) vocational educational training (not to exceed 12 months with respect to any individual);

“(9) job skills training directly related to employment;
"(10) education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency; and

"(11) satisfactory attendance at secondary school, in the case of a recipient who has not completed secondary school.

"(e) PENALTIES AGAINST INDIVIDUALS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required in accordance with this section, the State shall—

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

"(B) terminate such assistance, subject to such good cause and other exceptions as the State may establish.

"(2) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program funded under this part based on a refusal of an adult to work if the adult

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is a single custodial parent caring for a child who has not attained 11 years of age, and the adult proves that the adult has a demonstrated inability (as determined by the State) to obtain needed child care, for 1 or more of the following reasons:

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

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

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

“(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

“(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under a State program funded under this part attributable to funds provided by the Federal Government may fill a vacant employment position in order to engage in a work activity described in subsection (d).

“(2) NO FILLING OF CERTAIN VACANCIES.—No adult in a work activity described in subsection (d) which is funded, in whole or in part, by funds provided by the Federal Government shall be employed or assigned—
“(A) when any other individual is on layoff from the same or any substantially equivalent job; or

“(B) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).

“(3) No PREEMPTION.—Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

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

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

"SEC. 408. PROHIBITIONS; REQUIREMENTS.

"(a) IN GENERAL.—

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

"(A) a minor child who resides with a custodial parent or other adult caretaker relative of the child; or

"(B) a pregnant individual.

"(2) NO ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—

"(A) GENERAL RULE.—A State to which a grant is made under section 403 shall not use any part of the grant to provide cash benefits for a minor child who is born to—

"(i) a recipient of assistance under the program operated under this part; or

"(ii) a person who received such assistance at any time during the 10-month period ending with the birth of the child.
“(B) Exception for children born into families with no other children.—
Subparagraph (A) shall not apply to a minor child who is born into a family that does not include any other children.

“(C) Exception for vouchers.—Subparagraph (A) shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

“(D) Exception for rape or incest.—Subparagraph (A) shall not apply with respect to a child who is born as a result of rape or incest.

“(E) State election to opt out.—Subparagraph (A) shall not apply to a State if State law specifically exempts the State program funded under this part from the application of subparagraph (A).

“(F) Substitution of family caps in effect under waivers.—Subparagraph (A) shall not apply to a State—

“(i) if, as of the date of the enactment of this part, there is in effect a waiver ap-
proved by the Secretary under section 1115 which permits the State to deny aid under the State plan approved under part A of this title (as in effect without regard to the amendments made by subtitle A of the Personal Responsibility and Work Opportunity Act of 1996) to a family by reason of the birth of a child to a family member otherwise eligible for such aid; and

“(ii) for so long as the State continues to implement such policy under the State program funded under this part, under rules prescribed by the State.

“(3) REDUCTION OR ELIMINATION OF ASSISTANCE FOR NONCOOPERATION IN ESTABLISHING PATERNITY OR OBTAINING CHILD SUPPORT.—If the agency responsible for administering the State plan approved under part D determines that an individual is not cooperating with the State in establishing paternity or in establishing, modifying, or enforcing a support order with respect to a child of the individual, and the individual does not qualify for any good cause or other exception established by the State pursuant to section 454(29), then the State—
“(A) shall deduct from the assistance that would otherwise be provided to the family of the individual under the State program funded under this part the share of such assistance attributable to the individual; and

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

“(4) No assistance for families not assigning certain support rights to the State.—

“(A) In general.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrue (or have accrued) before the date the family leaves the program, which assignment, on and after the date the family leaves the program, shall not apply with respect to any
support (other than support collected pursuant to section 464) which accrued before the family received such assistance and which the State has not collected by—

“(i) September 30, 2000, if the assignment is executed on or after October 1, 1997, and before October 1, 2000; or

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

“(B) LIMITATION.—A State to which a grant is made under section 403 shall not require, as a condition of providing assistance to any family under the State program funded under this part, that a member of the family assign to the State any rights to support described in subparagraph (A) which accrue after the date the family leaves the program.

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

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

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

"(6) No assistance for teenage parents
not living in adult-supervised settings.—

"(A) In general.—

"(i) Requirement.—Except as pro-
vided in subparagraph (B), a State to
which a grant is made under section 403
shall not use any part of the grant to pro-
vide assistance to an individual described
in clause (ii) of this subparagraph if the
individual and the minor child referred to
in clause (ii)(II) do not reside in a place of
residence maintained by a parent, legal
guardian, or other adult relative of the in-
dividual as such parent’s, guardian’s, or
adult relative’s own home.

"(ii) Individual described.—For
purposes of clause (i), an individual de-
scribed in this clause is an individual who—

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

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

“(B) EXCEPTION.—

“(i) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in clause (ii), the State agency referred to in section 402(a)(4) shall provide, or assist the individual in locating, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual’s current living arrangement is appropriate, and thereafter shall require that the individual and the minor child referred to in subparagraph (A)(ii)(II) reside in such living arrangement as a condition of the continued receipt of assistance under the State pro-
gram funded under this part attributable to funds provided by the Federal Government (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

“(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual is described in this clause if the individual is described in subparagraph (A)(ii), and—

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

“(II) no living parent, legal guardian, or other appropriate adult relative, who would otherwise meet applicable State criteria to act as the individual’s legal guardian, of such individual allows the individual to live in the home of such parent, guardian, or relative;

“(III) the State agency determines that—
“(aa) the individual or the minor child referred to in subparagraph (A)(ii)(II) is being or has been subjected to serious physical or emotional harm, sexual abuse, or exploitation in the residence of the individual's own parent or legal guardian; or

“(bb) substantial evidence exists of an act or failure to act that presents an imminent or serious harm if the individual and the minor child lived in the same residence with the individual's own parent or legal guardian; or

“(IV) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of subparagraph (A) with respect to the individual or the minor child.

“(iii) SECOND-CHANCE HOME.—For purposes of this subparagraph, the term 'second-chance home' means an entity that provides individuals described in clause (ii)
with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(7) NO MEDICAL SERVICES.—

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

"(B) EXCEPTION FOR FAMILY PLANNING SERVICES.—As used in subparagraph (A), the term 'medical services' does not include family planning services.

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

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds
provided by the Federal Government, for 60 months (whether or not consecutive) after the date the State program funded under this part commences.

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

"(i) a minor child; and

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

"(C) HARDSHIP EXCEPTION.—

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

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

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

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

"(II) sexual abuse;

"(III) sexual activity involving a dependent child;

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

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

"(VI) mental abuse; or

"(VII) neglect or deprivation of medical care.
“(D) RULE OF INTERPRETATION.—Sub-
paragraph (A) shall not be interpreted to re-
quire any State to provide assistance to any in-
dividual for any period of time under the State
program funded under this part.

“(9) DENIAL OF ASSISTANCE FOR 10 YEARS TO
A PERSON FOUND TO HAVE FRAUDULENTLY MIS-
REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-
SISTANCE IN 2 OR MORE STATES.—A State to which
a grant is made under section 403 shall not use any
part of the grant to provide cash assistance to an in-
dividual during the 10-year period that begins on
the date the individual is convicted in Federal or
State court of having made a fraudulent statement
or representation with respect to the place of resi-
dence of the individual in order to receive assistance
simultaneously from 2 or more States under pro-
grams that are funded under this title, title XIX, or
the Food Stamp Act of 1977, or benefits in 2 or
more States under the supplemental security income
program under title XVI. The preceding sentence
shall not apply with respect to a conviction of an
individual, for any month beginning after the Presi-
dent of the United States grants a pardon with re-
spect to the conduct which was the subject of the
conviction.

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

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

"(i) fleeing to avoid prosecution, or
custody or confinement after conviction,
under the laws of the place from which the
individual flees, for a crime, or an attempt
to commit a crime, which is a felony under
the laws of the place from which the indi-
vidual flees, or which, in the case of the
State of New Jersey, is a high mis-
demeanor under the laws of such State; or

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

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

"(B) Exchange of information with law enforcement agencies.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing a Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(i) the recipient—

"(I) is described in subparagraph (A); or

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

"(ii) the location or apprehension of the recipient is within such official duties.
“(11) Denial of Assistance for Minor Children Who Are Absent from the Home for a Significant Period.—

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

“(B) State Authority to Establish Good Cause Exceptions.—The State may establish such good cause exceptions to subparagraph (A) as the State considers appropriate if such exceptions are provided for in the State plan submitted pursuant to section 402.

“(C) Denial of Assistance for Relative Who Fails to Notify State Agency of Absence of Child.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for
an individual who is a parent (or other caretaker relative) of a minor child and who fails to notify the agency administering the State program funded under this part of the absence of the minor child from the home for the period specified in or provided for pursuant to sub-paragraph (A), by the end of the 5-day period that begins with the date that it becomes clear to the parent (or relative) that the minor child will be absent for such period so specified or provided for.

"(12) Income security payments not to be disregarded in determining the amount of assistance to be provided to a family.—If a State to which a grant is made under section 403 uses any part of the grant to provide assistance for any individual who is receiving benefits, or on behalf of whom benefits are paid, under a State plan for old-age assistance approved under section 2, under section 202, 205(j)(1), 223, or 228, under a State program funded under part E that provides cash payments for foster care, or under the supplemental security income program under title XVI, then the State may disregard the payment in determining the amount of assistance to be provided under the State
program funded under this part, from funds provided by the Federal Government, to the family of which the individual is a member.

"(13) Medical assistance required to be provided for 1 year for families becoming ineligible for cash assistance under this part due to increased earnings from employment.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that, if an individual or family becomes ineligible to receive cash assistance under the State program funded under this part as a result of increased earnings from employment, having received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the individual (or in the case of a family, each individual in the family) shall be eligible for medical assistance under the State's plan approved under title XIX during the immediately succeeding 12-month period for so long as family income (as defined by the State), excluding any refund of Federal income taxes made by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made by an employer under section 3507 of such Code (relating to

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advance payment of earned income credit), is less than the poverty line, and that the family will be appropriately notified of such eligibility.

“(14) Medical assistance required to be provided for 4 months for families becoming ineligible for cash assistance under this part due to collection of child support.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that, if any individual or family becomes ineligible to receive cash assistance under the State program funded under this part as a result of the collection or increased collection of child or spousal support under part D, having received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the individual (or, in the case of a family, each individual in the family) shall be eligible for medical assistance under the State’s plan approved under title XIX during the 4-month period beginning with the month in which such ineligibility begins.

“(15) Medical assistance required to be provided for certain individuals.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that,
under section 1931, individuals who would be eligible for cash assistance under the State plan approved under this part (as in effect as of July 16, 1996) if such State plan were still in effect are eligible for medical assistance under the State’s plan approved under title XIX.

“(b) INDIVIDUAL RESPONSIBILITY PLANS.—

“(1) ASSESSMENT.—The State agency responsible for administering the State program funded under this part shall make an initial assessment of the skills, prior work experience, and employability of each recipient of assistance under the program who—

“(A) has attained 18 years of age; or

“(B) has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

“(2) CONTENTS OF PLANS.—

“(A) IN GENERAL.—On the basis of the assessment made under subsection (a) with respect to an individual, the State agency, in consultation with the individual, may develop an individual responsibility plan for the individual, which—
“(i) sets forth an employment goal for the individual and a plan for moving the individual immediately into private sector employment;

“(ii) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

“(iii) to the greatest extent possible is designed to move the individual into whatever private sector employment the individual is capable of handling as quickly as possible, and to increase the responsibility and amount of work the individual is to handle over time;

“(iv) describes the services the State will provide the individual so that the individual will be able to obtain and keep employment in the private sector, and de-
scribe the job counseling and other services that will be provided by the State; and

“(v) may require the individual to undergo appropriate substance abuse treatment.

“(B) TIMING.—The State agency may comply with paragraph (1) with respect to an individual—

“(i) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of aid under the State plan approved under part A (as in effect immediately before such effective date); or

“(ii) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such assistance, in the case of any other individual.

“(3) PENALTY FOR NONCOMPLIANCE BY INDIVIDUAL.—In addition to any other penalties required under the State program funded under this part, the State may reduce, by such amount as the State considers appropriate, the amount of assistance otherwise payable under the State program to a family
that includes an individual who fails without good
cause to comply with an individual responsibility
plan signed by the individual.

"(4) STATE DISCRETION.—The exercise of the
authority of this subsection shall be within the sole
discretion of the State.

"(c) ALIENS.—For special rules relating to the treat-
ment of aliens, see section 4402 of the Personal Respon-

"SEC. 409. PENALTIES.

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

"(1) USE OF GRANT IN VIOLATION OF THIS
PART.—

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

"(B) ENHANCED PENALTY FOR INTEN-
TIONAL VIOLATIONS.—If the State does not
prove to the satisfaction of the Secretary that
the State did not intend to use the amount in violation of this part, the Secretary shall fur-
er reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by an amount equal to 5 percent of the State family assistance grant.

“(2) FAILURE TO SUBMIT REQUIRED REPORT.—

“(A) IN GENERAL.—If the Secretary determines that a State has not, within 1 month after the end of a fiscal quarter, submitted the report required by section 411(a) for the quarter, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 4 percent of the State family assistance grant.

“(B) RESCISSION OF PENALTY.—The Sec-
retary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report if the State submits the report before the end of the fiscal quarter that immediately suc-
cceeds the fiscal quarter for which the report was required.
“(3) Failure to satisfy minimum participation rates.—

“(A) In general.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has failed to comply with section 407(a) for the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 5 percent of the State family assistance grant.

“(B) Penalty based on severity of failure.—The Secretary shall impose reductions under subparagraph (A) based on the degree of noncompliance, and may reduce the penalty if the State experiences an economic downturn that leads to significantly greater unemployment.

“(4) Failure to participate in the income and eligibility verification system.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce the grant payable to the State under section
403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 2 percent of the State family assistance grant.

"(5) FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity or in establishing, modifying, or enforcing a child support order in accordance with such part and who do not qualify for any good cause or other exception established by the State under section 454(29), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year (without regard to this section) by not more than 5 percent.

"(6) FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under
section 406 within the period of maturity applicable to the loan, plus any interest owed on the loan, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter (without regard to this section) by the outstanding loan amount, plus the interest owed on the outstanding amount. The Secretary shall not forgive any outstanding loan amount or interest owed on the outstanding amount.

"(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.—

"(A) IN GENERAL.—The Secretary shall reduce the grant payable to the State under section 403(a)(1) for fiscal year 1998, 1999, 2000, 2001, or 2002 by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year are less than the applicable percentage of historic State expenditures with respect to such preceding fiscal year.

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

"(i) QUALIFIED STATE EXPENDITURES.—
"(I) IN GENERAL.—The term ‘qualified State expenditures’ means, with respect to a State and a fiscal year, the total expenditures by the State during the fiscal year, under all State programs, for any of the following with respect to eligible families:

"(aa) Cash assistance.

"(bb) Child care assistance.

"(cc) Educational activities designed to increase self-sufficiency, job training, and work, excluding any expenditure for public education in the State except expenditures which involve the provision of services or assistance to a member of an eligible family which is not generally available to persons who are not members of an eligible family.

"(dd) Administrative costs in connection with the matters described in items (aa), (bb), (cc), and (ee), but only to the extent that such costs do not ex-
ceed 15 percent of the total amount of qualified State expenditures for the fiscal year.

"(ee) Any other use of funds allowable under section 404(a)(1).

"(II) EXCLUSION OF TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—Such term does not include expenditures under any State or local program during a fiscal year, except to the extent that—

"(aa) the expenditures exceed the amount expended under the State or local program in the fiscal year most recently ending before the date of the enactment of this part, or

"(bb) the State is entitled to a payment under former section 403 (as in effect immediately before such date of enactment) with respect to the expenditures.

"(III) ELIGIBLE FAMILIES.—As used in subclause (I), the term 'eligi-
ble families' means families eligible for assistance under the State program funded under this part, and families that would be eligible for such assistance but for the application of section 408(a)(8) of this Act or section 4402 of the Personal Responsibility and Work Opportunity Act of 1996.

"(ii) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means for fiscal years 1997 through 2001, 75 percent reduced (if appropriate) in accordance with subparagraph (C)(ii).

"(iii) HISTORIC STATE EXPENDITURES.—The term 'historic State expenditures' means, with respect to a State, the lesser of—

"(I) the expenditures by the State under parts A and F (as in effect during fiscal year 1994) for fiscal year 1994; or

"(II) the amount which bears the same ratio to the amount described in subclause (I) as—
“(aa) the State family assistance grant, plus the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994); bears to

“(bb) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994.

Such term does not include any expenditures under the State plan approved under part A (as so in effect) on behalf of individuals covered by a tribal family assistance plan approved under section 412, as determined by the Secretary.

“(iv) Expenditures by the State.—The term ‘expenditures by the State’ does not include—
“(I) any expenditures from amounts made available by the Federal Government;

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

“(III) any State funds which are used to match Federal funds or are expended as a condition of receiving Federal funds under Federal programs other than under this part.

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

“(i) DETERMINATION OF HIGH PERFORMANCE STATES.—The Secretary shall use the formula developed under section 403(a)(4)(C) to assign a score to each eligible State that represents the performance of the State program funded under this part for each fiscal year, and shall prescribe a performance threshold which the Secretary shall use to determine whether to reduce the applicable percentage with respect to any eligible State for a fiscal year.
“(ii) REDUCTION PROPORTIONAL TO PERFORMANCE.—The Secretary shall reduce the applicable percentage for a fiscal year with respect to each eligible State by an amount which is directly proportional to the amount (if any) by which the score assigned to the State under clause (i) for the immediately preceding fiscal year exceeds the performance threshold prescribed under clause (i) for such preceding fiscal year, subject to clause (iii).

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

“(8) SUBSTANTIAL NONCOMPLIANCE OF STATE CHILD SUPPORT ENFORCEMENT PROGRAM WITH REQUIREMENTS OF PART D.—

“(A) IN GENERAL.—If a State program operated under part D is found as a result of a review conducted under section 452(a)(4) not to have complied substantially with the requirements of such part for any quarter, and the Secretary determines that the program is not
complying substantially with such requirements at the time the finding is made, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the quarter and each subsequent quarter that ends before the 1st quarter throughout which the program is found to be in substantial compliance with such requirements by—

"(i) not less than 1 nor more than 2 percent;

"(ii) not less than 2 nor more than 3 percent, if the finding is the 2nd consecutive such finding made as a result of such a review; or

"(iii) not less than 3 nor more than 5 percent, if the finding is the 3rd or a subsequent consecutive such finding made as a result of such a review.

"(B) DISREGARD OF NONCOMPLIANCE WHICH IS OF A TECHNICAL NATURE.—For purposes of subparagraph (A) and section 452(a)(4), a State which is not in full compliance with the requirements of this part shall be determined to be in substantial compliance with such requirements only if the Secretary deter-
mines that any noncompliance with such re-
quirements is of a technical nature which does
not adversely affect the performance of the
State's program operated under part D.

"(9) Failure of state receiving amounts
from contingency fund to maintain 100 per-
cent of historic effort.—If, at the end of any
fiscal year during which amounts from the Conting-
ency Fund for State Welfare Programs have been
paid to a State, the Secretary finds that the expendi-
tures under the State program funded under this
part for the fiscal year are less than 100 percent of
historic State expenditures (as defined in paragraph
(8)(B)(iii) of this subsection), the Secretary shall re-
duce the grant payable to the State under section
403(a)(1) for the immediately succeeding fiscal year
by the total of the amounts so paid to the State.

"(10) Failure to expend additional state
funds to replace grant reductions.—If the
grant payable to a State under section 403(a)(1) for
a fiscal year is reduced by reason of this subsection,
the State shall, during the immediately succeeding
fiscal year, expend under the State program funded
under this part an amount equal to the total amount
of such reductions.
(11) Failure to provide medical assistance to families becoming ineligible for cash assistance under this part due to increased earnings from employment or collection of child support.—

"(A) In general.—If the Secretary determines that a State program funded under this part is not in compliance with paragraph (13) or (14) of section 408(a) for a quarter, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 5 percent of the State family assistance grant.

"(B) Penalty based on severity of failure.—The Secretary shall impose reductions under subparagraph (A) based on the degree of noncompliance.

"(b) Reasonable cause exception.—

"(1) In general.—The Secretary may not impose a penalty on a State under subsection (a) with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement."
“(2) EXCEPTION.—Paragraph (1) of this subsection shall not apply to any penalty under paragraph (7), (8), or (11) of subsection (a).

“(c) CORRECTIVE COMPLIANCE PLAN.—

“(1) IN GENERAL.—

“(A) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under subsection (a) with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this subsection which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

“(B) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under subparagraph (A) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

“(C) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective
compliance plan submitted by a State in accordance with subparagraph (B), the Secretary may consult with the State on modifications to the plan.

"(D) ACCEPTANCE OF PLAN.— A corrective compliance plan submitted by a State in accordance with subparagraph (B) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-day period that begins on the date the plan is submitted.

"(2) EFFECT OF CORRECTING VIOLATION.— The Secretary may not impose any penalty under subsection (a) with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects the violation pursuant to the plan.

"(3) EFFECT OF FAILING TO CORRECT VIOLATION.— The Secretary shall assess some or all of a penalty imposed on a State under subsection (a) with respect to a violation if the State does not, in a timely manner, correct the violation pursuant to a State corrective compliance plan accepted by the Secretary.
“(4) INAPPLICABILITY TO FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR A STATE WELFARE PROGRAM.—This subsection shall not apply to the imposition of a penalty against a State under subsection (a)(6).

“(d) LIMITATION ON AMOUNT OF PENALTY.—

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

“(2) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that paragraph (1) of this subsection prevents the Secretary from recovering during a fiscal year the full amount of penalties imposed on a State under subsection (a) of this section for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year.

“SEC. 410. APPEAL OF ADVERSE DECISION.

“(a) IN GENERAL.—Within 5 days after the date the Secretary takes any adverse action under this part with respect to a State, the Secretary shall notify the chief executive officer of the State of the adverse action, including any action with respect to the State plan submitted under
section 402 or the imposition of a penalty under section 409.

"(b) ADMINISTRATIVE REVIEW.—

"(1) IN GENERAL.—Within 60 days after the date a State receives notice under subsection (a) of an adverse action, the State may appeal the action, in whole or in part, to the Departmental Appeals Board established in the Department of Health and Human Services (in this section referred to as the 'Board') by filing an appeal with the Board.

"(2) PROCEDURAL RULES.—The Board shall consider an appeal filed by a State under paragraph (1) on the basis of such documentation as the State may submit and as the Board may require to support the final decision of the Board. In deciding whether to uphold an adverse action or any portion of such an action, the Board shall conduct a thorough review of the issues and take into account all relevant evidence. The Board shall make a final determination with respect to an appeal filed under paragraph (1) not less than 60 days after the date the appeal is filed.

"(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

"(1) IN GENERAL.—Within 90 days after the date of a final decision by the Board under this sec-
tion with respect to an adverse action taken against a State, the State may obtain judicial review of the final decision (and the findings incorporated into the final decision) by filing an action in—

"(A) the district court of the United States for the judicial district in which the principal or headquarters office of the State agency is located; or

"(B) the United States District Court for the District of Columbia.

"(2) PROCEDURAL RULES.—The district court in which an action is filed under paragraph (1) shall review the final decision of the Board on the record established in the administrative proceeding, in accordance with the standards of review prescribed by subparagraphs (A) through (E) of section 706(2) of title 5, United States Code. The review shall be on the basis of the documents and supporting data submitted to the Board.

"SEC. 411. DATA COLLECTION AND REPORTING.

"(a) QUARTERLY REPORTS BY STATES.—

"(1) GENERAL REPORTING REQUIREMENT.—

"(A) CONTENTS OF REPORT.—Each eligible State shall collect on a monthly basis, and report to the Secretary on a quarterly basis, the
following disaggregated case record information on the families receiving assistance under the State program funded under this part:

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

“(ii) Whether a child receiving such assistance or an adult in the family is disabled.

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

“(iv) The number of individuals in the family, and the relation of each family member to the youngest child in the family.

“(v) The employment status and earnings of the employed adult in the family.

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

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

“(viii) The race and educational status of each child in the family.
“(ix) Whether the family received subsidized housing, medical assistance under the State plan approved under title XIX, food stamps, or subsidized child care, and if the latter 2, the amount received.

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

“(xi) If the adults participated in, and the number of hours per week of participation in, the following activities:

“(I) Education.

“(II) Subsidized private sector employment.

“(III) Unsubsidized employment.

“(IV) Public sector employment, work experience, or community service.

“(V) Job search.

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

“(VII) Vocational education.

“(xii) Information necessary to calculate participation rates under section 407.
“(xiii) The type and amount of assistance received under the program, including the amount of and reason for any reduction of assistance (including sanctions).

“(xiv) Any amount of unearned income received by any member of the family.

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

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

“(I) employment;

“(II) marriage;

“(III) the prohibition set forth in section 408(a)(8);

“(IV) sanction; or

“(V) State policy.

“(B) USE OF ESTIMATES.—

“(i) AUTHORITY.—A State may comply with subparagraph (A) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods approved by the Secretary.
“(ii) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of the performance of State programs funded under this part. The Secretary may develop and implement procedures for verifying the quality of data submitted by the States.

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

“(3) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the total amount expended by the State during the quarter on programs for needy families.

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

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

"(6) REGULATIONS.—The Secretary shall pre-
scribe such regulations as may be necessary to de-
fine the data elements with respect to which reports 
are required by this subsection.

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

"(1) whether the States are meeting—

"(A) the participation rates described in 
section 407(a); and

"(B) the objectives of—
“(i) increasing employment and earnings of needy families, and child support collections; and

“(ii) decreasing out-of-wedlock pregnancies and child poverty;

“(2) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

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

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

“SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

“(a) GRANTS FOR INDIAN TRIBES.—

“(1) TRIBAL FAMILY ASSISTANCE GRANT.—

“(A) IN GENERAL.—For each of fiscal years 1997, 1998, 1999, and 2000, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under subparagraph (B), and shall reduce the grant payable under section 403(a)(1) to any
State in which lies the service area or areas of the Indian tribe by that portion of the amount so determined that is attributable to expenditures by the State.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 (as in effect during such fiscal year) for fiscal year 1994 attributable to expenditures (other than child care expenditures) by the State or States under parts A and F (as so in effect) for fiscal year 1994 for Indian families residing in the service area or areas identified by the Indian tribe pursuant to subsection (b)(1)(C) of this section.

"(ii) USE OF STATE SUBMITTED DATA.—

"(I) IN GENERAL.—The Secretary shall use State submitted data to make each determination under clause (i).
“(II) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under subclause (I), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under clause (i) and the Secretary may consider such information before making such determination.

“(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

“(A) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 a grant in an amount equal to the amount received by the Indian tribe in fiscal year 1994 under section 482(i) (as in effect during fiscal year 1994).

“(B) ELIGIBLE INDIAN TRIBE.—For purposes of subparagraph (A), the term ‘eligible Indian tribe’ means an Indian tribe or Alaska Native organization that conducted a job oppor-
opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during fiscal year 1995).

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

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $7,638,474 for each fiscal year specified in subparagraph (A) for grants under subparagraph (A).

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

"(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

"(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with this section;

"(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agree-
ments, contracts, or compacts with intertribal consortia, States, or other entities;

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

"(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and


"(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).
“(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single tribal family assistance plan by the participating Indian tribes of an intertribal consortium.

“(c) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under the grant, and penalties against individuals—

“(1) consistent with the purposes of this section;

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

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

“(d) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

“(e) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—
“(1) generally accepted accounting principles;
and
“(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).
“(f) Penalties.—
“(1) Subsections (a)(1), (a)(6), and (b) of section 409, shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such subsections apply to a State.
“(2) Section 409(a)(3) shall apply to an Indian tribe with an approved tribal assistance plan by substituting ‘meet minimum work participation requirements established under section 412(c)’ for ‘comply with section 407(a)’.
“(g) Data Collection and Reporting.—Section 411 shall apply to an Indian tribe with an approved tribal family assistance plan.
“(h) Special Rule for Indian Tribes in Alaska.—
“(1) In general.—Notwithstanding any other provision of this section, and except as provided in paragraph (2), an Indian tribe in the State of Alaska that receives a tribal family assistance grant under this section shall use the grant to operate a
program in accordance with requirements com-
parable to the requirements applicable to the pro-
gram of the State of Alaska funded under this part.
Comparability of programs shall be established on
the basis of program criteria developed by the Sec-
retary in consultation with the State of Alaska and
such Indian tribes.

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

"SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUD-
IES.

"(a) RESEARCH.—The Secretary shall conduct re-
search on the benefits, effects, and costs of operating dif-
ferent State programs funded under this part, including
time limits relating to eligibility for assistance. The re-
search shall include studies on the effects of different pro-
grams and the operation of such programs on welfare de-
pendency, illegitimacy, teen pregnancy, employment rates,
child well-being, and any other area the Secretary deems
appropriate. The Secretary shall also conduct research on
the costs and benefits of State activities under section
409.
“(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

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

“(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

“(c) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

“(d) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—
“(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance. In ranking States under this subsection, the Secretary shall take into account the average number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.

“(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.
"(e) ANNUAL RANKING OF STATES AND REVIEW OF
ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

"(1) ANNUAL RANKING OF STATES.—

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

"(i) ABSOLUTE OUT-OF-WEDLOCK RATIO-
s.—The ratio represented by—

"(I) the total number of out-of-
wedlock births in families receiving as-
sistance under the State program
under this part in the State for the
most recent fiscal year for which in-
formation is available; over

"(II) the total number of births
in families receiving assistance under
the State program under this part in
the State for such year.

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

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

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

"(1) the State submits a proposal to the Sec-
retary for the evaluation;

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

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

"(g) REPORT ON CIRCUMSTANCES OF CERTAIN
CHILDREN AND FAMILIES.—

"(1) IN GENERAL.—Beginning 3 years after the
date of the enactment of this Act, the Secretary of
Health and Human Services shall prepare and sub-
mit to the Committees on Ways and Means and on Economic and Educational Opportunities of the House of Representatives and to the Committees on Finance and on Labor and Resources of the Senate annual reports that examine in detail the matters described in paragraph (2) with respect to each of the following groups for the period after such enactment:

“(A) Individuals who were children in families that have become ineligible for assistance under a State program funded under this part by reason of having reached a time limit on the provision of such assistance.

“(B) Families that include a child who is ineligible for assistance under a State program funded under this part by reason of section 408(a)(2).

“(C) Children born after such date of enactment to parents who, at the time of such birth, had not attained 20 years of age.

“(D) Individuals who, after such date of enactment, became parents before attaining 20 years of age.

“(2) MATTERS DESCRIBED.—The matters described in this paragraph are the following:
“(A) The percentage of each group that has dropped out of secondary school (or the equivalent), and the percentage of each group at each level of educational attainment.

“(B) The percentage of each group that is employed.

“(C) The percentage of each group that has been convicted of a crime or has been adjudicated as a delinquent.

“(D) The rate at which the members of each group are born, or have children, out-of-wedlock, and the percentage of each group that is married.

“(E) The percentage of each group that continues to participate in State programs funded under this part.

“(F) The percentage of each group that has health insurance provided by a private entity (broken down by whether the insurance is provided through an employer or otherwise), the percentage that has health insurance provided by an agency of government, and the percentage that does not have health insurance.

“(G) The average income of the families of the members of each group.
"(H) Such other matters as the Secretary deems appropriate.

"(h) FUNDING OF STUDIES AND DEMONSTRATIONS.—

“(1) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $15,000,000 for each fiscal year specified in section 403(a)(1) for the purpose of paying—

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

“(B) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under subsection (b);

“(C) the Federal share of any State-initiated study approved under subsection (f); and

“(D) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to this part, that are in effect or approved under section 1115 as of September 30, 1995, and are continued after such date.

“(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—
spect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the waiver.

"(2) Waivers granted subsequently.—Except as provided in paragraph (3), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1995) is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996 and approved by the Secretary on or before July 1, 1997, and the State demonstrates to the satisfaction of the Secretary that the waiver will not result in Federal expenditures under title IV of this Act (as in effect without regard to the amendments made by the Personal Responsibility and Work Opportunity Act of 1996) that are greater than would occur in the absence of the waiver, the amendments made by the Personal Responsibility and Work Opportunity Act of 1996 (other than by section 4103(d) of such Act) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent the amendments
made by the Personal Responsibility and Work Opportunity Act of 1996 are inconsistent with the waiver.

“(3) Financing Limitation.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in paragraph (1) shall be entitled to payment under section 403 for the fiscal year, in lieu of any other payment provided for in the waiver.

“(b) State Option To Terminate Waiver.—

“(1) In General.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

“(2) Report.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of the waiver.

“(3) Hold Harmless Provision.—

“(A) In General.—Notwithstanding any other provision of law, a State that, not later than the date described in subparagraph (B), submits a written request to terminate a waiver described in subsection (a) shall be held harm-
less for accrued cost neutrality liabilities incurred under the waiver.

"(B) DATE DESCRIBED.—The date described in this subparagraph is 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996.

"(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue the waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of the waiver.

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

"SEC. 416. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

"The programs under this part and part D shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.
"SEC. 417. LIMITATION ON FEDERAL AUTHORITY.

"No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part."); and

(2) by inserting after such section 418 the following:

"SEC. 419. DEFINITIONS.

"As used in this part:

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

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

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

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

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

"(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

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

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

"(i) Arctic Slope Native Association.

"(ii) Kawerak, Inc.

"(iii) Maniilaq Association.

"(iv) Association of Village Council Presidents.

"(v) Tanana Chiefs Conference.

"(vi) Cook Inlet Tribal Council.

"(vii) Bristol Bay Native Association.

"(viii) Aleutian and Pribilof Island Association.

"(ix) Chugachmuit.

"(x) Tlingit Haida Central Council.

"(xi) Kodiak Area Native Association.

"(xii) Copper River Native Association.
"(5) STATE.—Except as otherwise specifically provided, the term 'State' means the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.".

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

(1) by redesignating subsection (c) as subsection (g);

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

"SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, AND AMERICAN SAMOA; LIMITATION ON TOTAL PAYMENTS.

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

"(b) ENTITLEMENT TO MATCHING GRANT.—

"(1) IN GENERAL.—Each territory shall be entitled to receive from the Secretary for each fiscal
year a grant in an amount equal to 75 percent of the amount (if any) by which—

"(A) the total expenditures of the territory during the fiscal year under the territory programs funded under parts A, B, and E of title IV; exceeds

"(B) the sum of—

"(i) the total amount required to be paid to the territory (other than with respect to child care) under former section 403 (as in effect on September 30, 1995) for fiscal year 1995, which shall be determined by applying subparagraphs (C) and (D) of section 403(a)(1) to the territory;

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

"(iii) the total amount expended by the territory during fiscal year 1995 pursuant to parts A, B, and F of title IV (as so in effect), other than for child care.

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

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

"(1) TERRITORY.—The term ‘territory’ means Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"(2) CEILING AMOUNT.—The term ‘ceiling amount’ means, with respect to a territory and a fiscal year, the mandatory ceiling amount with respect to the territory plus the discretionary ceiling amount with respect to the territory, reduced for the fiscal year in accordance with subsection (f).

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

"(A) $105,538,000 with respect to Puerto Rico;

"(B) $4,902,000 with respect to Guam;

"(C) $3,742,000 with respect to the Virgin Islands; and

"(D) $1,122,000 with respect to American Samoa.

"(4) DISCRETIONARY CEILING AMOUNT.—The term ‘discretionary ceiling amount’ means, with respect to a territory and a fiscal year, the total
amount appropriated pursuant to subsection (d)(3) for the fiscal year for payment to the territory.

"(5) TOTAL AMOUNT EXPENDED BY THE TERRITORY.—The term 'total amount expended by the territory'—

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

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

"(i) expenditures during fiscal year 1995 under subsection (g) or (i) of section 402 (as in effect on September 30, 1995); or

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

"(d) DISCRETIONARY GRANTS.—

"(1) IN GENERAL.—The Secretary shall make a grant to each territory for any fiscal year in the amount appropriated pursuant to paragraph (3) for the fiscal year for payment to the territory.
“(2) USE OF GRANT.—Any territory to which a grant is made under paragraph (1) may expend the amount under any program operated or funded under any provision of law specified in subsection (a).

“(3) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—For grants under paragraph (1), there are authorized to be appropriated to the Secretary for each fiscal year—

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

“(B) $345,000 for payment to Guam;

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

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

“(e) AUTHORITY TO TRANSFER FUNDS AMONG PROGRAMS.—Notwithstanding any other provision of this Act, any territory to which an amount is paid under any provision of law specified in subsection (a) may use part or all of the amount to carry out any program operated by the territory, or funded, under any other such provision of law.

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

"(1) the total amount expended by the territory under all programs of the territory operated pursuant to the provisions of law specified in subsection (a) (as such provisions were in effect for fiscal year 1995) for fiscal year 1995; exceeds

"(2) the total amount expended by the territory under all programs of the territory that are funded under the provisions of law specified in subsection (a) for the fiscal year that immediately precedes the fiscal year referred to in the matter preceding paragraph (1).”; and

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

(c) Repeal of Provisions Requiring Reduction of Medicaid Payments to States That Reduce Welfare Payment Levels.—

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

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

(d) Elimination of Child Care Programs Under the Social Security Act.—
(1) AFDC AND TRANSITIONAL CHILD CARE PROGRAMS.—Section 402 (42 U.S.C. 602) is amended by striking subsection (g).

(2) AT-RISK CHILD CARE PROGRAM.—

(A) AUTHORIZATION.—Section 402 (42 U.S.C. 602) is amended by striking subsection (i).

(B) FUNDING PROVISIONS.—Section 403 (42 U.S.C. 603) is amended by striking subsection (n).

SEC. 4104. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

(a) IN GENERAL.—

(1) STATE OPTIONS.—A State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.
(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

   (A) A State program funded under part A of title IV of the Social Security Act (as amended by section 4103(a) of this Act).

   (B) Any other program established or modified under subtitle A, B, or F of this title, that—

   (i) permits contracts with organizations; or

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

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow States to contract with religious organizations, or to allow religious organizations to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other nongovernmental provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.
(c) **Nondiscrimination Against Religious Organizations.**—In the event a State exercises its authority under subsection (a), religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2) so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution. Except as provided in subsection (k), neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) **Religious Character and Freedom.**—

(1) **Religious Organizations.**—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization’s control over the definition, development, practice, and expression of its religious beliefs.
(2) **ADDITIONAL SAFEGUARDS.**—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance;

or

(B) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) **RIGHTS OF BENEFICIARIES OF ASSISTANCE.**—

(1) **IN GENERAL.**—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) within a reasonable period of time after the date of such objection with assistance from an alternative provider that is accessible to the individual and the value of which is not less than the value of the assistance which the individual would have received from such organization.
(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

(f) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e-1a) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (a)(2).

(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(h) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles.
for the use of such funds provided under such pro-
grams.

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

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

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

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

SEC. 4105. CENSUS DATA ON GRANDPARENTS AS PRIMARY
CAREGIVERS FOR THEIR GRANDCHILDREN.

(a) IN GENERAL.—Not later than 90 days after the
date of the enactment of this Act, the Secretary of Com-
merce, in carrying out section 141 of title 13, United States Code, shall expand the data collection efforts of the Bureau of the Census (in this section referred to as the "Bureau") to enable the Bureau to collect statistically significant data, in connection with its decennial census and its mid-decade census, concerning the growing trend of grandparents who are the primary caregivers for their grandchildren.

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

(1) A household in which a grandparent temporarily provides a home for a grandchild for a period of weeks or months during periods of parental distress.

(2) A household in which a grandparent provides a home for a grandchild and serves as the primary caregiver for the grandchild.

SEC. 4106. REPORT ON DATA PROCESSING.

(a) IN GENERAL.—Within 6 months after the date of the enactment of this Act, the Secretary of Health and
Human Services shall prepare and submit to the Congress a report on—

(1) the status of the automated data processing systems operated by the States to assist management in the administration of State programs under part A of title IV of the Social Security Act (whether in effect before or after October 1, 1995); and

(2) what would be required to establish a system capable of—

(A) tracking participants in public programs over time; and

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

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

(1) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in subsection (a)(2); and

(2) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.
SEC. 4107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.

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

(b) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing the findings of the study required by subsection (a).

SEC. 4108. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.

(a) AMENDMENTS TO TITLE II.—

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

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

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

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

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

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

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

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

(C) by striking “under section 402(a)(26)
or” and inserting “pursuant to section
408(a)(4) or under section”.

(3) Section 452(a)(10)(F) (42 U.S.C.
652(a)(10)(F)) is amended—
(A) by striking “aid under a State plan approved” and inserting “assistance under a State program funded”; and

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

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


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

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

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

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

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

(C) by striking “to have good cause for refusing to cooperate under section 402(a)(26)” and inserting “to qualify for a good cause or other exception to cooperation pursuant to section 454(29)”.

(9) Section 452(h) (42 U.S.C. 652(h)) is amended by striking “under section 402(a)(26)” and inserting “pursuant to section 408(a)(4)”.

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

(11) Section 454(5)(A) (42 U.S.C. 654(5)(A))) is amended—
(A) by striking "under section 402(a)(26)"
and inserting "pursuant to section 408(a)(4)"; and
(B) by striking "; except that this para-
graph shall not apply to such payments for any
month following the first month in which the
amount collected is sufficient to make such
family ineligible for assistance under the State
plan approved under part A;" and inserting a
comma.

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

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

(14) Section 466(a)(3)(B) (42 U.S.C.
666(a)(3)(B)) is amended by striking "402(a)(26)"
and inserting "408(a)(3)".

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

(16) Section 469(a) (42 U.S.C. 669(a)) is
amended—
(A) by striking "aid under plans approved" and inserting "assistance under State programs funded"; and

(B) by striking "such aid" and inserting "such assistance".

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

(d) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42 U.S.C. 1202(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(e) AMENDMENTS TO TITLE XI.—

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

(2) Section 1115 (42 U.S.C. 1315) is amended—

(A) in subsection (a)(2)—

(i) by inserting "(A)" after "(2)";

(ii) by striking "403,";

(iii) by striking the period at the end and inserting ", and"; and

(iv) by adding at the end the following new subparagraph:
(B) costs of such project which would not otherwise be a permissible use of funds under part A of title IV and which are not included as part of the costs of projects under section 1110, shall to the extent and for the period prescribed by the Secretary, be regarded as a permissible use of funds under such part.”; and

(B) in subsection (c)(3), by striking “the program of aid to families with dependent children” and inserting “part A of such title”.

(3) Section 1116 (42 U.S.C. 1316) is amended—

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

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

(4) Section 1118 (42 U.S.C. 1318) is amended—

(A) by striking “403(a),”; 

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

(C) by striking “, and shall, in the case of American Samoa, mean 75 per centum with respect to part A of title IV”.

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(5) Section 1119 (42 U.S.C. 1319) is amended—

(A) by striking "or part A of title IV"; and

(B) by striking "403(a),".

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

(7) Section 1136 (42 U.S.C. 1320b–6) is repealed.

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

(A) in subsection (b), by striking paragraph (1) and inserting the following:

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

(B) in subsection (d)(1)(B)—

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

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

(iii) by moving such redesignated material 2 ems to the left.

(f) AMENDMENT TO TITLE XIV.—Section 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking
“aid to families with dependent children under the State plan approved under section 402 of this Act” and inserting “assistance under a State program funded under part A of title IV”.

(g) Amendment to Title XVI as in Effect With Respect to the Territories.—Section 1602(a)(11), as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972 (42 U.S.C. 1382 note), is amended by striking “aid under the State plan approved” and inserting “assistance under a State program funded”.

(h) Amendment to Title XVI as in Effect With Respect to the States.—Section 1611(c)(5)(A) (42 U.S.C. 1382(c)(5)(A)) is amended to read as follows: “(A) a State program funded under part A of title IV,”.

(i) Amendment to Title XIX.—Section 1902(j) (42 U.S.C. 1396a(j)) is amended by striking “1108(c)” and inserting “1108(g)”.

SEC. 4109. CONFORMING AMENDMENTS TO THE FOOD STAMP ACT OF 1977 AND RELATED PROVISIONS.

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

(1) in the second sentence of subsection (a), by striking “plan approved” and all that follows
through “title IV of the Social Security Act” and inserting “program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)”; 
(2) in subsection (d)—
   (A) in paragraph (5), by striking “assistance to families with dependent children” and inserting “assistance under a State program funded”; and
   (B) by striking paragraph (13) and redesignating paragraphs (14), (15), and (16) as paragraphs (13), (14), and (15), respectively;
(3) in subsection (j), by striking “plan approved under part A of title IV of such Act (42 U.S.C. 601 et seq.)” and inserting “program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.)”; and
(4) by striking subsection (m).
(b) Section 6 of such Act (7 U.S.C. 2015) is amended—
(1) in subsection (c)(5), by striking “the State plan approved” and inserting “the State program funded”; and
(2) in subsection (e)(6), by striking “aid to families with dependent children” and inserting “benefits under a State program funded”.

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

(d) Section 17 of such Act (7 U.S.C. 2026) is amended—

(1) in the first sentence of subsection (b)(1)(A), by striking "to aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "or are receiving assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)"; and

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

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

(e) Section 20 of such Act (7 U.S.C. 2029) is amended—

(1) in subsection (a)(2)(B) by striking "operating—" and all that follows through "(ii) any other" and inserting "operating any"; and
(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking "(b)(1) A household"

and inserting "(b) A household"; and

(ii) in subparagraph (B), by striking

"training program" and inserting "activity";

(B) by striking paragraph (2); and

(C) by redesignating subparagraphs (A)

through (F') as paragraphs (1) through (6), re-

spectively.

(f) Section 5(h)(1) of the Agriculture and Consumer

Protection Act of 1973 (Public Law 93–186; 7 U.S.C.

612c note) is amended by striking "the program for aid

to families with dependent children" and inserting "the

State program funded".

(g) Section 9 of the National School Lunch Act (42

U.S.C. 1758) is amended—

(1) in subsection (b)—

(A) in paragraph (2)(C)(ii)(II)—

(i) by striking "program for aid to

families with dependent children" and in-

serting "State program funded"; and

(ii) by inserting before the period at

the end the following: "that the Secretary
determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995”; and

(B) in paragraph (6)—

(i) in subparagraph (A)(ii)—

(I) by striking “an AFDC assistance unit (under the aid to families with dependent children program authorized)” and inserting “a family (under the State program funded); and

(II) by striking “, in a State” and all that follows through “9902(2))” and inserting “that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995”; and

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

(2) in subsection (d)(2)(C)—

(A) by striking “program for aid to families with dependent children” and inserting “State program funded”; and

(B) by inserting before the period at the end the following: “that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995”.


(1) by striking “program for aid to families with dependent children established” and inserting “State program funded”; and
(2) by inserting before the semicolon the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995."

SEC. 4110. CONFORMING AMENDMENTS TO OTHER LAWS.

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

"(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—For purposes of section 455 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information requested of such offices—

"(1) pursuant to the third sentence of section 3(a) of the Act entitled ‘An Act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes’, approved June 6, 1933 (29 U.S.C. 49b(a)), or

"(2) by a State or local agency charged with the duty of carrying a State plan for child support
approved under part D of title IV of the Social Security Act,
shall be considered to constitute expenses incurred in the administration of such State plan.”.

(b) Section 9121 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(c) Section 9122 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(d) Section 221 of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 602 note), relating to treatment under AFDC of certain rental payments for federally assisted housing, is repealed.

(e) Section 159 of the Tax Equity and Fiscal Responsibility Act of 1982 (42 U.S.C. 602 note) is repealed.

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

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

(1) in subsection (a), by striking “aid to families with dependent children under a State plan approved” and inserting “assistance under a State program funded”; and
(2) in subsection (c), by striking “aid to families with dependent children in the State under a State plan approved” and inserting “assistance in the State under a State program funded”.

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

(1) in section 404C(c)(3) (20 U.S.C. 1070a–23(c)(3)), by striking “(Aid to Families with Dependent Children)”; and

(2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by striking “aid to families with dependent children under a State plan approved” and inserting “assistance under a State program funded”.

(i) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) is amended—


(2) in section 232(b)(2)(B) (20 U.S.C. 2341a(b)(2)(B)), by striking “the program for aid to families with dependent children” and inserting “the State program funded”; and
(3) in section 521(14)(B)(iii) (20 U.S.C. 2471(14)(B)(iii)), by striking "the program for aid to families with dependent children" and inserting "the State program funded".

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

(1) in section 1113(a)(5) (20 U.S.C. 6313(a)(5)), by striking "Aid to Families with Dependent Children program" and inserting "State program funded under part A of title IV of the Social Security Act";

(2) in section 1124(c)(5) (20 U.S.C. 6333(c)(5)), by striking "the program of aid to families with dependent children under a State plan approved under" and inserting "a State program funded under part A of"; and

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

(A) in subparagraph (A)(d), by striking "Aid to Families with Dependent Children benefits" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

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

(k) The 4th proviso of chapter VII of title I of Public Law 99–88 (25 U.S.C. 13d–1) is amended to read as follows: “Provided further, That general assistance payments made by the Bureau of Indian Affairs shall be made—

“(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

“(2) on and after October 1, 1995, on the basis of standards of need established under the State program funded under part A of title IV of the Social Security Act,

except that where a State ratably reduces its AFDC or State program payments, the Bureau shall reduce general assistance payments in such State by the same percentage as the State has reduced the AFDC or State program payment.”.

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

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

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking “eligibility for aid or services,” and all that follows through “children approved” and inserting “eligibility for assistance, or the amount of such assistance, under a State program funded”;

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

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

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

(B) by adding at the end of subparagraph (B) the following new sentence: “Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.”;
(5) in section 6103(p)(4) (26 U.S.C. 6103(p)(4)), in the matter preceding subparagraph (A)—

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

(B) by striking "(9), or (12)" and inserting "(9), (10), or (12)";

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

(7) in section 6402 (26 U.S.C. 6402)—

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

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

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

"(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 405(e) of the Social Security Act (concerning..."
recovery of overpayments to individuals under State plans approved under part A of title IV of such Act.

(8) in section 7523(b)(3)(C) (26 U.S.C. 7523(b)(3)(C)), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act".

(m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by striking "State plan approved under part A of title IV" and inserting "State program funded under part A of title IV".

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


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

(3) in section 121(b)(2) (29 U.S.C. 1531(b)(2))—
(A) by striking "the JOBS program" and
inserting "the work activities required under
title IV of the Social Security Act"; and
(B) by striking the second sentence;
(4) in section 123(c) (29 U.S.C. 1533(c))—
(A) in paragraph (1)(E), by repealing
clause (vi); and
(B) in paragraph (2)(D), by repealing
clause (v);
(5) in section 203(b)(3) (29 U.S.C.
1603(b)(3)), by striking "; including recipients
under the JOBS program";
(6) in subparagraphs (A) and (B) of section
204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by
striking "(such as the JOBS program)" each place
it appears;
(7) in section 205(a) (29 U.S.C. 1605(a)), by
striking paragraph (4) and inserting the following:
“(4) the portions of title IV of the Social Secu-
ritv Act relating to work activities;”;
(8) in section 253 (29 U.S.C. 1632)—
(A) in subsection (b)(2), by repealing sub-
paragraph (C); and
(B) in paragraphs (1)(B) and (2)(B) of subsection (c), by striking “the JOBS program or” each place it appears;

(9) in section 264 (29 U.S.C. 1644)—

(A) in subparagraphs (A) and (B) of subsection (b)(1), by striking “(such as the JOBS program)” each place it appears; and

(B) in subparagraphs (A) and (B) of subsection (d)(3), by striking “and the JOBS program” each place it appears;

(10) in section 265(b) (29 U.S.C. 1645(b)), by striking paragraph (6) and inserting the following:

“(6) the portion of title IV of the Social Security Act relating to work activities;”; 

(11) in the second sentence of section 429(e) (29 U.S.C. 1699(e)), by striking “and shall be in an amount that does not exceed the maximum amount that may be provided by the State pursuant to section 402(g)(1)(C) of the Social Security Act (42 U.S.C. 602(g)(1)(C))”; 

(12) in section 454(c) (29 U.S.C. 1734(c)), by striking “JOBS and”; 

(13) in section 455(b) (29 U.S.C. 1735(b)), by striking “the JOBS program,”;
(14) in section 501(1) (29 U.S.C. 1791(1)), by striking “aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)” and inserting “assistance under the State program funded under part A of title IV of the Social Security Act”;

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

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

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

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

(B) by striking clause (vi).

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

“(iv) assistance under a State program funded under part A of title IV of the Social Security Act,”.
Section 2605(b)(2)(A)(i) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(b)(2)(A)(i)) is amended to read as follows:

"(i) assistance under the State program funded under part A of title IV of the Social Security Act;”.

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

(1) by striking "(A)"; and
(2) by striking subparagraphs (B) and (C).

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

(1) in the first section 255(h) (2 U.S.C. 905(h)), by striking "Aid to families with dependent children (75–0412–0–1–609);” and inserting "Block grants to States for temporary assistance for needy families;”; and
(2) in section 256 (2 U.S.C. 906)—
(A) by striking subsection (k); and
(B) by redesignating subsection (l) as subsection (k).

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

(1) in section 210(f) (8 U.S.C. 1160(f)), by striking “aid under a State plan approved under”
each place it appears and inserting “assistance under a State program funded under”;

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

(A) in paragraph (1)(A)(i), by striking “program of aid to families with dependent children” and inserting “State program of assistance”; and

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

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

(t) Section 640(a)(4)(B)(i) of the Head Start Act (42 U.S.C. 9835(a)(4)(B)(i)) is amended by striking “program of aid to families with dependent children under a State plan approved” and inserting “State program of assistance funded”.

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

(v) Subparagraph (E) of section 213(d)(6) of the School-To-Work Opportunities Act of 1994 (20 U.S.C. 6143(d)(6)) is amended to read as follows:
“(E) part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) relating to work activities;”.

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

SEC. 4111. DEVELOPMENT OF PROTOTYPE OF COUNTERFEIT-RESISTANT SOCIAL SECURITY CARD REQUIRED.

(a) DEVELOPMENT.—

(1) IN GENERAL.—The Commissioner of Social Security (in this section referred to as the “Commissioner”) shall, in accordance with this section, develop a prototype of a counterfeit-resistant social security card. Such prototype card shall—

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

(B) employ technologies that provide security features, such as magnetic stripes, holograms, and integrated circuits, and

(C) be developed so as to provide individuals with reliable proof of citizenship or legal resident alien status.
(2) ASSISTANCE BY ATTORNEY GENERAL.—The Attorney General of the United States shall provide such information and assistance as the Commissioner deems necessary to enable the Commissioner to comply with this section.

(b) STUDY AND REPORT.—

(1) IN GENERAL.—The Commissioner shall conduct a study and issue a report to Congress which examines different methods of improving the social security card application process.

(2) ELEMENTS OF STUDY.—The study shall include an evaluation of the cost and work load implications of issuing a counterfeit-resistant social security card for all individuals over a 3-, 5-, and 10-year period. The study shall also evaluate the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.

(3) DISTRIBUTION OF REPORT.—The Commissioner shall submit copies of the report described in this subsection along with a facsimile of the prototype card as described in subsection (a) to the Committees on Ways and Means and Judiciary of the House of Representatives and the Committees on Fi-
nance and Judiciary of the Senate within 1 year after the date of the enactment of this Act.

SEC. 4112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.

(a) IN GENERAL.—Whenever an organization that accepts Federal funds under this title or the amendments made by this title (other than funds provided under title IV, XVI, or XX of the Social Security Act) makes any communication that in any way intends to promote public support or opposition to any policy of a Federal, State, or local government through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public advertising, such communication shall state the following: “This was prepared and paid for by an organization that accepts taxpayer dollars.”.

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

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

(d) EFFECTIVE DATES.—This section shall take ef-
(1) with respect to printed communications 1
year after the date of enactment of this Act; and
(2) with respect to any other communication on
the date of enactment of this Act.

SEC. 4113. MODIFICATIONS TO THE JOB OPPORTUNITIES
FOR CERTAIN LOW-INCOME INDIVIDUALS
PROGRAM.

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

(1) in the heading, by striking "DEMONSTRA-
TION";

(2) by striking "demonstration" each place such
term appears;

(3) in subsection (a), by striking "in each of
fiscal years" and all that follows through "'10" and
inserting "shall enter into agreements with";

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

(5) in subsection (c)—

(A) in paragraph (1)(C), by striking "aid
to families with dependent children under title

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IV of the Social Security Act” and inserting
“assistance under a State program funded part
A of title IV of the Social Security Act”; (B) in paragraph (2), by striking “aid to
families with dependent children under title IV
of such Act” and inserting “assistance under a
State program funded part A of title IV of the
Social Security Act”; (6) in subsection (d), by striking “job opportu-
nities and basic skills training program (as provided
for under title IV of the Social Security Act)” and
inserting “the State program funded under part A
of title IV of the Social Security Act”; and
(7) by striking subsections (e) through (g) and
inserting the following:
“(e) AUTHORIZATION OF APPROPRIATIONS.—For the
purpose of conducting projects under this section, there
is authorized to be appropriated an amount not to exceed
$25,000,000 for any fiscal year.”.

SEC. 4114. SECRETARIAL SUBMISSION OF LEGISLATIVE
PROPOSAL FOR TECHNICAL AND CONFORM-
ing AMENDMENTS.
Not later than 90 days after the date of the enact-
ment of this Act, the Secretary of Health and Human
Services and the Commissioner of Social Security, in con-
consultation, as appropriate, with the heads of other Federal
agencies, shall submit to the appropriate committees of
Congress a legislative proposal proposing such technical
and conforming amendments as are necessary to bring the
law into conformity with the policy embodied in this sub-
title.

SEC. 4115. CONFORMING AMENDMENTS TO MEDICAID PRO-
GRAM.

(a) IN GENERAL.—Title XIX is amended—

(1) in section 1931, by inserting “subject to
section 1931(a),” in subsection (a) after “under this
title,” and by redesignating such section as section
1932; and

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

“CONTINUED APPLICATION OF STANDARDS AND METH-
ODOLOGIES UNDER PART A OF TITLE IV FOR CER-
TAIN INDIVIDUALS

“Sec. 1931. (a) For purposes of applying this title
with respect to a State, notwithstanding any other provi-

sion of this title—

“(1) except as provided in paragraphs (2)
through (4), any reference in this title (or other pro-

vision of law in relation to the operation of this title)
to a provision of part A of title IV, or a State plan
under such part, shall be considered a reference to
such provision or plan as in effect as of July 16, 1996, with respect to the State and eligibility for medical assistance under this title shall be determined as if such provision or plan (as in effect as of such date) remained in effect;

"(2) any reference in section 1902(a)(5) or 1902(a)(55) to a State plan approved under part A of title IV shall be deemed a reference to a State program funded under such part;

"(3) a State may provide that any income standard under the State plan referred to in paragraph (1) may be increased over a period (beginning after July 16, 1996) by a percentage that does not exceed the percentage increase in the consumer price index for all urban consumers (all items; U.S. city average) over such period; and

"(4) in applying section 1925, medical assistance is required to be provided under such section only if it is required to be provided under section 408(a)(13).

"(b) In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of July 16, 1996, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may continue to be applied, at the option of the State, in relation
to this title after the date the waiver would otherwise expire.”.

(b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking “and” at the end of paragraph (61),

(2) by striking the period at the end of paragraph (62) and inserting “; and”, and

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

“(63) provide for continuing to administer eligibility standards with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.”.

(c) CONFORMING AMENDMENTS.—(1) Section 1902(c) (42 U.S.C. 1396a(c)) is amended by striking “if—” and all that follows and inserting the following: “if the State requires individuals described in subsection (l)(1) to apply for assistance under the State program funded under part A of title IV as a condition of applying for or receiving medical assistance under this title.”.

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

SEC. 4116. EFFECTIVE DATE; TRANSITION RULE.

(a) EFFECTIVE DATES.—
(1) IN GENERAL.—Except as otherwise provided in this subtitle, this subtitle and the amendments made by this subtitle shall take effect on July 1, 1997.

(2) DELAYED EFFECTIVE DATE FOR CERTAIN PROVISIONS.—Notwithstanding any other provision of this section, paragraphs (2), (3), (4), (5), (8), and (10) of section 409(a) and section 411(a) of the Social Security Act (as added by the amendments made by section 4103(a) of this Act) shall not take effect with respect to a State until, and shall apply only with respect to conduct that occurs on or after, the later of—

(A) July 1, 1997; or

(B) the date that is 6 months after the date the Secretary of Health and Human Services receives from the State a plan described in section 402(a) of the Social Security Act (as added by such amendment).

(3) ELIMINATION OF CHILD CARE PROGRAMS.—The amendments made by section 4103(d) shall take effect on October 1, 1996.

(4) DEFINITIONS APPLICABLE TO NEW CHILD CARE ENTITLEMENT.—Sections 403(a)(1)(C), 403(a)(1)(D), and 419(4) of the Social Security Act,
as added by the amendments made by section 4103(a) of this Act, shall take effect on October 1, 1996.

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

(1) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—

(A) IN GENERAL.—If the Secretary of Health and Human Services receives from a State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 4103(a)(1) of this Act), then—

(i) on and after the date of such receipt—

(I) except as provided in clause (ii), this subtitle and the amendments made by this subtitle (other than by section 4103(d) of this Act) shall apply with respect to the State; and

(II) the State shall be considered an eligible State for purposes of part A of title IV of the Social Security Act (as in effect pursuant to the
amendments made by such section 4103(a)); and
(ii) during the period that begins on the date of such receipt and ends on June 30, 1997, there shall remain in effect with respect to the State—
(I) section 403(h) of the Social Security Act (as in effect on September 30, 1995); and
(II) all State reporting requirements under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995), modified by the Secretary as appropriate, taking into account the State program under part A of title IV of the Social Security Act (as in effect pursuant to the amendments made by such section 4103(a)).

(B) LIMITATIONS ON FEDERAL OBLIGATIONS.—
(i) UNDER AFDC PROGRAM.—The total obligations of the Federal Government to a State under part A of title IV of the Social Security Act (as in effect on
September 30, 1995) with respect to ex-
penditures in fiscal year 1997 shall not ex-
ceed an amount equal to the State family
assistance grant.

(ii) **UNDER TEMPORARY FAMILY AS-
SISTANCE PROGRAM.**—Notwithstanding
section 403(a)(1) of the Social Security
Act (as in effect pursuant to the amend-
ments made by section 4103(a) of this
Act), the total obligations of the Federal
Government to a State under such section
403(a)(1)—

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

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

(bb) \( \frac{1}{366} \) of the number of
days during the period that be-
gins on the date the Secretary of
Health and Human Services first
receives from the State a plan
described in section 402(a) of the
Social Security Act (as added by
the amendment made by section
4103(a)(1) of this Act) and ends on September 30, 1996; and (II) for fiscal year 1997, shall be an amount equal to the lesser of—

(aa) the amount (if any) by which the State family assistance grant exceeds the total obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures in fiscal year 1997; or

(bb) the State family assistance grant, multiplied by $\frac{1}{365}$ of the number of days during the period that begins on October 1, 1996, or the date the Secretary of Health and Human Services first receives from the State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 4103(a)(1) of this Act).
Act), whichever is later, and ends on September 30, 1997.

(iii) Child care obligations excluded in determining federal AFDC obligations.—As used in this subparagaph, the term "obligations of the Federal Government to the State under part A of title IV of the Social Security Act" does not include any obligation of the Federal Government with respect to child care expenditures by the State.

(C) Submission of state plan for fiscal year 1996 or 1997 deemed acceptance of grant limitations and formula and termination of AFDC entitlement.—The submission of a plan by a State pursuant to subparagraph (A) is deemed to constitute—

(i) the State's acceptance of the grant reductions under subparagraph (B) (including the formula for computing the amount of the reduction); and

(ii) the termination of any entitlement of any individual or family to benefits or services under the State AFDC program.
(D) DEFINITIONS.—As used in this paragraph:

(i) STATE AFDC PROGRAM.—The term “State AFDC program” means the State program under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995).

(ii) STATE.—The term “State” means the 50 States and the District of Columbia.

(iii) STATE FAMILY ASSISTANCE GRANT.—The term “State family assistance grant” means the State family assistance grant (as defined in section 403(a)(1)(B) of the Social Security Act, as added by the amendment made by section 4103(a)(1) of this Act).

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

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this subtitle under the provisions amended; and
(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS SUBTITLE.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made with respect to State expenditures under a State plan approved under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to assistance or services provided on or before September 30, 1995, shall be treated as claims with respect to expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. Each State shall complete the filing of all claims under the State plan (as so in effect) within 2 years after the date of the enactment of this Act.

The head of each Federal department shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs under such State plans; and
(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than from funds authorized by this subtitle.

(4) **CONTINUANCE IN OFFICE OF ASSISTANT SECRETARY FOR FAMILY SUPPORT.**—The individual who, on the day before the effective date of this subtitle, is serving as Assistant Secretary for Family Support within the Department of Health and Human Services shall, until a successor is appointed to such position—

(A) continue to serve in such position; and

(B) except as otherwise provided by law—

(i) continue to perform the functions of the Assistant Secretary for Family Support under section 417 of the Social Security Act (as in effect before such effective date); and

(ii) have the powers and duties of the Assistant Secretary for Family Support under section 416 of the Social Security Act (as in effect pursuant to the amendment made by section 4103(a)(1) of this Act).
(c) **Termination of Entitlement Under AFDC Program.**—Effective October 1, 1996, no individual or family shall be entitled to any benefits or services under any State plan approved under part A or F of title IV of the Social Security Act (as in effect on September 30, 1995).

**Subtitle B—Supplemental Security Income**

**SEC. 4200. Reference to Social Security Act.**

Except as otherwise specifically provided, wherever in this subtitle an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

**CHAPTER 1—Eligibility Restrictions**

**SEC. 4201. Denial of SSI Benefits for 10 Years to Individuals Found to Have Fraudulently Misrepresented Residence in Order to Obtain Benefits Simultaneously in 2 or More States.**

(a) In General.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 105(b)(4) of the Contract with America Advancement Act of 1996, is amended by redesignating paragraph (5) as paragraph (3) and by adding at the end the following new paragraph:
“(4)(A) No person shall be considered an eligible individual or eligible spouse for purposes of this title during the 10-year period that begins on the date the person is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the person in order to receive assistance simultaneously from 2 or more States under programs that are funded under title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under this title.

“(B) As soon as practicable after the conviction of a person in a Federal or State court as described in subparagraph (A), an official of such court shall notify the Commissioner of such conviction.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 4202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 4201(a) of this Act, is amended by adding at the end the following new paragraph:
“(5) No person shall be considered an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

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

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

(b) EXCHANGE OF INFORMATION.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 4201(a) of this Act and subsection (a) of this section, is amended by adding at the end the following new paragraph:

“(6) Notwithstanding any other provision of law (other than section 6103 of the Internal Revenue Code of 1986), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of benefits under this title, if the officer furnishes the Commissioner with the name of the recipient, and other identifying information as reasonably required by
the Commissioner to establish the unique identity of the
recipient, and notifies the Commissioner that—

"(A) the recipient—

"(i) is described in subparagraph (A) or

(B) of paragraph (5); or

"(ii) has information that is necessary for

the officer to conduct the officer's official du-
ties; and

"(B) the location or apprehension of the recipi-

ent is within the officer's official duties."

(c) EFFECTIVE DATE.—The amendments made by
this section shall take effect on the date of the enactment
of this Act.

SEC. 4203. TREATMENT OF PRISONERS.

(a) IMPLEMENTATION OF PROHIBITION AGAINST
PAYMENT OF BENEFITS TO PRISONERS.—

(1) IN GENERAL.—Section 1611(e)(1) (42
U.S.C. 1382(e)(1)) is amended by adding at the end
the following new subparagraph:

"(I)(i) The Commissioner shall enter into an agree-
ment, with any interested State or local institution de-
scribed in clause (i) or (ii) of section 202(x)(1)(A) the pri-
mary purpose of which is to confine individuals as de-
scribed in section 202(x)(1)(A), under which—
“(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, social security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

“(II) the Commissioner shall pay to any such institution, with respect to each inmate of the institution who is eligible for a benefit under this title for the month preceding the first month throughout which such inmate is in such institution and becomes ineligible for such benefit as a result of the application of this subparagraph, $400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after the date such individual becomes an inmate of such institution, or $200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

“(ii)(I) The provisions of section 552a of title 5, United States Code, shall not apply to any agreement en-
tered into under clause (i) or to information exchanged pursuant to such agreement.

"(II) The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any Federal or federally-assisted cash, food, or medical assistance program for eligibility purposes.

"(iii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 202(x)(3)(B).

"(iv) Payments to institutions required by clause (i)(II) shall be made from funds otherwise available for the payment of benefits under this title and shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985."

(2) CONFORMING OASDI AMENDMENTS.—Section 202(x)(3) (42 U.S.C. 402(x)(3)) is amended—

(A) by inserting "(A)" after "(3)"; and

(B) by adding at the end the following new subparagraph:

"(B)(i) The Commissioner shall enter into an agreement, with any interested State or local institution described in clause (i) or (ii) of paragraph (1)(A) the pri-
mary purpose of which is to confine individuals as described in paragraph (1)(A), under which—

"(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, social security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other identifying information concerning the individuals confined in the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

"(II) the Commissioner shall pay to any such institution, with respect to each individual who is entitled to a benefit under this title for the month preceding the first month throughout which such individual is confined in such institution as described in paragraph (1)(A), $400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after the date such individual's confinement in such institution begins, or $200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

"(ii)(I) The provisions of section 552a of title 5, United States Code, shall not apply to any agreement en-
tered into under clause (i) or to information exchanged pursuant to such agreement.

"(II) The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any Federal or federally-assisted cash, food, or medical assistance program for eligibility purposes.

"(iii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 1611(e)(1)(I).

"(iv) There shall be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate, such sums as may be necessary to enable the Commissioner to make payments to institutions required by clause (i)(II). Sums so transferred shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 and excluded from budget totals in accordance with section 13301 of the Budget Enforcement Act of 1990.”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals whose period of confinement in an institution commences
on or after the first day of the seventh month begin-
ning after the month in which this Act is enacted.
(b) ELIMINATION OF OASDI REQUIREMENT THAT
CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
PRISONMENT FOR MORE THAN 1 YEAR.—
(1) IN GENERAL.—Section 202(x)(1)(A) (42
U.S.C. 402(x)(1)(A)) is amended—
(A) in the matter preceding clause (i), by
striking “during” and inserting “throughout”;
(B) in clause (i), by striking “pursuant”
and all that follows through “imposed”); and
(C) in clause (ii)(I), by striking “an of-
fense punishable by imprisonment for more
than 1 year” and inserting “a criminal of-
fense”.
(2) EFFECTIVE DATE.—The amendments made
by this subsection shall be effective with respect to
benefits payable for months beginning more than
180 days after the date of the enactment of this Act.
(c) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN
THE COLLECTION OF INFORMATION RESPECTING PUBLIC
INMATES.—
(1) STUDY.—The Commissioner of Social Secu-
rity shall conduct a study of the desirability, feasibil-
ity, and cost of—
(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out sections 202(x) and 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into agreements with the Commissioner under section 202(x)(3)(B) or 1611(e)(1)(I) of the Social Security Act furnish the information required by such agreements to the Commissioner by means of an electronic or other sophisticated data exchange system.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this subsection to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.
(d) ADDITIONAL REPORT TO CONGRESS.—Not later than October 1, 1998, the Commissioner of Social Security shall provide to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a list of the institutions that are and are not providing information to the Commissioner under sections 202(x)(3)(B) and 1611(e)(1)(I) of the Social Security Act (as added by this section).

SEC. 4204. EFFECTIVE DATE OF APPLICATION FOR BENEFITS.

(a) IN GENERAL.—Subparagraphs (A) and (B) of section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended to read as follows:

"(A) the first day of the month following the date such application is filed, or"

"(B) the first day of the month following the date such individual becomes eligible for such benefits with respect to such application."

(b) SPECIAL RULE RELATING TO EMERGENCY ADVANCE PAYMENTS.—Section 1631(a)(4)(A) (42 U.S.C. 1383(a)(4)(A)) is amended—

(1) by inserting "for the month following the date the application is filed" after "is presumptively eligible for such benefits"; and
(2) by inserting "which shall be repaid through proportionate reductions in such benefits over a period of not more than 6 months" before the semicolon.

(c) CONFORMING AMENDMENTS.—

(1) Section 1614(b) (42 U.S.C. 1382c(b)) is amended by striking "at the time the application or request is filed" and inserting "on the first day of the month following the date the application or request is filed".

(2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3)) is amended by inserting "following the month" after "beginning with the month".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to applications for benefits under title XVI of the Social Security Act filed on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the
Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

CHAPTER 2—BENEFITS FOR DISABLED CHILDREN

SEC. 4211. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 105(b)(1) of the Contract with America Advancement Act of 1996, is amended—

(1) in subparagraph (A), by striking "An individual" and inserting "Except as provided in subparagraph (C), an individual";

(2) in subparagraph (A), by striking "(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)";

(3) by redesignating subparagraphs (C) through (I) as subparagraphs (D) through (J), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C)(i) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional
limitations, and which can be expected to result in death
or which has lasted or can be expected to last for a conti-
uous period of not less than 12 months.

“(ii) The Commissioner shall ensure that the com-
bined effects of all physical or mental impairments of an
individual are taken into account in determining whether
an individual is disabled in accordance with clause (i).

“(iii) The Commissioner shall ensure that the regula-
tions prescribed under this subparagraph provide for the
evaluation of children who cannot be tested because of
their young age.

“(iv) Notwithstanding the preceding provisions of
this subparagraph, no individual under the age of 18 who
engages in substantial gainful activity (determined in ac-
cordance with regulations prescribed pursuant to subpara-
graph (E)) may be considered to be disabled.”; and

(5) in subparagraph (F), as redesignated by
paragraph (3), by striking “(D)” and inserting
“(E)”.

(b) Changes to Childhood SSI Regulations.—
(1) Modification to Medical Criteria For
Evaluation of Mental and Emotional Dis-
orders.—The Commissioner of Social Security
shall modify sections 112.00C.2. and
112.02B.2.c.(2) of appendix 1 to subpart P of part
404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavioral function.


(c) Medical Improvement Review Standard as it Applies to Individuals Under the Age of 18.—Section 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended—

(1) by redesignating subclauses (I) and (II) of clauses (i) and (ii) of subparagraph (B) as items (aa) and (bb), respectively;

(2) by redesignating clauses (i) and (ii) of subparagraphs (A) and (B) as subclauses (I) and (II), respectively;

(3) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively;

(4) by inserting before clause (i) (as redesignated by paragraph (3)) the following new subparagraph:

"(A) in the case of an individual who is age 18 or older—"
(5) by inserting after and below subparagraph (A)(iii) (as so redesignated) the following new sub-
paragraph:

"(B) in the case of an individual who is under the age of 18—

"(i) substantial evidence which demonstrates that there has been medical improve-
ment in the individual's impairment or combi-
nation of impairments, and that such impair-
ment or combination of impairments no longer
results in marked and severe functional limita-
tions; or

"(ii) substantial evidence which demon-
strates that, as determined on the basis of
new or improved diagnostic techniques or eval-
uations, the individual's impairment or combi-
ination of impairments, is not as disabling as
it was considered to be at the time of the most
recent prior decision that the individual was
under a disability or continued to be under a
disability, and such impairment or combination
of impairments does not result in marked and
severe functional limitations; or";

(6) by redesignating subparagraph (D) as sub-
paragraph (C) and by inserting in such subpara-
graph "in the case of any individual," before "substantial evidence"; and

(7) in the first sentence following subparagraph (C) (as redesignated by paragraph (6)), by—

(A) inserting "(i)" before "to restore"; and

(B) inserting ", or (ii) in the case of an individual under the age of 18, to eliminate or improve the individual’s impairment or combination of impairments so that it no longer results in marked and severe functional limitations” immediately before the period.

(d) EFFECTIVE DATES, ETC.—

(1) EFFECTIVE DATES.—

(A) SUBSECTIONS (a) AND (b).—

(i) IN GENERAL.—The provisions of, and amendments made by, subsections (a) and (b) shall apply to any individual who applies for, or whose claim is finally adjudicated with respect to, benefits under title XVI of the Social Security Act on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such provisions and amendments.
(ii) Determination of final adjudication.—For purposes of clause (i), no individual's claim with respect to such benefits may be considered to be finally adjudicated before such date of enactment if, on or after such date, there is pending a request for either administrative or judicial review with respect to such claim that has been denied in whole, or there is pending, with respect to such claim, readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

(B) Subsection (c).—The amendments made by subsection (c) shall apply with respect to benefits under title XVI of the Social Security Act for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) Application to current recipients.—

(A) Eligibility re determinations.—During the period beginning on the date of the enactment of this Act and ending on the date
which is 1 year after such date of enactment, the Commissioner of Social Security shall re-
determine the eligibility of any individual under
age 18 who is eligible for supplemental security
income benefits by reason of disability under
title XVI of the Social Security Act as of the
date of the enactment of this Act and whose
eligibility for such benefits may terminate by
reason of the provisions of, or amendments
made by, subsections (a) and (b). With respect
to any redetermination under this subpara-
graph—

(i) section 1614(a)(4) of the Social
Security Act (42 U.S.C. 1382c(a)(4)) shall
not apply;

(ii) the Commissioner of Social Secu-

rity shall apply the eligibility criteria for
new applicants for benefits under title XVI
of such Act;

(iii) the Commissioner shall give such
redetermination priority over all continuing
eligibility reviews and other reviews under
such title; and

(iv) such redetermination shall be
counted as a review or redetermination

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otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The provisions of, and amendments made by, subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after the date of the redetermination with respect to such individual.

(C) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

(3) REPORT.—The Commissioner of Social Security shall report to the Congress regarding the progress made in implementing the provisions of, and amendments made by, this section on child disability evaluations not later than 180 days after the date of the enactment of this Act.

(4) REGULATIONS.—Notwithstanding any other provision of law, the Commissioner of Social Secu-
urity shall submit for review to the committees of juris-

diction in the Congress any final regulation pert-

aining to the eligibility of individuals under age 18
for benefits under title XVI of the Social Security
Act at least 45 days before the effective date of such
regulation. The submission under this paragraph
shall include supporting documentation providing a
cost analysis, workload impact, and projections as to
how the regulation will effect the future number of
recipients under such title.

(5) BENEFITS UNDER TITLE XVI.—For pur-
poses of this subsection, the term “benefits under
title XVI of the Social Security Act” includes sup-
plementary payments pursuant to an agreement for
Federal administration under section 1616(a) of the
Social Security Act, and payments pursuant to an
agreement entered into under section 212(b) of Pub-
lic Law 93–66.

SEC. 4212. ELIGIBILITY REDETERMINATIONS AND CON-

TINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO

CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.
1382c(a)(3)(H)), as redesignated by section 4211(a)(3) of
this Act, is amended—

(1) by inserting “(i)” after “(H)”; and
(2) by adding at the end the following new clause:

"(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which is likely to improve (or, at the option of the Commissioner, which is unlikely to improve).

"(II) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

"(III) If the representative payee refuses to comply without good cause with the requirements of subclause (II), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly suspend payment of benefits to the representative payee, and provide for payment of benefits to an alternative representative payee of the individual or, if the interest of the individual under this title would be served thereby, to the individual."
(IV) Subclause (II) shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual’s impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (II) should not apply to an individual’s representative payee.”.

(b) Disability Eligibility Redeterminations Required for SSI Recipients Who Attain 18 Years of Age.—

(1) In general.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a) of this section, is amended by adding at the end the following new clause:

“(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

“(I) during the 1-year period beginning on the individual’s 18th birthday; and

“(II) by applying the criteria used in determining the initial eligibility for applicants who are age 18 or older.
With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.”.


(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b) of this section, is amended by adding at the end the following new clause:

“(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

“(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.
“(III) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

“(IV) If the representative payee refuses to comply without good cause with the requirements of subclause (III), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly suspend payment of benefits to the representative payee, and provide for payment of benefits to an alternative representative payee of the individual or, if the interest of the individual under this title would be served thereby, to the individual.

“(V) Subclause (III) shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual’s impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (III) should not apply to an individual’s representative payee.”
(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

**SEC. 4213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

(a) **DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE.**—

(1) **IN GENERAL.**—Section 1613(c) (42 U.S.C. 1382b(c)) is amended to read as follows:

"Disposal of Resources for Less Than Fair Market Value

"(c)(1)(A)(i) If an individual who has not attained 18 years of age (or any person acting on such individual’s behalf) disposes of resources of the individual for less than fair market value on or after the look-back date specified in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date specified in clause (iii) and equal to the number of months specified in clause (iv).

"(ii)(I) The look-back date specified in this subclause is a date that is 36 months before the date specified in subclause (II).

"(II) The date specified in this subclause is the date on which the individual applies for benefits under this title.
or, if later, the date on which the disposal of the individual's resources for less than fair market value occurs.

“(iii) The date specified in this clause is the first day of the first month that follows the month in which the individual's resources were disposed of for less than fair market value and that does not occur in any other period of ineligibility under this paragraph.

“(iv) The number of months of ineligibility under this clause for an individual shall be equal to—

“(I) the total, cumulative uncompensated value of all the individual's resources so disposed of on or after the look-back date specified in clause (ii)(I), divided by

“(II) the amount of the maximum monthly benefit payable under section 1611(b) to an eligible individual for the month in which the date specified in clause (ii)(II) occurs.

“(B) An individual shall not be ineligible for benefits under this title by reason of subparagraph (A) if the Commissioner determines that—

“(i) the individual intended to dispose of the resources at fair market value;

“(ii) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title;
“(iii) all resources transferred for less than fair market value have been returned to the individual; or

“(iv) the denial of eligibility would work an undue hardship on the individual (as determined on the basis of criteria established by the Commissioner in regulations).

“(C) For purposes of this paragraph, in the case of a resource held by an individual in common with another person or persons in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of such resource) shall be considered to be disposed of by such individual when any action is taken, either by such individual or by any other person, that reduces or eliminates such individual’s ownership or control of such resource.

“(D)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to such resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered, but for the application of subsection (e)(4)).

“(ii) In the case of a trust established by an individual (within the meaning of subsection (e)(2)(A)), if from such portion of the trust (if any) that is considered a re-
source available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(2)) or the residue of such portion upon the termination of the trust—

"(I) there is made a payment other than to or for the benefit of the individual, or

"(II) no payment could under any circumstance be made to the individual,

then the payment described in subclause (I) or the foreclosure of payment described in subclause (II) shall be considered a disposal of resources by the individual subject to this subsection, as of the date of such payment or foreclosure, respectively.

"(2)(A) At the time an individual (and the individual's eligible spouse, if any) applies for benefits under this title, and at the time the eligibility of an individual (and such spouse, if any) for such benefits is redetermined, the Commissioner of Social Security shall—

"(i) inform such individual of the provisions of paragraph (1) providing for a period of ineligibility for benefits under this title for individuals who make certain dispositions of resources for less than fair market value, and inform such individual that information obtained pursuant to clause (ii) will be made available to the State agency administering a State
plan approved under title XIX (as provided in sub-
paragraph (B)); and

"(ii) obtain from such individual information
which may be used in determining whether or not a
period of ineligibility for such benefits would be re-
quired by reason of paragraph (1).

"(B) The Commissioner of Social Security shall make
the information obtained under subparagraph (A)(ii)
available, on request, to any State agency adminstering
a State plan approved under title XIX.

"(3) For purposes of this subsection—

"(A) the term 'trust' includes any legal instru-
ment or device that is similar to a trust; and

"(B) the term 'benefits under this title' includes
supplementary payments pursuant to an agreement
for Federal administration under section 1616(a),
and payments pursuant to an agreement entered
into under section 212(b) of Public Law 93–66.''.

(2) EFFECTIVE DATE.—The amendment made
by this subsection shall be effective with respect to
transfers that occur at least 90 days after the date
of the enactment of this Act.

(b) TREATMENT OF ASSETS HELD IN TRUST.—
TREATMENT AS RESOURCE.—Section 1613 (42 U.S.C. 1382) is amended by adding at the end the following new subsection:

"Trusts

(e)(1) In determining the resources of an individual who has not attained 18 years of age, the provisions of paragraph (3) shall apply to a trust established by such individual.

(2)(A) For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual were transferred to the trust.

(B) In the case of an irrevocable trust to which the assets of an individual and the assets of any other person or persons were transferred, the provisions of this subsection shall apply to the portion of the trust attributable to the assets of the individual.

(C) This subsection shall apply without regard to—

(i) the purposes for which the trust is established;

(ii) whether the trustees have or exercise any discretion under the trust;

(iii) any restrictions on when or whether distributions may be made from the trust; or

(iv) any restrictions on the use of distributions from the trust.
"(3)(A) In the case of a revocable trust, the corpus of the trust shall be considered a resource available to the individual.

"(B) In the case of an irrevocable trust, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual, the portion of the corpus from which payment to or for the benefit of the individual could be made shall be considered a resource available to the individual.

"(4) The Commissioner may waive the application of this subsection with respect to any individual if the Commissioner determines, on the basis of criteria prescribed in regulations, that such application would work an undue hardship on such individual.

"(5) For purposes of this subsection—

"(A) the term 'trust' includes any legal instrument or device that is similar to a trust;

"(B) the term 'corpus' means all property and other interests held by the trust, including accumulated earnings and any other addition to such trust after its establishment (except that such term does not include any such earnings or addition in the month in which such earnings or addition is credited or otherwise transferred to the trust);
“(C) the term ‘asset’ includes any income or resource of the individual, including—

“(i) any income otherwise excluded by section 1612(b);

“(ii) any resource otherwise excluded by this section; and

“(iii) any other payment or property that the individual is entitled to but does not receive or have access to because of action by—

“(I) such individual;

“(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, such individual; or

“(III) a person or entity (including a court) acting at the direction of, or upon the request of, such individual; and

“(D) the term ‘benefits under this title’ includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.”.

(2) TREATMENT AS INCOME.—Section 1612(a)(2) (42 U.S.C. 1382a(a)(2)) is amended—
(A) by striking "and" at the end of sub-
paragraph (E);

(B) by striking the period at the end of
subparagraph (F) and inserting "; and"; and

(C) by adding at the end the following new
subparagraph:

"(G) any earnings of, and additions to, the
corpus of a trust (as defined in section 1613(f))
established by an individual (within the mean-
ing of section 1613(e)(2)(A)) and of which such
individual is a beneficiary (other than a trust to
which section 1613(e)(4) applies), except that
in the case of an irrevocable trust, there shall
exist circumstances under which payment from
such earnings or additions could be made to, or
for the benefit of, such individual.''.

(3) EFFECTIVE DATE.—The amendments made
by this subsection shall take effect on the date which
is 90 days after the date of the enactment of this
Act, and shall apply to trusts established on or after
such date.

(c) REQUIREMENT TO ESTABLISH ACCOUNT.—

(1) IN GENERAL.—Section 1631(a)(2) (42
U.S.C. 1383(a)(2)) is amended—
(A) by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively; and

(B) by inserting after subparagraph (E) the following new subparagraph:

"(F)(i)(I) Each representative payee of an eligible individual under the age of 18 who is eligible for the payment of benefits described in subclause (II) shall establish on behalf of such individual an account in a financial institution into which such benefits shall be paid, and shall thereafter maintain such account for use in accordance with clause (ii).

("(II) Benefits described in this subclause are past-due monthly benefits under this title (which, for purposes of this subclause, include State supplementary payments made by the Commissioner pursuant to an agreement under section 1616 or section 212(b) of Public Law 93–66) in an amount (after any withholding by the Commissioner for reimbursement to a State for interim assistance under subsection (g)) that exceeds the product of—

"(aa) 6, and

"(bb) the maximum monthly benefit payable under this title to an eligible individual."
“(ii)(1) A representative payee shall use funds in the account established under clause (i) to pay for allowable expenses described in subclause (II).

“(II) An allowable expense described in this subclause is an expense for—

“(aa) education or job skills training;
“(bb) personal needs assistance;
“(cc) special equipment;
“(dd) housing modification;
“(ee) medical treatment;
“(ff) therapy or rehabilitation; or
“(gg) any other item or service that the Commissioner determines to be appropriate;

provided that such expense benefits such individual and, in the case of an expense described in item (bb), (cc), (dd), (ff), or (gg), is related to the impairment (or combination of impairments) of such individual.

“(III) The use of funds from an account established under clause (i) in any manner not authorized by this clause—

“(aa) by a representative payee shall be considered a misapplication of benefits for all purposes of this paragraph, and any representative payee who knowingly misapplies benefits from such an account

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shall be liable to the Commissioner in an amount
equal to the total amount of such benefits; and

"(bb) by an eligible individual who is his or her
own payee shall be considered a misapplication of
benefits for all purposes of this paragraph and the
total amount of such benefits so used shall be con-
sidered to be the uncompensated value of a disposed
resource and shall be subject to the provisions of
section 1613(c).

"(IV) This clause shall continue to apply to funds in
the account after the child has reached age 18, regardless
of whether benefits are paid directly to the beneficiary or
through a representative payee.

"(iii) The representative payee may deposit into the
account established pursuant to clause (i)—

"(I) past-due benefits payable to the eligible in-
dividual in an amount less than that specified in
clause (i)(II), and

"(II) any other funds representing an under-
payment under this title to such individual, provided
that the amount of such underpayment is equal to
or exceeds the maximum monthly benefit payable
under this title to an eligible individual.

"(iv) The Commissioner of Social Security shall es-
tablish a system for accountability monitoring whereby
such representative payee shall report, at such time and in such manner as the Commissioner shall require, on activity respecting funds in the account established pursuant to clause (i).”.

(2) EXCLUSION FROM RESOURCES.—Section 1613(e) (42 U.S.C. 1382b(a)) is amended—

(A) by striking “and” at the end of paragraph (10);

(B) by striking the period at the end of paragraph (11) and inserting “; and”; and

(C) by inserting after paragraph (11) the following new paragraph:

“(12) any account, including accrued interest or other earnings thereon, established and maintained in accordance with section 1631(a)(2)(F).”.

(3) EXCLUSION FROM INCOME.—Section 1612(b) (42 U.S.C. 1382a(b)) is amended—

(A) by striking “and” at the end of paragraph (19);

(B) by striking the period at the end of paragraph (20) and inserting “; and”; and

(C) by adding at the end the following new paragraph:
“(21) the interest or other earnings on any ac-
count established and maintained in accordance with
section 1631(a)(2)(F).”.

(4) EFFECTIVE DATE.—The amendments made
by this subsection shall apply to payments made
after the date of the enactment of this Act.

SEC. 4214. REDUCTION IN CASH BENEFITS PAYABLE TO IN-
STITUTIONALIZED INDIVIDUALS WHOSE MED-
ICAL COSTS ARE COVERED BY PRIVATE IN-
SURANCE.

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C.
1382(e)(1)(B)) is amended—

(1) by striking “title XIX, or” and inserting
“title XIX,”; and

(2) by inserting “or, in the case of an eligible
individual under the age of 18, receiving payments
(with respect to such individual) under any health
insurance policy issued by a private provider of such
insurance” after “section 1614(f)(2)(B),”.

(b) EFFECTIVE DATE.—The amendment made by
this section shall apply to benefits for months beginning
90 or more days after the date of the enactment of this
Act, without regard to whether regulations have been is-
sued to implement such amendments.
SEC. 4215. REGULATIONS.
Within 3 months after the date of the enactment of this Act, the Commissioner of Social Security shall prescribe such regulations as may be necessary to implement the amendments made by this chapter.

CHAPTER 3—ADDITIONAL ENFORCEMENT PROVISIONS

SEC. 4221. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.
(a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383) is amended by adding at the end the following new paragraph:

“(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

“(i) 12, and

“(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse), then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).
“(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed 3 installments that are made at 6-month intervals.

“(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

“(iii) In the case of an individual who has—

“(I) outstanding debt attributable to—

“(aa) food,

“(bb) clothing,

“(cc) shelter, or

“(dd) medically necessary services, supplies or equipment, or medicine; or

“(II) current expenses or expenses anticipated in the near term attributable to—

“(aa) medically necessary services, supplies or equipment, or medicine, or

“(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary under title XVIII, a State plan approved under title XIX, or any private entity legally liable to provide payment pursuant to an insurance policy, pre-paid plan, or other arrangement,
the limitation specified in clause (ii) may be exceeded by an amount equal to the total of such debt and expenses. 

"(C) This paragraph shall not apply to any individual who, at the time of the Commissioner's determination that such individual is eligible for the payment of past-due monthly benefits under this title—

"(i) is afflicted with a medically determinable impairment that is expected to result in death within 12 months; or

"(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.

"(D) For purposes of this paragraph, the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.".

(b) CONFORMING AMENDMENT.—Section 1631(a)(1) (42 U.S.C. 1383(a)(1)) is amended by inserting "(subject to paragraph (10))" immediately before "in such installments".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section are effective with respect to past-due
benefits payable under title XVI of the Social Security Act after the third month following the month in which this Act is enacted.

(2) BENEFITS PAYABLE UNDER TITLE XVI.— For purposes of this subsection, the term "benefits payable under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

SEC. 4222. RECOVERY OF SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS.

(a) IN GENERAL.—Part A of title XI is amended by adding at the end the following new section:

"RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS

"SEC. 1146. (a) IN GENERAL.—Whenever the Commissioner of Social Security determines that more than the correct amount of any payment has been made to any person under the supplemental security income program authorized by title XVI, and the Commissioner is unable to make proper adjustment or recovery of the amount so incorrectly paid as provided in section 1631(b), the Commissioner (notwithstanding section 207) may recover the..."
amount incorrectly paid by decreasing any amount which
is payable under the Federal Old-Age and Survivors Insur-
ance program or the Federal Disability Insurance pro-
gram authorized by title II to that person or that person’s
estate.

“(b) No Effect on SSI Benefit Eligibility or
Amount.—Notwithstanding subsections (a) and (b) of
section 1611, in any case in which the Commissioner takes
action in accordance with subsection (a) to recover an
overpayment from any person, neither that person, nor
any individual whose eligibility or benefit amount is deter-
mined by considering any part of that person’s income,
shall, as a result of such action—

“(1) become eligible under the program of sup-
plemental security income benefits under title XVI,
or

“(2) if such person or individual is already so
eligible, become eligible for increased benefits there-
under.

“(c) Program Under Title XVI.—For purposes of
this section, the term ‘supplemental security income pro-
gram authorized by title XVI’ includes supplementary pay-
ments pursuant to an agreement for Federal administra-
tion under section 1616(a), and payments pursuant to an
agreement entered into under section 212(b) of Public
Law 93–66.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 204 (42 U.S.C. 404) is amended by
adding at the end the following new subsection:
“(g) For payments which are adjusted or withheld
to recover an overpayment of supplemental security in-
come benefits paid under title XVI (including State sup-
plementary payments which were paid under an agreement
pursuant to section 1616(a) or section 212(b) of Public
Law 93-66), see section 1146.”.

(2) Section 1631(b) is amended by adding at
the end the following new paragraph:
“(5) For the recovery of overpayments of benefits
under this title from benefits payable under title II, see
section 1146.”.

(c) EFFECTIVE DATE.—The amendments made by
this section shall take effect on the date of the enactment
of this Act and shall apply to overpayments outstanding
on or after such date.

SEC. 4223. REGULATIONS.

Within 3 months after the date of the enactment of
this Act, the Commissioner of Social Security shall pre-
scribe such regulations as may be necessary to implement
the amendments made by this chapter.
CHAPTER 4—STATE SUPPLEMENTATION
PROGRAMS

SEC. 4225. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENTS APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI BENEFITS.

Section 1618 (42 U.S.C. 1382g) is hereby repealed.

CHAPTER 5—STUDIES REGARDING SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 4231. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

Title XVI (42 U.S.C. 1381 et seq.), as amended by section 4201(c) of this Act, is amended by adding at the end the following new section:

"ANNUAL REPORT ON PROGRAM

"Sec. 1637. (a) Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

"(1) a comprehensive description of the program;

"(2) historical and current data on allowances and denials, including number of applications and allowance rates for initial determinations, reconsideration determinations, administrative law judge
hearings, appeals council reviews, and Federal court decisions;

"(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, disabled adults, and disabled children);

"(4) projections of future number of recipients and program costs, through at least 25 years;

"(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

"(6) data on the utilization of work incentives;

"(7) detailed information on administrative and other program operation costs;

"(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

"(9) State supplementation program operations;

"(10) a historical summary of statutory changes to this title; and

"(11) such other information as the Commissioner deems useful.

"(b) Each member of the Social Security Advisory Board shall be permitted to provide an individual report, or a joint report if agreed, of views of the program under
this title, to be included in the annual report required under this section.”.

SEC. 4232. STUDY OF DISABILITY DETERMINATION PROCE-

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assess-
ments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(e) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.
(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

SEC. 4233. STUDY BY GENERAL ACCOUNTING OFFICE.

Not later than January 1, 1999, the Comptroller General of the United States shall study and report on—

(1) the impact of the amendments made by, and the provisions of, this subtitle on the supplemental security income program under title XVI of the Social Security Act; and

(2) extra expenses incurred by families of children receiving benefits under such title that are not covered by other Federal, State, or local programs.

CHAPTER 6—NATIONAL COMMISSION ON THE FUTURE OF DISABILITY

SEC. 4241. ESTABLISHMENT.

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this chapter as the "Commission").

SEC. 4242. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular,
the Commission shall study the disability insurance pro-
gram under title II of the Social Security Act and the sup-
plemental security income disability program under title
XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall pre-
pare an inventory of Federal programs serving individuals
with disabilities, and shall examine—

(1) trends and projections regarding the size
and characteristics of the population of individuals
with disabilities, and the implications of such analy-
ses for program planning;

(2) the feasibility and design of performance
standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabili-
tation research and training, and opportunities to
improve the lives of individuals with disabilities
through all manners of scientific and engineering re-
search; and

(4) the adequacy of policy research available to
the Federal Government, and what actions might be
undertaken to improve the quality and scope of such
research.

(c) RECOMMENDATIONS.—The Commission shall
submit to the appropriate committees of the Congress and
to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

SEC. 4243. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;
(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the general interests of the business and taxpaying community and the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General of the United States shall advise the Commission on the methodology and approach of the study of the Commission.

(c) TERM OF APPOINTMENT.—The members shall serve on the Commission for the life of the Commission.

(d) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.
(e) Quorum.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(f) Chairperson and Vice Chairperson.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(g) Continuation of Membership.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(h) Vacancies.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(i) Compensation.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(j) Travel Expenses.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.
SEC. 4244. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel...
of such agency to the Commission to assist in carrying out the duties of the Commission under this chapter.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

SEC. 4245. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this chapter.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.
(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this chapter. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

SEC. 4246. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 4247, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the
Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) Final Report.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) Printing and Public Distribution.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

SEC. 4247. Termination.

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.
SEC. 4248. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out the purposes of the Commission.

Subtitle C—Child Support

SEC. 4300. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this subtitle an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

CHAPTER 1—ELIGIBILITY FOR SERVICES; DISTRIBUTION OF PAYMENTS

SEC. 4301. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

(a) State Plan Requirements.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

"(4) provide that the State will—

"(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—
“(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services for foster care maintenance are provided under the State program funded under part E of this title, or (III) medical assistance is provided under the State plan under title XIX, unless, in accordance with paragraph (29), good cause or other exceptions exist;

“(ii) any other child, if an individual applies for such services with respect to the child; and

“(B) enforce any support obligation established with respect to—

“(i) a child with respect to whom the State provides services under the plan; or

“(ii) the custodial parent of such a child;”; and

(2) in paragraph (6)—

(A) by striking “provide that” and inserting “provide that—”; 

(B) by striking subparagraph (A) and inserting the following new subparagraph:
"(A) services under the plan shall be made available to residents of other States on the same terms as to residents of the State submitting the plan;’’;

(C) in subparagraph (B), by inserting ‘‘on individuals not receiving assistance under any State program funded under part A’’ after ‘‘such services shall be imposed’’;

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking ‘‘and’’ at the end of paragraph (23);
(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) provide that if a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of other individuals to whom services are furnished under the plan, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family."

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking "454(6)" and inserting "454(4)".

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect..."
under section 454(6)” and inserting “in any other case”.

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking “paragraph (4) or (6) of section 454” and inserting “section 454(4)”.

SEC. 4302. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.

(a) In general.—Section 457 (42 U.S.C. 657) is amended to read as follows:

“SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

“(a) In general.—Subject to subsection (e), an amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

“(1) Families receiving assistance.—In the case of a family receiving assistance from the State, the State shall—

“(A) pay to the Federal Government the Federal share of the amount so collected; and

“(B) retain, or distribute to the family, the State share of the amount so collected.

“(2) Families that formerly received assistance.—In the case of a family that formerly received assistance from the State:
“(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

“(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

“(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

“(I) PRE-OCTOBER 1997.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 4302 of the Personal Responsibility and Work Opportunity Act of 1996 shall apply with respect to the distribution of support arrearages that—
“(aa) accrued after the family ceased to receive assistance, and
“(bb) are collected before October 1, 1997.
“(II) POST-SEPTEMBER 1997.—With respect to the amount so collected on or after October 1, 1997 (or before such date, at the option of the State)—
“(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.
“(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with
respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(ce) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—

To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

"(I) Pre-october 2000.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the en-
actment of section 4302 of the Personal Responsibility and Work Opportunity Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued before the family received assistance, and

"(bb) are collected before October 1, 2000.

"(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before the
family received assistance from the State.

"(bb) Reimbursement of Governments for Assistance Provided to the Family.— After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) Distribution of the Remainder to the Family.— To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.
“(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

“(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent past-due support has been assigned to the State as a condition of receiving assistance from the State, up to the amount necessary to reimburse the State for amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.
“(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected, except for amounts collected pursuant to section 464, as accruing in the following order:

“(I) To the period after the family ceased to receive assistance.

“(II) To the period before the family received assistance.

“(III) To the period while the family was receiving assistance.

“(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

“(4) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to the Congress the Secretary’s findings with respect to—

“(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;
"(B) whether early implementation of a pre-assistance arrearage program by some States has been effective in moving people off of welfare and keeping them off of welfare;

"(C) what the overall impact has been of the amendments made by the Personal Responsibility and Work Opportunity Act of 1996 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

"(D) based on the information and data the Secretary has obtained, what changes, if any, should be made in the policies related to the distribution of child support arrearages.

"(b) CONTINUATION OF ASSIGNMENTS.—Any rights to support obligations, which were assigned to a State as a condition of receiving assistance from the State under part A and which were in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, shall remain assigned after such date.

"(c) DEFINITIONS.—As used in subsection (a):

"(1) ASSISTANCE.—The term 'assistance from the State' means—
“(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996); and

“(B) foster care maintenance payments under the State plan approved under part E of this title.

“(2) FEDERAL SHARE.—The term ‘Federal share’ means that portion of the amount collected resulting from the application of the Federal medical assistance percentage in effect for the fiscal year in which the amount is collected.

“(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term ‘Federal medical assistance percentage’ means—

“(A) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa; or

“(B) the Federal medical assistance percentage (as defined in section 1905(b), as in effect on September 30, 1996) in the case of any other State.
“(4) STATE SHARE.—The term ‘State share’ means 100 percent minus the Federal share.

“(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996), the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.

“(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—At State option, this section shall not apply to any amount collected on behalf of a family as support by the State (and paid to the family in addition to the amount of assistance otherwise payable to the family) pursuant to a plan approved under this part if such amount would have been paid to the family by the State under section 402(a)(28), as in effect and applied on the day before the date of the enactment of section 4302 of the Personal Responsibility and Work Opportunity Act of 1996. For purposes of subsection (d), the State share of such amount paid to the family shall be considered amounts which could be retained by the State.
if such payments were reported by the State as part of
the State share of amounts collected in fiscal year 1995.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is
amended by striking “section 457(b)(4) or (d)(3)”
and inserting “section 457”.

(2) Section 454 (42 U.S.C. 654) is amended—

(A) in paragraph (11)—

(i) by striking“(11)” and inserting
“(11)(A)”; and

(ii) by inserting after the semicolon
“and”; and

(B) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in para-
graph (2), the amendments made by this section
shall be effective on October 1, 1996, or earlier at
the State’s option.

(2) CONFORMING AMENDMENTS.—The amend-
ments made by subsection (b)(2) shall become effec-
tive on the date of the enactment of this Act.
SEC. 4303. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 4301(b) of this Act, is amended—

(1) by striking "and" at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting "; and"; and

(3) by adding after paragraph (25) the following new paragraph:

"(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

"(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

"(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe
that the release of the information may result
in physical or emotional harm to the former
party.”.

(b) **EFFECTIVE DATE.**—The amendment made by
subsection (a) shall become effective on October 1, 1997.

**SEC. 4304. RIGHTS TO NOTIFICATION OF HEARINGS.**

(a) **IN GENERAL.**—Section 454 (42 U.S.C. 654), as
amended by section 4302(b)(2) of this Act, is amended
by inserting after paragraph (11) the following new para-
graph:

“(12) provide for the establishment of proce-
dures to require the State to provide individuals who
are applying for or receiving services under the State
plan, or who are parties to cases in which services
are being provided under the State plan—

“(A) with notice of all proceedings in
which support obligations might be established
or modified; and

“(B) with a copy of any order establishing
or modifying a child support obligation, or (in
the case of a petition for modification) a notice
of determination that there should be no change
in the amount of the child support award, with-
in 1\(\frac{1}{2}\) days after issuance of such order or de-
termination;”.

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(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

CHAPTER 2—LOCATE AND CASE TRACKING

SEC. 4311. STATE CASE REGISTRY.

Section 454A, as added by section 4344(a)(2) of this Act, is amended by adding at the end the following new subsections:

"(e) STATE CASE REGISTRY.—

"(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the ‘State case registry’) that contains records with respect to—

"(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

"(B) each support order established or modified in the State on or after October 1, 1998.

"(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section."
"(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on case status) as the Secretary may require.

"(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

"(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

"(B) any amount described in subparagraph (A) that has been collected;

"(C) the distribution of such collected amounts;

"(D) the birth date of any child for whom the order requires the provision of support; and
“(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

“(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and update, maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

“(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

“(B) information obtained from comparison with Federal, State, or local sources of information;

“(C) information on support collections and distributions; and

“(D) any other relevant information.

“(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive infor-
ation from, other data bases and information compari-
son services, in order to obtain (or provide) information
necessary to enable the State agency (or the Secretary or
other State or Federal agencies) to carry out this part,
subject to section 6103 of the Internal Revenue Code of
1986. Such information comparison activities shall include
the following:

“(1) FEDERAL CASE REGISTRY OF CHILD SUP-
PORT ORDERS.—Furnishing to the Federal Case
Registry of Child Support Orders established under
section 453(h) (and update as necessary, with infor-
mation including notice of expiration of orders) the
minimum amount of information on child support
cases recorded in the State case registry that is nec-
essary to operate the registry (as specified by the
Secretary in regulations).

“(2) FEDERAL PARENT LOCATOR SERVICE.—
Exchanging information with the Federal Parent
Locator Service for the purposes specified in section
453.

“(3) TEMPORARY FAMILY ASSISTANCE AND
MEDICAID AGENCIES.—Exchanging information with
State agencies (of the State and of other States) ad-
ministering programs funded under part A, pro-
grams operated under a State plan approved under
title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

"(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.”.

SEC. 4312. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 4301(b) and 4303(a) of this Act, is amended—

(1) by striking “and” at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting “; and”;

(3) by adding after paragraph (26) the following new paragraph:

“(27) provide that, on and after October 1, 1998, the State agency will—

“(A) operate a State disbursement unit in accordance with section 454B; and
“(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

“(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

“(ii) take the actions described in section 466(e)(1) in appropriate cases.”.

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651–669), as amended by section 4344(a)(2) of this Act, is amended by inserting after section 454A the following new section:

“SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

“(a) STATE DISBURSEMENT UNIT.—

“(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the ‘State disbursement unit’) for the collection and disbursement of payments under support orders—
“(A) in all cases being enforced by the State pursuant to section 454(4); and

“(B) in all cases not being enforced by the State under this part in which the support order is initially issued in the State on or after January 1, 1994, and in which the income of the noncustodial parent are subject to withholding pursuant to section 466(a)(8)(B).

“(2) OPERATION.—The State disbursement unit shall be operated—

“(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

“(B) except in cases described in paragraph (1)(B), in coordination with the automated system established by the State pursuant to section 454A.

“(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section, if the Secretary agrees that the system will not cost more nor take more time to establish or op—
erate than a centralized system. In addition, employ-
ers shall be given 1 location to which income with-
holding is sent.

"(b) REQUIRED PROCEDURES.—The State disburse-
ment unit shall use automated procedures, electronic proc-
esses, and computer-driven technology to the maximum
extent feasible, efficient, and economical, for the collection
and disbursement of support payments, including proce-
dures—

"(1) for receipt of payments from parents, em-
ployers, and other States, and for disbursements to
custodial parents and other obligees, the State agen-
cy, and the agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the cus-
todial parent's share of any payment; and

"(4) to furnish to any parent, upon request,
timely information on the current status of support
payments under an order requiring payments to be
made by or to the parent, except that, with respect
to a case described in subsection (a)(1)(B), the
State disbursement unit shall not be required to
maintain records of payments which, after the effec-
tive date of this section, are made to, and distrib-
uted by, the unit.
“(c) Timing of Disbursements.—

“(1) In general.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

“(2) Permissive Retention of Arrearages.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

“(d) Business Day Defined.—As used in this section, the term ‘business day’ means a day on which State offices are open for regular business.”.

(c) Use of Automated System.—Section 454A, as added by section 4344(a)(2) and as amended by section 4311 of this Act, is amended by adding at the end the following new subsection:

“(g) Collection and Distribution of Support Payments.—

“(1) In general.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments
through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

“(A) transmission of orders and notices to employers (and other debtors) for the withholding of income—

“(i) within 2 business days after receipt of notice of, and the income source subject to, such withholding from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State; and

“(ii) using uniform formats prescribed by the Secretary;

“(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

“(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

“(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term ‘business day’ means a day on which State offices are open for regular business.”.
(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on October 1, 1998.

(2) LIMITED EXCEPTION TO UNIT HANDLING PAYMENTS.—Notwithstanding section 454B(b)(1) of the Social Security Act, as added by this section, any State which, as of the date of the enactment of this Act, processes the receipt of child support payments through local courts may, at the option of the State, continue to process through September 30, 1999, such payments through such courts as processed such payments on or before such date of enactment.

(e) SENSE OF THE CONGRESS.—It is the sense of the Congress that, in determining whether to comply with section 454B of the Social Security Act by establishing a single, centralized unit for the collection and disbursement of support payments or by linking together through automation local units for the collection and disbursement of support payments, a State should choose the method of compliance which best meets the needs of parents, employers, and children.
SEC. 4313. STATE DIRECTORY OF NEW HIRES.

(a) State Plan Requirement.—Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a) and 4312(a) of this Act, is amended—

(1) by striking “and” at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting “; and”; and

(3) by adding after paragraph (27) the following new paragraph:

“(2B) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.”.

(b) State Directory of New Hires.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 453 the following new section:

“SEC. 453A. STATE DIRECTORY OF NEW HIRES.

“(a) Establishment.—

“(1) In general.—

“(A) Requirement for States that Have No Directory.—Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the ‘State Directory of New Hires’) which shall contain information
supplied in accordance with subsection (b) by employers on each newly hired employee.

"(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of subsection (g)(2) not later than October 1, 1997, and the requirements of this section (other than subsection (g)(2)) not later than October 1, 1998.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.
(B) EMPLOYER.—

(i) IN GENERAL.—The term 'employer' has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1986 and includes any governmental entity and any labor organization.

(ii) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

(b) EMPLOYER INFORMATION.—

(1) REPORTING REQUIREMENT.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number
assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

"(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

"(2) TIMING OF REPORT.—Each State may provide the time within which the report required by
paragraph (1) shall be made with respect to an em-
ployee, but such report shall be made—

"(A) not later than 20 days after the date
the employer hires the employee; or

"(B) in the case of an employer transmit-
ting reports magnetically or electronically, by 2
monthly transmissions (if necessary) not less
than 12 days nor more than 16 days apart.

"(c) REPORTING FORMAT AND METHOD.—Each re-
port required by subsection (b) shall be made on a W—
4 form or, at the option of the employer, an equivalent
form, and may be transmitted by 1st class mail, magneti-
cally, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING
EMPLOYERS.—The State shall have the option to set a
State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the
result of a conspiracy between the employer and the
employee to not supply the required report or to
supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—Infor-
mation shall be entered into the data base maintained by
the State Directory of New Hires within 5 business days
of receipt from an employer pursuant to subsection (b).
“(f) INFORMATION COMPARISONS.—

“(1) IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

“(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

“(g) TRANSMISSION OF INFORMATION.—

“(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days
after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the income of the employee an amount equal to the monthly (or other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's income is not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor.
concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term ‘business day’ means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations, and may disclose such information to any agent of the agency that is under contract with the agency to carry out such purposes.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.
“(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS’ COMPENSATION.—State agencies operating employment security and workers’ compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.”.

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after “employers”; and

(2) by inserting "and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission” after “paragraph (2)”.

(d) DISCLOSURE TO CERTAIN AGENTS.—Section 303(e) (42 U.S.C. 503(e)) is amended by adding at the end the following:
“(5) A State or local child support enforcement agency may disclose to any agent of the agency that is under contract with the agency to carry out the purposes described in paragraph (1)(B) wage information that is disclosed to an officer or employee of the agency under paragraph (1)(A). Any agent of a State or local child support agency that receives wage information under this paragraph shall comply with the safeguards established pursuant to paragraph (1)(B).”

SEC. 4314. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

“(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

“(B) Procedures under which the income of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if ar-
rearages occur, without the need for a judicial or administrative hearing.”.

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking “subsection (a)(1)” and inserting “subsection (a)(1)(A)”.

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

“(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

“(i) that the withholding has commenced; and

“(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

“(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A).”.
(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B."

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 5 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall withhold funds as directed in the notice. For terms and conditions for withholding income that are not specified in a notice issued by another State, the employer shall apply the law of the State in which the obligor works. An employer who complies with an income withholding notice that is regular on its face shall not be subject to civil liability to
any individual or agency for conduct in
compliance with the notice.”.

(ii) in clause (ii), by inserting “be in
a standard format prescribed by the Sec-
retary, and’’ after “shall”; and

(iii) by adding at the end the follow-
ing new clause:

“(iii) As used in this subparagraph, the term
‘business day’ means a day on which State offices
are open for regular business.”.

(E) Section 466(b)(6)(D) (42 U.S.C.
666(b)(6)(D)) is amended by striking “any em-
ployer” and all that follows and inserting “any
employer who—

“(i) discharges from employment, refuses
to employ, or takes disciplinary action against
any noncustodial parent subject to income with-
holding required by this subsection because of
the existence of such withholding and the obli-
gations or additional obligations which it im-
poses upon the employer; or

“(ii) fails to withhold support from income
or to pay such amounts to the State disburse-
ment unit in accordance with this subsection.”.
(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means.''.

(b) DEFINITION OF INCOME.—

(1) IN GENERAL.—Section 466(b)(8) (42 U.S.C. 666(b)(8)) is amended to read as follows:

"(8) For purposes of subsection (a) and this subsection, the term 'income' means any periodic form of payment due to an individual, regardless of source, including wages, salaries, commissions, bonuses, worker's compensation, disability, payments pursuant to a pension or retirement program, and interest.''.

(2) CONFORMING AMENDMENTS.—

(A) Subsections (a)(8)(A), (a)(8)(B)(i), (b)(3)(A), (b)(3)(B), (b)(6)(A)(i), and (b)(6)(C), and (b)(7) of section 466 (42 U.S.C. 666(a)(8)(A), (a)(8)(B)(i), (b)(3)(A), (b)(3)(B), (b)(6)(A)(i), and (b)(7)) are
each amended by striking "wages" each place such term appears and inserting "income".

(B) Section 466(b)(1) (42 U.S.C. 666(b)(1)) is amended by striking "wages (as defined by the State for purposes of this section)" and inserting "income".

(c) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

SEC. 4315. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by inserting after paragraph (11) the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement."

SEC. 4316. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting ", for the purpose of
establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child custody or visitation orders—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support or provide child custody or visitation rights;

"(B) against whom such an obligation is sought;

"(C) to whom such an obligation is owed, including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual."); and

(2) in subsection (b)—
(A) in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)"; and

(B) in the flush paragraph at the end, by adding the following: "No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).”.

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking “support” and inserting “support or to seek to enforce orders providing child custody or visitation rights”; and

(2) in paragraph (2), by striking “, or any agent of such court; and” and inserting “or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;”.

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(c) Reimbursement for Information from Federal Agencies.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting “in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)” before the period.

(d) Reimbursement for Reports by State Agencies.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

“(g) Reimbursement for Reports by State Agencies.—The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).”.

(e) Conforming Amendments.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting “Federal” before “Parent” each place such term appears.
(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.
“(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

“(i) NATIONAL DIRECTORY OF NEW HIRES.—

“(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1997, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

“(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).
“(3) Administration of Federal Tax Laws.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

“(4) List of Multistate Employers.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

“(j) Information Comparisons and Other Disclosures.—

“(1) Verification by Social Security Administration.—

“(A) In General.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with sub-paragraph (B).
“(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

“(i) The name, social security number, and birth date of each such individual.

“(ii) The employer identification number of each such employer.

“(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

“(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

“(B) within 2 business days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.
“(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

“(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

“(B) disclose information in such registries to such State agencies.

“(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supple-
mental security income program under title XVI and
in connection with benefits under title II.

"(5) RESEARCH.—The Secretary may provide
access to information reported by employers pursu-
ant to section 453A(b) for research purposes found
by the Secretary to be likely to contribute to achiev-
ing the purposes of part A or this part, but without
personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary
shall reimburse the Commissioner of Social Security,
at a rate negotiated between the Secretary and the
Commissioner, for the costs incurred by the Com-
missioner in performing the verification services de-
scribed in subsection (j).

"(2) FOR INFORMATION FROM STATE DIREC-
tORIES OF NEW HIRES.—The Secretary shall reim-
burse costs incurred by State directories of new
hires in furnishing information as required by sub-
section (j)(3), at rates which the Secretary deter-
mines to be reasonable (which rates shall not include
payment for the costs of obtaining, compiling, or
maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE
AND FEDERAL AGENCIES.—A State or Federal agen-
cy that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(1) Restriction on Disclosure and Use.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) Information Integrity and Security.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.
“(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.”.

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

“(B) the Federal Parent Locator Service established under section 453;”.

(B) Section 454(13) (42 U.S.C. 654(13)) is amended by inserting “and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the
State submitting the plan” before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—

Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking “Secretary of Health, Education, and Welfare” each place such term appears and inserting “Secretary of Health and Human Services”;

(B) in subparagraph (B), by striking “such information” and all that follows and inserting “information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;”;

(C) by striking “and” at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

“(I) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the
purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and”.

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

“(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

“(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

“(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

“(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.
“(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

“(3) For purposes of this subsection—

“(A) the term ‘wage information’ means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

“(B) the term ‘claim information’ means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual’s current (or most recent) home address.”.
(4) Disclosure of certain information to agents of child support enforcement agencies.—

(A) In general.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

“(B) Disclosure to certain agents.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

“(i) The address and social security account number (or numbers) of such individual.
“(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.”

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking “(l)(12)” and inserting “paragraph (6) or (12) of subsection (l)”.

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

“(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.”

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking “subsection (l)(12)(B)” and inserting “paragraph (6)(A) or (12)(B) of subsection (l)”.
(h) REQUIREMENT FOR COOPERATION.—The Secretary of Labor and the Secretary of Health and Human Services shall work jointly to develop cost-effective and efficient methods of accessing the information in the various State directories of new hires and the National Directory of New Hires as established pursuant to the amendments made by this chapter. In developing these methods the Secretaries shall take into account the impact, including costs, on the States, and shall also consider the need to insure the proper and authorized use of wage record information.

SEC. 4317. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 4315 of this Act, is amended by inserting after paragraph (12) the following new paragraph:

"(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN FAMILY MATTERS.—Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver’s license, occupational license, or marriage license be recorded on the application;
"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.".

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by section 321(a)(9) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(1) in clause (i), by striking "may require" and inserting "shall require";

(2) in clause (ii), by inserting after the 1st sentence the following: "In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.";
(3) in clause (ii), by inserting “or marriage certificate” after “Such numbers shall not be recorded on the birth certificate”.

(4) in clause (vi), by striking “may” and inserting “shall”; and

(5) by adding at the end the following new clauses:

“(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant’s social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

“(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgment in the records relating to the matter, for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.”.
CHAPTER 3—STREAMLINING AND UNIFORMITY OF PROCEDURES

SEC. 4321. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

"(f) Uniform Interstate Family Support Act.—

"(1) Enactment and use.—In order to satisfy section 454(20)(A), on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act, as approved by the American Bar Association on February 9, 1993, together with any amendments officially adopted before January 1, 1998 by the National Conference of Commissioners on Uniform State Laws.

"(2) Employers to follow procedural rules of State where employee works.—The State law enacted pursuant to paragraph (1) shall provide that an employer that receives an income withholding order or notice pursuant to section 501 of the Uniform Interstate Family Support Act follow the procedural rules that apply with respect to such order or notice under the laws of the State in which the obligor works.".
SEC. 4322. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking “subsection (e)” and inserting “subsections (e), (f), and (i)”;

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following: ‘‘child’s home State’ means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.’’;

(3) in subsection (c), by inserting “by a court of a State” before “is made”;

(4) in subsection (c)(1), by inserting “and subsections (e), (f), and (g)” after “located”;

(5) in subsection (d)—

(A) by inserting “individual” before “contestant”; and

(B) by striking “subsection (e)” and inserting “subsections (e) and (f)”;

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(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume";

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

“(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:
“(1) If only 1 court has issued a child support order, the order of that court must be recognized.

“(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

“(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

“(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

“(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.”;

(11) in subsection (g) (as so redesignated)—
(A) by striking “PRIOR” and inserting “MODIFIED”; and

(B) by striking “subsection (e)” and inserting “subsections (e) and (f)”;

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting “including the duration of current payments and other obligations of support” before the comma; and

(B) in paragraph (3), by inserting “arrears under” after “enforce”; and

(13) by adding at the end the following new subsection:

“(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.”.

SEC. 4323. ADMINISTRATIVE ENFORCEMENT IN INTER-STATE CASES.

Section 436(a) (42 U.S.C. 666(a)), as amended by sections 4315 and 4317(a) of this Act, is amended by inserting after paragraph (13) the following new paragraph:
"(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due
process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support."

SEC. 4324. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) (as amended by section 4346(a) of this Act) and inserting "; and"; and

(3) by adding at the end the following new paragraph:
“(11) not later than October 1, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

“(A) collection of child support through income withholding;

“(B) imposition of liens; and

“(C) administrative subpoenas.”.

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking “and” at the end of subparagraph (C);

(2) by inserting “and” at the end of subparagraph (D); and

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

“(E) not later than March 1, 1997, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;”.

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SEC. 4325. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 4314 of this Act, is amended—

(1) in subsection (a)(2), by striking the first sentence and inserting the following: “Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations.”; and

(2) by inserting after subsection (b) the following new subsection:

“(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

“(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority to take the following actions relating to establishment of paternity or to establishment, modification, or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States to take the following actions:
“(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

“(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

“(C) RESPONSE TO STATE AGENCY REQUEST.—To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

“(D) ACCESS TO INFORMATION CONTAINED IN CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, and subject to the nonliability of entities that afford such access under this subparagraph, to information contained in the
following records (including automated access, in the case of records maintained in automated data bases):

“(i) Records of other State and local government agencies, including—

“(I) vital statistics (including records of marriage, birth, and divorce);

“(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

“(III) records concerning real and titled personal property;

“(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

“(V) employment security records;

“(VI) records of agencies administering public assistance programs;

“(VII) records of the motor vehicle department; and
"(VIII) corrections records.

"(ii) Certain records held by private entities with respect to individuals who owe or are owed support (or against or with respect to whom a support obligation is sought), consisting of—

"(I) the names and addresses of such individuals and the names and addresses of the employers of such individuals, as appearing in customer records of public utilities and cable television companies, pursuant to an administrative subpoena authorized by subparagraph (B); and

"(II) information (including information on assets and liabilities) on such individuals held by financial institutions.

"(E) CHANGE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obli-
gee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1)(A) and (b) of section 466.

"(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.
(H) INCREASE MONTHLY PAYMENTS.—
For the purpose of securing overdue support, to
increase the amount of monthly support pay-
ments to include amounts for arrearages, sub-
ject to such conditions or limitations as the
State may provide.

Such procedures shall be subject to due process safe-
guards, including (as appropriate) requirements for
notice, opportunity to contest the action, and oppor-
tunity for an appeal on the record to an independent
administrative or judicial tribunal.

(2) SUBSTANTIVE AND PROCEDURAL RULES.—
The expedited procedures required under subsection
(a)(2) shall include the following rules and author-
ity, applicable with respect to all proceedings to es-
tablish paternity or to establish, modify, or enforce
support orders:

(A) LOCATOR INFORMATION; PRESUMP-
TIONS CONCERNING NOTICE.—Procedures
under which—

(i) each party to any paternity or
child support proceeding is required (sub-
ject to privacy safeguards) to file with the
tribunal and the State case registry upon
entry of an order, and to update as appro-
priate, information on location and identity
of the party, including social security num-
ber, residential and mailing addresses, tele-
phone number, driver's license number,
and name, address, and telephone number
of employer; and

"(ii) in any subsequent child support
enforcement action between the parties,
upon sufficient showing that diligent effort
has been made to ascertain the location of
such a party, the tribunal may deem State
due process requirements for notice and
service of process to be met with respect to
the party, upon delivery of written notice
to the most recent residential or employer
address filed with the tribunal pursuant to
clause (i).

"(B) STATEWIDE JURISDICTION.—Proce-
dures under which—

"(i) the State agency and any admin-
istrative or judicial tribunal with authority
to hear child support and paternity cases
exerts statewide jurisdiction over the par-
ties; and
“(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

“(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order re-
ferred to in paragraphs (1) and (2) relating to the
same matters, respectively."

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—
Section 454A, as added by section 4344(a)(2) and as
amended by sections 4311 and 4312(c) of this Act, is
amended by adding at the end the following new sub-
section:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—
The automated system required by this section shall be
used, to the maximum extent feasible, to implement the
expedited administrative procedures required by section
466(e)."

CHAPTER 4—PATERNITY ESTABLISHMENT

SEC. 4331. STATE LAWS CONCERNING PATERNITY ESTAB-

LISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
U.S.C. 666(a)(5)) is amended to read as follows:

"(5) PROCEDURES CONCERNING PATERNITY ES-

TABLISHMENT.—

"(A) ESTABLISHMENT PROCESS AVAIL-

ABLE FROM BIRTH UNTIL AGE 18.—

"(i) Procedures which permit the es-

tablishment of the paternity of a child at

any time before the child attains 18 years

of age.
“(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

“(B) PROCEDURES CONCERNING GENETIC TESTING.—

“(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause and other exceptions for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

“(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or
“(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

“(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

“(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

“(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

“(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

“(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given no-
tice, orally and in writing, of the alter-
natives to, the legal consequences of, and
the rights (including, if 1 parent is a
minor, any rights afforded due to minority
status) and responsibilities that arise from,
signing the acknowledgment.

"(ii) HOSPITAL-BASED PROGRAM.—
Such procedures must include a hospital-
based program for the voluntary acknowl-
edgment of paternity focusing on the pe-
period immediately before or after the birth
of a child.

"(iii) PATERNITY ESTABLISHMENT
SERVICES.—

"(I) STATE-OFFERED SERV-
ICES.—Such procedures must require
the State agency responsible for main-
taining birth records to offer vol-
untary paternity establishment serv-
ices.

"(II) REGULATIONS.—

"(aa) SERVICES OFFERED
BY HOSPITALS AND BIRTH
RECORD AGENCIES.—The Sec-
retary shall prescribe regulations
governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies."
"(iv) Use of Paternity Acknowledgment Affidavit.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit specified by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

"(D) Status of Signed Paternity Acknowledgment.—

"(i) Inclusion in Birth Records.—

Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

"(I) the father and mother have signed a voluntary acknowledgment of paternity; or

"(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.
Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

"(ii) Legal Finding of Paternity.—Procedures under which a signed voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within the earlier of—

"(I) 60 days; or

"(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

"(iii) Contest.—Procedures under which, after the 60-day period referred to
in clause (ii), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

"(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and
“(II) performed by a laboratory approved by such an accreditation body;
“(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and
“(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.
“(G) Presumption of Paternity in Certain Cases.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.
“(H) Default Orders.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process
on the defendant and any additional showing required by State law.

"(I) No right to jury trial.—Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

"(J) Temporary support order based on probable paternity in contested cases.—Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) Proof of certain support and paternity establishment costs.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) Standing of putative fathers.—Procedures ensuring that the putative father
has a reasonable opportunity to initiate a paternity action.

"(M) FILING OF ACKNOWLEDGMENTS AND ADJUDICATIONS IN STATE REGISTRY OF BIRTH RECORDS.—Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry."

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting "and specify the minimum requirements of an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee" before the semicolon."

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and".

SEC. 4332. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting "and will publicize the availability and encourage
the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate” before the semicolon.

SEC. 4333. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF PART A ASSISTANCE.

Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(a), and 4313(a) of this Act, is amended—

(1) by striking “and” at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting “; and”; and

(3) by inserting after paragraph (28) the following new paragraph:

“(29) provide that the State agency responsible for administering the State plan—

“(A) shall make the determination (and re-determination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A of this title or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individ-
ual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to good cause and other exceptions which—

"(i) shall be defined, taking into account the best interests of the child, and

"(ii) shall be applied in each case, by, at the option of the State, the State agency administering the State program under part A, this part, or title XIX;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

"(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of cooperation and eligibility for assistance under the State program funded under
part A, or the State program under title XIX;
and
"(E) shall promptly notify the individual,
the State agency administering the State pro-
gram funded under part A, and the State agen-
cy administering the State program under title
XIX, of each such determination, and if non-
cooperation is determined, the basis therefor.".

CHAPTER 5—PROGRAM ADMINISTRATION
AND FUNDING

SEC. 4341. PERFORMANCE-BASED INCENTIVES AND PEN-
ALTIES.

(a) DEVELOPMENT OF NEW SYSTEM.—The Sec-
retary of Health and Human Services, in consultation with
State directors of programs under part D of title IV of
the Social Security Act, shall develop a new incentive sys-
tem to replace, in a revenue neutral manner, the system
under section 458 of such Act. The new system shall pro-
vide additional payments to any State based on such
State's performance under such a program. Not later than
November 1, 1996, the Secretary shall report on the new
system to the Committee on Ways and Means of the
House of Representatives and the Committee on Finance
of the Senate.
(b) CONFORMING AMENDMENTS TO PRESENT SYSTEM.—Section 458 (42 U.S.C. 658) is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved under part A of this title" and inserting "assistance under a program funded under part A";

(2) in subsection (b)(1)(A), by striking "section 402(a)(26)" and inserting "section 408(a)(4)";

(3) in subsections (b) and (c)—

(A) by striking "AFDC collections" each place it appears and inserting "title IV–A collections", and

(B) by striking "non-AFDC collections" each place it appears and inserting "non-title IV–A collections"; and

(4) in subsection (c), by striking "combined AFDC/non-AFDC administrative costs" both places it appears and inserting "combined title IV–A/non-title IV–A administrative costs".

(e) CALCULATION OF PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking "75" and inserting "90".
(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;"; and

(B) by adding at the end the following new flush sentence:

"In determining compliance under this section, a State may use as its paternity establishment percentage either the State’s IV-D paternity establishment percentage (as defined in paragraph (2)(A)) or the State’s statewide paternity establishment percentage (as defined in paragraph (2)(B)).".

(3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i)—
(I) by striking "paternity establishment percentage" and inserting "IV—D paternity establishment percentage"; and

(II) by striking "(or all States, as the case may be)"; and

(ii) by striking "and" at the end; and

(B) by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) the term 'statewide paternity establishment percentage' means, with respect to a State for a fiscal year, the ratio (expressed as a percentage) that the total number of minor children—which

"(i) who have been born out of wedlock, and

"(ii) the paternity of whom has been established or acknowledged during the fiscal year, bears to the total number of children born out of wedlock during the preceding fiscal year; and".

(4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively; and
(B) in subparagraph (A) (as so redesignated), by striking "the percentage of children born out-of-wedlock in a State" and inserting "the percentage of children in a State who are born out of wedlock or for whom support has not been established".

(d) **Effective Dates.**—

(1) **Incentive Adjustments.**—

(A) **In General.**—The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1998, except to the extent provided in subparagraph (B).

(B) **Application of Section 458.**—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) **Penalty Reductions.**—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this Act.

**SEC. 4342. FEDERAL AND STATE REVIEWS AND AUDITS.**

(a) **State Agency Activities.**—Section 454 (42 U.S.C. 654) is amended—
(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(2) by redesignating paragraph (15) as sub-paragraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including paternity establishment percent-
ages) to the extent necessary for purposes of sections 452(g) and 458;”.

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

“(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

“(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State. comments, recommendations for additional or alternative corrective actions, and technical assistance; and

“(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

“(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data and the accuracy of the reporting systems used in calculating
performance indicators under subsection (g) of this section and section 458;

“(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

“(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

“(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

“(iii) for such other purposes as the Secretary may find necessary;”.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this Act.

SEC. 4343. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting “, and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and
establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures” before the semi-colon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(a), 4313(a), and 4333 of this Act, is amended—

(1) by striking “and” at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting “; and”;

(3) by adding after paragraph (29) the following new paragraph:

“(30) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.”.

SEC. 4344. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking “, at the option of the State,”;
(B) by inserting "and operation by the State agency" after "for the establishment";
(C) by inserting "meeting the requirements of section 454A" after "information retrieval system";
(D) by striking "in the State and localities thereof, so as (A)" and inserting "so as";
(E) by striking "(i)"; and
(F) by striking "(including" and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 454 the following new section:

"SEC. 454A. AUTOMATED DATA PROCESSING.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

"(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—
“(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

“(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

“(c) Calculation of Performance Indicators.—In order to enable the Secretary to determine the incentive payments and penalty adjustments required by sections 452(g) and 458, the State agency shall—

“(1) use the automated system—

“(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

“(B) to calculate the paternity establishment percentage for the State for each fiscal year; and

“(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

“(d) Information Integrity and Security.—The State agency shall have in effect safeguards on the integ-
ritiy, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

"(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

"(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State
and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by section 4303(a)(1) of this Act, is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system—

"(A) by October 1, 1997, which meets all requirements of this part which were enacted on
or before the date of enactment of the Family Support Act of 1988, and

"(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 4344(a)(3) of the Personal Responsibility and Work Opportunity Act of 1996;”.

(b) Special Federal Matching Rate for Development Costs of Automated Systems.—

(1) In general.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking “90 percent” and inserting “the percent specified in paragraph (3)”;

(ii) by striking “so much of”; and

(iii) by striking “which the Secretary” and all that follows and inserting “, and”; and

(B) by adding at the end the following new paragraph:
"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on September 30, 1995) but limited to the amount approved for States in the advance planning documents of such States submitted on or before September 30, 1995.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(ii) The percentage specified in this clause is 80 percent."

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $400,000,000 in the aggregate under section 455(a)(3)(B) of the Social Security Act for fiscal years 1996 through 2001.
(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3)(B) of such Act for fiscal years 1996 through 2001 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100–485) is repealed.

SEC. 4345. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-
cial Projects of Regional or National Significance.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part. The amount appropriated under this subsection shall remain available until expended."
(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 4316 of this Act, is amended by adding at the end the following new subsection:

“(o) RECOVERY OF COSTS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.”.

SEC. 4346. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking “this part;” and inserting “this part, including—”; and
(B) by adding at the end the following new clauses:

"(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month;".

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

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for cases";
(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "for" before "all other";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year;";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

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(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking “and”;

(B) in subparagraph (I), by striking the period and inserting “; and”; and

(C) by inserting after subparagraph (I) the following new subparagraph:

“(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).”.

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking “The information contained in any such report under subparagraph (A)” and all that follows through “the State plan approved under part A.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1997 and succeeding fiscal years.
SEC. 4347. CHILD SUPPORT DELINQUENCY PENALTY.

Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(a), 4313(a), 4333, and 4343(b) of this Act, is amended—

(1) by striking "and" at the end of paragraph (29);

(2) by striking the period at the end of paragraph (30) and inserting "; and"; and

(3) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State shall have in effect such laws and procedures as may be necessary to ensure that—

"(A) any person who, at the end of any calendar year, is delinquent in the payment of child support is civilly liable to the State for a penalty in an amount equal to 10 percent of the amount of the delinquency (excluding any delinquency of the person with respect to which a penalty has been imposed pursuant to this paragraph for a prior calendar year); and

"(B) the State shall apply amounts collected from a person described in subparagraph (A) to the payment of penalties imposed pursuant to subparagraph (A), after all child support delinquencies of the person have been extin-
guished and the person has repaid the State for all public assistance provided to the person owed such support, and shall remit to the Federal Government an amount equal to 50 percent of the amount applied to the payment of such penalties."

CHAPTER 6—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

SEC. 4351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—

"(A) IN GENERAL.—Procedures under which—

"(i) upon the request of either parent, the State shall review and, as appropriate, adjust each support order being enforced under this part, taking into account the best interests of the child involved; and

"(ii) upon the State's own initiative, the State may review and, if appropriate, adjust any support order being enforced under this part with respect to which there
is an assignment under part A, taking into account the best interests of the child involved. Such procedures shall provide the following:

"(B) METHODS OF ADJUSTMENT.—Such procedures shall provide that the State may elect to review and, if appropriate, adjust an order—

"(i) by reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines;

"(ii) by applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a); or
“(iii) by using automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

“(C) No proof of change in circumstances necessary.—Such procedures shall provide that any adjustment under this paragraph shall be made without a requirement for proof or showing of a change in circumstances.

“(D) Notice of right to review.—Such procedures shall require the State to provide notice not less than once every 3 years to the parents subject to an order being enforced under this part informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to this paragraph. The notice may be included in the order.”.
SEC. 4352. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

"(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

"(A) the consumer report is needed for the purpose of establishing an individual’s capacity to make child support payments or determining the appropriate level of such payments;

"(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

"(C) the person has provided at least 10 days’ prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and
“(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

“(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.”

SEC. 4353. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

Part D of title IV (42 U.S.C. 651–669) is amended by adding at the end the following:

“SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

“(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.
“(b) Prohibition of Disclosure of Financial Record Obtained by State Child Support Enforcement Agency.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

“(c) Civil Damages for Unauthorized Disclosure.—

“(1) Disclosure by State Officer or Employee.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.

“(2) No Liability for Good Faith but Erroneous Interpretation.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

“(3) Damages.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—
“(A) the greater of—

“(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

“(ii) the sum of—

“(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

“(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

“(B) the costs (including attorney’s fees) of the action.

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

“(1) FINANCIAL INSTITUTION.—The term ‘financial institution’ means—

“(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

“(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(u));
“(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

“(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

“(2) FINANCIAL RECORD.—The term ‘financial record’ has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).”.

CHAPTER 7—ENFORCEMENT OF SUPPORT ORDERS

SEC. 4361. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking “and” at the end of paragraph (3); and

(2) by striking the period at the end of paragraph (4) and inserting “, and”;
(3) by adding at the end the following new paragraph:

“(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.”; and

(4) by striking “Secretary of Health, Education, and Welfare” each place it appears and inserting “Secretary of Health and Human Services”.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 4362. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

“(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due
from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) Consent to Requirements Applicable to Private Person.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.
(c) Designation of Agent; Response to Notice or Process—

(1) Designation of Agent.—The head of each agency subject to this section shall—

(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

(2) Response to Notice or Process.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the
duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) Priority of Claims.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to
satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) No Requirement to Vary Pay Cycles.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) Relief From Liability.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty
for, or on account of, any disclosure of information
made by the employee in connection with the carry-
ing out of such actions.

“(g) REGULATIONS.—Authority to promulgate regu-
lations for the implementation of this section shall, insofar
as this section applies to moneys due from (or payable
by)—

“(1) the United States (other than the legisla-
tive or judicial branches of the Federal Government)
or the government of the District of Columbia, be
vested in the President (or the designee of the Presi-
dent);

“(2) the legislative branch of the Federal Gov-
ernment, be vested jointly in the President pro tem-
pore of the Senate and the Speaker of the House of
Representatives (or their designees), and

“(3) the judicial branch of the Federal Govern-
ment, be vested in the Chief Justice of the United
States (or the designee of the Chief Justice).

“(h) MONEYS SUBJECT TO PROCESS.—

“(1) IN GENERAL.—Subject to paragraph (2),
moneys paid or payable to an individual which are
considered to be based upon remuneration for em-
ployment, for purposes of this section—

“(A) consist of—
“(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

“(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

“(I) under the insurance system established by title II;

“(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents’ or survivors’ benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

“(III) as compensation for death under any Federal program;

“(IV) under any Federal program established to provide ‘black lung’ benefits; or
“(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

“(iii) worker’s compensation benefits paid under Federal or State law but

“(B) do not include any payment—

“(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

“(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

“(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or pay-
able by, the United States to any individual, there
shall be excluded amounts which—

"(A) are owed by the individual to the
United States;

"(B) are required by law to be, and are,
deducted from the remuneration or other pay-
ment involved, including Federal employment
taxes, and fines and forfeitures ordered by
court-martial;

"(C) are properly withheld for Federal,
State, or local income tax purposes, if the with-
holding of the amounts is authorized or re-
quired by law and if amounts withheld are not
greater than would be the case if the individual
claimed all dependents to which he was entitled
(the withholding of additional amounts pursu-
ant to section 3402(i) of the Internal Revenue
Code of 1986 may be permitted only when the
individual presents evidence of a tax obligation
which supports the additional withholding);

"(D) are deducted as health insurance pre-
miums;

"(E) are deducted as normal retirement
contributions (not including amounts deducted
for supplementary coverage); or
"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for mone-
tary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

"(A) IN GENERAL.—The term "alimony", when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual
in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an adminis-
trative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of sub-paragraph (B);
(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following new subparagraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting "or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))," before "which—";

(B) in subparagraph (B)(i), by striking "(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))" and inserting "(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 659(i)(2)))"; and
(C) in subparagraph (B)(ii), by striking
"(as defined in section 462(c) of the Social Se-
curity Act (42 U.S.C. 662(c)))" and inserting
"(as defined in section 459(i)(3) of the Social
Security Act (42 U.S.C. 659(i)(3)))".

(3) PUBLIC PAYEE.—Section 1408(d) of such
title is amended—

(A) in the heading, by inserting "(OR FOR
BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the 1st sentence,
by inserting "(or for the benefit of such spouse
or former spouse to a State disbursement unit
established pursuant to section 454B of the So-
cial Security Act or other public payee des-
ignated by a State, in accordance with part D
of title IV of the Social Security Act, as di-
rected by court order, or as otherwise directed
in accordance with such part D)" before "in an
amount sufficient".

(4) RELATIONSHIP TO PART D OF TITLE IV.—
Section 1408 of such title is amended by adding at
the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case
involving an order providing for payment of child support
(as defined in section 459(i)(2) of the Social Security Act)
by a member who has never been married to the other
parent of the child, the provisions of this section shall not
apply, and the case shall be subject to the provisions of
section 459 of such Act.”.

(d) EFFECTIVE DATE.—The amendments made by
this section shall become effective 6 months after the date
of the enactment of this Act.

SEC. 4363. ENFORCEMENT OF CHILD SUPPORT OBLIGA-
TIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a
centralized personnel locator service that includes
the address of each member of the Armed Forces
under the jurisdiction of the Secretary. Upon re-
quest of the Secretary of Transportation, addresses
for members of the Coast Guard shall be included in
the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as
provided in subparagraph (B), the address for
a member of the Armed Forces shown in the lo-
cator service shall be the residential address of
that member.
(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member’s residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.
(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or
(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 4362(c)(4) of this Act, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) by inserting after subsection (h) the following new subsection:

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the Secretary concerned for the purposes of this section
(2) Payments consistent with assignments of rights to states.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(4) of the Social Security Act (42 U.S.C. 608(a)(4)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.".

(3) Arrearages owed by members of the uniformed services.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a mem-
ber to satisfy the amount of child support set forth in a
court order shall apply to payment of any amount of child
support arrearages set forth in that order as well as to
amounts of child support that currently become due.”.

(4) PAYROLL DEDUCTIONS.—The Secretary of
Defense shall begin payroll deductions within 30
days after receiving notice of withholding, or for the
1st pay period that begins after such 30-day period.

SEC. 4364. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section
4321 of this Act, is amended by adding at the end the
following new subsection:

“(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In
order to satisfy section 454(20)(A), each State must have
in effect—

“(1)(A) the Uniform Fraudulent Conveyance
Act of 1981;

“(B) the Uniform Fraudulent Transfer Act of
1984; or

“(C) another law, specifying indicia of fraud
which create a prima facie case that a debtor trans-
ferred income or property to avoid payment to a
child support creditor, which the Secretary finds af-
ford comparable rights to child support creditors;

and
“(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

“(A) seek to void such transfer; or

“(B) obtain a settlement in the best interests of the child support creditor.”.

SEC. 4365. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.

(a) In General.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315, 4317(a), and 4323 of this Act, is amended by inserting after paragraph (14) the following new paragraph:

“(15) Procedures to ensure that persons owing past-due support work or have a plan for payment of such support.—

“(A) In General.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to issue an order or to request that a court or an administrative process established pursuant to State law issue an order that requires the individual to—
“(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

“(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

“(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term ‘past-due support’ means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living.”.

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C.666(a)) is amended by striking “and (7)” and inserting “(7), and (15)”.

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SEC. 4366. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 4316 and 4345(b) of this Act, is amended by adding at the end the following new subsection:

"(p) SUPPORT ORDER DEFINED.—As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.".

SEC. 4367. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

"(A) IN GENERAL.—Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act
(15 U.S.C. 1681a(f)) the name of any non-
custodial parent who is delinquent in the pay-
ment of support, and the amount of overdue
support owed by such parent.

“(B) SAFEGUARDS.—Procedures ensuring
that, in carrying out subparagraph (A), inform-
ation with respect to a noncustodial parent is
reported—

“(i) only after such parent has been
afforded all due process required under
State law, including notice and a reason-
able opportunity to contest the accuracy of
such information; and

“(ii) only to an entity that has fur-
nished evidence satisfactory to the State
that the entity is a consumer reporting
agency (as so defined).”.

SEC. 4368. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended
to read as follows:

“(4) LIENS.—Procedures under which—

“(A) liens arise by operation of law against
real and personal property for amounts of over-
due support owed by a noncustodial parent who
resides or owns property in the State; and
“(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, when the State agency, party, or other entity seeking to enforce such a lien complies with the procedural rules relating to recording or serving liens that arise within the State, except that such rules may not require judicial notice or hearing prior to the enforcement of such a lien.”.

SEC. 4369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315, 4317(a), 4323, and 4365 of this Act, is amended by inserting after paragraph (15) the following:

“(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver’s licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.”.
SEC. 4370. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS Certification Procedure.—

(1) Secretarial Responsibility.—Section 452 (42 U.S.C. 652), as amended by section 4345 of this Act, is amended by adding at the end the following new subsection:

"(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to paragraph (2).

“(2) The Secretary of State shall, upon certification by the Secretary transmitted under paragraph (1), refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

“(3) The Secretary and the Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.”.

(2) State Agency Responsibility.—Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(b), 4313(a), 4333, 4343(b), and 4347 of this Act, is amended—
(A) by striking "and" at the end of paragraph (30);

(B) by striking the period at the end of paragraph (31) and inserting "; and"; and

(C) by adding after paragraph (31) the following new paragraph:

"(32) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1997.
SEC. 4371. INTERNATIONAL SUPPORT ENFORCEMENT.

(a) AUTHORITY FOR INTERNATIONAL AGREEMENTS.—Part D of title IV, as amended by section 4362(a) of this Act, is amended by adding after section 459 the following new section:

"SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.

"(a) AUTHORITY FOR DECLARATIONS.—

"(1) DECLARATION.—The Secretary of State, with the concurrence of the Secretary of Health and Human Services, is authorized to declare any foreign country (or a political subdivision thereof) to be a foreign reciprocating country if the foreign country has established, or undertakes to establish, procedures for the establishment and enforcement of duties of support owed to obligees who are residents of the United States, and such procedures are substantially in conformity with the standards prescribed under subsection (b).

"(2) REVOCATION.—A declaration with respect to a foreign country made pursuant to paragraph (1) may be revoked if the Secretaries of State and Health and Human Services determine that—

"(A) the procedures established by the foreign country regarding the establishment and enforcement of duties of support have been so changed, or the foreign country's implementa-
tion of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

"(B) continued operation of the declaration is not consistent with the purposes of this part.

"(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

"(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

"(1) MANDATORY ELEMENTS.—Support enforcement procedures of a foreign country which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

"(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

"(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

"(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection
and appropriate distribution of support payments under such orders.

"(B) The procedures described in subparagraph (A), including legal and administrative assistance, are provided to residents of the United States at no cost.

"(C) An agency of the foreign country is designated as a Central Authority responsible for—

"(i) facilitating support enforcement in cases involving residents of the foreign country and residents of the United States; and

"(ii) ensuring compliance with the standards established pursuant to this subsection.

"(2) ADDITIONAL ELEMENTS.—The Secretary of Health and Human Services and the Secretary of State, in consultation with the States, may establish such additional standards as may be considered necessary to further the purposes of this section.

"(c) DESIGNATION OF UNITED STATES CENTRAL AUTHORITY.—It shall be the responsibility of the Secretary of Health and Human Services to facilitate support enforcement in cases involving residents of the United
States and residents of foreign countries that are the subject of a declaration under this section, by activities including—

“(1) development of uniform forms and procedures for use in such cases;

“(2) notification of foreign reciprocating countries of the State of residence of individuals sought for support enforcement purposes, on the basis of information provided by the Federal Parent Locator Service; and

“(3) such other oversight, assistance, and coordination activities as the Secretary may find necessary and appropriate.

“(d) EFFECT ON OTHER LAWS.—States may enter into reciprocal arrangements for the establishment and enforcement of support obligations with foreign countries that are not the subject of a declaration pursuant to subsection (a), to the extent consistent with Federal law.”.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(b), 4313(a), 4333, 4343(b), 4347, and 4370(a)(2) of this Act, is amended—

(1) by striking “and” at the end of paragraph (31);
(2) by striking the period at the end of paragraph (32) and inserting “; and”; and

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

“(33)(A) provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in section 459A(d)(2) shall be treated as a request by a State;

“(B) provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

“(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor).”.

SEC. 4372. FINANCIAL INSTITUTION DATA MATCHES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315, 4317(a), 4323, 4365, and 4369 of this Act, is amended by inserting after paragraph (16) the following new paragraph:
“(17) FINANCIAL INSTITUTION DATA MATCHES.—

“(A) IN GENERAL.—Procedures under which the State agency shall enter into agreements with financial institutions doing business in the State—

“(i) to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying information for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

“(ii) in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of any noncustodial parent who is
subject to a child support lien pursuant to paragraph (4).

"(B) **Reasonable Fees.**—The State agency may pay a reasonable fee to a financial institution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

"(C) **Liability.**—A financial institution shall not be liable under any Federal or State law to any person—

"(i) for any disclosure of information to the State agency under subparagraph (A)(i);

"(ii) for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided for in subparagraph (A)(ii); or

"(iii) for any other action taken in good faith to comply with the requirements of subparagraph (A).

"(D) **Definitions.**—For purposes of this paragraph—
“(i) Financial institution.—The term ‘financial institution’ has the meaning given to such term by section 469A(d)(1).

“(ii) Account.—The term ‘account’ means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.”.

SEC. 4373. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 431, 4317(a), 4323, 4365, 4369, and 4372 of this Act, is amended by inserting after paragraph (17) the following new paragraph:

“(18) Enforcement of orders against paternal or maternal grandparents.—Procedures under which, at the State’s option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parent of such child is receiving assistance under the State program under part A, shall be enforceable, jointly and severally, against the parents of the noncustodial parent of such child.”.
SEC. 4374. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.

(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.—Section 523(a) of title 11, United States Code, is amended—

(1) by striking "or" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; or";

(3) by adding at the end the following:

"(18) owed under State law to a State or municipality that is—

"(A) in the nature of support, and

"(B) enforceable under part D of title IV of the Social Security Act (42 U.S.C. 601 et seq.)."; and

(4) in paragraph (5), by striking "section 402(a)(26)" and inserting "section 408(a)(4)".

(b) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 456(b) (42 U.S.C. 656(b)) is amended to read as follows:

"(b) NONDISCHARGEABILITY.—A debt (as defined in section 101 of title 11 of the United States Code) owed under State law to a State (as defined in such section) or municipality (as defined in such section) that is in the nature of support, and enforceable under part D of title IV of the Social Security Act (42 U.S.C. 601 et seq.)."
nature of support and that is enforceable under this part
is not released by a discharge in bankruptcy under title
11 of the United States Code.”.

(c) APPLICATION OF AMENDMENTS.—The amend-
ments made by this section shall apply only with respect
to cases commenced under title 11 of the United States
Code after the date of the enactment of this Act.

CHAPTER 8—MEDICAL SUPPORT

SEC. 4376. CORRECTION TO ERISA DEFINITION OF MEDI-
CAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Em-
ployee Retirement Income Security Act of 1974 (29
U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking “issued by a court of competent
jurisdiction”;

(2) by striking the period at the end of clause
(ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the
following:

“if such judgment, decree, or order (I) is issued
by a court of competent jurisdiction or (II) is
issued through an administrative process estab-
lished under State law and has the force and ef-
fect of law under applicable State law.”.

(b) EFFECTIVE DATE.—
(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1997.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the 1st plan year beginning on or after January 1, 1997, if—

(A) during the period after the date before the date of the enactment of this Act and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.
SEC. 4377. ENFORCEMENT OF ORDERS FOR HEALTH CARE

COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315, 4317(a), 4323, 4365, 4369, 4372, and 4373 of this Act, is amended by inserting after paragraph (18) the following new paragraph:

“(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders enforced pursuant to this part shall include a provision for the health care coverage of the child, and in the case in which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the noncustodial parent’s health plan, unless the noncustodial parent contests the notice.”.

CHAPTER 9—ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-RESIDENTIAL PARENTS

SEC. 4381. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651–669), as amended by section 4353 of this Act, is amended by adding at the end the following new section:
"SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to $10,000,000 for grants under this section for the fiscal year as the number of children in the
State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) $50,000 for fiscal year 1997 or 1998; or

"(B) $100,000 for any succeeding fiscal year.

"(d) No Supplantation of State Expenditures for Similar Activities.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) State Administration.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and
“(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.”.

CHAPTER 10—EFFECTIVE DATES AND CONFORMING AMENDMENTS

SEC. 4391. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this subtitle requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this subtitle shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this subtitle shall become effective with respect to a State on the later of—

(1) the date specified in this subtitle, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,
but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this subtitle if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are amended by striking "absent" each place it appears and inserting "noncustodial":

(A) Section 451 (42 U.S.C. 651).

(B) Subsections (a)(1), (a)(8), (a)(10)(E), (a)(10)(F), (f), and (h) of section 452 (42 U.S.C. 652).

(C) Section 453(f) (42 U.S.C. 653(f)).
(D) Paragraphs (8), (13), and (21)(A) of section 454 (42 U.S.C. 654).

(E) Section 455(e)(1) (42 U.S.C. 655(e)(1)).

(F) Section 458(a) (42 U.S.C. 658(a)).

(G) Subsections (a), (b), and (c) of section 463 (42 U.S.C. 663).

(H) Subsections (a)(3)(A), (a)(3)(C), (a)(6), and (a)(8)(B)(ii), the last sentence of subsection (a), and subsections (b)(1), (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i), (b)(9), and (e) of section 466 (42 U.S.C. 666).

(2) The following provisions are amended by striking "an absent" each place it appears and inserting "a noncustodial":

(A) Paragraphs (2) and (3) of section 453(e) (42 U.S.C. 653(e)).

(B) Subparagraphs (B) and (C) of section 454(9) (42 U.S.C. 654(9)).

(C) Section 456(a)(3) (42 U.S.C. 656(a)(3)).

(D) Subsections (a)(3)(A), (a)(6), (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section 466 (42 U.S.C. 666).
(E) Paragraphs (2) and (4) of section 469(b) (42 U.S.C. 669(b)).

Subtitle D—Restricting Welfare and Public Benefits for Aliens

SEC. 4400. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION.

The Congress makes the following statements concerning national policy with respect to welfare and immigration:

(1) Self-sufficiency has been a basic principle of United States immigration law since this country’s earliest immigration statutes.

(2) It continues to be the immigration policy of the United States that—

(A) aliens within the Nation’s borders not depend on public resources to meet their needs, but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations, and

(B) the availability of public benefits not constitute an incentive for immigration to the United States.

(3) Despite the principle of self-sufficiency, aliens have been applying for and receiving public
benefits from Federal, State, and local governments at increasing rates.

(4) Current eligibility rules for public assistance and unenforceable financial support agreements have proved wholly incapable of assuring that individual aliens not burden the public benefits system.

(5) It is a compelling government interest to enact new rules for eligibility and sponsorship agreements in order to assure that aliens be self-reliant in accordance with national immigration policy.

(6) It is a compelling government interest to remove the incentive for illegal immigration provided by the availability of public benefits.

(7) With respect to the State authority to make determinations concerning the eligibility of qualified aliens for public benefits in this subtitle, a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen the least restrictive means available for achieving the compelling governmental interest of assuring that aliens be self-reliant in accordance with national immigration policy.
CHAPTER 1—ELIGIBILITY FOR FEDERAL BENEFITS

SEC. 4401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 4431) is not eligible for any Federal public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—

(1) Subsection (a) shall not apply with respect to the following Federal public benefits:

(A) Emergency medical services under title XIX of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's
sole and unreviewable discretion after consulta-
tion with appropriate Federal agencies and de-
partments, which (i) deliver in-kind services at
the community level, including through public
or private nonprofit agencies; (ii) do not condi-
tion the provision of assistance, the amount of
assistance provided, or the cost of assistance
provided on the individual recipient’s income or
resources; and (iii) are necessary for the protec-
tion of life or safety.

(E) Programs for housing or community
development assistance or financial assistance
administered by the Secretary of Housing and
Urban Development, any program under title V
of the Housing Act of 1949, or any assistance
under section 306C of the Consolidated Farm
and Rural Development Act, to the extent that
the alien is receiving such a benefit on the date
of the enactment of this Act.

(2) Subsection (a) shall not apply to any benefit
payable under title II of the Social Security Act to
an alien who is lawfully present in the United States
as determined by the Attorney General, to any bene-
fit if nonpayment of such benefit would contravene
an international agreement described in section 233
of the Social Security Act, to any benefit if nonpay-
ment would be contrary to section 202(t) of the So-
cial Security Act, or to any benefit payable under
title II of the Social Security Act to which entitle-
ment is based on an application filed in or before the
month in which this Act becomes law.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—
    (1) Except as provided in paragraph (2), for
purposes of this subtitle the term "Federal public
benefit" means—

        (A) any grant, contract, loan, professional
license, or commercial license provided by an
agency of the United States or by appropriated
funds of the United States; and

        (B) any retirement, welfare, health, dis-
ability, public or assisted housing, postsecond-
ary education, food assistance, unemployment
benefit, or any other similar benefit for which
payments or assistance are provided to an indi-
vidual, household, or family eligibility unit by
an agency of the United States or by appro-
priated funds of the United States.

    (2) Such term shall not apply—

        (A) to any contract, professional license, or
commercial license for a nonimmigrant whose
visa for entry is related to such employment in
the United States; or

(B) with respect to benefits for an alien
who as a work authorized nonimmigrant or as
an alien lawfully admitted for permanent resi-
dence under the Immigration and Nationality
Act qualified for such benefits and for whom
the United States under reciprocal treaty agree-
ments is required to pay benefits, as determined
by the Attorney General, after consultation with
the Secretary of State.

SEC. 4402. LIMITED ELIGIBILITY OF QUALIFIED ALIENS
FOR CERTAIN FEDERAL PROGRAMS.

(a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL
PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other
provision of law and except as provided in paragraph
(2), an alien who is a qualified alien (as defined in
section 4431) is not eligible for any specified Fed-
eral program (as defined in paragraph (3)).

(2) EXCEPTIONS.—

(A) TIME-LIMITED EXCEPTION FOR REFU-
GEES AND ASYLEES.—Paragraph (1) shall not
apply to an alien until 5 years after the date—
(i) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act; 
(ii) an alien is granted asylum under section 208 of such Act; or 
(iii) an alien's deportation is withheld under section 243(h) of such Act.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—Paragraph (1) shall not apply to an alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and 
(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (II) did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—Paragraph (1) shall not apply to an alien who is lawfully residing in any State and is—
(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage, 

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or 

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.—

(i) SSI.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(A), during the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual who is receiving benefits under such program as of the date of the enactment of this Act and whose eligibility for such ben-
efits may terminate by reason of the provisions of this subsection.

(II) Redetermination Criteria.—With respect to any redetermination under subclause (I), the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under such program.

(III) Grandfather Provision.—The provisions of this subsection and the redetermination under subclause (I), shall only apply with respect to the benefits of an individual described in subclause (I) for months beginning on or after the date of the redetermination with respect to such individual.

(IV) Notice.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subclause (I) of the provisions of this clause.

(ii) Food Stamps.—
(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(B), during the period beginning on the date of enactment of this Act and ending on the date which is 1 year after the date of enactment, the State agency shall, at the time of the recertification, re-certify the eligibility of any individual who is receiving benefits under such program as of the date of enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) RECERTIFICATION CRITERIA.—With respect to any recertification under subclause (I), the State agency shall apply the eligibility criteria for applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the recertification under subclause (I) shall only apply with respect to the eligibility of an alien for
a program for months beginning on or after the date of recertification, if on the date of enactment of this Act the alien is lawfully residing in any State and is receiving benefits under such program on such date of enactment.

(iii) **MEDICAID.**—

(I) **IN GENERAL.**—With respect to the specified Federal program described in paragraph (3)(C), during the period beginning on the date of enactment of this Act and ending on the date which is 1 year after the date of enactment, the State agency shall, at the time of the redetermination, re-determine the eligibility of any individual who is receiving benefits under such program as of the date of enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) **REDETERMINATION.**—With respect to any redetermination under subclause (I), the State agency shall
apply the eligibility criteria for applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the redetermination under subclause (I) shall only apply with respect to the eligibility of an alien for a program for months beginning on or after the date of redetermination, if on the date of enactment of this Act the alien is lawfully residing in any State and is receiving benefits under such program on such date of enactment.

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this subtitle, the term "specified Federal program" means any of the following:

(A) SSI.—The supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agree-
ment entered into under section 212(b) of Public Law 93–66.

(B) Food Stamps.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(C) Medicaid.—A State plan approved under title XIX of the Social Security Act.

(b) Limited Eligibility for Designated Federal Programs.—

(1) In General.—Notwithstanding any other provision of law and except as provided in section 4403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in section 4431) for any designated Federal program (as defined in paragraph (3)).

(2) Exceptions.—Qualified aliens under this paragraph shall be eligible for any designated Federal program.

(A) Time-limited Exception for Refugees and Asylees.—

(i) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.
(ii) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(iii) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 4435, and (II) did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with
a discharge characterized as an honorable
discharge and not on account of alienage,

(ii) on active duty (other than active
duty for training) in the Armed Forces of
the United States, or

(iii) the spouse or unmarried depend-
ent child of an individual described in
clause (i) or (ii).

(D) TRANSITION FOR THOSE CURRENTLY
RECEIVING BENEFITS.—An alien who on the
date of the enactment of this Act is lawfully re-
siding in any State and is receiving benefits
under such program on the date of the enact-
ment of this Act shall continue to be eligible to
receive such benefits until January 1, 1997.

(3) DESIGNATED FEDERAL PROGRAM DE-
FINED.—For purposes of this subtitle, the term
"designated Federal program" means any of the fol-
lowing:

(A) TEMPORARY ASSISTANCE FOR NEEDY
FAMILIES.—The program of block grants to
States for temporary assistance for needy fami-
lies under part A of title IV of the Social Secu-

rity Act.
(B) Social Services Block Grant.—
The program of block grants to States for social services under title XX of the Social Security Act.

SEC. 4403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) In General.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 4431) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) Exceptions.—The limitation under subsection (a) shall not apply to the following aliens:

(1) Exception for Refugees and Asylees.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.
(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—

An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this subtitle, the term “Federal means-tested public benefit” means a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both are determined on the basis of in-
come, resources, or financial need of the individual, household, or unit.

(2) Such term does not include the following:

(A) Emergency medical services under title XIX of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Assistance or benefits under the National School Lunch Act.

(D) Assistance or benefits under the Child Nutrition Act of 1966.

(E) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(F) Payments for foster care and adoption assistance under parts B and E of title IV of the Social Security Act for a child who would, in the absence of subsection (a), be eligible to have such payments made on the child's behalf under such part, but only if the foster or adoptive parent or parents of such child are not described under subsection (a).
(G) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.


(J) Benefits under the Head Start Act.

(K) Benefits under the Job Training Partnership Act.

SEC. 4404. NOTIFICATION AND INFORMATION REPORTING.

(a) NOTIFICATION.—Each Federal agency that administers a program to which section 4401, 4402, or 4403...
applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this chapter.

(b) Information Reporting Under Title IV of the Social Security Act.—Part A of title IV of the Social Security Act, as amended by section 4103(a) of this Act, is amended by inserting the following new section after section 411:

"Sec. 411A. State Required to Provide Certain Information.

"Each State to which a grant is made under section 403 shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is unlawfully in the United States."

(c) SSI.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended—

(1) by redesignating the paragraphs (6) and (7) inserted by sections 206(d)(2) and 206(f)(1) of the Social Security Independence and Programs Improvement Act of 1994 (Public Law 103–296; 108
Stat. 1514, 1515) as paragraphs (7) and (8), respectively; and
(2) by adding at the end the following new paragraph:
"(9) Notwithstanding any other provision of law, the Commissioner shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this paragraph referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Commissioner knows is unlawfully in the United States, and shall ensure that each agreement entered into under section 1616(a) with a State provides that the State shall furnish such information at such times with respect to any individual who the State knows is unlawfully in the United States."

(d) INFORMATION REPORTING FOR HOUSING PROGRAMS.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:
"SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCEMENT AND OTHER AGENCIES.
"Notwithstanding any other provision of law, the Secretary shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter
in this section referred to as the ‘Service’), furnish the
Service with the name and address of, and other identify-
ing information on, any individual who the Secretary
knows is unlawfully in the United States, and shall ensure
that each contract for assistance entered into under sec-
tion 6 or 8 of this Act with a public housing agency pro-
vides that the public housing agency shall furnish such
information at such times with respect to any individual
who the public housing agency knows is unlawfully in the
United States.”.

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.
(a) IN GENERAL.—Notwithstanding any other provi-
sion of law and except as provided in subsections (b) and
(d), an alien who is not—
(1) a qualified alien (as defined in section
4431),
(2) a nonimmigrant under the Immigration and
Nationality Act, or
(3) an alien who is paroled into the United
States under section 212(d)(5) of such Act for less
than one year,
is not eligible for any State or local public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Emergency medical services under title XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General’s sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient’s in-
come or resources; and (C) are necessary for the protection of life or safety.

(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this chapter the term "State or local public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or
(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law after the date of the enactment of this Act which affirmatively provides for such eligibility.

SEC. 4412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF QUALIFIED ALIENS FOR STATE PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), a State is authorized to determine the eligibility for any State public benefits (as defined in subsection (e) of an
alien who is a qualified alien (as defined in section 4431),
a nonimmigrant under the Immigration and Nationality
Act, or an alien who is paroled into the United States
under section 212(d)(5) of such Act for less than one year.

(b) EXCEPTIONS.—Qualified aliens under this sub-
section shall be eligible for any State public benefits.

(1) TIME-LIMITED EXCEPTION FOR REFUGEES
AND ASYLEES.—

(A) An alien who is admitted to the United
States as a refugee under section 207 of the
Immigration and Nationality Act until 5 years
after the date of an alien’s entry into the Unit-
ed States.

(B) An alien who is granted asylum under
section 208 of such Act until 5 years after the
date of such grant of asylum.

(C) An alien whose deportation is being
withheld under section 243(h) of such Act until
5 years after such withholding.

(2) CERTAIN PERMANENT RESIDENT ALIENS.—
An alien who—

(A) is lawfully admitted to the United
States for permanent residence under the Im-
migration and Nationality Act; and
(B)(i) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 4435, and (ii) did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter.

(3) VETERAN AND ACTIVE DUTY EXCEPTION.— An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits on the date of the en-
actment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(c) STATE PUBLIC BENEFITS DEFINED.—The term "State public benefits" means any means-tested public benefit of a State or political subdivision of a State under which the State or political subdivision specifies the standards for eligibility, and does not include any Federal public benefit.

CHAPTER 3—ATTRIBUTION OF INCOME AND AFFIDAVITS OF SUPPORT

SEC. 4421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN.

(a) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien for any Federal means-tested public benefits program (as defined in section 4403(c)), the income and resources of the alien shall be deemed to include the following:

(1) The income and resources of any person who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 4423) on behalf of such alien.

(2) The income and resources of the spouse (if any) of the person.
(b) APPLICATION.—Subsection (a) shall apply with respect to an alien until such time as the alien—

(1) achieves United States citizenship through naturalization pursuant to chapter 2 of title III of the Immigration and Nationality Act; or

(2)(A) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 4435, and (B) did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien is required to reapply for benefits under any Federal means-tested public benefits program, the applicable agency shall review the income and resources attributed to the alien under subsection (a).

(d) APPLICATION.—

(1) If on the date of the enactment of this Act, a Federal means-tested public benefits program attributes a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to
any such determination beginning on the day after the date of the enactment of this Act.

(2) If on the date of the enactment of this Act, a Federal means-tested public benefits program does not attribute a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning 180 days after the date of the enactment of this Act.

SEC. 4422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSORS INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.— Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State public benefits (as defined in section 4412(c)), the State or political subdivision that offers the benefits is authorized to provide that the income and resources of the alien shall be deemed to include—

(1) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 4423) on behalf of such alien, and
(2) the income and resources of the spouse (if any) of the individual.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Emergency medical services.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General of a State, after consultation with appropriate agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do
not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

SEC. 4423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

"REQUIREMENTS FOR SPONSOR’S AFFIDAVIT OF SUPPORT

"Sec. 213A. (a) ENFORCEABILITY.—(1) No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract—

"(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

"(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and
“(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

“(2) A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

“(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

“(c) REMEDIES.— Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in section 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection, and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

“(d) NOTIFICATION OF CHANGE OF ADDRESS.—
“(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

“(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

“(A) not less than $250 or more than $2,000, or

“(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than $2,000 or more than $5,000.

“(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—(1)(A) Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

“(B) The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out sub-paragraph (A).
“(2) If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

“(3) If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

“(4) No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

“(5) If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from
bringing an action against a sponsor pursuant to an affidavit of support.

“(f) DEFINITIONS.—For the purposes of this section—

“(1) SPONSOR.—The term ‘sponsor’ means an individual who—

“(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

“(B) is 18 years of age or over;

“(C) is domiciled in any of the 50 States or the District of Columbia; and

“(D) is the person petitioning for the admission of the alien under section 204.

“(2) MEANS-TESTED PUBLIC BENEFITS PROGRAM.—The term ‘means-tested public benefits program’ means a program of public benefits (including cash, medical, housing, and food assistance and social services) of the Federal Government or of a State or political subdivision of a State in which the eligibility of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.”.
(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

"Sec. 213A. Requirements for sponsor's affidavit of support."

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as inserted by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section.

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support under section 213A of the Immigration and Nationality Act shall not apply with respect to the following:

2. Short-term, non-cash, in-kind emergency disaster relief.
3. Assistance or benefits under the National School Lunch Act.
(5) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(6) Payments for foster care and adoption assistance under part B of title IV of the Social Security Act for a child, but only if the foster or adoptive parent or parents of such child are not otherwise ineligible pursuant to section 4403 of this Act.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General’s sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient’s income or resources; and (C) are necessary for the protection of life or safety.
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(9) Benefits under the Head Start Act.


(11) Benefits under the Job Training Partnership Act.

CHAPTER 4—GENERAL PROVISIONS

SEC. 4431. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in this subtitle, the terms used in this subtitle have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—For purposes of this subtitle, the term "qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is—

(1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act,

(2) an alien who is granted asylum under section 208 of such Act,

(3) a refugee who is admitted to the United States under section 207 of such Act,
(4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,

(5) an alien whose deportation is being withheld under section 243(h) of such Act, or

(6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

SEC. 4432. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal public benefit (as defined in section 4401(c)), to which the limitation under section 4401 applies, is a qualified alien and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(b) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (a) are adopted, a State that administers a program that pro-
vides a Federal public benefit shall have in effect a verification system that complies with the regulations.

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

SEC. 4433. STATUTORY CONSTRUCTION.

(a) LIMITATION.—

(1) Nothing in this subtitle may be construed as an entitlement or a determination of an individual’s eligibility or fulfillment of the requisite requirements for any Federal, State, or local governmental program, assistance, or benefits. For purposes of this subtitle, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) Nothing in this subtitle may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under Plyler v. Doe (457 U.S. 202)(1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This subtitle does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as deter-
mined by the Secretary of State in consultation with the
Attorney General.

(c) SEVERABILITY.—If any provision of this subtitle
or the application of such provision to any person or cir-
cumstance is held to be unconstitutional, the remainder
of this subtitle and the application of the provisions of
such to any person or circumstance shall not be affected
thereby.

SECTION 4434. COMMUNICATION BETWEEN STATE AND LOCAL
GOVERNMENT AGENCIES AND THE IMMIGRA-
TION AND NATURALIZATION SERVICE.

Notwithstanding any other provision of Federal,
State, or local law, no State or local government entity
may be prohibited, or in any way restricted, from sending
to or receiving from the Immigration and Naturalization
Service information regarding the immigration status,
lawful or unlawful, of an alien in the United States.

SECTION 4435. QUALIFYING QUARTERS.

For purposes of this subtitle, in determining the
number of qualifying quarters of coverage under title II
of the Social Security Act an alien shall be credited with—

(1) all of the qualifying quarters of coverage as
defined under title II of the Social Security Act
worked by a parent of such alien while the alien was
under age 18 if the parent did not receive any Fed-
eral means-tested public benefit (as defined in section 4403(c)) during any such quarter, and

(2) all of the qualifying quarters worked by a spouse of such alien during their marriage if the spouse did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter and the alien remains married to such spouse or such spouse is deceased.

CHAPTER 5—CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING

SEC. 4441. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING.

(a) LIMITATIONS ON ASSISTANCE.—Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) by striking “Secretary of Housing and Urban Development” each place it appears and inserting “applicable Secretary”;

(2) in subsection (b), by inserting after “National Housing Act,” the following: “the direct loan program under section 502 of the Housing Act of 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or 542 of such Act, subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act,”;
(3) in paragraphs (2) through (6) of subsection (d), by striking “Secretary” each place it appears and inserting “applicable Secretary”;

(4) in subsection (d), in the matter following paragraph (6), by striking “the term ‘Secretary’” and inserting “the term ‘applicable Secretary’”; and

(5) by adding at the end the following new subsection:

“(h) For purposes of this section, the term ‘applicable Secretary’ means—

“(1) the Secretary of Housing and Urban Development, with respect to financial assistance administered by such Secretary and financial assistance under subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act; and

“(2) the Secretary of Agriculture, with respect to financial assistance administered by such Secretary.”.

(b) CONFORMING AMENDMENTS.—Section 501(h) of the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

(1) by striking“(1)”;

(2) by striking “by the Secretary of Housing and Urban Development”; and

(3) by striking paragraph (2).
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.

(a) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

"(F) Identification number requirement.—The term ‘eligible individual’ does not include any individual who does not include on the return of tax for the taxable year—

“(i) such individual’s taxpayer identification number, and

“(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual’s spouse.”.

(b) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

“(l) Identification numbers.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number is-
sued to an individual by the Social Security Administra-
tion (other than a social security number issued pursuant
to clause (II) (or that portion of clause (III) that relates
to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-
curity Act).".

(c) EXTENSION OF PROCEDURES APPLICABLE TO
MATHEMATICAL OR CLERICAL ERRORS.—Section
6213(g)(2) of such Code (relating to the definition of
mathematical or clerical errors) is amended by striking
"and' at the end of subparagraph (D), by striking the pe-
period at the end of subparagraph (E) and inserting a
comma, and by inserting after subparagraph (E) the fol-
lowing new subparagraphs:

"(F) an omission of a correct taxpayer
identification number required under section 32
(relating to the earned income tax credit) to be
included on a return, and

"(G) an entry on a return claiming the
credit under section 32 with respect to net
earnings from self-employment described in sec-
tion 32(c)(2)(A) to the extent the tax imposed
by section 1401 (relating to self-employment
tax) on such net earnings has not been paid."
(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

**Subtitle E—Reform of Public Housing**

**SEC. 4601. FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS.**

(a) **IN GENERAL.**—If an individual’s benefits under a Federal, State, or local law relating to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated as a result of a decrease in the income of the individual (determined under the applicable program) attributable to such reduction.

(b) **WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.**—For purposes of subsection (a), the term “means-tested welfare or public assistance program for which Federal funds are appropriated” includes the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any program of public or assisted housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et
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.

Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by striking part B and inserting the following:

"PART B—BLOCK GRANTS TO STATES FOR THE PROTECTION OF CHILDREN

"SEC. 421. PURPOSE.

"The purpose of this part is to enable eligible States to carry out a child protection program to—

"(1) identify and assist families at risk of abusing or neglecting their children;

"(2) operate a system for receiving reports of abuse or neglect of children;
“(1) IN GENERAL.—A territory, as defined in section 1108(b)(1), shall carry out a child protection program in accordance with the provisions of this part.

“(2) PAYMENTS.—Subject to the mandatory ceiling amounts specified in section 1108, each territory, as so defined, shall be entitled to receive from the Secretary for any fiscal year an amount equal to the total obligations to the territory under section 434 (as in effect on the day before the date of the enactment of this part) for fiscal year 1995.

“(g) LIMITATION ON FEDERAL AUTHORITY.—Except as expressly provided in this Act, the Secretary may not regulate the conduct of States under this part or enforce any provision of this part.

"SEC. 424. DATA COLLECTION AND REPORTING.

“(a) NATIONAL CHILD ABUSE AND NEGLECT DATA SYSTEM.—The Secretary shall establish a national data collection and analysis program—

“(1) which, to the extent practicable, coordinates existing State child abuse and neglect reports and which shall include—

“(A) standardized data on substantiated, as well as false, unfounded, or unsubstantiated reports; and
“(B) information on the number of deaths

due to child abuse and neglect; and

“(2) which shall collect, compile, analyze, and
make available State child abuse and neglect report-
ing information which, to the extent practical, is uni-
versal and case-specific and integrated with other
case-based foster care and adoption data collected by
the Secretary.

“(b) ADOPTION AND FOSTER CARE AND ANALYSIS
AND REPORTING SYSTEMS.—The Secretary shall imple-
ment a system for the collection of data relating to adop-
tion and foster care in the United States. Such data collect-
ion system shall—

“(1) avoid unnecessary diversion of resources
from agencies responsible for adoption and foster
care;

“(2) assure that any data that is collected is re-
liable and consistent over time and among jurisdic-
tions through the use of uniform definitions and
methodologies;

“(3) provide comprehensive national informa-
tion with respect to—

“(A) the demographic characteristics of
adoptive and foster children and their biological
and adoptive or foster parents;
“(B) the status of the foster care population (including the number of children in foster care, length of placement, type of placement, availability for adoption, and goals for ending or continuing foster care);

“(C) the number and characteristics of—

“(i) children placed in or removed from foster care;

“(ii) children adopted or with respect to whom adoptions have been terminated; and

“(iii) children placed in foster care outside the State which has placement and care responsibility; and

“(D) the extent and nature of assistance provided by Federal, State, and local adoption and foster care programs and the characteristics of the children with respect to whom such assistance is provided; and

“(4) utilize appropriate requirements and incentives to ensure that the system functions reliably throughout the United States.

“(e) ADDITIONAL INFORMATION.—The Secretary may require the provision of additional information under the data collection system established under subsection (b)
if the addition of such information is agreed to by a major-
ity of the States.

"(d) ANNUAL REPORT BY THE SECRETARY.—Not
later than 6 months after the end of each fiscal year, the
Secretary shall prepare a report based on information pro-
vided by the States for the fiscal year pursuant to this
section, and shall make the report and such information
available to the Congress and the public.

"SEC. 425. FUNDING FOR STUDIES OF CHILD WELFARE.

"(a) NATIONAL RANDOM SAMPLE STUDY OF CHILD
WELFARE.—There are authorized to be appropriated and
there are appropriated to the Secretary for each of fiscal
years 1996 through 2002—

"(1) $6,000,000 to conduct a national study
based on random samples of children who are at risk
of child abuse or neglect, or are determined by
States to have been abused or neglected under sec-
tion 208 of the Child and Family Services Block
Grant Act of 1996; and

"(2) $10,000,000 for such other research as
may be necessary under such section.

"(b) ASSESSMENT OF STATE COURTS IMPROVEMENT
OF HANDLING OF PROCEEDINGS RELATING TO FOSTER
CARE AND ADOPTION.—There are authorized to be appro-
priated and there are appropriated to the Secretary for
amended in this chapter and which involve State expenditures in cases where assistance or services were provided during a prior fiscal year, shall be treated as expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. States shall complete the filing of all claims no later than September 30, 1997. Federal department heads shall—

(A) use the single audit procedure to review and resolve any claims in connection with the closeout of programs; and

(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than the funds authorized by this chapter.

CHAPTER 2—CHILD AND FAMILY SERVICES BLOCK GRANT

SEC. 4751. CHILD AND FAMILY SERVICES BLOCK GRANT.

The Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq.) is amended to read as follows:

"SECTION 1. SHORT TITLE.

"This Act may be cited as the 'Child and Family Services Block Grant Act of 1996'.”
"SEC. 2. FINDINGS.

"The Congress finds the following:

"(1) Each year, close to 1,000,000 American children are victims of abuse and neglect.

"(2) Many of these children and their families fail to receive adequate protection or treatment.

"(3) The problem of child abuse and neglect requires a comprehensive approach that—

"(A) integrates the work of social service, legal, health, mental health, education, and substance abuse agencies and organizations;

"(B) strengthens coordination among all levels of government, and with private agencies, civic, religious, and professional organizations, and individual volunteers;

"(C) emphasizes the need for abuse and neglect prevention, assessment, investigation, and treatment at the neighborhood level;

"(D) ensures properly trained and support staff with specialized knowledge, to carry out their child protection duties; and

"(E) is sensitive to ethnic and cultural diversity.

"(4) The child protection system should be comprehensive, child-centered, family-focused, and community-based, should incorporate all appropriate
measures to prevent the occurrence or recurrence of child abuse and neglect, and should promote physical and psychological recovery and social reintegration in an environment that fosters the health, safety, self-respect, and dignity of the child.

"(5) The Federal Government should provide leadership and assist communities in their child and family protection efforts by—

"(A) generating and sharing knowledge relevant to child and family protection, including the development of models for service delivery;

"(B) strengthening the capacity of States to assist communities;

"(C) helping communities to carry out their child and family protection plans by promoting the competence of professional, para-professional, and volunteer resources; and

"(D) providing leadership to end the abuse and neglect of the Nation's children and youth.

"SEC. 3. PURPOSES.

"The purposes of this Act are the following:

"(1) To assist each State in improving the child protective service systems of such State by—
"(A) improving risk and safety assessment tools and protocols;

"(B) developing, strengthening, and facilitating training opportunities for individuals who are mandated to report child abuse or neglect or otherwise overseeing, investigating, prosecuting, or providing services to children and families who are at risk of abusing or neglecting their children; and

"(C) developing, implementing, or operating information, education, training, or other programs designed to assist and provide services for families of disabled infants with life-threatening conditions.

"(2) To support State efforts to develop, operate, expand and enhance a network of community-based, prevention-focused, family resource and support programs that are culturally competent and that coordinate resources among existing education, vocational rehabilitation, disability, respite, health, mental health, job readiness, self-sufficiency, child and family development, community action, Head Start, child care, child abuse and neglect prevention, juvenile justice, domestic violence prevention and
intervention, housing, and other human service organ-
izations within the State.

"(3) To facilitate the elimination of barriers to
adoption and to provide permanent and loving home
environments for children who would benefit from
adoption, particularly children with special needs, in-
cluding disabled infants with life-threatening condi-
tions, by—

"(A) promoting model adoption legislation
and procedures in the States and territories of
the United States in order to eliminate jurisdictio-
tional and legal obstacles to adoption;

"(B) providing a mechanism for the De-
partment of Health and Human Services to—

"(i) promote quality standards for
adoption services, preplacement, post-
placement, and post-legal adoption counsel-
ing, and standards to protect the rights of
children in need of adoption;

"(ii) maintain a national adoption in-
formation exchange system to bring to-
gether children who would benefit from
adoption and qualified prospective adoptive
parents who are seeking such children, and
conduct national recruitment efforts in
order to reach prospective parents for children awaiting adoption; and

"(iii) demonstrate expeditious ways to free children for adoption for whom it has been determined that adoption is the appropriate plan; and

"(C) facilitating the identification and recruitment of foster and adoptive families that can meet children's needs.

"(4) To respond to the needs of children, in particular those who are drug exposed or afflicted with Acquired Immune Deficiency Syndrome (AIDS), by supporting activities aimed at preventing the abandonment of children, providing support to children and their families, and facilitating the recruitment and training of health and social service personnel.

"(5) To carry out any other activities as the Secretary determines are consistent with this Act.

"SEC. 4. DEFINITIONS.

"As used in this Act:

"(1) CHILD.—The term 'child' means a person who has not attained the lesser of—

"(A) the age of 18; or
“(B) except in the case of sexual abuse, the age specified by the child protection law of the State in which the child resides.

“(2) CHILD ABUSE AND NEGLECT.—The term ‘child abuse and neglect’ means, at a minimum, any recent act or failure to act on the part of a parent or caretaker, which results in death, serious physical or emotional harm, sexual abuse or exploitation, or an act or failure to act which presents an imminent risk of serious harm.

“(3) FAMILY RESOURCE AND SUPPORT PROGRAMS.—The term ‘family resource and support program’ means a community-based, prevention-focused entity that—

“(A) provides, through direct service, the core services required under this Act, including—

“(i) parent education, support and leadership services, together with services characterized by relationships between parents and professionals that are based on equality and respect, and designed to assist parents in acquiring parenting skills, learning about child development, and respond-
ing appropriately to the behavior of their children;

"(ii) services to facilitate the ability of parents to serve as resources to one another (such as through mutual support and parent self-help groups);

"(iii) early developmental screening of children to assess any needs of children, and to identify types of support that may be provided;

"(iv) outreach services provided through voluntary home visits and other methods to assist parents in becoming aware of and able to participate in family resources and support program activities;

"(v) community and social services to assist families in obtaining community resources; and

"(vi) followup services;

"(B) provides, or arranges for the provision of, other core services through contracts or agreements with other local agencies; and

"(C) provides access to optional services, directly or by contract, purchase of service, or interagency agreement, including—
“(i) child care, early childhood development and early intervention services;
“(ii) self-sufficiency and life management skills training;
“(iii) education services, such as scholastic tutoring, literacy training, and General Educational Degree services;
“(iv) job readiness skills;
“(v) child abuse and neglect prevention activities;
“(vi) services that families with children with disabilities or special needs may require;
“(vii) community and social service referral;
“(viii) peer counseling;
“(ix) referral for substance abuse counseling and treatment; and
“(x) help line services.

“(4) INDIAN TRIBE AND TRIBAL ORGANIZATION.—The terms ‘Indian tribe’ and ‘tribal organization’ shall have the same meanings given such terms in subsections (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e) and (l)).
“(5) RESPITE SERVICES.—The term ‘respite services’ means short-term care services provided in the temporary absence of the regular caregiver (parent, other relative, foster parent, adoptive parent, or guardian) to children who—

“(A) are in danger of abuse or neglect;

“(B) have experienced abuse or neglect; or

“(C) have disabilities, chronic, or terminal illnesses.

Such services shall be provided within or outside the home of the child, be short-term care (ranging from a few hours to a few weeks of time, per year), and be intended to enable the family to stay together and to keep the child living in the home and community of the child.

“(6) SECRETARY.—The term ‘Secretary’ means the Secretary of Health and Human Services.

“(7) SEXUAL ABUSE.—The term ‘sexual abuse’ includes—

“(A) the employment, use, persuasion, inducement, enticement, or coercion of any child to engage in, or assist any other person to engage in, any sexually explicit conduct or simulation of such conduct for the purpose of producing a visual depiction of such conduct; or
“(B) the rape, molestation, prostitution, or
other form of sexual exploitation of children, or
incest with children.

“(8) STATE.—The term ‘State’ means each of
the several States, the District of Columbia, the
Commonwealth of Puerto Rico, the Virgin Islands,
Guam, American Samoa, the Commonwealth of the
Northern Mariana Islands, and the Trust Territory
of the Pacific Islands.

“(9) WITHHOLDING OF MEDICALLY INDICATED
TREATMENT.—The term ‘withholding of medically
indicated treatment’ means the failure to respond to
the infant’s life-threatening conditions by providing
treatment (including appropriate nutrition, hydra-
tion, and medication) which, in the treating physi-
cian’s or physicians’ reasonable medical judgment,
will be most likely to be effective in ameliorating or
correcting all such conditions, except that the term
does not include the failure to provide treatment
(other than appropriate nutrition, hydration, or
medication) to an infant when, in the treating physi-
cian’s or physicians’ reasonable medical judgment—

“(A) the infant is chronically and irrevers-
ibly comatose;
"(B) the provision of such treatment would—

"(i) merely prolong dying;

"(ii) not be effective in ameliorating or correcting all of the infant’s life-threatening conditions; or

"(iii) otherwise be futile in terms of the survival of the infant; or

"(C) the provision of such treatment would be virtually futile in terms of the survival of the infant and the treatment itself under such circumstances would be inhumane.

"TITLE I—GENERAL BLOCK GRANT

"SEC. 101. CHILD AND FAMILY SERVICES BLOCK GRANTS.

"(a) ELIGIBILITY.—The Secretary shall award grants to eligible States that file a State plan that is approved under section 102 and that otherwise meet the eligibility requirements for grants under this title.

"(b) AMOUNT OF GRANT.—The amount of a grant made to each State under subsection (a) for a fiscal year shall be based on the population of children under the age of 18 residing in each State that applies for a grant under this section.
"(c) Use of Amounts.—Amounts received by a State under a grant awarded under subsection (a) shall be used to carry out the purposes described in section 3.

"Sec. 102. Eligible States.

"(a) In General.—As used in this title, the term 'eligible State' means a State that has submitted to the Secretary, not later than October 1, 1996, and every 3 years thereafter, a plan which has been signed by the chief executive officer of the State and that includes the following:

"(1) Outline of Child Protection Program.—A written document that outlines the activities the State intends to conduct to achieve the purpose of this title, including the procedures to be used for—

"(A) receiving and assessing reports of child abuse or neglect;

"(B) investigating such reports;

"(C) with respect to families in which abuse or neglect has been confirmed, providing services or referral for services for families and children where the State makes a determination that the child may safely remain with the family;
“(D) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

“(E) providing training for individuals mandated to report suspected cases of child abuse or neglect;

“(F) protecting children in foster care;

“(G) promoting timely adoptions;

“(H) protecting the rights of families, using adult relatives as the preferred placement for children separated from their parents where such relatives meet the relevant State child protection standards; and

“(I) providing services to individuals, families, or communities, either directly or through referral, that are aimed at preventing the occurrence of child abuse and neglect.

“(2) Certification of State Law Requiring the Reporting of Child Abuse and Neglect.—A certification that the State has in effect laws that require public officials and other professionals to report, in good faith, actual or suspected instances of child abuse or neglect.

“(3) Certification of Procedures for Screening, Safety Assessment, and Prompt In-
VESTIGATION.—A certification that the State has in effect procedures for receiving and responding to reports of child abuse or neglect, including the reports described in paragraph (2), and for the immediate screening, safety assessment, and prompt investigation of such reports.

“(4) CERTIFICATION OF STATE PROCEDURES FOR REMOVAL AND PLACEMENT OF ABUSED OR NEGLECTED CHILDREN.—A certification that the State has in effect procedures for the removal from families and placement of abused or neglected children and of any other child in the same household who may also be in danger of abuse or neglect.

“(5) CERTIFICATION OF PROVISIONS FOR IMMUNITY FROM PROSECUTION.—A certification that the State has in effect laws requiring immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect.

“(6) CERTIFICATION OF PROVISIONS AND PROCEDURES RELATING TO APPEALS.—A certification that not later than 2 years after the date of the enactment of this Act, the State shall have laws and procedures in effect affording individuals an oppor-
portunity to appeal an official finding of abuse or neglect.

"(7) Certification of State Procedures for Developing and Reviewing Written Plans for Permanent Placement of Removed Children.—A certification that the State has in effect procedures for ensuring that a written plan is prepared for children who have been removed from their families. Such plan shall specify the goals for achieving a permanent placement for the child in a timely fashion, for ensuring that the written plan is reviewed every 6 months (until such placement is achieved), and for ensuring that information about such children is collected regularly and recorded in case records, and include a description of such procedures.

"(8) Certification of State Program to Provide Independent Living Services.—A certification that the State has in effect a program to provide independent living services, for assistance in making the transition to self-sufficient adulthood, to individuals in the child protection program of the State who are 16, but who are not 20 (or, at the option of the State, 22), years of age, and who do not have a family to which to be returned.
“(9) Certification of state procedures to respond to reporting of medical neglect of disabled infants.—

“(A) In general.—A certification that the State has in place for the purpose of responding to the reporting of medical neglect of infants (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

“(i) coordination and consultation with individuals designated by and within appropriate health-care facilities;

“(ii) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

“(iii) authority, under State law, for the State child protective service to pursue any legal remedies, including the authority
to initiate legal proceedings in a court of
competent jurisdiction, as may be neces-

sary to prevent the withholding of medi-
cally indicated treatment from disabled in-
fants with life-threatening conditions.

"(B) WITHHOLDING OF MEDICALLY INDI-
cATED TREATMENT.—As used in subparagraph
(A), the term ‘withholding of medically indi-
cated treatment’ means the failure to respond
to the infant’s life-threatening conditions by
providing treatment (including appropriate nu-
trition, hydration, and medication) which, in the
treating physician’s or physicians’ reasonable
medical judgment, will be most likely to be ef-
fective in ameliorating or correcting all such
conditions, except that such term does not in-
clude the failure to provide treatment (other
than appropriate nutrition, hydration, or medici-
ation) to an infant when, in the treating physi-
cian’s or physicians’ reasonable medical judg-
ment—

“(i) the infant is chronically and irre-
versibly comatose;

“(ii) the provision of such treatment
would—
“(I) merely prolong dying;

“(II) not be effective in ameliorating or correcting all of the infant’s life-threatening conditions; or

“(III) otherwise be futile in terms of the survival of the infant; or

“(iii) the provision of such treatment would be virtually futile in terms of the survival of the infant and the treatment itself under such circumstances would be inhumane.

“(10) IDENTIFICATION OF CHILD PROTECTION GOALS.—The quantitative goals of the State child protection program.

“(11) CERTIFICATION OF CHILD PROTECTION STANDARDS.—With respect to fiscal years beginning on or after April 1, 1996, a certification that the State—

“(A) has completed an inventory of all children who, before the inventory, had been in foster care under the responsibility of the State for 6 months or more, which determined—

“(i) the appropriateness of, and necessity for, the foster care placement;
"(ii) whether the child could or should be returned to the parents of the child or should be freed for adoption or other permanent placement; and

"(iii) the services necessary to facilitate the return of the child or the placement of the child for adoption or legal guardianship;

"(B) is operating, to the satisfaction of the Secretary—

"(i) a statewide information system from which can be readily determined the status, demographic characteristics, location, and goals for the placement of every child who is (or, within the immediately preceding 12 months, has been) in foster care;

"(ii) a case review system for each child receiving foster care under the supervision of the State;

"(iii) a service program designed to help children—

"(I) where appropriate, return to families from which they have been removed; or
“(II) be placed for adoption, with a legal guardian, or if adoption or legal guardianship is determined not to be appropriate for a child, in some other planned, permanent living arrangement; and

“(iv) a preplacement preventive services program designed to help children at risk for foster care placement remain with their families; and

“(C)(i) has reviewed (or not later than October 1, 1997, will review) State policies and administrative and judicial procedures in effect for children abandoned at or shortly after birth (including policies and procedures providing for legal representation of such children); and

“(ii) is implementing (or not later than October 1, 1997, will implement) such policies and procedures as the State determines, on the basis of the review described in clause (i), to be necessary to enable permanent decisions to be made expeditiously with respect to the placement of such children.

“(12) CERTIFICATION OF REASONABLE EFFORTS BEFORE PLACEMENT OF CHILDREN IN FOSTER CARE

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TER CARE.—A certification that the State in each case will—

"(A) make reasonable efforts prior to the placement of a child in foster care, to prevent or eliminate the need for removal of the child from the child's home, and to make it possible for the child to return home; and

"(B) with respect to families in which abuse or neglect has been confirmed, provide services or referral for services for families and children where the State makes a determination that the child may safely remain with the family.

"(13) CERTIFICATION OF CONFIDENTIALITY AND REQUIREMENTS FOR INFORMATION DISCLOSURE.—

"(A) IN GENERAL.—A certification that the State has in effect and operational—

"(i) requirements ensuring that reports and records made and maintained pursuant to the purposes of this part shall only be made available to—

"(I) individuals who are the subject of the report;
“(II) Federal, State, or local government entities, or any agent of such entities, having a need for such information in order to carry out their responsibilities under law to protect children from abuse and neglect;

“(III) child abuse citizen review panels;

“(IV) child fatality review panels;

“(V) a grand jury or court, upon a finding that information in the record is necessary for the determination of an issue before the court or grand jury; and

“(VI) other entities or classes of individuals statutorily authorized by the State to receive such information pursuant to a legitimate State purpose; and

“(ii) provisions that allow for public disclosure of the findings or information about cases of child abuse or neglect that have resulted in a child fatality or near fatality.
"(B) LIMITATION.—Disclosures made pursuant to clause (i) or (ii) shall not include the identifying information concerning the individual initiating a report or complaint alleging suspected instances of child abuse or neglect.

"(C) DEFINITION.—For purposes of this paragraph, the term 'near fatality' means an act that, as certified by a physician, places the child in serious or critical condition.

"(b) DETERMINATIONS.—The Secretary shall determine whether a plan submitted pursuant to subsection (a) contains the material required by subsection (a), other than the material described in paragraph (9) of such subsection. The Secretary may not require a State to include in such a plan any material not described in subsection (a).

"SEC. 103. DATA COLLECTION AND REPORTING.

"(a) NATIONAL CHILD ABUSE AND NEGLECT DATA SYSTEM.—The Secretary shall establish a national data collection and analysis program—

"(1) which, to the extent practicable, coordinates existing State child abuse and neglect reports and which shall include—
“(A) standardized data on substantiated, as well as false, unfounded, or unsubstantiated reports; and

“(B) information on the number of deaths due to child abuse and neglect; and

“(2) which shall collect, compile, analyze, and make available State child abuse and neglect reporting information which, to the extent practical, is universal and case-specific and integrated with other case-based foster care and adoption data collected by the Secretary.

“(b) ADOPTION AND FOSTER CARE AND ANALYSIS AND REPORTING SYSTEMS.—The Secretary shall implement a system for the collection of data relating to adoption and foster care in the United States. Such data collection system shall—

“(1) avoid unnecessary diversion of resources from agencies responsible for adoption and foster care;

“(2) assure that any data that is collected is reliable and consistent over time and among jurisdictions through the use of uniform definitions and methodologies;

“(3) provide comprehensive national information with respect to—
“(A) the demographic characteristics of adoptive and foster children and their biological and adoptive or foster parents;

“(B) the status of the foster care population (including the number of children in foster care, length of placement, type of placement, availability for adoption, and goals for ending or continuing foster care);

“(C) the number and characteristics of—

“(i) children placed in or removed from foster care;

“(ii) children adopted or with respect to whom adoptions have been terminated; and

“(iii) children placed in foster care outside the State which has placement and care responsibility; and

“(D) the extent and nature of assistance provided by Federal, State, and local adoption and foster care programs and the characteristics of the children with respect to whom such assistance is provided; and

“(4) utilize appropriate requirements and incentives to ensure that the system functions reliably throughout the United States.
“(e) ADDITIONAL INFORMATION.—The Secretary may require the provision of additional information under the data collection system established under subsection (b) if the addition of such information is agreed to by a majority of the States.

“(d) ANNUAL REPORT BY THE SECRETARY.—Within 6 months after the end of each fiscal year, the Secretary shall prepare a report based on information provided by the States for the fiscal year pursuant to this section, and shall make the report and such information available to the Congress and the public.

“TITLE II—RESEARCH, DEMONSTRATIONS, TRAINING, AND TECHNICAL ASSISTANCE

“SEC. 201. RESEARCH GRANTS.

“(a) IN GENERAL.—The Secretary, in consultation with appropriate Federal officials and recognized experts in the field, shall award grants or contracts for the conduct of research in accordance with subsection (b).

“(b) RESEARCH.—Research projects to be conducted using amounts received under this section—

“(1) shall be designed to provide information to better protect children from abuse or neglect and to improve the well-being of abused or neglected chil-
“(C) provide recommendations for modifications needed to facilitate coordinated national and Statewide data collection with respect to child protection and child welfare.

"SEC. 202. NATIONAL CLEARINGHOUSE FOR INFORMATION RELATING TO CHILD ABUSE.

“(a) ESTABLISHMENT.—The Secretary shall, through the Department of Health and Human Services, or by one or more contracts of not less than 3 years duration provided through a competition, establish a national clearinghouse for information relating to child abuse.

“(b) FUNCTIONS.—The Secretary shall, through the clearinghouse established by subsection (a)—

“(1) maintain, coordinate, and disseminate information on all programs, including private programs, that show promise of success with respect to the prevention, assessment, identification, and treatment of child abuse and neglect;

“(2) maintain and disseminate information relating to—

“(A) the incidence of cases of child abuse and neglect in the United States;

“(B) the incidence of such cases in populations determined by the Secretary under section 105(a)(1) of the Child Abuse Prevention,
Adoption, and Family Services Act of 1988 (as such section was in effect on the day before the date of enactment of this Act); and

"(C) the incidence of any such cases related to alcohol or drug abuse;

"(3) disseminate information related to data collected and reported by States pursuant to section 103;

"(4) compile, analyze, and publish a summary of the research conducted under section 201; and

"(5) solicit public comment on the components of such clearinghouse.

"SEC. 203. GRANTS FOR DEMONSTRATION PROJECTS.

"(a) AWARDING OF GENERAL GRANTS.—The Secretary may make grants to, and enter into contracts with, public and nonprofit private agencies or organizations (or combinations of such agencies or organizations) for the purpose of developing, implementing, and operating time limited, demonstration programs and projects for the following purposes:

"(1) INNOVATIVE PROGRAMS AND PROJECTS.—The Secretary may award grants to public agencies that demonstrate innovation in responding to reports of child abuse and neglect including programs of collaborative partnerships between the State child pro-
(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of the Congress and the Director of the Office of Management and Budget, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the repeals made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this subchapter, the Secretary of Health and Human Services shall submit the implementing bill referred to under paragraph (1).

Subtitle G—Reductions in Federal Government Positions

SEC. 4801. REDUCTIONS.

(a) DEFINITIONS.—As used in this section:

(1) APPROPRIATE EFFECTIVE DATE.—The term "appropriate effective date", used with respect to a Department referred to in this section, means the date on which all provisions of this Act (other than subtitle B of this title) that the Department is required to carry out, and amendments and repeals made by this Act to provisions of Federal law that
the Department is required to carry out, are effective.

(2) COVERED ACTIVITY.—The term "covered activity", used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

(A) a provision of this Act (other than subtitle B of this title); or

(B) a provision of Federal law that is amended or repealed by this Act (other than subtitle B of this title).

(b) REPORTS.—

(1) CONTENTS.—Not later than January 1, 1997, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

(A) the determinations described in subsection (c);  

(B) appropriate documentation in support of such determinations; and

(C) a description of the methodology used in making such determinations.

(2) SECRETARY.—The Secretaries referred to in this paragraph are—

(A) the Secretary of Agriculture;
(B) the Secretary of Education;
(C) the Secretary of Labor;
(D) the Secretary of Housing and Urban Development; and
(E) the Secretary of Health and Human Services.

(3) RELEVANT COMMITTEES.—The relevant Committees described in this paragraph are the following:

(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.
(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(F) With respect to the Secretary of Health and Human Services, the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made
under subsection (c) for the year in which the report
is being submitted.

(e) DETERMINATIONS.—Not later than December 31,
1996, each Secretary referred to in subsection (b)(2) shall
determine—

(1) the number of full-time equivalent positions
required by the Department headed by such Sec-
retary to carry out the covered activities of the De-
partment, as of the day before the date of enactment
of this Act;

(2) the number of such positions required by
the Department to carry out the activities, as of the
appropriate effective date for the Department; and

(3) the difference obtained by subtracting the
number referred to in paragraph (2) from the num-
ber referred to in paragraph (1).

(d) ACTIONS.—Each Secretary referred to in sub-
section (b)(2) shall take such actions as may be necessary,
including reduction in force actions, consistent with sec-
tions 3502 and 3595 of title 5, United States Code, to
reduce the number of positions of personnel of the Depart-
ment—

(1) not later than 30 days after the appropriate
effective date for the Department involved, by at
least 50 percent of the difference referred to in subsection (c)(3); and

(2) not later than 13 months after such appropriate effective date, by at least the remainder of such difference (after the application of paragraph (1)).

(e) CONSISTENCY.—

(1) EDUCATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section.

(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section.

(3) HEALTH AND HUMAN SERVICES.—The Secretary of Health and Human Services shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and sections 4802 and 4803.

(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2) shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budg-
etary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1997, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.

SEC. 4802. REDUCTIONS IN FEDERAL BUREAUCRACY.

(a) IN GENERAL.—The Secretary of Health and Human Services shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of—

(1) 75 percent of the full-time equivalent positions at such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under this Act and the amendments made by this Act; and

(2) an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at such Department that
bears the same relationship to the amount appropriated for the programs referred to in paragraph (1) as such amount relates to the total amount appropriated for use by such Department.

(b) REDUCTIONS IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Notwithstanding any other provision of this Act, the Secretary of Health and Human Services shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services—

(1) by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 103; and

(2) by 60 full-time equivalent managerial positions in the Department.

SEC. 4803. REDUCING PERSONNEL IN WASHINGTON, D.C. AREA.

In making reductions in full-time equivalent positions, the Secretary of Health and Human Services is encouraged to reduce personnel in the Washington, D.C., area office (agency headquarters) before reducing field personnel.
Subtitle H—Miscellaneous

SEC. 4901. APPROPRIATION BY STATE LEGISLATURES.

(a) In General.—Any funds received by a State under the provisions of law specified in subsection (b) shall be subject to appropriation by the State legislature, consistent with the terms and conditions required under such provisions of law.

(b) Provisions of Law.—The provisions of law specified in this subsection are the following:

(1) Part A of title IV of the Social Security Act (relating to block grants for temporary assistance for needy families).

(2) Section 25 of the Food Stamp Act of 1977 (relating to the optional State food assistance block grant).

(3) The Child Care and Development Block Grant Act of 1990 (relating to block grants for child care).

SEC. 4902. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES.

Notwithstanding any other provision of law, States shall not be prohibited by the Federal Government from testing welfare recipients for use of controlled substances nor from sanctioning welfare recipients who test positive for use of controlled substances.
SEC. 4903. REDUCTION IN BLOCK GRANTS TO STATES FOR
SOCIAL SERVICES.

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking “and” at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

“(5) $2,800,000,000 for each of the fiscal years 1990 through 1995;

“(6) $2,520,000,000 for each of the fiscal years 1997 through 2002; and

“(7) $2,380,000,000 for the fiscal year 2003 and each succeeding fiscal year.”.